



**THE HONOURABLE BRIAN MANNING, MP  
MINISTER IN THE MINISTRY OF FINANCE**

**FEATURE ADDRESS AT THE TRINIDAD AND TOBAGO  
SECURITIES EXCHANGE COMMISSION,**

**TITLED *“Strategic Stakeholder Engagement Forum”***

**THEME: *“INVIGORATING THE TRINIDAD AND  
TOBAGO CAPITAL MARKET”***

**Friday, June 14, 2024**

**The Regency Ballroom,  
Hyatt Regency Hotel  
Wrightson Road, Port of Spain**

Ms. Jennifer Lutchman, Permanent Secretary in the Ministry of Finance, Mr. Imtiaz Hosein, Chairman of the Board of Commissioners of the Trinidad and Tobago Securities and Exchange Commission (TTSEC) Fellow Commissioners, Mr. Kester Guy, Chief Executive Officer, Trinidad and Tobago Securities and Exchange, Staff of the Trinidad Securities and Exchange Commission, specially invited guests, members of the media, ladies and gentlemen.

Good morning, it is my great honour and privilege to extend a warm welcome to each and every one of you.

It is indeed a pleasure to stand before you today to discuss the pivotal role of the securities industry in driving economic growth, fostering resilience, and shaping the future of Trinidad and Tobago. As we embark on this journey of exploration and reflection, let us delve a bit deeper into the intricacies of our

market dynamics, the challenges we face, and the opportunities that lie ahead.

The securities industry, often regarded as the backbone of modern financial systems, plays a multifaceted role in driving economic growth, promoting resilience, and steering our nation towards a prosperous future.

At the heart of our discussion lies the profound impact of the securities market on economic growth. Through the efficient allocation of capital, facilitated by the issuance of stocks and bonds, companies are empowered to expand their operations and create employment opportunities.

This process does not only fuel economic expansion, but also fosters a dynamic ecosystem of entrepreneurship and transformation, laying the foundation for the sustained prosperity of our country.

Amidst the promise of growth, however, we must also confront the challenges that beset our securities market. From fluctuating market conditions to regulatory hurdles, navigating the complexities of the financial landscape requires vigilance, adaptability, and strategic foresight.

It is incumbent upon us to address these challenges head-on, by leveraging innovation and collaboration to overcome obstacles and unlock new opportunities for growth.

Moreover, as we chart the course for Trinidad and Tobago's economic future, we must remain steadfast in our commitment to fostering an economy that is resilient.

In an era marked by volatility and uncertainty, the securities industry serves as a bulwark against economic shocks, providing investors with avenues to diversify their portfolios and mitigate risk. By promoting transparency, accountability, and sound governance

practices, we can fortify our market against disruptions, ensuring its continued stability and resilience in the face of adversity.

As we gaze towards the horizon, we are met with a tapestry of opportunities that beckon us forward.

The rapid pace of technological advancement, coupled with evolving consumer preferences and global trends, presents fertile ground for modernism and growth.

By embracing change, nurturing talent, and fostering a culture of entrepreneurship, we can harness the transformative power of the securities industry to propel Trinidad and Tobago towards a brighter future.

Today, we gather here with a shared sense of purpose and vision—to explore, discuss, and collaborate on matters of utmost importance concerning the securities industry in Trinidad and Tobago. Collectively though, we must embark on this journey together, since it is imperative that we recognize the critical role

that the TTSEC plays in safeguarding the integrity, stability, and efficiency of our capital markets.

We are also faced with a myriad of opportunities and challenges to address that requires our wisdom, foresight, and transformation.

From navigating the complexities of regulatory compliance to harnessing the power of technology and innovation to drive market development, we stand at a pivotal moment in shaping the future of the securities industry in Trinidad and Tobago.

## **Overview of the Securities Market**

The regulation of the securities market in Trinidad and Tobago is a multifaceted endeavour aimed at ensuring transparency, fairness, and stability within the financial ecosystem. At its core, regulatory oversight seeks to protect investors, uphold market integrity, and foster confidence in the securities market.

I will now address several key facets of securities market regulations in Trinidad and Tobago.

The Legal and Regulatory framework governing the securities market in Trinidad and Tobago is primarily established through legislation such as the Securities Act and the Securities Industry Act. These laws delineate the rights and responsibilities of market participants, specify prohibited activities, and authorize regulatory authorities to enforce compliance.

Next, we have the Regulatory Authorities, including the TTSEC, which serves as the primary regulatory body overseeing the securities market. The TTSEC is responsible for licensing and supervising market intermediaries, monitoring compliance with regulatory requirements, and investigating potential breaches of securities laws, among other duties.

Licensing and Registration are also significant aspects to consider. Market participants, such as brokerage firms, investment

advisers, and issuers of securities, must acquire licenses or register with the TTSEC before engaging in regulated activities. This process ensures that stringent criteria related to financial stability, professional competence, and ethical conduct are adhered to.

Another crucial aspect is Transparency. It serves as a foundation in the regulation of securities markets, playing a vital role in providing investors with access to timely and precise information essential for making well-informed investment decisions. Issuers of securities are mandated to disclose material information that could impact investment choices, including financial performance, corporate governance practices, and risk factors.

The TTSEC conducts continuous surveillance of the securities market to detect and prevent market abuse, manipulation, and fraudulent activities. This is accomplished using advanced monitoring systems and data analysis techniques,



enabling regulatory authorities to pinpoint suspicious trading patterns, unauthorized transactions, and other irregularities.

Enforcement Actions are also implemented to address instances of non-compliance or misconduct. Regulatory authorities are empowered to take suitable enforcement actions against errant market participants. These actions may include imposing fines, suspending or revoking licenses, issuing cease and desist orders, and even pursuing criminal prosecution for severe violations of securities laws.

Another key aspect is Investor Protection. Ensuring the safety of investor interests is a primary goal of securities market regulations. Regulatory authorities consistently implement measures to educate investors about their rights and potential risks, facilitate dispute resolution mechanisms, and administer compensation schemes to mitigate losses stemming from broker insolvency or fraudulent activities.

As Minister in the Ministry of Finance, I am reassured by Trinidad and Tobago's adherence to international best practices and standards in its securities market regulatory framework, as established by organizations such as the International Organization of Securities Commissions (IOSCO).

The ongoing bilateral and multilateral cooperation between the TTSEC and foreign regulators is pivotal in enhancing regulatory effectiveness, combating cross-border fraud, and fostering market integrity.

In essence, the regulation of the securities market in Trinidad and Tobago is a vital undertaking aimed at fostering investor confidence, preserving market integrity, and promoting financial stability. By upholding robust regulatory standards and enforcing compliance both nationally and internationally, our regulatory authorities are instrumental in ensuring the smooth functioning and resilience of the securities market ecosystem, and it is our

collective duties to ensure that they continue on a positive trajectory.

### **Importance of the securities industry to the national economy**

The securities industry is vital for driving economic development and promoting financial stability in Trinidad and Tobago. It's crucial for us to recognize the significance of the securities industry in bolstering the country's economic well-being.

One of the primary functions of the securities industry is to facilitate capital formation by enabling companies, both large and small, to raise funds for investment and expansion.

Through mechanisms such as Initial Public Offerings (IPOs) and Secondary Market Transactions, businesses can access the capital needed to finance projects, develop infrastructure, and fuel economic growth.

The securities market offers both individuals and institutional investors a wide range of investment opportunities beyond traditional asset classes like savings accounts and real estate.

Our citizens have the opportunity to invest in stocks, bonds, mutual funds, and other financial instruments to build their wealth over time, support entrepreneurial endeavours, and actively contribute to the country's economic advancement.

The industry also serves as a crucial intermediary between savers and borrowers, facilitating the efficient allocation of capital within the economy. It does this by connecting investors seeking returns on their capital with businesses and government entities in need of funding. It also promotes important functions such as liquidity, price discovery, and risk-sharing which directly impact our nation's overall economic efficiency.

By participating in the securities market, individuals are allowed to accumulate wealth over time through capital

appreciation, dividend income, and interest payments, to name a few. As investors benefit from the growth of companies and the performance of financial assets, they simultaneously contribute to the expansion of consumption, savings, and investment, which are essential drivers of economic prosperity.

The securities industry is also instrumental in promoting market discipline and corporate governance by holding companies accountable to shareholders and investors. By enforcing disclosure requirements, upholding transparency standards, and providing regulatory oversight, companies are encouraged to embrace robust corporate governance practices. This entails maintaining financial transparency and adhering to ethical standards. Consequently, this cultivates investor trust and confidence in the market.

Additionally, the securities market serves as a conduit for the transmission of fiscal policy measures implemented by the government. The issuing of bonds and other debt instruments in

the capital markets allows the government to raise funds for financing public expenditure, infrastructure projects, and social welfare programs, thereby stimulating economic activity and promoting social welfare.

These elements show you that the securities industry is an indispensable pillar of Trinidad and Tobago's national economy, contributing to capital formation, job creation, wealth generation, and financial intermediation. It is important and necessary that we continue to foster a dynamic and resilient financial ecosystem which drives economic growth, promotes investor confidence, and advances the country's long-term prosperity.

The equity market remains the largest segment of our local securities market, measured by the variable Market Capitalisation, which serves as an indicator of the securities market's contribution to the economy. Despite experiencing an average annual decrease of 4 percent over the last five years, as of December 2023, the

market capitalisation of the Trinidad and Tobago Dollar (TTD) equity and mutual fund markets amounted to TT\$122.53 billion.

In this regard, the market continues to exhibit signs of growth, with the number of trades and traded volume in the Secondary Market increasing by 81.65 percent and 47.11 percent, respectively.

## **Economic Growth**

The Trinidad and Tobago securities market stands as a beacon of allocation efficiency, surpassing traditional banking systems in transferring capital from savers to borrowers.

Over the past five years, with the registration of 114 securities from 2019-2023, our local market has played a pivotal role in fuelling economic growth. Through the issuance of stocks and bonds, companies have been able to expand their operations, create more jobs, and enjoy holistic improvement.

Further, the market serves as a crucial feedback mechanism to policymakers, guiding them towards decisions that prioritize long-term economic benefits over short-term gains. By reducing the cost of capital and promoting wealth creation, the securities market has become an invaluable pillar of our economic prosperity. Despite challenges, such as an average annual decrease of 4% in market capitalization over the last 5 years, the market remains poised for growth.

### **Investment portfolios beyond traditional asset classes**

The securities industry offers investors a diverse array of investment options, extending beyond traditional asset classes like stocks and bonds. This variety empowers investors to diversify their portfolios and effectively manage risk through a range of investment vehicles.



One such avenue is alternative investments, which grant access to private equity, venture capital, real estate investment trusts (REITs), commodities, and infrastructure projects. These alternatives offer diversification benefits by demonstrating low correlation with traditional asset classes.

Another option is derivatives, including repurchase agreements, which provide pathways for investors to access various asset classes such as commodities, currencies, and interest rates. Utilizing derivatives allows investors to hedge portfolios, enhance returns, and diversify risk.

A third option is Mutual funds or Collective Investment Schemes (CISs), which pool funds from multiple investors to invest in diversified portfolios of securities. With a wide range of mutual funds available, investors can diversify across different asset classes, regions, industries, or investment strategies. As of December 2023, the Asset Under Management of the CIS market totalled TT\$62.7 billion.

Lastly, structured products like Certificates of Participation combine traditional securities such as bonds with derivative components. These products offer exposure to diverse asset classes and investment strategies, thereby enhancing portfolio diversification beyond stocks and bonds.

### **Market Development and Infrastructure**

The development of a well-functioning and adept securities market is paramount to attracting both domestic and foreign investors. Fairness and transparency are the cornerstones upon which trust in our market is built. By establishing robust regulatory frameworks and fostering collaboration between market participants, we can ensure the integrity and stability of our market operations. With approximately 5 percent of foreign investors in our mutual fund sector, there is a pressing need to broaden the diversity of our investor base.

The TTSEC has taken significant strides in this regard, implementing stringent rules and guidelines to promote integrity, transparency, and fairness in our market practices. Through continuous market monitoring and the establishment of platforms for investor complaints, such as the Investor Protection Application launched in Fiscal 2021, we are committed to upholding the highest standards of market conduct and investor protection.

### **Access to Capital**

We are also committed to supporting access to capital through mechanisms such as Initial Public Offerings (IPOs), secondary markets, private placements, and venture capital, because we recognize that access to capital is the lifeblood of economic development, particularly for small and medium enterprises (SMEs).

Through the TTSEC secondary market, investors and SMEs secure additional capital by issuing more shares or debt securities on the Trinidad and Tobago Stock Exchange. Currently, there are 33 listed companies, including 2 SMEs, and 14 bonds.

Despite the challenges posed by the COVID-19 pandemic, the SME Equity Market has demonstrated resilience and growth, experiencing three consecutive periods of increased traded values and volumes since 2021.

The Government has played a crucial role in fostering the local capital markets, as seen in the listing of corporate bonds from entities like the National Investment Fund Holdings Limited.

By nurturing an environment conducive to capital formation and innovation, we empower SMEs to thrive and contribute to our nation's economic expansion. At present, the total value of bond issuances listed with the Stock Exchange stands at TT\$19 billion.

## **Diversification of Investment Portfolios**

We are also keenly aware that Diversification is essential for managing risk and maximizing returns, therefore we want to ensure that the securities industry offers a wide range of investment options beyond traditional asset classes like stocks and bonds.

Alternative investments such as private equity, venture capital, and real estate investment trusts (REITs) provide investors with opportunities to diversify their portfolios and access new sources of returns.

Mutual funds and structured products offer further avenues for diversification, allowing investors to tailor their investment strategies to their risk tolerance and their particular investment objectives.

Local SMEs have also secured capital by offering shares or debt securities to private investors, including venture capitalists, private equity firms, or angel investors. These transactions,

conducted locally through Limited Offerings, offer an alternative funding avenue for SMEs that may not be prepared for an IPO.

Since 2019, there has been an average annual growth rate of 4.1 percent in the number of limited offerings, with an average of 32 Limited Offerings per quarter valued at TT\$476 million.

Venture capital and private equity firms invest in SMEs with substantial growth potential in exchange for equity ownership. Beyond providing capital, these investments offer strategic guidance and expertise to support the growth and success of SMEs.

## **Innovation**

As the securities market evolves with the introduction of new financial products and technologies, our focus on cybersecurity becomes increasingly critical, both within our organization and across the market. In response to this, the TTSEC is set to embark

on developing comprehensive data protection and cybersecurity guidelines aimed at safeguarding our information assets and enhancing our resilience against cyber-attacks and insider threats.

To this end, the TTSEC remains actively engaged in the Joint Fintech Steering Committee, a collaborative initiative among supervisory authorities. This committee oversees the management of a joint regulatory Innovation Hub and is dedicated to the development of a Virtual Asset (VA) and Virtual Asset Service Provider (VASP) Policy. This policy will play a pivotal role in identifying regulatory gaps within Trinidad and Tobago concerning VA and VASPs, recommending optimal approaches for jurisdictional oversight.

### **Job Creation and Economic Resilience**

The securities market is a catalyst for job creation and economic resilience. As the market continues to evolve, new

opportunities emerge for employment and growth. Over the past five years, the securities industry has witnessed significant growth in employment, with registered representatives experiencing an 84 percent increase in numbers. Moreover, confidence in the stock market is likely to increase investments in listed companies, leading to further job creation and economic prosperity.

In times of economic uncertainty and volatility, the securities market serves as a bulwark against disruptions, providing investors with opportunities to diversify their portfolios and mitigate risks. Through robust regulatory frameworks and continuous monitoring, we ensure the stability and integrity of our market operations, fostering economic resilience and growth.



## **Competitiveness from a Regional Standpoint**

Trinidad and Tobago remains a leader in the Caribbean securities market, with one of our main exchanges established in 1981. Major strides have been made in technological innovation, with platforms such as the TTSE Online Platform (TOP) and E-Statement platforms providing user-friendly access to market products and services.

The TTSEC has demonstrated its commitment to aligning with global best practices, meeting the requirements set out by the IOSCO. By monitoring systemic risks and strengthening supervisory processes, we are enhancing market efficiency and competitiveness as well as our country's position in regional and global financial markets.

## **Regulatory Framework**

While significant progress has been made, challenges remain in improving our regulatory framework. Areas such as alternative

trading platforms, financial technology (Fintech), environmental, social, and governance (ESG) considerations, and corporate governance require greater attention and regulation.

The TTSEC is committed to addressing these challenges through the development of robust regulatory frameworks tailored to the needs of our market. By fostering collaboration between regulators, market participants, and stakeholders, we will ensure the long-term sustainability and integrity of our market operations.

Allow me to conclude by emphasizing that the Trinidad and Tobago securities industry stands at a critical juncture in its evolution. As we navigate the opportunities and challenges ahead, I encourage everyone to remain steadfast in our commitment to integrity and transparency, with the aim to upholding the highest standards of market conduct.

We all have the same goal, and that is to build a stronger, more resilient securities market that drives economic growth and prosperity for all.

I would like to express my deepest gratitude to each and every one of you for your unwavering commitment, dedication, and passion for advancing the goals and objectives of the TTSEC.

I trust that our deliberations today would be fruitful, with our decisions and subsequent actions guided by the principles of excellence, transparency, and accountability.

Thank you.

**June 14, 2024**