

SEVENTH

REPORT
FROM

THE PUBLIC ACCOUNTS
COMMITTEE

EXAMINATION
OF

The Audited Financial Statements of the Trinidad and
Tobago Securities and Exchange Commission
(TTSEC) for the Financial Years 2014 to 2018.

Public Accounts Committee

The Public Accounts Committee (PAC) established by the Constitution of the Republic of Trinidad and Tobago in accordance with Section 119(4) is mandated to consider and report to the House of Representatives on:

'(a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;

(b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment; and

(c) the report of the Auditor General on any such accounts.'

Current membership

Mr. Davendranath Tancoo	Chairman
Ms. Jearlean John	Vice- Chairman
Mrs. Ayanna Webster-Roy	Member
Mr. Adrian Leonce	Member
Mrs. Paula Gopee-Scoon	Member
Mrs. Charrise Seepersad	Member
Mr. Roger Monroe	Member
Dr. Amery Browne ¹	Member

Committee Staff

The current staff members serving the Committee are:

Ms. Keiba Jacob	Secretary to the Committee
Ms. Hema Bhagaloo	Assistant Secretary to the Committee
Mr. Justin Jarrette	Graduate Research Assistant
Ms. Natoya O'Neil	Clerk Typist I
Ms. Anesha James	Administrative Assistant

Publication

An electronic copy of this report can be found on the Parliament website:

http://www.ttparliament.org/committee_business.php?mid=19&id=335&pid=29

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¹ Dr. Amery Browne was appointed in lieu of Mr. Randall Mitchell with effect from January 12, 2021.

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Members of the Public Accounts Committee

TWELFTH PARLIAMENT, REPUBLIC OF TRINIDAD AND TOBAGO



Mr. Davendranath Tancoo
Chairman



Ms. Jearlean John
Vice- Chairman



Mrs. Ayanna Webster-Roy
Member



Mrs. Paula Gopee-Scoon
Member



Mrs. Charrise Seepersad
Member



Mr. Adrian Leonce
Member



Mr. Roger Monroe
Member



Dr. Amery Browne
Member

Executive Summary

The Public Accounts Committee (PAC) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the Report of the Auditor General and Audited Accounts of Statutory Authorities and Bodies. The Committee presents its Seventh Report of the Twelfth Parliament which details its ***examination of the Audited Financial Statements of the Trinidad and Tobago Securities and Exchange Commission (TTSEC) for the financial years 2014 to 2018*** highlighting its findings.

This report sets out the issues, observations, endorsements and recommendations made by the Committee to improve the TTSEC's operations.

During this inquiry, the following issues arose:

- **Outstanding Financial Statements**
- **Strategic Plan**
- **Human Resources**
- **Procurement Policy**
- **Public Outreach and Investor Education**
- **Motor Vehicle Expense**
- **Acquisition of the TTSEC's Own Premises**
- **International Cooperation**

Based on the Committee's examination, the following observations were made:

- i. The Committee reminds the Commission of Section 40 of the Exchequer and Audit Act Chap. 69:01, which states that statutory bodies send shall their audited accounts to the Minister with oversight for the body, 'not later than six months after the termination of each financial year of the statutory body' for subsequent laying in Parliament;*
- ii. The Committee notes that, while the TTSEC submitted a list of its Key Performance Indicators for FY 2021, there was no explicit mention of a Strategic Plan covering the period 2020-2022. This is worrying, especially given the cross-cutting importance of strategic planning to the coordinated and purpose-driven execution of an organisation's mandate;*
- iii. The Committee welcomes the incorporation of change management into the TTSEC's 2022-2026 Strategic Plan. Change management is important for the resilience, dynamism and adaptability of organisations, which in turn affect their ability to become*

- and remain efficient and effective. Throughout the Committee's inquiries, the need for change management across public entities has been a recurring theme;*
- iv. Engaging staff specifically for the TTSEC's international affairs initiatives could benefit the Commission. With their specialised expertise in policy formulation, international cooperation and institutions as well as knowledge of different regulatory environments, these staff members could be a valuable resource for the Commission contributing to impactful regional and global engagement, building on the work discussed at Issue 8 – International Cooperation of this Report;*
 - v. The Committee conducted an inquiry into the Audited Financial Statements of the Office of Procurement Regulation (OPR) and presented its aforementioned Fifth Report to Parliament in June 2022². In the said Report, the Committee noted that almost ninety percent (90%) of public entities had not reported on their level of readiness for compliance with the incoming procurement regime via the OPR's Readiness Assessment Checklist survey. In light of this, the Report emphasised the need for these entities to become fully aligned with the OPR-led regime for the procurement, retention and disposal of public property. The Committee therefore anticipates that the TTSEC will make every effort to finalise its Procurement Framework and submit its Handbook to the OPR without delay;*
 - vi. The Committee tested the Investor Quest TT game and found it to be very user friendly and informative. The public would be well served by testing it out;*
 - vii. In its aforementioned Fifth Report on the OPR (see Issue 4, Observation (i)). In the said Report, the Committee noted ongoing initiatives by the OPR, which included the development of a procurement and disposal of public property activity book for use in schools and collaboration with the MoE. The Committee is therefore pleased to note similar forward-thinking initiatives also being taken by the TTSEC in its domain of activity as this speaks to a growing culture of developing public awareness by regulatory entities to the overall benefit of the wider society;*
 - viii. In the Tenth (10th) Parliament, the PAC published its Seventh (7th) Report on an examination of the Audited Financial Statements of the TTSEC for the financial years 2008 to 2013. One of the recommendations in that Report was that the TTSEC "develop a comprehensive plan to expand the outreach initiatives of the Investor Education Programme to capture a wider demographic". The TTSEC's public education initiatives have indeed aimed to achieve this;*

² Parliament of the Republic of Trinidad & Tobago website, Fifth Report of the Public Accounts Committee on an Examination of the Audited Financial Statements of the Office of Procurement Regulation for the Financial Years 2018 to 2020, accessed September 1, 2022: <https://www.ttparliament.org/wp-content/uploads/2022/01/p12-s2-J-20220613-PAC-R5.pdf>

- ix. ***The TTSEC rated the performance of its public education initiatives as ‘very good’³ – the second highest assessment among those proposed – In response to a Committee question. The Committee notes the work done by the Commission in this regard but insists that these efforts must continue as a matter of priority as there was still room for improvement;***
- x. ***In the aforementioned Seventh (7th) Report of the PAC in the Tenth (10th) Parliament (see Issue 5, Observation (iii)), another recommendation was that the TTSEC “terminate all vehicle leases and acquire a permanent fleet”. The purchases of vehicles since FY 2015 is therefore also in line with the previous PAC’s recommendation;***
- xi. ***The ability established in the TTSEC’s Motor Vehicle Policy to purchase any type of vehicle deemed suitable was viewed with some concern due to the cost and value for money implications that could conceivably arise;***
- xii. ***The notes to the Audited Financial Statements show that sums spent on Rent/Property Expenses averaged \$7.8 million from FY 2014 to FY 2018. This is thirty percent (30%) higher than the \$6 million paid in FY 2013, which itself reflected an increase compared to previous years. This emphasises the urgency of the need for the TTSEC to acquire its own premises to achieve greater value money; and***
- xiii. ***Following on from the observation made at Issue 3 – Human Resources of this Report, there appears to be a great deal of potential for meaningful work to be accomplished by international affairs staff at the TTSEC were such officers to eventually be brought on board.***

Based on the Committee’s examination, the following endorsements were made:

- i. ***The Committee noted that both the IQTT game and the Investor Protection Mobile App were the first of their kind in the Caribbean and congratulates the TTSEC for being on the cutting setting new trends; and***
- ii. ***The Committee noted that expenses incurred for ‘Public Education and Advertising’ steadily decreased each year starting in 2016. According to the TTSEC’s written submissions, this was achieved as a result of the increased use of digital media and the development of the Commission’s own content. This represented a prudent management of resources.***

Based on the Committee’s examination the following recommendations were proposed:

- i. ***The MoF should provide Parliament with a status update on the submission of the TTSEC’s FY 2020 Audited Financial Statement by November 30, 2022;***

³ TTSEC written submission dated March 21, 2022, page 61.

- ii. The TTSEC should submit a status update on the completion of the audit of its 2021 financial statement and subsequent submission to the MoF by November 30, 2021;*
- iii. The TTSEC should indicate to Parliament which Strategic Plan has been in effect since 2020 by November 30, 2022;*
- iv. The TTSEC should inform Parliament of the following with respect to the 2022-2026 Strategic Plan by November 30, 2022:*
 - a. A status update on final approval of the Plan by the Board of Commissioners;*
 - b. A timeline for the full implementation of the Plan further to this approval; and*
 - c. A brief summary of the new change management aspect of the Plan for the period 2022-2026.*
- v. The TTSEC should submit a brief report to Parliament including the following by November 30, 2022:*
 - a. Confirmation that the vacancies for a Senior Financial Research Officer MR&S, a Financial Research Officer MR&S and a Financial Research Officer DR&CF were indeed filled by March 2022;*
 - b. Details of the constraints or other rationale for which responsibilities related to international affairs were spread out among existing staff rather than assigned to specifically dedicated officers;*
 - c. Challenges for the Commission's efficiency and effectiveness due to these vacancies, notwithstanding the work being assigned to other staff;*
 - d. The possible timeline for the filling of the vacant positions of Director, Research Assistant and Clerical Assistant International Affairs; and*
 - e. Details of efforts, if any, to recruit a Senior Legal Counsel or details of the reasons for which this recruitment has not been conducted.*
- vi. The TTSEC should submit a brief report to Parliament detailing the following by November 30, 2022:*
 - a. Confirmation of the completion of the Commission's Procurement Framework including a copy of the Framework if it is complete;*
 - b. Confirmation of submission to the OPR of the TTSEC's Procurement Handbook; and*
 - c. An explanation of the relationship between the newly updated policies and procedures listed at (a) to (h) above and the Commission's newly developed overarching Procurement Framework.*
- vii. The TTSEC should indicate the following to Parliament regarding motor vehicle procurement and disposal by November 30, 2022:*
 - a. Whether any vehicles other than sedans and SUVs have been purchased since FY 2015 in accordance with paragraph 1.1 of the Motor Vehicle Policy;*

Introduction

The PAC of the Twelfth Republican Parliament was established by resolutions of the House of Representatives and the Senate at the sittings held on Monday November 9, 2020 and Tuesday November 17, 2020 respectively.

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House on appropriation accounts of monies expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago and the report of the Auditor General on any such accounts.

In addition to the Committee's powers entrenched in the Constitution, Standing Orders 111 of the House of Representatives and 101 of the Senate also empower the Committee, inter alia, to:

1. Send for persons, papers and records;
2. Have meetings whether or not the House is sitting;
3. Meet in various locations;
4. Report from time to time; and
5. Communicate with any other Committee on matters of common interest.

Election of the Chairman and Vice-Chairman

In accordance with section 119(2) of the Constitution, the Chairman must be a member of the Opposition in the House. At the first meeting held on Wednesday November 18, 2020 Mr. Davendranath Tancoo was elected Chairman of the Committee and Ms. Jearlean John was elected Vice-Chairman of the Committee.

Establishment of Quorum

The Committee is required by the Standing Orders to have a quorum so that any decisions made by the Members during the meetings can be considered valid. A quorum of three (3) Members, inclusive of the Chair or Vice-Chairman, with representatives from each House was agreed to by the Committee at its First Meeting.

Determination of the Committee's Work Programme

The Committee agreed to a work programme for the Second Session of the Twelfth Parliament as follows:

1. Trinidad and Tobago Fair Trading Commission (TTFTC);
2. Office of Procurement Regulation (OPR);
3. National Insurance Board of Trinidad and Tobago (NIB);
4. Trinidad and Tobago Securities and Exchange Commission (TTSEC);

5. Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2021;
6. Ministry of Energy and Energy Industries (MEEI) – Follow-Up on Revenue Collection (as reported on in the Report of the Auditor General);
7. Caribbean Advanced Proficiency Examination (CAPE) Scholarship Programme (from the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for financial year 2019);
8. Caribbean Industrial Research Institute (CARIRI);
9. Children’s Authority; and
10. Heritage and Stabilisation Fund (HSF).

The Inquiry Process

The Inquiry Process outlines steps taken by the PAC in developing the findings and recommendations of its examination of the Audited Financial Statements of the Trinidad and Tobago Securities and Exchange Commission (TTSEC) for the financial years 2014 to 2018.

The Inquiry Process included the following steps:

1. Identification of issues in the Audited Financial Statements of the TTSEC for the financial years 2014 to 2018;
2. Prepared an Inquiry Proposal on the selected issues. The Inquiry Proposal outlines:
 - Background;
 - Objectives of Inquiry; and
 - Proposed Questions.
3. Questions for written response based on the issues identified in the Audited Financial Statements were sent to the TTSEC and the Ministry of Finance (MoF) on February 25, 2022. The responses were received from the TTSEC on March 21, 2022 and from the MoF on April 14, 2022;
4. Preparation of an Issues Paper which identified and summarised matters of concern in the responses provided by the TTSEC and the MoF;
5. Based on the responses received and the issues identified, the Committee agreed to have a public hearing;
6. The public hearing was held on April 27, 2022. Representatives of the TTSEC and the MoF (see Appendix I) were invited to discuss the issues of concern and to provide evidence;
7. Questions for additional information based on the issues discussed at the public hearing were sent to the TTSEC on April 28, 2022. The responses were received on May 13, 2022;
8. Reported the Committee's findings and recommendations to Parliament upon conclusion of the inquiry;

9. The Report will be transmitted to the MoF as the Minister with oversight of the OPR for written response within sixty (60) days in accordance with Standing Order 110(6) of the House of Representatives and 100(6) of the Senate;
10. Subsequent follow-up will be carried out to monitor progress in the implementation of the Committee's recommendations.

Profile – Trinidad and Tobago Securities and Exchange Commission (TTSEC)

Background⁴

The Trinidad and Tobago Securities and Exchange Commission (the Commission) was established as a body corporate, by virtue of the Securities Industry Act of 1995. It is an autonomous agency whose primary roles are the protection of investors and fostering the orderly growth and development of the local capital market. The Securities Industry Act (SIA 1995) was proclaimed in 1997 giving birth to the Securities and Exchange Commission.

In December 2012, the SIA 1995 was repealed and replaced by the Securities Act (SA 2012) “an Act to provide protection to investors from unfair, improper or fraudulent practices; foster fair and efficient securities markets and confidence in the securities industry in Trinidad and Tobago; to reduce systemic risk and for other related matters”. The Act was proclaimed by His Excellency, The President of the Republic of Trinidad and Tobago on December 28, 2012 and came into operation on December 31, 2012.

On September 10, 2014 the President assented to the Securities (Amendment) Act, 2014, which amended the Securities Act, 2012 (“SA 2012”).

Vision⁵

To be an effective regulator fostering confidence in the securities industry.

Mission⁶

To protect investors, promote and enable the growth and development of the securities industry by nurturing fair, efficient and transparent securities markets, cooperating with other regulators and mitigating systemic risk.

Chairman of the Board of Commissioners

- Enid Zephyrine

Senior Management

- Ms. Lystra Lucillio - Chief Executive Officer (Ag.)
- Mrs. Rachel Simms-Sealy - Chief Legal Counsel
- Mr. Shaun Ramjattan - Finance Manager

⁴ TTSEC website, Vision & Mission, accessed September 1, 2022: <https://www.ttsec.org.tt/about-us/vision-and-mission/>.

⁵ Ibid

⁶ Ibid

- Mr. Sugrim Mungal - Manager, Policy Research and Planning

Minister of Finance: Honourable Colm Imbert, MP⁷

Minister in the Ministry of Finance: Honourable Brian Manning, MP⁸

Permanent Secretary: Suzette Lee Chee⁹

⁷ Trinidad and Tobago Gazette No. 158 of 2020 dated September 9, 2020: <http://news.gov.tt/sites/default/files/E-Gazette/Gazette%202020/Gazettes/Gazette%20No.%20158%20of%202020.pdf>

⁸ Ibid

⁹ Ministry of Finance website, Permanent Secretaries, accessed September 1, 2022: <https://www.finance.gov.tt/our-people/permanent-secretaries/>

Issues and Recommendations

During the examination of Audited Financial Statements of the TTSEC for the financial years 2014 to 2018, the following issues were identified, observations and endorsements made and recommendations proposed:

1. Outstanding Financial Statements

According to Parliamentary records, at the time of the public hearing, the last annual report which included the audited financial statements submitted to Parliament was for the financial year 2019. The PAC did not receive the TTSEC's audited financial statement for FY 2020. At the public hearing on April 27, 2022, it was explained that the audit of the TTSEC's FY 2021 financial statement was due to be completed by May 2022. The TTSEC conceded that, in accordance with section 20 of the Securities Act, Chap. 83:02, the audited financial statements should have been submitted "within four months of the end of its financial year", meaning by the end of January 2022 given that the financial year ended on September 30, 2021. It was explained that longer than usual dialogue with the external auditor before finalization of the audit slowed the submission to the MoF.

Regarding the FY 2020 audited financial statement, the Commission explained in its written submission dated March 21, 2022 that this had been submitted to the MoF in January 2021.

Observation:

- i. The Committee reminds the Commission of Section 40 of the Exchequer and Audit Act Chap. 69:01, which states that statutory bodies send shall their audited accounts to the Minister with oversight for the body, 'not later than six months after the termination of each financial year of the statutory body' for subsequent laying in Parliament.***

Recommendations:

- i. The MoF should provide Parliament with a status update on the submission of the TTSEC's FY 2020 Audited Financial Statement by January 31, 2023; and***
- ii. The TTSEC should submit a status update on the completion of the audit of its 2021 financial statement and subsequent submission to the MoF by January 31, 2023.***

2. Absence of Strategic Plan for the period 2020 - 2022

Since 2020, the TTSEC appears not to have had an approved Strategic Plan. The Strategic Plan is vital to guide all aspects of an entity's operations. For the period under review in this inquiry,

the 2014-2020 Strategic Plan applied. In its written submissions and at the public hearing, the TTSEC explained that the Strategic Plan for the period 2022-2026 was being prepared by the Strategic Planning Committee with the assistance of a consultant. One of the innovations of the new Plan is the incorporation of change management. The Commission expected the 2022-2026 Plan to be submitted to the Board of Commissioners for final approval by July 2022.

Observations:

- i. The Committee notes that, while the TTSEC submitted a list of its Key Performance Indicators for FY 2021, there was no explicit mention of a Strategic Plan covering the period 2020-2022. This is worrying, especially given the cross-cutting importance of strategic planning to the coordinated and purpose-driven execution of an organisation's mandate; and*
- ii. The Committee welcomes the incorporation of change management into the TTSEC's 2022-2026 Strategic Plan. Change management is important for the resilience, dynamism and adaptability of organisations, which in turn affect their ability to become and remain efficient and effective. Throughout the Committee's inquiries, the need for change management across public entities has been a recurring theme.*

Recommendations:

- i. The TTSEC should indicate to Parliament which Strategic Plan has been in effect since 2020 by January 31, 2023; and*
- ii. The TTSEC should inform Parliament of the following with respect to the 2022-2026 Strategic Plan by January 31, 2023:*
 - a. A status update on final approval of the Plan by the Board of Commissioners;*
 - b. A timeline for the full implementation of the Plan further to this approval; and*
 - c. A brief summary of the new change management aspect of the Plan for the period 2022-2026.*

3. Challenges with the Human Resource Capacity

Several permanent and contract positions within the TTSEC's staff complement were vacant. Improving operational efficiency and effectiveness was one of the Pillars stated in the Annual Report for the year 2019 which explained that the Commission continued to invest in its staff's capacity to effectively contribute to the work of the Commission by focusing strategically on [...] our approaches to recruitment, selection and retention [...]. However, according to the Commission's written submission dated March 21, 2022, as at February 2022 the following posts were vacant:

- a. Senior Financial Research Officer Market Regulation and Surveillance Division (MR&S).

- b. Financial Research Officer MR&S.
- c. Financial Research Officer Disclosure, Registration and Corporate Finance Division (DR&CF).
- d. Director International Affairs.
- e. Research Officer, International Affairs.
- f. Clerical Assistant, International Affairs.
- g. Senior Legal Counsel.

The Commission explained that the financial research-based posts (a) to (c) were due to be filled during the second quarter of FY 2022. The International Affairs positions (d) to (f) were created to facilitate the development of policies and strategies for the Commission's international and regional engagement in the securities markets. At the time of the inquiry the Committee learned that the responsibilities associated with these posts were absorbed by staff of the Commission's various divisions. No specific details were provided about efforts to fill the vacant Senior Legal Counsel position listed at (g) above.

Observation:

- i. Engaging staff specifically for the TTSEC's international affairs initiatives could benefit the Commission. With their specialised expertise in policy formulation, international cooperation and institutions as well as knowledge of different regulatory environments, these staff members could be a valuable resource for the Commission contributing to impactful regional and global engagement, building on the work discussed at Issue 8 – International Cooperation of this Report.*

Recommendation:

- i. The TTSEC should submit a brief report to Parliament including the following by January 31, 2023:*
 - a. Confirmation that the vacancies for a Senior Financial Research Officer MR&S, a Financial Research Officer MR&S and a Financial Research Officer DR&CF were indeed filled by March 2022;*
 - b. Details of the constraints or other rationale for which responsibilities related to international affairs were spread out among existing staff rather than assigned to specifically dedicated officers;*
 - c. Challenges for the Commission's efficiency and effectiveness due to these vacancies, notwithstanding the work being assigned to other staff;*
 - d. The possible timeline for the filling of the vacant positions of Director, Research Assistant and Clerical Assistant International Affairs; and*

- e. Details of efforts, if any, to recruit a Senior Legal Counsel or details of the reasons for which this recruitment has not been conducted.*

4. Lack of Procurement Policy and Framework

The TTSEC did not have a single overarching Procurement Framework. Rather, the Commission's procurement initiatives were guided by the following group of policies and procedures, most of which were under review and for updating in 2022:

- | | |
|-----------------------------------|---|
| a. Accounting Manual | f. Motor Vehicle Policy |
| b. Tenders Rules | g. Systems Replacement Policy
(Information Management) |
| c. Invitation to Bidders | h. Laptop and Other Devices Policy |
| d. Records Management Guidelines | |
| e. Corporate Services Desk Manual | |

The Commission hired a Procurement Officer and was preparing a Procurement Framework in line with the Public Procurement and Disposal of Public Property Act, 2015. In so doing, the Commission engaged with the Office of Procurement Regulation (OPR), whose mandate includes the issuing of model procurement handbooks to be used by procuring entities across the board as well as approving special guidelines and handbooks for individual entities. The Commission's aim was to finalise and submit its Procurement Handbook for OPR approval by December 2022.

Observation:

- i. The Committee conducted an inquiry into the Audited Financial Statements of the Office of Procurement Regulation (OPR) and presented its aforementioned Fifth Report to Parliament in June 2022¹⁰. In the said Report, the Committee noted that almost ninety percent (90%) of public entities had not reported on their level of readiness for compliance with the incoming procurement regime via the OPR's Readiness Assessment Checklist survey. In light of this, the Report emphasised the need for these entities to become fully aligned with the OPR-led regime for the procurement, retention and disposal of public property. The Committee therefore anticipates that the TTSEC will make every effort to finalise its Procurement Framework and submit its Handbook to the OPR without delay.*

¹⁰ Parliament of the Republic of Trinidad & Tobago website, Fifth Report of the Public Accounts Committee on an Examination of the Audited Financial Statements of the Office of Procurement Regulation for the Financial Years 2018 to 2020, accessed September 1, 2022: <https://www.ttparliament.org/wp-content/uploads/2022/01/p12-s2-J-20220613-PAC-R5.pdf>

Recommendation:

- i. The TTSEC should submit a brief report to Parliament detailing the following by January 31, 2023:**
 - a. Confirmation of the completion of the Commission’s Procurement Framework including a copy of the Framework if it is complete;**
 - b. Confirmation of submission to the OPR of the TTSEC’s Procurement Handbook; and**
 - c. An explanation of the relationship between the newly updated policies and procedures listed at (a) to (h) above and the Commission’s newly developed overarching Procurement Framework.**

5. Public Outreach and Investor Education

The TTSEC conducted comprehensive public education and outreach activities. Based on the notes to the Audited Financial Statements for September 30, 2019, under the heading ‘Expenses by nature’, sub-item ‘public education and advertising’ the sum of \$420,537 was allocated to promote the development of the Securities Industry in accordance with the Commission’s mandate under the section 6 of the Securities Act Chapter 83:02, which provides that one of the Commission’s goal is to “educate and promote an understanding by the public of the securities industry and the benefits, risks, and liabilities associated with investing in securities”. Also, in accordance with the IOSCO principles, the TTSEC coordinates a multi-faceted IE programme designed to provide investors and potential investors with suitable information to guide informed decisions.

Acting on the finding in its FY 2016 National Survey, which revealed that greater efforts were needed to enhance investor awareness, the Commission therefore engaged in the following:

- i. conducted investor education courses;
- ii. pursued school-based investor education;
- iii. published a quarterly market newsletter;
- iv. launched the Investor Education website;
- v. ran the online investing game Investor Quest TT;¹¹ and
- vi. launched the Investor Promotion Mobile Application.

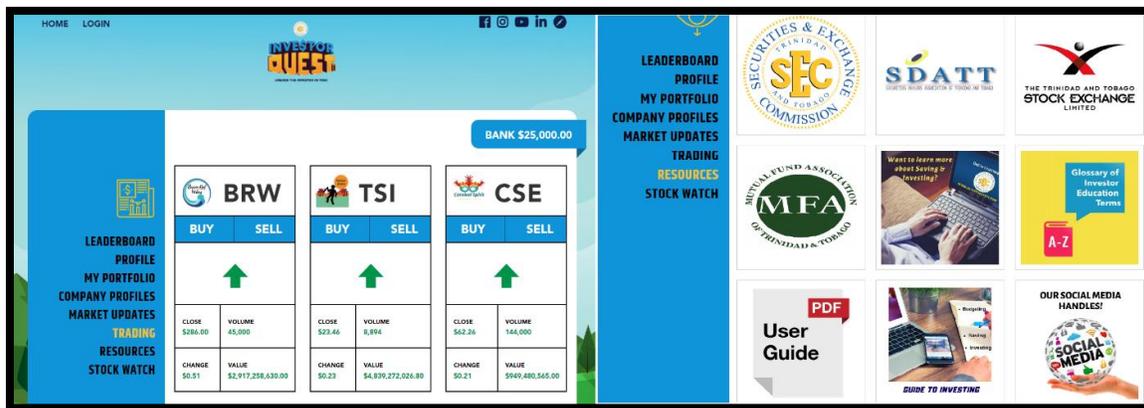
The Commission also grew its follower base on LinkedIn and Facebook, in addition to more than doubling visits to its website <https://www.ttsec.org.tt/>. Through these various initiatives, the

¹¹ Investor Quest TT game, accessed September 1, 2022: <https://investorquest-tt.com/>

Commission was able to better reach younger demographics including the eighteen to forty-four (18-44) age group and school aged children¹².

Investor Quest TT Game

The game allowed players to test their knowledge of the securities market and the various actors functioning within it, while becoming sensitised to the risks and pitfalls of investment activity. Correct answers were rewarded with game currency which players could in turn invest and understand the outcomes of their choices. Players were guided by market updates and other informative resources as seen in the screen grab below.

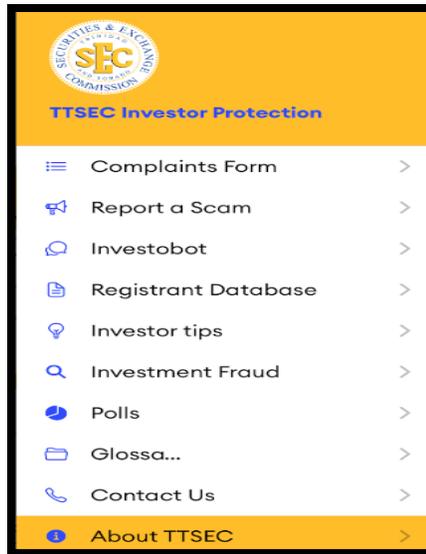


Investor Promotion Mobile App

On August 4, 2021 the TTSEC launched the Investor Protection Mobile App, the first of its kind in the region. The TTSEC App was developed to promote investor confidence. It allows easy and quick transmission of information to the TTSEC concerning as well as the issue of investor alerts to the public. The App also facilitated contactless service at the height of COVID-19 restrictions¹³.

¹² TTSEC written submission dated Mach 21, 2022, page 61.

¹³ TTSEC, Media Release – TTSEC Launches Investor Protection Mobile App, accessed September 1, 2022: <https://www.ttsec.org.tt/wp-content/uploads/Media-Release-TTSEC-Launches-Investor-Protection-Mobile-App.pdf>



The COVID-19 Pandemic and the TTSEC’s Public Education and Advertising Activities

The onset of the COVID-19 pandemic and the associated restrictions made it necessary to strengthen the TTSEC’s media outreach as this was the only means whereby the Commission could consistently interact with investors and the wider public. As a result, the Commission conducted educational webinars and made a deliberate transition to digital content creation.

Other Key Public Education and Outreach Initiatives

- Website: during the period under review, the TTSEC launched the Investor Education Website - www.investucatett.com.
- Educational material: the Commission partnered with the Ministry of Education (MoE) to develop and launch an Investor Education Instructor’s Manual and Student Workbook;
- International collaboration: the TTSEC works with its partners under the aegis of the International Forum for Investor Education (IFIE).
- The hosting of investment-based debates for tertiary level students.

Observations:

- The Committee tested the Investor Quest TT game and found it to be very user friendly and informative. The public would be well served by testing it out; and***
- In its aforementioned Fifth Report on the OPR (see Issue 4, Observation (i)). In the said Report, the Committee noted ongoing initiatives by the OPR, which included the development of a procurement and disposal of public property activity book for use in schools and collaboration with the MoE. The Committee is therefore pleased to note similar forward-thinking initiatives also being taken by the TTSEC in its domain of***

- activity as this speaks to a growing culture of developing public awareness by regulatory entities to the overall benefit of the wider society;*
- iii. In the Tenth (10th) Parliament, the PAC published its Seventh (7th) Report on an examination of the Audited Financial Statements of the TTSEC for the financial years 2008 to 2013. One of the recommendations in that Report was that the TTSEC “develop a comprehensive plan to expand the outreach initiatives of the Investor Education Programme to capture a wider demographic”. The TTSEC’s public education initiatives have indeed aimed to achieve this;*
 - iv. The TTSEC rated the performance of its public education initiatives as ‘very good’¹⁴ – the second highest assessment among those proposed – In response to a Committee question. The Committee notes the work done by the Commission in this regard but insists that these efforts must continue as a matter of priority as there was still room for improvement.*

Endorsements:

- i. The Committee noted that both the IQTT game and the Investor Protection Mobile App were the first of their kind in the Caribbean and congratulates the TTSEC for being on the cutting setting new trends; and*
- ii. The Committee noted that expenses incurred for ‘Public Education and Advertising’ steadily decreased each year starting in 2016. According to the TTSEC’s written submissions, this was achieved as a result of the increased use of digital media and the development of the Commission’s own content. This represented a prudent management of resources.*

6. Improvement of the Motor Vehicle Expense

The TTSEC expected to complete the process of revising its 2015 Motor Vehicle Policy (MVP) in 2022. In FY 2015, the Commission began purchasing its own vehicles rather than the previous practice of leasing them. The Commission therefore purchased fifteen (15) vehicles during the period under review. The TTSEC’s Audited Financial Statements showed a 76% decrease in Motor Vehicle Expenses in FY 2016 compared to FY 2015. By FY 2018, this expense had decreased overall by over 90%.

The Committee noted in the Commission’s MVP document that, “the Trinidad and Tobago Securities and Exchange Commission (the Commission) provides vehicles [...] as part of the operations and administrative support and as part of a vehicle benefit for designated Employees of the Commission” (paragraph 1). It was further noted in the MVP that “the Commission will

¹⁴ TTSEC written submission dated March 21, 2022, page 61.

acquire sedans, sport utility vehicles (SUVs) and any other vehicle that the Commission deems suitable for its operations as part of its fleet” (paragraph 1.1).

Observations:

- i. In the aforementioned Seventh (7th) Report of the PAC in the Tenth (10th) Parliament (see Issue 5, Observation (iii)), another recommendation was that the TTSEC “terminate all vehicle leases and acquire a permanent fleet”. The purchases of vehicles since FY 2015 is therefore also in line with the previous PAC’s recommendation; and*
- ii. The ability established in the TTSEC’s Motor Vehicle Policy to purchase any type of vehicle deemed suitable was viewed with some concern due to the cost and value for money implications that could conceivably arise.*

Recommendations:

- i. The TTSEC should indicate the following to Parliament regarding motor vehicle procurement and disposal by January 31, 2023:*
 - a. Whether any vehicles other than sedans and SUVs have been purchased since FY 2015 in accordance with paragraph 1.1 of the Motor Vehicle Policy;*
 - b. Whether any such vehicles were subsequently disposed of via sale to their assigned drivers or to other staff of the Commission in accordance with paragraphs 10.2 and 10.3 of the Motor Vehicle Policy; and*
 - c. The dates and the breakdown (net book value, taxes and transfers fees) of the prices paid if indeed there were sales under the conditions described at (b) above.*
- ii. The TTSEC should report to the Parliament on the completion status of the planned 2022 Motor Vehicle Policy review including the following by January 31, 2023:*
 - a. Confirmation of completion or an indication of the timeline for completion if this has not yet been achieved; and*
 - b. A summary of the aspects of the Policy which have been updated based on the review.*

7. Acquisition of the TTSEC’s Own Premises

The TTSEC needed to purchase its own premises given its steadily increasing rental costs. The TTSEC moved into offices at the International Waterfront Centre, Port of Spain on a three-year lease in 2019 and was still located at those premises at the time of the Committee’s public hearing in April 2022.

It was noted in examining the TTSEC's audited financial statements that the value of the Commission's *Cash and Cash Equivalents*, as reflected in the Statement of Financial Position, was higher in FY 2016 (\$57.62 Mn), FY 2017 (\$54.52 Mn) and FY 2018 (\$51.22 Mn) than it had been in FY 2015 (\$47.71 Mn). The Commission explained in its written submission dated March 21, 2022 that these sums were being held for the acquisition of its own building, which was a key issue featured in the TTSEC's 2022-2026 Strategic Plan.

The TTSEC previously appeared before the PAC in the Tenth (10th) Parliament in July 2015, seven (7) years prior to this present inquiry. During that inquiry it was noted that "the cost of the Commission's rental accommodation had increased from \$4.2 million in 2008 to \$6 million in 2013". The Commission shared with the Committee correspondence sent to the MoF just after that inquiry. The correspondence summarised certain issues raised during the 2015 PAC inquiry, referring specifically to particulars of the TTSEC's acquisition of its own premises. The Commission highlighted the details of a prospective property and the requisite processes to purchase it. The Commission sought and received permission from the MoF to borrow money for this transaction, as such operations were not explicitly authorised under the Securities Act 2012. The Committee learned that the property was not acquired. This was because of an unexpected price increase. In its written submission dated April 14, 2022 the MoF noted that the TTSEC operating from two (2) separate leased premises was inefficient.

The Property and Real Estate Services Division (PRESD) of the Ministry of Public Administration is responsible for all sales, rentals and acquisitions of government real estate¹⁵. The Commission explained in its May 13, 2022 submission that, after consultation with the PRESD, it relocated to the International Waterfront Centre in March 2018 to merge its offices while continuing to search for suitable premises to purchase. While the matter was put on hold due to the restrictions brought on by the COVID-19 pandemic, the Commission expressed readiness to re-prioritise the 'property purchase initiative' in 2022.

Observation:

- i. The notes to the Audited Financial Statements show that sums spent on Rent/Property Expenses averaged \$7.8 million from FY 2014 to FY 2018. This is thirty percent (30%) higher than the \$6 million paid in FY 2013, which itself reflected an increase compared to previous years. This emphasises the urgency of the need for the TTSEC to acquire its own premises to achieve greater value money.***

¹⁵ Government of the Republic of Trinidad and Tobago, Government Property & Real Estate Management, accessed September 1, 2022:

<https://mpa.gov.tt/GOVERNMENT%20PROPERTY%20AND%20REAL%20ESTATE%20MANAGEMENT>

Recommendation:

- i. The TTSEC should submit a brief report to Parliament including the following by January 31, 2023:***
 - a. The challenges affecting the Commission’s ability to purchase its own premises and the measures implemented to overcome them;***
 - b. The general details of the property or properties currently being considered for purchase and an estimated timeline for the completion of the purchase transaction; and***
 - c. Details of the nature and results of collaboration, if any, since 2018 with the PRES.***

8. International Cooperation

The TTSEC engaged in various forms of cooperation with regional partners and global actors. This cooperation centred on training and best practice exchanges as well as on information sharing and public outreach. At the public hearing, the Committee learned of the TTSEC’s collaboration with similar institutions in the Caribbean region. This was facilitated through a Multilateral Memorandum of Understanding (MMOU) for the Exchange of Information, Cooperation and Consultation with the Caribbean Group of Securities Regulators (CGSR).

The TTSEC’s staff received training from the United States Securities and Exchange Commission (USSEC) in FY 2016. The TTSEC subsequently hosted a USSEC training session for CGSR member institutions in FY 2018. The Commission also benefitted from reviews of its functioning by the International Organisation of Securities Commissions (IOSCO) and the International Monetary Fund (IMF). Technical assistance was received, notably from World Bank and IMF bodies and the Caribbean Financial Action Task Force (CFATF). The Committee also learned that the TTSEC is a member of the International Forum for Investor Education - Caribbean Working Group (IFIE-CWG). The issue of public outreach and investor education was discussed at Issue 5 of this Report.

Observation:

- i. Following on from the observation made at Issue 3 – Human Resources of this Report, there appears to be a great deal of potential for meaningful work to be accomplished by international affairs staff at the TTSEC were such officers to eventually be brought on board.***

Recommendation:

- i. The TTSEC should submit a brief report to Parliament identifying the various instances of training, review and technical assistance provided by regional and international***

bodies since FY 2014 and detailing the specific capacities that were developed and the skills that were strengthened through each of those initiatives, by January 31, 2023.

Concluding Remarks

For this inquiry, the TTSEC has shared a great deal of clear and detailed information about its functioning during the period FY 2014 to 2018. As a regulator, the Commission has an important role to play in maintaining a stable securities industry. A stable securities industry is one where all actors have access to the same information and share a common awareness of rights, responsibilities and risks. The Commission's public education activities have had some effect in fostering stability with their attempt to broaden the participant pool and to raise awareness via the most up to date contemporary outreach methods. However, the Committee remained convinced that there was still more to be done to educate potential individual investors as well as small and medium-sized enterprises about how they can meaningfully participate in and benefit from the securities industry.

In terms of its internal operations, the Committee reiterates the importance of an approved strategic plan, without which an organization cannot fully pursue its mandate in an effective or efficient manner. Alignment with the new regime for the procurement and disposal of public property is also crucial and should be prioritised.

This Committee respectfully submits this Report for the consideration of the Parliament.

Sgd.
Mr. Davendranath Tancoo
Chairman

Sgd.
Ms. Jearlean John
Vice - Chairman

Sgd.
Mrs. Ayanna Webster-Roy
Member

Sgd.
Mr. Adrian Leonce
Member

Sgd.
Mrs. Paula Gopee-Scoon
Member

Sgd.
Mrs. Charisse Seepersad
Member

Sgd.
Mr. Roger Monroe
Member

Sgd.
Dr. Amery Browne
Member

Appendix I - Witnesses

At the public hearing held on April 27, 2022, the witnesses attending on behalf of the TTSEC and the MoF were:

MoF

- Mrs. Suzette Lee Chee - Permanent Secretary
- Mrs. Kimberly Roberts - Assistant Manager, Economic Management Division (EMD)
- Mrs. Sarika Harripersad - Senior Macro-Economist, Economic Management Division (EMD)
- Ms. Savatry Ramsaran - Director, Economic Research & Policy Coordination (Ag.) – Investments Division

TTSEC

- Mrs. Enid Zephyrine - Chairman of the Board of Commissioners
- Mr. Imtiaz Hosein - Deputy Chairman of the Board of Commissioners
- Ms. Lystra Lucillio - Chief Executive Officer (Ag.)
- Mrs. Rachel Simms-Sealy - Chief Legal Counsel
- Mr. Shaun Ramjattan - Finance Manager
- Mr. Sugrim Mungal - Manager, Policy Research and Planning

**THE PUBLIC ACCOUNTS COMMITTEE –
SECOND SESSION, TWELFH PARLIAMENT
MINUTES OF THE NINTH MEETING HELD VIRTUALLY ON
WEDNESDAY APRIL 27, 2022 AT 10:05 A.M.**

Present were:

Mr. Davendranath Tancoo	-	Member
Ms. Jearlean John	-	Member
Ms. Charrise Seepersad	-	Member
Dr. Amery Browne	-	Member
Mr. Roger Monroe	-	Member
Mrs. Ayanna Webster-Roy	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Ms. Hema Bhagaloo	-	Assistant Secretary
Ms. Khisha Peterkin	-	Assistant Secretary
Mr. Justin Jarrette	-	Graduate Research Assistant
Ms. Rebecca Rafeek	-	Procedural Officer Intern

Excused was:

Mr. Adrian Leonce	-	Member
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COMMENCEMENT

- 1.1 At 10:05 a.m., the Chairman called the meeting to order and welcomed those present. The Chairman informed Members that Mr. Adrian Leonce asked to be excused from the Meeting.

EXAMINATION OF THE MINUTES OF THE EIGHTH MEETING

- 2.1 The Committee examined the Minutes of the Eighth (8th) Meeting held on Wednesday February 9, 2022.
- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Ms. Charrise Seepersad and seconded by Ms. Jearlean John.

MATTERS ARISING FROM THE MINUTES OF THE EIGHTH MEETING

- 3.1 With reference to item 9.3, the Chairman informed Members that responses to the questions for additional information from the National Insurance Board of Trinidad and Tobago (NIBTT) were received by the Secretariat on March 7, 2022 and uploaded to the Rotunda (e-repository) and used to draft the Committee's Sixth Report. The response from Ministry of Finance (MoF) remained outstanding.
- 3.2 With reference to item 10.2, the Chairman reminded Members that at the Committee's Seventh Meeting, it was agreed that Members would be given a further week to review the proposed work programme and list of entities under the purview of the Committee and indicate their preferences / suggestions to the Secretariat via email. However, no further suggestions were received.

DETERMINATION OF WORK PROGRAMME

- 4.1 The Chairman invited Members to review the proposed work programme and list of suggestions received from Member Seepersad that were uploaded to the Rotunda (e-repository) for consideration. A discussion ensued. The Committee agreed to defer the discussion of the Work Programme to later in the proceedings.

PRE-HEARING DISCUSSIONS RE: TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION (TTSEC)

- 5.1 The Chairman reminded Members that the purpose of the virtual public hearing was to examine the Audited Financial Statements of the Trinidad and Tobago Securities and Exchange Commission (TTSEC) for the financial years 2014 to 2018.
- 5.2 The Chairman outlined the remit of the inquiry.
- 5.3 The Chairman invited Members to review the Issues Paper based on the written submissions received from the TTSEC and the MoF.
- 5.4 The Chairman invited Members to raise any issues or questions on the examination into the Audited Financial Statements of the TTSEC for the financial years 2014 to 2018. Members discussed the issues of concern and the general approach for the public hearing.

SUSPENSION

6.1 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:21 a.m.

AN EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION (TTSEC) FOR THE FINANCIAL YEARS 2014 TO 2018

7.1 The Chairman called the public meeting to order at 10:30 a.m.

7.2 The following officials joined the meeting:

Ministry of Finance (MoF)

- Mrs. Suzette Lee Chee - Permanent Secretary
- Mrs. Kimberly Roberts - Assistant Manager, Economic Management Division (EMD)
- Mrs. Sarika Harripersad - Senior Macro-Economist, Economic Management Division (EMD)
- Ms. Savatry Ramsaran - Director, Economic Research & Policy Coordination (Ag.) – Investments Division

Trinidad and Tobago Securities and Exchange Commission (TTSEC)

- Mrs. Enid Zephyrine - Chairman of the Board of Commissioners
- Mr. Imtiaz Hosein - Deputy Chairman of the Board of Commissioners
- Ms. Lystra Lucillio - Chief Executive Officer (Ag.)
- Mrs. Rachel Simms-Sealy - Chief Legal Counsel
- Mr. Shaun Ramjattan - Finance Manager
- Mr. Sugrim Mungal - Manager, Policy Research and Planning

7.3 **Key Topics Discussed:**

1. The mandate of the TTSEC;
2. The ways in which the Commission protects members of the public who engage in investments;
3. The status of the submission of the TTSEC's audited financial statements for fiscal 2021 to the Ministry of Finance (MoF);

4. The challenges of the relationship between the TTSEC and its external auditor and the effect of this on the Commission's ability to meet the statutory deadlines for the submission of audited financial statements to the MoF;
5. The process for the procurement of consultancy services for the development of the 2022-2026 Strategic Plan and the estimated timeline for the completion of the Plan;
6. The findings of the international reviews of the TTSEC conducted by the International Monetary Fund (IMF), the United States Securities and Exchange Commission and the International Organisation of Securities Commissions (IOSCO);
7. The TTSEC's assessment of the degree of public awareness and understanding of investment;
8. The public education manual developed for use in schools in collaboration with the Ministry of Education (MOE);
9. The free investment webinars hosted by the TTSEC;
10. The online and televised announcements run by the TTSEC to sensitise the public;
11. The launch of the TTSEC Investor Protection App in September 2021 and the ongoing efforts to correct technical difficulties experienced by users;
12. The TTSEC's targeted engagement with small and medium enterprises;
13. The TTSEC's work to raise awareness of crypto currency investments;
14. The need for the TTSEC to continue its efforts to raise public awareness of investment;
15. The Commission's Fintech Framework;
16. The joint regulatory hub comprising the TTSEC, the Central Bank of Trinidad and Tobago (CBTT) and the Financial Intelligence Unit (FIU);
17. The Commission's collaboration with peer institutions in the wider Caribbean via a Multilateral Memorandum of Understanding (MMOU) for the Exchange of Information, Cooperation and Consultation with the Caribbean Group of Securities Regulators (CGSR);
18. The TTSEC's monitoring initiatives to combat insider trading under section 36 of the Securities Act and its collaboration with the Trinidad and Tobago Fair Trading Commission (TTFTC);
19. The status of the Commission's payables and other accruals including sums owed to UDeCOTT;
20. The major risks associated with the pursuit of the Commission's mandate, the legislative amendments required to mitigate against these risks and the status of the consideration of these amendments by the MoF;
21. The Commission's efforts to acquire its own premises;
22. The reasons for the delay in the permanent filling of the post of Chief Executive Officer;
23. The procedures followed by the Commission and the penalties applied to state agencies in case of non-compliance with the requirements of section 65 of the Securities Act Chap. 83:02 to file annual reports and financial statements with the Commission;

24. The expected timeframe for the completion of the TTSEC's Procurement Framework and the Commission's engagement with the Office of Procurement Regulation; and
25. The ways in which the MoF could better support the TTSEC to meet its statutory requirements and the MoF's strengthening of its human resource capacity to provide such assistance.

Please see the verbatim notes for the detailed oral submission by the witnesses.

7.4 The Chairman thanked the representatives from the TTSEC and the MoF for attending the virtual meeting and they were excused.

SUSPENSION

8.1 At 12:29 p.m., the Chairman suspended the public meeting to resume for a post- mortem discussion with Members only.

POST-MORTEM DISCUSSION

9.1 At 12:30 p.m. the Chairman resumed the meeting.

9.2 The Chairman sought Members' views on the public hearing. A discussion ensued.

9.3 The Committee agreed that additional questions would be sent to the TTSEC.
[Please see Appendix]

DETERMINATION OF WORK PROGRAMME

10.1 The Chairman invited Members to review the proposed work programme for the Second Session, Twelfth Parliament as well as the list of suggestions received from Member Seepersad, both of which were uploaded to the Rotunda (e-repository) for their consideration. A discussion ensued.

10.2 The Committee agreed to the following:

- The Children's Authority and the Heritage and Stabilisation Fund (HSF) be added to the Committee's work programme; and
- The finalised work programme will be circulated to Members by the Secretariat via email and on the Rotunda (e-repository).

ADJOURNMENT

11.1 There being no other business, the Chairman thanked the Members for their attendance and the meeting was adjourned to May 11, 2022 at 10:00 a.m.

11.2 The adjournment was taken at 12:40 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

April 27, 2022

Request for Additional Information – Questions to the NIBTT

General Questions

1. State the extent to which the Commission’s investor education programme has been able to enhance the public’s awareness and understanding of how investing works.
2. Regarding public agencies which do not comply with the requirements of section 65 of the Securities Act Chap. 83:02 to file annual reports and financial statements with the Commission, indicate:
 - a. The number of non-compliant agencies;
 - b. The names of these agencies; and
 - c. The period of time for which they have not been in compliance.

Based on Response to Question 2 (page 2 of response)

1. Using the following scale of 1 = Poor, 2 = Fair, 3 = Good, 4 = Very Good, and 5 = Excellent, provide a rating on the effectiveness of the mechanisms of the Commission in accomplishing its mandate.
2. How often were the periodic operational reports from Management of the Board of Commissioners completed?
3. How often were meetings with primary stakeholders conducted?
 - a. Who were the primary stakeholders that the Commission engages with?
4. How often were the surveys to determine the effectiveness of investor education initiatives conducted?
 - a. Have these surveys revealed any ineffectiveness? State the inefficiencies and how the inefficiencies were rectified.
5. How often were the international reviews on the functions of the Commission conducted?
 - a. State the process to conduct these reviews.

Issue: Strategic Plan

Based on Response to Question 1

1. Provide an update on the completion of the Strategic Plan for 2022-2026.

Based on Response to Question 3

1. Who was the external consultant utilized in the development of the plan?

Based on Response to Question 6

1. What was the period that the online training sessions were conducted throughout?
2. How many persons/entities attended the seventy –two (72) online training sessions?

Issue: Internal Auditing

Based on Response to Question 3

1. How effective have the follow-ups from the Internal Audit been?

Based on Response to Question 4

1. Has TTSEC considered training the staff of the IA in specialized skills to reduce the reliance on third party sources?

Issue: Procurement Policy

Based on Response to Question 1

1. Provide a status update on the review of the Tender Rules, Records Management Guidelines, Corporate Service Desk Manual and Motor Vehicle Policy.

Based on Response to Question 3

1. What does “other technology and facilities services” under “Price negotiations” entail?

Issue: Assets

Based on Response to Question 3

1. Regarding the “Registrant receipts completed but not yet deposited” in the sum of \$288,467.00, has this full amount been paid to the Commission?

Based on Response to Question 5

1. When exactly were the amounts referred to paid?

Issue: Cash and Cash Equivalents

Based on Response to Question 1

1. Has this building been acquired? If not, why?

Based on Response to Question 6

1. Has another similar exercise been conducted since 2016 to determine if any invoices were paid more than once?

Issue: Income

Based on Response to Question 1

1. When is it required to renew Branch Offices? (under 3. Registration/Renewal Fees for Registrants)
2. Is there a reason for the absence of a formal renewal of applications? (based on 4. Other Fees)
3. How many persons participated in the event hosted by TTSEC in 2017/2018?
 - a. What was the cost of the participation fee?

Based on Response to Question 3

1. Has the TTSEC consulted with the Minister of Finance regarding amendments to the fee structure?

Based on Response to Question 7

1. How does the TTSEC ensure that the recruitment practices are consistent with best practice?
2. What is considered “best practice”?

Issue: Risk Management

Based on Response to Question 1

1. How does TTSEC mitigate the strategic risk of resource constraints for the upcoming complex matters?
2. Has the TTSEC informed the Ministry of Finance of its suggestion to allow the TTSEC to make specific rules on particular matters without the need for recourse to Parliament?
3. How has the inflexibility of determining external auditing, specifically being required to seek the approval of the Minister of Finance to change an external auditor, hindered the TTSEC in achieving its mandate?
4. Provide a status update on the establishment of the Risk-Steering Committee and its achievements.

Based on Response to Question 2

1. How often does the Divisional/Departmental/Committee Head (Risk Owner) review the processes and sub-processes?

Based on Response to Question 3

1. What is the status of the draft Enterprise Risk Management Policy?

Based on Response to Question 5

1. What is the status of the Collective Investment Scheme Risk Assessment tool?

Issue: Motor Vehicle Expenses

Based on Response to Question 1

1. What is the status of the revised Policy?
2. What are the intended changes for the Policy?

Issue: Expense by Nature

Based on Response to Question 6

1. What is the status of the two Industrial Matters?

Based on Response to Question 14

1. What tertiary level institutions participated in the Tertiary Level Debate Competitions?
2. What institutions had access to the Student Workbook?

Based on Response to Question 20

1. What factors were responsible for the drastic decrease in the expense for the subscription to legal databases?

Based on Response to Question 24

1. What does the “pre-employment medical assessment” consist of?
 - a. What institution conducts these assessments for TTSEC?
2. What does the “psychometric assessment” consist of?
 - a. What institution conducts these assessments for TTSEC?
3. When are these assessments required? Is it for all new staff or only for certain positions?

Based on Response to Question 32

1. Has the TTSEC maintained the strategies listed to enhance internal financial management?

Issue: Human Resources**Based on Response to Question 1**

1. Are the members of staff who are currently undertaking the duties of the other positions being compensated for same?
2. Have these vacant positions been advertised?
 - a. If yes, what is the expected date to have the positions filled?
 - b. If no, when does the TTSEC intend to advertise to fill these vacancies?

Appendix III – Verbatim Notes

VERBATIM NOTES OF THE NINTH VIRTUAL MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD (IN PUBLIC) ON WEDNESDAY, APRIL 27, 2022, AT 10.31 A.M.

PRESENT

Mr. Davendranath Tancoo	Chairman
Ms. Jearlean John	Vice-Chairman
Ms. Charrise Seepersad	Member
Mrs. Paula Gopee-Scoon	Member
Mr. Roger Monroe	Member
Dr. Amery Browne	Member
Mrs. Ayanna Webster-Roy	Member
Ms. Keiba Jacob Mottley	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Mr. Justin Jarrette	Graduate Research Assistant

ABSENT

Mr. Adrian Leonce	Member
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TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

Mrs. Enid Zephyrine	Chairman of the Board of Commissioners
Mr. Imtiaz Hosein	Deputy Chairman of the Board of Commissioners
Ms. Lystra Lucillio	Chief Executive Officer (Ag.)
Mrs. Rachel Simms-Sealy	Chief Legal Counsel
Mr. Shaun Ramjattan	Finance Manager
Mr. Sugrim Mungal	Manager, Policy Research and Planning

MINISTRY OF FINANCE

Mrs. Suzette Lee Chee	Permanent Secretary
Mrs. Kimberly Roberts	Assistant Manager, Economic Management Division (EMD)
Mrs. Sarika Harripersad	Senior Macro-Economist, Economic Management Division (EMD)
Ms. Savatry Ramsaran	Director, Economic Research & Policy Coordination (Ag.) – Investments Division

Mr. Chairman: Good morning and welcome to the officials from the Trinidad and Tobago Securities and Exchange Commission, and the Ministry of Finance. My name is Davendranath Tancoo and I am the Chairman of the Public Accounts Committee.

The Public Accounts Committee has a mandate to consider and report to the House on:

(a) the appropriation of accounts of moneys expended out of sums granted by

- Parliament to meet the public expenditure of Trinidad and Tobago;
- (b) such other accounts as may be referred to the Committee or as are authorized or required to be considered by the Committee under any other enactment;
 - (c) the report of the Auditor General on any such accounts; and
 - (d) whether policy is carried out efficiently, effectively and economically and whether expenditure conforms to the authority which governs it.

The purpose of this meeting is for the Public Accounts Committee to conduct an enquiry into the audited financial statements of the Trinidad and Tobago Securities and Exchange Commission for the financial years 2014 to 2018:

- to assess whether expenditure conforms to the authority which governs it;
- to examine the challenges being faced and possibly the solutions to these challenges; and
- to assist the Trinidad and Tobago Securities and Exchange Commission in achieving the efficient delivery of services while ensuring that expenditure is embarked upon in accordance with parliamentary approval.

Based on the issues identified, the following key stakeholders were invited to today's session: the Trinidad and Tobago Securities and Exchange Commission, the TTSEC; and the Ministry of Finance.

Please note that this meeting is being broadcast live on the Parliament's YouTube channel, *ParlView*, and it will be subject to a delayed broadcast on the Parliament's Channel 11 and Radio 105.5 FM. Viewers and listeners can send their comments and questions related to today's enquiry via parl101@ttparl.com, via Facebook at [facebook.com\ttparliament](https://www.facebook.com/ttparliament), via [Twitter@ttparliament](https://twitter.com/ttparliament).

Participants are advised that your microphones should remain muted until recognized by the Chair. I will now invite members to introduce themselves, beginning with representatives from Trinidad and Tobago Securities and Exchange Commission and thereafter the Ministry of Finance. Members, Trinidad and Tobago Securities and Exchange Commission, please introduce yourselves.

Ms. John: Jearlean John—

Mrs. Zephyrine: Good morning—

Ms. John: Oh, sorry.

Mr. Chairman: My apologies. Allow me to ask the—my apologies, I missed a step. Can members of our Committee please introduce themselves first. Thank you.

Ms. John: Sorry, Chairman, I kind of got ahead of myself.

[Introductions made]

Mr. Chairman: Thank you, members. I believe we have one member who will join us in a little bit.

Mrs. Webster-Roy: I am here.

[Introduction made]

Mr. Chairman: Oh, I am sorry. You are here. Thank you. Welcome back. I know you had a little experience this morning. Welcome, member. Please introduce yourself. She has already? Thank you very much. Members from the Trinidad and Tobago Securities and Exchange Commission, please introduce yourselves to the Committee and the Ministry of Finance.

[Introductions made]

Mr. Chairman: Is Ms. James with us today, from the Securities and Exchange Commission?

Ms. Lucillio: No, Ms. James was not due to appear. Thank you.

Mr. Chairman: Thank you. Can we now have members of the delegation from the Ministry of Finance introduce themselves. Members from the Ministry of Finance.

[Introductions made]

Mr. Chairman: Thank you, members. So, if we may begin. This is a question for—I want to invite the members of the Trinidad and Tobago Securities and Exchange Commission, the Chairman, to make a brief opening statement.

Mrs. Zephyrine: Thank you very much, Chairman. I wish to thank the Committee for this opportunity to address members relative to the accounts and expenditures of the Commission over the period 2014 to 2018. The Trinidad and Tobago Securities and Exchange Commission is governed by the Securities Act, Chap. 83:02, which establishes our mandate and sets out our powers.

As the regulator of the securities industry, the TTSEC discharges functions inclusive of the registration of all securities and the securities in the capital market, including those entities; the conduct of inspections; market surveillance; enforcement of contraventions of the Act and investor education activities. The TTSEC has been carrying out these functions since its establishment in 1997, making this year our 25th anniversary of operations.

Mr. Chairman, I thank you again for the opportunity presented to the TTSEC to appear before this Committee and we look forward to addressing your questions and providing clarity on any of the issues. Thank you.

Mr. Chairman: Thank you, Madam Chairman. I want to invite the Permanent Secretary from the Ministry of Finance to also make a brief opening statement.

Mrs. Lee Chee: Thank you again, Mr. Chairman. And very briefly I would say it is the distinct pleasure of the Ministry of Finance to appear before the Committee. We have provided what we believe to be comprehensive responses to your questions and we are available to provide any clarification or further information that may be required. Thank you.

Mr. Chairman: Thank you very much, Madam Permanent Secretary. I want to begin by congratulating the TTSEC, the Trinidad and Tobago Securities and Exchange Commission, for a substantial amount of information and detail that was provided in your responses to the Committee's questions asked by the Secretariat of this Committee. I think a lot of information was provided.

I also want to congratulate you for the detail I saw in your financial statements, especially in the 2019 financial statements, although that is not within our immediate remit. But the 2019 financial statements, I thought, was an exhibition that should be copied by other entities coming before this Committee, especially given the detail it provided in terms of the activities being conducted by the TTSEC, in regard to its work plan and with specific detail with regard to each individual line item in its programme and in its schedule. I think it was a phenomenal document.

That being said, I want to ask, what is your financial period—when is the end of your financial period, Madam Chair?

Mrs. Zephyrine: The financial period ended in December of 2020. This current financial year ended December of 2021.

Mr. Chairman: So, your financial statements are not September to October, it is calendar year to calendar year?

Mrs. Zephyrine: Yes, Chairman.

Mr. Chairman: Okay. Then, can I ask, what is the status—I noticed that you have given us in response a status for 2019 and 2020 financial years. I would like to get an idea of what is the current status of your submission for 2021.

Mrs. Zephyrine: The financial statements for 2021, Chairman, have been submitted to the Ministry of Finance.

Mr. Chairman: Can I ask for a date, Ma'am, just so that we can know when it is going to be proposed to be brought again?

Mrs. Zephyrine: Chairman, can I just ask the CEO to speak to that date, if I may, the exact date?

Mr. Chairman: Sure.

Ms. Lucillio: Good morning, everyone, again. The 2021 financials are actually still being completed. We have signed off on it and it is with our auditors. We hope to get everything to the Ministry of Finance within the month of May. We have reached the financial stages of the submission.

Mr. Chairman: Thank you very much, Madam CEO, Acting. The reason for me asking is on page 9 of your submission via issue one, question 3, your response to a question that was asked, and I want to read it just for the record:

The most recent financial statements to be audited is financial year ended September 2021, and Deloitte is the external auditor.

Which is why I was asking about when the financial year ended. Is that correct still or is that in error?

Mrs. Zephyrine: Chairman, if I may just correct. The financial year actually ends in September. My apologies.

Mr. Chairman: Okay. So then that brings me to the other question, which is where I wanted to go. Section 20 of the Act requires submission within four months of the financial year to the Ministry of Finance. So, by that calculation, if the financial year ended September 2021, then the submission to the Ministry should have been done at the end of January 2022, and therefore, the Minister should have been preparing to submit it to the Parliament at the end of this month. Can the Chairman or the Acting CEO advise why we have, in effect, breached the legislation? Because we are now way past—well, we are a few months past the statutory requirement for submission? Madam Chair or Acting CEO?

Mrs. Zephyrine: Chairman, I will start. Actually, we were awaiting the management letter from the auditors and there were some matters in the final opinion of the auditors that we were not totally in agreement with, and we had a little toing and froing with the auditors, and we have since settled on it. And actually that is the reason for the delay.

Mr. Chairman: So, can I take it that those matters have been resolved?

Mrs. Zephyrine: They have been resolved, Chairman.

Mr. Chairman: Thank you very much. I open the floor to members to ask other questions and I will join with my questions as we go forward. Members, Public Accounts Committee.

Mrs. Webster-Roy: Mr. Chairman—

Ms. Seepersad: Chairman—sorry. Ms. Webster-Roy, you go ahead.

Mrs. Webster-Roy: Me? Okay. Mr. Chairman, thank you for the opportunity. Mrs. Zephyrine, in her response, just noted that there were some back and forth with the auditors. Could you just clarify what were some of the issues, please?

Mrs. Zephyrine: One of the main issues is the Commission had not received the management letter in connection with the audit. The management letter requires that the Commission makes its comments on issues identified during the audit period. And until that letter comes to the Commission and is discussed with the finance committee and approved by the board, we would not be able to sign off on those financials because that is what tells the story coming out of the matters raised during the audit process. So that is basically it. And, of course, that management letter would have included the issues that we were not totally in agreement with the auditors about and which would have impinged on the nature of the opinion that would have been proffered for the financials.

Mrs. Webster-Roy: Just one other question, just for my clarity. So, those issues that you were not in agreement with, you would have come to a place where you could have moved forward, accepted the report. What systems would have been put in place or strategies to combat in any future occurrence?

Mrs. Zephyrine: Well, we have considered the reasons for the delay, member, and one of the actions we propose to take is probably to look at a change of auditors because the plan that was to be completed, in keeping with the statutory requirement, was not met. And we felt that having considered all the issues around meeting our deadlines for the statutory delivery of the documents, that now is a good time as any to probably look at a change of auditors.

In addition, member, there is always a question around the interpretation of some of the International Financial Reporting Standards and while the final determination is outlined in the IFRSs, what takes you to a place where you can agree on some of the determinations would always cause a toing and froing, as I would call it, with the auditors, before finalization. So that is where we start from.

Mrs. Webster-Roy: Thank you.

Mr. Chairman: I just want to build on that. This management letter would have come from what entity, Ma'am?

Mrs. Zephyrine: The management letter would have come from Deloitte & Touche, our appointed auditors.

Mr. Chairman: All right. So that is the management letter for 2021?

Mrs. Zephyrine: Yes, Chairman.

Mr. Chairman: You just indicated that there was a lot of toing and froing and you required the need to shift away from the auditor because of the auditor's delay in providing the information, so that is the basis on which you would have breached your statutory deadline. Is it that you have now moved away from Deloitte & Touche or is it that they are still the entity that would have completed the audit statements?

Mrs. Zephyrine: They would have completed the audited statements for 2021, Chairman. But going forward, the board would have considered a submission in connection with the change of auditors for the present year.

Mr. Chairman: Thank you. Can you advise, just for completeness and curiosity, the time frame within which a management letter is expected to be provided to your Commission, so that you would have then been able to effectively ensure that you would have met the statutory deadline? I am sure you would agree that since you are a regulatory institution yourself, you would not want to set a bad precedent by breaching a statutory deadline. So the question is, when would you have determined that—well, two questions. When is a management letter usually expected,

so that it would facilitate timely preparation and finalization of the financial statements to be submitted to the Ministry? And when, in this instance, was it determined that you were running late in receiving the management letter from Deloitte and Touche?

Mrs. Zephyrine: Chairman, I would take the first question. The management letter is supposed to be submitted to the SEC in time to allow for its deliberation at the finance committee and for the board to look at the recommendations of the finance committee and agree to the submission of the financial statements to the Ministry of Finance. It is a working backwards. And as the date that we felt we which should have had the management letter, it was not forthcoming.

With respect to the second question for specific dates, I would refer to the CEO to respond to that particular date in this particular instance. May I be allowed to do so, Chair?

Mr. Chairman: Absolutely, yes Ma'am.

Ms. Lucillio: Thank you. Normally we would look for it probably by the mid portion of January, which would be January 15th, around there. And from the end of December into the beginning of January, we were back and forth with the auditors to finalize that aspect. They did indicate to us that there were draft statements that they wanted to make. But the actual document, we did not receive that until sometime later on, past the statutory deadline date, so hence why we were unable to meet that deadline date. When we realized that that was the situation, we contacted the Ministry of Finance and advised them about the situation.

Mr. Chairman: Thank you, Madam Chair. I want to turn back over to other members of the Public Accounts Committee who may have questions for you all.

Ms. Seepersad: Chairman, can I ask a question, a follow-up question?

Mr. Chairman: Yes, member Seepersad.

Ms. Seepersad: Is this the first time you have had issues with this particular auditor in getting the accounts prepared, and so on, on time?

Ms. Lucillio: That is correct. This is the first time. This is the first time we have actually missed our statutory deadline.

Ms. Seepersad: And did they give you a reason as to what was the reason for their delay in getting the accounts to you, knowing that you have a statutory deadline?

Ms. Lucillio: They indicated that they had a heavy workload on their end as well as there were things that we were discussing with them. As the Chair spoke about the going back and forth, there were items where we were not in agreement, and that exchange, that constant exchange, it kept on for some time and they were not willing to finalize anything until we came to some sort of conclusion. Even after that, it took some time on their end before we received the management letter.

Ms. Seepersad: Thank you. I just have another question on a completely different topic which deals with your strategic plan. As a regulatory organization, I would imagine it is very important that you have a plan for the next, say, four/five years. Could you give us an indication of when you expect to complete the strat plan for 2022 to, I believe, it is 2026?

Ms. Lucillio: Sure. Actually, we are in the final stages of completing the strat plan for 2022. We have reached the point where we have actually identified our strategic pillars as well as our objectives, and we are just fine-tuning it for presentation to the board within the next two months.

Ms. Seepersad: Sorry, within the next how many months?

Ms. Lucillio: Two months?

Ms. Seepersad: Two months?

Ms. Lucillio: Yes.

Ms. Seepersad: Thank you Chairman.

Mr. Chairman: Madam CEO, based on your response just now, and based on the written response to the Public Accounts Committee Secretariat, you had opted to use an external consultant to work with the Commission on the development of that same plan. Can you advise who this external consultant was?

And the second part of the question is that, you had indicated that they were selected based on a tender for services, but was this a sole select tender or a competitive tender?

Ms. Lucillio: Sure. The company was DCCL. I am going to get the full sets of information, in terms of who they are and what they do. And it was a competitive tender. It was not something that was a sole select tender. It was actually a competitive tender and we actually invited five organizations to compete for that tender.

Mr. Chairman: Thank you. So, you invited from a selected list. How was that list—

Ms. Lucillio: Identified?

Mr. Chairman:—developed?

Ms. Lucillio: What we did, as we are regulators—and, of course, sometimes it is a little different when you are engaging with consultants. They need to have an understanding of how regulators really operate because of the quasi-government or the quasi-judicial aspect of it. What we did is that we engaged with fellow regulators to determine what were some of the institutions and organizations they have engaged with, in terms of strategic planning.

We formulated a list from that and then we went out and we asked eight organizations for submissions at that point. Coming out of it, we received five submissions, actual submissions coming in and they were assessed by our tenders committee of our board and the determination was made to award the tender at that point.

Mr. Chairman: Madam CEO, You would have dealt with various institutions before because you would have had several strat plans that would have been developed before. Why then was there a bit of a difference between how you proceeded now and what you would have done before, or was there a difference, is it the same way? Because now you are suggesting that you would have now had to go into conversing with other similar types of entities as yourselves to determine best fit. Is it that this was not done before, and therefore this is the first time, or is it that you are now fine-tuning a process?

Ms. Lucillio: That is exactly it. We were fine-tuning our process. Previously, what we did, we had open tenders where we went out to various institutions who had indicated previously that they conducted strategic planning exercises with different organizations. In doing that—I would say though that the first time the SEC actually utilized a consultant, in terms of developing the strategic plan, was for the development of the 2014 strategic plan. Coming out of that, over time we realized that there were some aspects where if the entities or the strategic planning consultants who were involved was a little bit au courant in terms of what happens, in terms of a regulator, certain things that we may not focus on, where we would have more of our focus on, we saw that having someone who had that previous type of experience helped to make the exercise a lot more efficient, effective and we were able to come up with a more complete response as well.

Mr. Chairman: Thank you very much, Madam CEO. Member Browne, you had your hand up?
11.00 a.m.

Dr. Browne: Thank you very much, Chairman. I want to begin by joining—associating myself with those who have thanked the commission for the extensive written submissions that have been provided to this Committee, that clearly would have reflected a considerable body of work.

My question has to do with the commission's critical role in helping to regulate our financial sector. And I want to ask about any external international reviews that are done on the operations of the commission. Are such reviews conducted from international agencies? If so, what is the frequency of those reviews? And if you can provide any details of the entities that would provide such reviews? Who are they? Offer us a little insight into that aspect please. Thank you.

Ms. Lucillio: Okay. Thank you, committee member. In terms of international review, the commission actually has been reviewed by the International Organization of Securities Commissions, which is IOSCO, and as well as the IMF and also in terms of the US Securities and Exchange Commission. They have conducted different reviews on us. But normally these reviews are actually conducted based on a segment of our operations. So with the IOSCO review, IOSCO has 36 principles, right, for regulators. And 18 of those principles were reviewed by an IOSCO international team who conducted—they conducted that interview I believe in 2015 or so. And they actually gave us a full report and that report is available on their website.

As well, we have also been reviewed by the IMF. Once again, it is based on particular things. So if it is that they came and they did a FSAP country review and they thought that there were other things they wanted to follow up with us on, and do additional reviews on it, and give feedback, they have conducted that as well.

As well as the US SEC has come in when we actually asked them, because of the fact that we were looking at our operations. And especially something that came out of one of the IOSCO reviews and a particular comment that was made, and we ask them to come and conduct certain reviews of those particular aspects of our operations.

So one, those reviews are not conducted as they are on a scheduled basis in terms of annually, but they are conducted as needed. Most times it is actually initiated by the SEC. We may engage with the organization and ask them to come in and do an assessment. Or sometimes we actually have—like in the case with the IMF, the IMF coming to us and asking us for an update and requesting the ability to review certain aspects of our operations. Was I able to address your questions?

Dr. Browne: Yes. Thank you very much. When last did the IMF conduct such a review as you would have referenced? And are you in a position to share, let us say, what were some of the major findings and learnings, and benefits that the commission would have derived from that particular exercise? Thank you.

Ms. Lucillio: Sure. The IMF actually conducted a review of our operations as part of the last country FSAP, right. That was conducted in 2020, right and coming out of that we—what we were able to determine and learn that there were particular deficiencies within our legislation that we actually worked on, and we actually have some of them before the Ministry for review, as well as in terms of they gave some guidance on some international best practices that they brought to our attention. Even though there were things that we were actually doing

internally, they thought that we could beef up certain aspects of it. You know, expand it a little bit more. So, generally, those were the things.

In terms of going into much more detail in the specific areas, what I can say is that one area that was of importance was the Collective Investment Scheme or the Mutual Fund Market. And that actually, the Collective Investment Scheme, the CIF by-laws is what we are in the final stages of completing in order for us to actually have it replace our current CIF guidelines as best practice.

Dr. Browne: Thank you very much and thank you, Chair.

Mr. Chairman: You are most welcome. I want to go over now to member Paula Gopee-Scoon.

Mrs. Gopee-Scoon: Thank you very much, Chairman, and good morning to everyone. And my question really would be on one of your more important functions in terms of the public understanding the securities industry, the benefits, the risk, and the liabilities associated with investing in securities. And I looked at the fact that in 2009 when you did your baseline survey, the indicators were not so very good in the sense that they knew that there was a Securities and Exchange Commission, but as to what or how it functions or how can they benefit from it, I am not sure that it looked very good.

And then, I looked again at the survey which I think you reported on the 2015/2016 National Survey research findings, which I have to say looked a lot better. And then of course I saw where you did some interventions with secondary schools. I think it would have been four secondary schools. I still do not think that our public is sophisticated enough in terms of— If I were to ask you if—are we a sophisticated investment public? I am not sure that we would rank very high. But you can tell me what are the markers? What have you been do even during the COVID period because you would have been able to do many online surveys and information webinars and so on, but how would you rate us as a sophisticated investment public? And who do you benchmark yourselves against? And where are you going in terms of an improved public sophistication in investments?

Ms. Lucillio: Thank you, member. You are correct. In 2009 when we conducted that baseline survey the results that is came back what it showed was one, that many persons may not have been aware of the role and function of the SEC, all right. But one of the things that we would say though, is when we look at the investing public there are quite a number of persons who are investors whether they are completely aware that they are investors or not.

So sometimes what happens is that you have a situation where let us say with mutual funds, persons' investment in it but in their view they are not totally thinking of it as an investment. They almost—we found when we conduct our surveys and we go out and we have our interactions, that persons almost align that to some sort of, you know, long-term savings, all right. And that is how they have seen it.

What we have done is that throughout the time we have partnered with the National Financial Literacy Programme, with the other regulators to build persons' understanding of investing and the financial sector on a whole.

In addition to that, we have also launched our online, free, investing course that we always promote and that we ask persons to go on and actually partake in the course. And persons get an online certificate for participation at the end of the completion of the actual course.

In addition to that, we partnered with the Ministry of Education where we developed

an actual manual right, as well, for students—business students—as well as a manual for the teachers to conduct training in terms of when they are interacting with the business students. So we have done that, and we have also—and you are right, in terms of increasing the webinars. In fact, one of the things that we did in 2020 in the midst of the pandemic is that we created an online as well as a TV-type advertisement speaking to persons about understanding what you are getting into and understanding investments.

In fact, when we did that at that point in time because of the proliferation of the different types of schemes that were happening internationally as well, because of the fact that we have to understand that we live in an international environment and sometimes people pick up on different things that are happening abroad.

We also in 2020 into 2021 rebranded our investor education programme in that, of course in between 2020 and 2021 when we would normally actually go out and conduct these, you know, sessions where we are interacting with entities with different jurisdictions one on one. We were not able to do that so we actually took the opportunity at that point in time, and we conducted surveys to determine what persons understanding was and we rebranded the investment education programme, so that it would be simpler. Because sometimes, you know, persons when they consider finance and investing they almost see it as it is something that is not very simple to understand, and sometimes all you have to do is ask very basic questions for you to know what are some of the things that, you know, make sense or are probably something of concern.

In addition to that as well, we also in 2021 launched our investor protection app. So even if persons are concerned about something being offered to them but they are not too sure about it, we launched the app because of the fact that we saw at that point in time in terms of the numbers or the percentage of the population actually online interacting on social media, so that they would get an opportunity to utilize the app. The app might be something that is a little easier in a way. We say it like this, you know, you need to meet people where they are. So we use the app to allow persons to engage directly with the SEC to probably one, submit a complaint, or if it is that they come across something that they think is some sort of scheme that they can actually provide a tip to the SEC at that point. Or even just ask us questions for us to be able to respond to them. So we have done quite a lot and we are actually right now working on a revision of that survey, that national survey that we conduct to see what were the results of it and what came out of it.

In terms of who we will probably align ourselves or compare against, you know, regionally we would look at some of the larger market, you know, probably like Jamaica, and see what is happening there as well in terms of their investment products—the investing public. And internationally of course, we come to the fact that we are part of the greater Latin American area we will position ourselves or look at how we are performing within the Americas itself. How do we stand up and in terms of the understanding of our investors?

Ms. Gopee-Scoon: So again, I ask you the question, if I were to ask you on a scale of one to 10, how sophisticated are we in Trinidad and Tobago as an investment public? Which is an indictment on you if it depends on how it goes. So what would you say?

Ms. Lucillio: Well, I would say that in terms of an investment public there are quite a number of people who invest, right. So I would say probably you are looking at about eight and a half, nine, you know, somewhere because of the number of persons that actually engage in

investment in some form.

On the other hand, if it is that they actually consider themselves investors then instead of, you know, some long-term savings type of vehicle, then, you know, that they may think of it. I will say it is probably closer to about 6.5, seven, in terms of their understanding. And that is why we took the approach that we did in terms of raising persons' understanding of investing, as well as what is their, you know, roles and responsibilities will be in terms of investing.

Ms. Gopee-Scoon: Ay ay. *[Laughter]* I am not seeing that reflected in some of the material that you submitted, but I am going to look at it closely and I am sure that I can encourage the Committee, the Public Accounts Committee to write to you again on this particular matter.

In the second round I want to come back to you on examination of some of the underwriters and issuers and so on. So I will come back to that, but I would allow my colleagues to go ahead. Thank you.

Mr. Chairman: Thank you. Before we go to member Webster-Roy, I just want to pick up on something that perhaps CEO just raised with regard to the app. So I went on to your app last night, this is the TTSEC's Investor Protection Mobile Application. I went on to this app last night in an effort to see how user friendly this is to members of the public who want to raise and lodge a complaint about accessing the app. And if I had a complaint what is the method that I would use. On that app you have a drop bar that is listed as "lodge a complaint". So I hit on the drop bar and then there is a brochure "how to complain". But that brochure is broken down into several parts, investigator education, get answers and tools, to actually lodge the complaint and useful links. Three out of those four listed items on the brochure which tells you how to complain are not functional. So that is an issue of concern for me as well. Now, I understand that you need to reach out and I think it is a credible commendable thing that you are using the apps on social media access for bringing individuals, especially as it concerns lodging a complaint.

However, there is concern that I had that the app is not fully functional. Specifically, the methodology of how to complain is an irony. And the section that deals with information to investors to educate them on some of the very things that you raised earlier, which is, that persons may be involved in investing in mutual funds and not necessarily know that they are investors, and not necessarily know what the requirements and protections that they may have access to, what they are. Those are the very same things that are not functional as at last night. And I just checked again, as at today, at 11.17a.m. Wednesday April 27th.

So it is something that you would need to consider. There may be a hitch in the system but because this is an outreach programme that you are going into, it is a critical tool that if used right, especially given some concerns that were raised last year and year before about some nefarious types of activities in sou sous, et cetera, that are coming up, that may need regulations and examination. And indeed then for you to receive complaints you had indicated that no such complaints had been received from the SEC at that time. But now you have a process where the complaint mechanism is missing components and therefore members of the public who may want to lodge a complaint may not have the opportunity so to do.

So with regard to the app itself, I am lodging a complaint that the app itself needs to be fully functional. It is missing critical components. That is for noting at this point.

Ms. Lucillio: Thank you for that, Chairman. As you were saying it, I actually went on my phone

to see, and I think I may have to follow up with you because I am able to connect. But thank you for that though, and we will keep on top of it and assure that it is constantly working is one of the things that our communication departments looks at. Thank you very much.

Mr. Chairman: Thank you. Member Webster-Roy you had your hand up previously.

Mrs. Webster-Roy: Yes. Thank you, Mr. Chairman. Just wanted to feedback on some things that member Gopee-Scoon raised, and it is about the outreach to schools. You have noted that you distributed manuals to schools, and I wanted to ensure that schools in Tobago were indeed included, and that outreach is actually happening in Tobago.

The other concern I wanted to resolve—the app, because I tried—I suspected that it was because of my location in Tobago, so I was quite happy that the Chairman would have highlighted the issue, because in terms of outreach, some of my communities, some of the communities in Tobago would not have consistent reliable access to Internet. So if we are going to ensure we have an educated public, we have to find other ways of reaching them and getting the information to them. So I wanted to know apart from the app and apart from the manuals distributed to schools, what other types of outreaches you have done specifically for Tobago and for Tobagonians to benefit? Thank you.

Mr. Chairman: Before you answer, Madam Chair, I am also a Member of Parliament for an area that is substantially rural, and therefore I think your question, member Webster-Roy, is valid to a large part of Trinidad and Tobago as well. So we would really want to hear from the SEC how they propose to reach out to those areas that do not really have easily accessible Wi-Fi and so on?

Ms. Lucillio: Thank you for the question. In terms of us with our outreach programme the online access or the online option, that is just one segment of it. Just to respond concerning the manuals for the students, those are actually distributed throughout Trinidad and Tobago. As I said, we interact with the Ministry of Education, so we partnered with them in terms of getting everything out and actually conducting training sessions with the teachers. So we did teach the teacher sessions where we were actually able to increase some of their knowledge and abilities in terms of the securities industry.

In terms of outreach sessions in Tobago in particular, we partner with the THA, in terms of the National Financial Literacy Programme. And that is what we do, as well as whenever we conduct any updates or any interviews, we also do it with TV5 as well. So we are available, and we also conduct in person sessions in Tobago. So whenever, let us say we are going throughout the country conducting outreach sessions, we actually would go in the major areas, north, south, central, and Tobago. So it is always part of our outreach programme.

In terms of—with rural areas, and you know, that is the thing about—is that sometimes it is actually easier to get in contact or be able to communicate with persons in rural areas online, right, than it is to actually physically go out there. But what we do is that when we are conducting outreach sessions we ensure that before we even reach there, we engage with the community, the community offices to ensure that we are, you know, for persons within and around the area if they want to come in person they can actually come in person to our outreach sessions.

Mr. Chairman: Thank you. I just want to before I move to the others, just to go back to the app itself. I noticed that the app requires a specific amount of information which includes people's e-mail addresses, et cetera. Is there any provision at all for registering a complaint of

a suspicious type of transaction via whistleblowing? Independent and anonymous whistleblowing? Is there any provision in the app or in any one of your mechanisms for lodging a complaint for facilitating independent whistle—sorry, anonymous whistleblowing?

Ms. Lucillio: We have an area in the app that speaks to submitting a tip, right. Normally, we ask persons for information so that we can verify information or to be able to even understand exactly what were some of the issues surrounding the tip. At this point, I mean, we do ask for the information, so we do not leave it completely anonymous. But we do have an area if persons just wanted to submit a verbiage, a sentence on the issue that they can do that and forego some of the other areas within it. So it will ask for it, but it is not necessary for persons to. We will have to put something in but they can use that to—they could actually put in information but we do not go—we would not have to come in and verify it afterwards if it is that the person puts within the sentence itself that they rather remain anonymous.

Mr. Chairman: Thank you. Maybe you should consider actually adding a block that says “anonymous” rather than hoping that somebody would lie and then you cannot necessarily trust what they are saying because they start with a negative direction. Member Jearlean John, you wanted to wade in at this point.

Ms. John: Yes, Chairman, thank you. I just wanted to expand on a query raised by member Gopee-Scoon. And I think the Acting CEO’s response was with respect to what the performance relative to the outreach to investors. And the response was eight and a half to nine in terms of giving a rating. Now, by and large as she said, these are more institutional investors where you will have a pool of people whether it is a pension fund, a big pension fund like T&TEC used to be, I do not know what it is like now. Is that you will have a committee investing on behalf of the wider employee body. But with respect to the day-to-day person out there, I do not believe the outreach is as robust or that people really have a consciousness relative to that. And I think now more than ever, people really need to have some idea where they can put their money, scarce or otherwise.

In addition, I think in some one of your materials, I was seeing fintech mentioned, but the new financial instruments, I think there is need to go out there with some kind of what you call training or awareness campaign. Because some people see the new instruments as a way of getting in on the action, right. And it may be a good thing, it may not be a good thing and I think that is where bodies such as yours come in to guide these kind of thinking or initiative, to assist people because you can be seen as neutral, you know, as a regulatory body.

And the last thing. As we were looking some time ago at the participation on the Stock Exchange, it was still very thinly traded. And I was looking at how you raise money, and the revenue figure was much lower than the expenditure of course. But that is not the reason for the question. I have been wondering, in terms of an outreach to the small and medium-sized enterprises, you know, a real robust approach now particularly with this whole—the way they have been impacted by COVID and the cost of financing for them is so high, maybe the Stock Exchange may not be a bad idea to go. And that will help them in terms of regulating, in terms of streamlining their businesses, probably bringing in new talent, and certainly raising income at a cheaper cost.

I do not know if you all have been looking at those things. How you expand the number of firms traded. Because this is very active country in terms of entrepreneurship. We

have a lot of people who like business. But how do they take it from one level to the next, you know, because a lot of these small businesses have no money anywhere to call upon. So maybe the next step is the Stock Exchange looks a little more attractive. Well, I mean more approachable, that might not—I am sure you have heard that before and perhaps you all have been looking at these things for a long time. But maybe now is a good time.

Ms. Lucillio: Thanks, committee member. I would say that the Stock Exchange has been looking at this for some time. The SME tier on the Stock Exchange I believe was launched some time in 2013, somewhere around there. And ever since there were some outreach via the Stock Exchange. Even in terms of the interaction with the SEC in terms of the requirements and the registration, et cetera, that was conducted.

In terms of this though, I know that recently I believe the Minister of Finance would have announced that there were new incentives that were going to be considered for SMEs, actually trying to lift on the SME tier. One of the things as well is that the Stock Exchange is actually revamping that aspect of it. And in terms of listing on the Exchange itself, generally, we found that when the SEC we were just doing our independent discussions with some SMEs, is that the persons found that the reporting requirements and all of that they found that it was excessive for them, right. And they were considering alternative forms of financing which were and are available as well.

But in terms of the development of the SME tier, one of the things is that the Stock Exchange is also engaging with the different SMEs in terms of having someone to actually tutor them through it so they would have an actual person who is an expert in the field working with them to get them properly listed.

11.30 a.m.

And this is something—and you are correct. You know, the capital market is a good area in terms looking for financing. So that is one of the areas that is actively being looked at as well. In terms of some of the things that you—sorry—that you would have actually raised concerning the fintech, or sorry—new financial instruments, there are internationally quite a number of new things that are available. Our market though, we have—we are actually in a joint regulatory innovation hub with the Central Bank, as well as the FIU in terms of reviewing any types of those types of fintech-type products. So we are working collaboratively on it because some of these products actually they may cross the remits of the different regulators. So you may have, let us say, an e-money type aspect of it, while on the other end it also has a security-type aspect associated with it. So that is something that we have done.

In terms of getting the public on top of or understanding what is actually involved and asking these questions so when they are looking to invest in these products they know what to do, one of the things that we did is that, jointly the regulators came together in 2020 and even in 2021 and we issued a joint statement. So when we saw that we were getting some of the information coming back from the market that, you know, persons were not completely—they did not completely understand some of the products that, you know, they were seeing bandied about, that we issued a statement especially along the lines of cryptocurrency, that understanding was involved with cryptocurrencies. And especially where we had situations where particular firms stated that they had regulatory approval, we refuted that publicly as well, so persons would be aware that these particular entities did not have that prior approval with us.

In terms of the performance aspect, when I gave the rating I was speaking about in terms of what—in terms of the level of investment with the general public. So it is more that when you look at it and if I was to be specific, there are quite a number of persons within the country that actually are investing in mutual funds, quite a number of persons. And hence that, when you look at it and you look at the statistics, it is a high number of our public that is actually, you know, for all means, you know, considered investors.

So that is what I was looking at and that is why I said that, on the other hand in terms of the other reason for them to completely understand their role, the role of the different, I would say, registrants on our end or non-registrants that they may get involved in in terms of providing them timely information, being able to respond to their questions, all of those things. These are things that we are trying to build up through our investor education programme. So you would see along the lines that we are actually say to persons, you know, ask ABC. Ask questions, be aware of fraud, as well as contact the SEC. So it is—we are—it is a work in progress. Yes it is. And there are things that we are working on and that is why we assess how, what the output of it would be, just getting feedback in terms of the literacy, financial literacy levels within the country.

Mr. Chairman: Member, does that fully answer your question? Okay. Thank you. I see member Amery Browne has his hand up. Member Browne.

Dr. Browne: Thank you, Chairman. I am glad the CEO—sorry, the acting CEO made reference to collaboration because that frames my next question. We would be aware that the commission has counterparts, I am using that word very broadly, in neighbouring states within our region. And I am interested in getting a perspective from any of the officers appearing before us today as to the degree of collaboration, partnership, communication, interaction with other similar regulatory bodies within Caricom and within the Latin American and Caribbean region. That is one part of the question.

And the other is, to what extent does the commission see itself as a part of and relevant to the development of a regional economy, the concept of a regional economy within the Caribbean? So I am open to the responses. Thank you, Chair.

Ms. Lucillio: Okay. In terms of the counterparts in the Caribbean, actually we are part of the Caribbean Group of Securities Regulators. Right? And as part of the Caribbean Group of Securities Regulators we meet probably quarterly/annually, as well as we have separate specialized committees within the Caribbean group of securities regulators. So in terms of interacting and sharing of information in terms of regulatory updates, some of the things that are actually happening within the region, this is something that we actually collaborate quite a lot with the members of the CJSR. In fact, because of our—as being part of that group, we do have—we do have the ability to share particular information but via the IOSCO which is the international one an MMOU or multi—the multinational memorandum of understanding. Okay?

So once we are signatories on the MMOU, each of the regulators has an opportunity to be able to collaborate with the highest level of confidentiality as well. So we do collaborate with our Latin American, as well as the general Americas region via the MMOU, the IOSCO, the international one. So that is what we actually have in place.

In terms of a regional economy in the Caribbean, because of the fact that the Caribbean is made up of the different member states, something like that actually will have to come from a government-type level. But on the other end though in terms of what we do look at, we look at the cross listings across the different regions. So where we have cross listed entities that may be

listed on the Jamaica Stock Exchange, the Barbados Stock Exchange, the eastern Caribbean or us, what would happen is that we would actually collaborate with the members of the CJSR to collectively keep track of things happening across the Caribbean.

Mr. Chairman: Thank you, Ma'am. I turn over now to member Seepersad.

Ms. Seepersad: Thank you, Chairman. If I could go back to the investor education training issue, my understanding of the level of investor sophistication in the country is somewhat different from the CEO's. I do not think, while people may invest or save in mutual funds, I am not convinced that they totally understand how to evaluate the performance of a mutual fund, when to get in, when to get out, what are the fees, you know, how to read the fine print, et cetera. And I am concerned about the rollout of your investor education programme and is it really reaching and providing the level of information and training that is really required for people to be—invest, critically-thinking investors. Let me put it that way. As well as rolling it out to the schools because that is where it should start.

The children should have an understanding where investments and savings and, you know, not only work but get your money to work for you, et cetera. I do not know if the CEO can speak to that and give us any stats or any other statistics that she may have that could speak to those issues. Because I think it is very critical if we want to grow our investing public and, you know, have them really understand what investing is all about.

Ms. Lucillio: Thank you. And you are right in terms of the persons investing but yet their understanding, I believe, that is one of the things that I said, people invest but it seems as if they are treating it like a long-term savings in that way. And that is why one of the things that we do in terms of the investor education programme, what we actually started to have discussions with SDATT, the Security Dealers Association of Trinidad and Tobago in terms of the SECs website and information being made available on their website. So it is not—because I think sometimes what persons would need to see is when they have the regulator actually being present in some form. And that is what we are attempting to do, to be there in some form on their website so that if persons are looking to invest, they can actually click on the SEC's website and get more information concerning that

In terms of the statistics and where we are at, if you do not mind, I would like to get that. I would like to put that together and send you a package. I do not have the exact numbers in front of me right now. But we will be able to provide the statistics associated with that.

Ms. Seepersad: Thank you. I just have one follow up, Chairman, if that is okay.

Mr. Chairman: Please go ahead.

Ms. Seepersad: Cryptocurrency is something that I am doing a lot of research on and I am wondering what the SEC is doing in terms of educating people on the benefits and the pitfalls of cryptocurrency because you are going—people are investing in cryptocurrency in Trinidad, particularly the younger people and I do not know if they really understand what is involved and how high—what high-risk investment this is. While people talk about gains, there is also a lot of losses and that kind of thing and, you know, they probably will get companies wanting to list on our stock exchange who are involved in cryptocurrency, mining and so on. And I am wondering what steps in terms of education, rollout and that kind of thing the SEC is doing. Thank you, Chairman.

Ms. Lucillio: Thank you again. Cryptocurrencies are, I guess, they are the new and bandied about product right now in terms of persons seeing what may be happening internationally and

generally. Persons may be interested in it. But you are correct in terms of the—persons may not completely understand what is involved in terms of the cryptocurrency and the volatility that, you know, based on especially based on the type of cryptocurrency and what is actually pivoted against.

So in terms of investor education, you are right. There are different types of cryptocurrencies and one of the things that the SEC did when we realized that this was something of interest, is that we actually created on our—we have a separate investor education website. And on our investor education website we created a fintech pledge—right?—where we ask persons to go on. And basically there were just general overarching high-level areas concerning fintech period, including cryptocurrency where we—it basically was a survey and we asked persons, you know, what is your understanding of this? Do you understand this, that and the other? And basically at the end of it, it was for persons to, you know, pledge to the fact that, before you get into investing, you should do some research, understand it, ask the different questions where you did not understand certain things. You know, that sometimes you have to get investment advice from persons. So those are things that we have been looking at.

Collectively though, with the other regulators, this is something that actually came up as part of our joint regulatory fintech committee in terms of mining, as well as in terms of cryptocurrencies. And we have identified it on our agenda for further collaboration with the other regulators concerning it. And why? Because once again, some of these products really, they are beyond just investment products and persons have to understand what it is that they are getting involved in.

Mr. Chairman: Thank you. Do you see a role for the SEC, the Trinidad and Tobago Stock Exchange based on the question that was just asked and answered? Do you see a more definitive role as a regulatory body in terms of dealing with the pitfalls?—and the—well, the pros and cons of this cryptocurrency and this fintech programme generally? Do you see a role? I know you see a role for yourself with regard to fintech generally. But do you see a specific role for—in the realm of the cryptocurrency?

Ms. Lucillio: In terms of cryptocurrency because of what is involved and you have that, and the trading aspect of it, you can almost see that the—it can actually be traded on a crypto exchange. And that will actually fall directly under the regulatory remits of the SEC.

At this point we have not developed a framework in terms of the regulation of a crypto exchange. But one of the things that we are looking at—and I will tell you one of the reasons. When we actually developed our fintech framework, we sent out a survey to the entire population to ask, you know, what were some of the key areas that generally persons were interested in. And the crypto exchanges did not come up at that point in time so we actually focused on the development of other types of regulatory oversight and ability on our end.

Now, in looking at things we are reviewing and revising, as part of our strategic plan, what the SEC's—basically, what our approach is going to be concerning especially in some areas, not only in terms of cryptocurrency but also in terms of sustainability and sustainable financing, et cetera. So those are things that we are looking at as part of our upcoming strategic plan in terms of the development of the regulatory powers and the abilities of the regulator to properly—to have proper oversight of these particular items.

Mr. Chairman: Thank you. I want to turn over again to member Gopee-Scoon and then we will take questions from member John.

Mrs. Gopee-Scoon: Yeah. Thank you very much, Chairman. Chairman, I fell off a little bit just now on account of the Internet but, so I hope—I am not sure if it was asked. Guide me if I am asking something that was already raised. It really has to do with offensive securities activities and one of their functions, again, is to ensure that these are kept to naught. And I am well aware that you do inspections and examinations of brokers, underwriters, issuers, investment advisers and self-regulatory organizations. How often? How effective are you? Are you seeing good results in the sense that, have we minimized or brought to naught offensive securities activities within Trinidad and Tobago? Thank you.

Ms. Lucillio: Thank you very much for that. At this point I just want to hand over to Mr. Mungal for him to answer that question. Thank you.

Mr. Mungal: Thanks. So the TTSEC will normally register all securities that are being issued within Trinidad and Tobago. And we would review a number of aspects in terms of due diligence, what the security relates to. So we will not allow anything that would be considered offensive to be registered.

And we also advise the public that anytime you are making an investment, to please ensure that it is registered with the TTSEC. This is—we see this in ads on television. We see this on publications within our newspaper. We write weekly in the newspaper. So this is one of the methods in which we keep offensive securities at a minimum, if not at all being within our jurisdiction.

Now, persons can invest in foreign securities outside of our jurisdiction. They can add it to their portfolio. They can build a foreign portfolio. If they have that appetite to go into something a bit more risky, it is really up to them to take on that risk and reward. The higher the risk, the higher the reward. And if they want to go into that, we really would not be able to stop them because it is their choice and normally it is more the sophisticated type of investors we see building those foreign portfolios. But when it comes to securities being issued in our local jurisdiction, we ensure that all the checks and balances are there to ensure it is not an offensive type of security that will cause harm to our investors. And also, all our reporting issuances are required to make disclosures to the public. They are required to provide information in terms of their annual reports, how they are performing and if they are able to service their debts. And this is a requirement in the legislation and they comply with that also. Sorry. I am not hearing you.

Mr. Chairman: Thank you very much. Member—

Mrs. Gopee-Scoon: Sorry. Can I—

Mr. Chairman: Yes, please. Yes, please.

Mrs. Gopee-Scoon: Yeah. You said that there are a number of entities. That these entities are required to register with you. But notwithstanding the registered, I understand that you will continue to make your examinations and inspections. You are required to do that because these entities may register in the first case. How do you monitor to ensure that these offensive security activities are kept to naught?

Mr. Mungal: Oh.

Mrs. Gopee-Scoon: So I am thinking that there are monitoring functions as well.

Mr. Mungal: Yes. There is a monitoring function. So it starts from the point of registration and disclosure. That is one of the aspects. Then anything that is registered, any company, broker, dealer, investor, adviser, underwriter, they are subject to compliance reviews, inspections. We adopt a risk-based approach to conducting these examinations, in that we put the effort behind

the entities that are higher risks and to ensure that we dedicate the resources appropriately. These examinations go into the prudential aspect of the organization. They go into AML/CFT corporate governance to ensure that the organizations are operating efficiently. They are in compliance with all the requirements within the legislation, our governing legislation including AML/CFT. And we also have a certain amount of—well, surveillance which goes across the stock exchange and we have offsite monitoring. That happens in terms of keeping a pulse in terms of how the market is operating in terms of their governance structures, in terms of their going concern.

Mrs. Gopee-Scoon: So do you have a department? You have an enforcement division or so?

Mr. Mungal: Yes.

Mrs. Gopee-Scoon: For inspectors?

Mr. Mungal: Yes. So there is a separate department—

Mrs. Gopee-Scoon: How many persons are involved in that activity?

Mr. Mungal: So there is a separate department for compliance and inspections. There are approximately—there are nine persons within that department. There is a separate department within the legal for enforcement. There is a separate department for surveillance. So these are different functions within the commission.

Mrs. Gopee-Scoon: Okay. And what action is taken against these offensive activities?

Mr. Mungal: So whenever reviews are done and we find breaches of the legislation, this is forwarded to our legal department and the enforcement section within that. And the enforcement department will look at the type of breach. They will look at the penalty to apply and they will proceed with that in terms of liaising with the organization, looking at what was the offence or the breach and applying the relevant penalty.

Mrs. Gopee-Scoon: And you are satisfied that the action taken is on time and effective?

Mr. Mungal: Yes. We have—it is—we do not really take a lot of time in terms of conducting the review and passing it on to the legal department. That happens very quickly because we are in constant communication between the departments. So when there is a breach, that is forwarded to the enforcement department who will action that immediately.

Mrs. Gopee-Scoon: And action is taken immediately. Now, would you have a role with the Fair Trading Commission in terms of ensuring that there are no unfair or improper practices relating to insider trading, et cetera? How do you work closely with them?

Mr. Mungal: Yes. Yes. I will pass that onto the CLC. Rachel.

Mrs. Gopee-Scoon: Thank you.

Mrs. Simms-Sealy: Good morning, Committee. The commission does liaise with the Fair Trading Commission. Our role with them is more in cases of takeovers and mergers and so forth, not generally with respect to insider trading. So if there is any sort of amalgamation, takeover, merger, the Fair Trading Commission will liaise with us to ensure that there is compliance with the takeover by-laws and other relevant provisions with the Securities and Exchange Commission Act.

Mrs. Gopee-Scoon: Okay. Let me ask you one more question. I do not want to take up too much time. But you talked about mergers and acquisitions and so on. Are these published?

Mrs. Simms-Sealy: Yes. Once the—well, it depends on the target. Once the target is a company that is listed, then the provisions of our takeover by-laws would kick in, so to speak. And in that case whatever—what we seek to ensure in those by-laws is that all investors are treated fairly

and equally and there would be publication of certain—not every single thing but there are certain things that are required to be published so that all investors are operating on an equal playing field. So it is not every single merger that we regulate or take over if the company is—if the target is not listed and so forth, it may not be applicable, the by-laws will not apply. Does that answer your question?

Mr. Chairman: Okay. Thank you. We will move on to member John.

Mrs. Gopee-Scoon: [*Inaudible*]

Mr. Chairman: Member John.

Ms. John: Yes, Chairman. My question comes from—on the submission paper from the commission issued named as issued payables and other accruals—I am now trying to find it here. Payables and other accruals and that is—

Mrs. Gopee-Scoon: [*Technical difficulties*]

Ms. John: Sorry.

Mrs. Gopee-Scoon: [*Technical difficulties*] I have no Internet. I even wanted—because I wanted to question you a little bit more about fintech.

Ms. John: Sorry.

Mr. Chairman: I am sorry. We have an interruption from someone. [*Technical difficulties*]

Ms. John: Is member Gopee-Scoon finished? We have moved on? Yes. Chairman.

Mrs. Gopee-Scoon: I am not sure. Are you hearing me? Are you hearing me? Because I know I am having Internet issues. Are you hearing me?

Mr. Chairman: I think you are. I think you are having Internet issues. Now we are hearing you, Ma'am.

Mrs. Gopee-Scoon: Okay. I am going to just, if you do not mind, I will make one final question that, related, and then I will stay quiet because I do not want to interrupt the day's proceedings. But again, with regard to the whole question of protecting the integrity of the securities markets, where you are in terms of insider trading and that kind of monitoring of insider trading? Tell me what is your role and are you active and, et cetera?— with regard to insider trading in particular?

Mrs. Simms-Sealy: Okay. So, I think I will attempt to answer. The commission has—well, provisions in our Act for insider trading. Some of the departments that my colleague Mr. Mungal spoke of, would monitor and actually we have a market surveillance department that will actually look at the daily trading reports coming out of the stock exchange. And if they see any anomalies, they would flag these and we would then be able to look at that.

We would also monitor, we would require under section 136 of our Act that insiders of a company would file reports every time that they would do trading in that particular company. We could look—we could monitor through that as well. And generally we rely sometimes on tips, complaints or any other such means of getting information. Once we get that information gathered through, either through the compliance and inspection division or the market regulation and surveillance division, our enforcement division would then, if necessary, if there is a—we do a preliminary review. And if we see a basis for actually going further, we would then launch an investigation under section 150 of our Act. And that is a very detailed sort of process where we would call in persons, interview them, they can be represented by counsel. And at the end of that process we would produce a report and then determine whether to take action.

Now, some of these offences can either be actionable in terms of criminal offences, in which case we do not have that remit, we would then have to refer those matters to the DPP.

And if not, we can also take administrative proceedings. And we have a whole procedure set out under our Hearings and Settlement Panel's Rules whereby we would hold a hearing and/or the matter may be settled. Or if the report shows that there was actually not insufficient evidence to take any form of action whether criminal or administrative, we can close the report and make a decision not to take any further action. So that is how we—

12.00 noon

Mrs. Gopee-Scoon: But is the effective monitoring and evaluation happening all the time, on a regular basis?

Mrs. Simms-Sealy: Yes, it is, constantly, on a daily basis.

Mrs. Gopee-Scoon: Okay, good. Thank you very much and thank you to member John allowing me.

Mr. Chairman: Thank you very much. Let us return now to member John, please.

Ms. John: Yes, Chairman. I am sure maybe the CEO would have had an indication of where I was going, so by now would have found the item on the issue eight, payables and other accruals.

What I am looking at, because it is sort of a—well, it stands out because the assertion is made that, ordinarily, the Commission follows a normal cycle of settlement, which is about one to 30 days, with the exception of a long-standing bill for UDeCOTT. And the figure is cited here as \$656,630 for this move. Is it that there is some variation and that cannot be settled in terms of— and this is just sitting on your books as an outstanding payable, through you, Chairman?

Ms. Lucillio: Sorry, committee member, I just want to hand this over to our Manager of Finance for him to address it.

Mr. Ramjattan: Good day, members. In terms of the payable to UDeCOTT, that is—there is no issue on our end. We are just having problems getting the bill from UDeCOTT to us because of, I guess, internal issues on their end with their rebilling and so on. So, there is nothing stopping them from billing us with regard to like internal complaints from ourselves for quality and so on. I do not know if that answers your question.

Ms. John: Okay. So, you have agreed that this is the sum but is it in terms of UDeCOTT's own internal—as you said, they are probably having problem with their billing. Is it that they have a disagreement with the figure now or—

Mr. Ramjattan: Not a disagreement with the figure. I think it is how they arrived at their final billing. Because what you would have there is like a figure that we would have gotten from them—

Ms. John: Budgeted for.

Mr. Ramjattan: Yes, budgeted for, and we would have put that in. And we are awaiting the final billing with any modifications based on like overage or undervalue of the actual bill.

Ms. John: Okay. So, you are at the point where you tell yourself there could be some variation in this figure here, either under or just above.

Mr. Ramjattan: Correct.

Ms. John: And you have decided where your latitude is, how much redundancy you have in your system?

Mr. Ramjattan: No. We are leaving that up to UDeCOTT to provide like a final billing then we will make an adjustment.

Ms. John: All right. Thank you.

Mr. Ramjattan: Welcome.

Ms. John: Thank you, Chairman.

Mr. Chairman: Most welcome. In your submission, that is the Trinidad and Tobago Securities and Exchange Commission's submission, a question was asked:

What were the principal risks associated with the pursuit of the TTSEC's mandate?

And you indicated that one of the operational risks was the legislation to support the regulatory agenda. You had some concerns that change is needed to be made to the regulation. You cited some other issues later on in your presentation which similarly required adjustments to regulations and to legislation that may have to come to Parliament. Can the Trinidad and Tobago Securities and Exchange Commission, maybe the chairman or the CEO, or Acting CEO, advise whether those considerations—which are listed on pages 15 and 16 of your submission—whether those considerations and proposed amendments to the legislation and to regulations have been submitted to the Minister for his consideration and eventual bringing to Parliament?

Ms. Lucillio: Chairman, I would like to hand that over to our Chief Legal Counsel, as she is more intimately involved with this particular matter.

Mrs. Simms-Sealy: Yes, Chairman. So, we are with—our legislative process is set out in our Act and it does require us to submit all legislative changes to the Minister of Finance in terms of by-laws or guidelines. We cannot just do them on our own. We cannot make changes without following the process set out in the Act. That process involves public consultation, and the Minister and the Ministry would review to ensure that the legislation is fit and proper for purpose. And we have one piece of legislation that is far advanced and that we are hoping to have laid in Parliament soon, that is the Collective Investment Scheme By-laws. It has gone through numerous stages of public consultation and being reviewed by the Ministry of Finance. Most of the legislation that we have entrained has been submitted to the Ministry. We have a few pieces that we want to submit within the next few months though.

And what we would like to see though is that if there could be a—I would say the whole process, which is set out in the legislation, if it could be shortened and if certain aspects of those changes, which are probably a little more operational, if they can be done via giving us a rule-making power. So, that is what we have in mind in terms of perhaps speeding up or making the process a little bit more efficient.

But, as it is now, we do have—we get good feedback from the Ministry and once we submit something, we are in touch directly with the Ministry and senior officers within the Ministry. And that is basically the process and, of course, as I said, public consultation is involved as well. Does that answer your question, Chair?

Mr. Chairman: It does. It does. It suggests that things are actually in process for treating with the operational risk issue that you had identified in your submission. Another one of the issues that you also identified was that there was a significant increase in funds held under cash at the bank during the period 2015 to 2018. You explained that that was funds being held for the purpose of acquiring a building as a home for the Trinidad and Tobago Securities and Exchange Commission. Since then you have moved into the buildings down at the Waterfront. Is it that therefore this surplus is no longer relevant or are you still pursuing a home separate and aside from where you are now for the Trinidad and Tobago Securities and Exchange Commission?

Ms. Lucillio: Chairman, that is correct. We are still pursuing a separate building. Right now, we are on a three-year lease at the Tower D and the arrangements at the Tower D are short-term leasing arrangements. And it is our intention, and it is something that we have flagged for

inclusion in our strategic plan, for the procurement of a new building, separate and apart for the SEC.

Mr. Chairman: Thank you. I have one last question and this relates to employment. I want to make it a little bit more general though. I am hoping the Acting CEO not be the person to respond however. So, my question relates to human resources and it is specific. Are members of the staff who are currently undertaking the duties of other positions being compensated for same? Have these positions been advertised? And if yet, when is the expected date for those positions to be filled? I am speaking specifically about the position of the CEO but there may be other similar types of positions or similar level positions—well, not similar level, but similar types of positions in which persons have been acting. So, I will want to hand that to the Chair to answer, if you do not mind, Madam CEO. What is the delay in the employment of a full time—we have an Acting CEO who has been acting now for almost two years. What is the procedure? Has any procedure been undertaken to have that post properly filled? And if so, what is the status that we are in at this point?

Mrs. Zephyrine: Thank you for the question, Chairman. At present, the position of the CEO—the filling of the position of the CEO on a permanent basis is engaging the attention of the human resource committee of the board. During the last term of the board, a process was engaged—we did engage in a process, sorry, to have the position filled, but the Commission on its own cannot fill the position without the agreement of the Minister of Finance in keeping with the Act. The directive given to the Commission was that we should revisit the process used back then and go out to have this re-advertised. I do not know if the Ministry of Finance can throw any additional light on that, but that is where we are at the moment. In keeping with that instruction, the HR committee of the board is looking at revisiting a process to have the position filled in a short order.

Mr. Chairman: If I may ask the Ministry of Finance to shed some light—some further light? Madam Permanent Secretary.

Mrs. Lee Chee: Chairman, I am unable to provide additional information on that issue. I believe the issue was that we would want to see that the process—or we are satisfied that the process was fairly transparent and broad-based. So that has gone back to the SEC and we await further communication on that matter from them.

Mr. Chairman: All right. But you would be aware that we now have an acting CEO—sorry, we have a deputy CEO and a CEO as the same person. But in the organizational structure both of those positions had substantial roles and functions to fill and therefore, we have one person doing both. There is an absence necessarily and unfortunately of some level of check and balance, so some level of expediency should be put in place to ensure that this matter is resolved as quickly as possible. That is just a suggestion for both the Chairman and the Permanent Secretary in the Ministry of Finance. I want to turn over now again to member John. You had your hand up?

Ms. John: I have a question here. There are some of the state agencies, by reason of their borrowings, they attract the attention of the SEC. I think sometimes they are in contravention of what they call section 65(1) of the Securities Act, 2012, because they need to file annual statements with the SECs based on whatever instruments they used to borrow, to raise financing. And some of these—I mean, these things, when the SEC finds, it is very punitive. And I want to know, do we know the amount of state companies, as it is, who are in contravention of this and if there are any outstanding—and basically, what latitude is given to state companies to pay these

fees or these fines as it were? I do not know if that is—[*Inaudible*]

Mrs. Simms-Sealy: Member John, I will answer that question. You are correct. There are quite a few state enterprises that are in breach of the filing requirements in section 65, and a few other sections. That would arise when they file their annual reports and other related financial statements past the due date. They incur a fine of \$1,000 a day, for each day that the documents remain outstanding. That is set out in our Act. What we do is—well, we firstly notify all such companies of the breach. We would then seek to hold meetings with them and enter into settlement discussions.

Most of these matters are in fact settled. And they, therefore, would not pay the full amount of the penalties for the outstanding filing. In a few instances, where the matters are not settled, they are referred to our hearings process. We would have either a prehearing conference or a full hearing, which is public, where they would then set out whatever mitigating factors may have led to them being late in their filings. And then the panel would take those into consideration and make, in most instances, a reduced order—an order, sorry, of a reduced penalty or fine for the late filing. Because we are well aware that in a few instances it may be a case that the entities were awaiting the Auditor General. And so, therefore, I would not say it would be completely beyond their control, but the Act requires them to await the audit of the Auditor General. So, we would take all of those factors into consideration and we would then treat with it accordingly and apply whatever appropriate reductions in the penalties, and that is done through the Commission's hearings process. Does that answer you?

Ms. John: Well—[*Inaudible*]—but you have a lot of state companies not complying, so therefore, you know, this fee is just going up because the penalty is fixed in law.

Mrs. Simms-Sealy: Yes, it is fixed in law. And our board, in an attempt to look at this problem, we have looked at it at the board level—there was a paper done last year—and what we really were seeking to do is to see how we can perhaps intervene and assist where possible in having greater compliance by some of these state enterprises with respect to the filings.

Those recommendations are actually entrained and we expect to be having discussions with the Ministry of Finance, who will in turn assist by discussing with the various line Ministries to really see how we can alleviate the problem at a higher level. Because some of those problems may involve collaboration and coordination of a number of different Ministries in order to really resolve. We can only — I mean in the short term I think we have in the past done moratoriums. They do not work in the long term though, because after the period is up, the non-filing continues. So, we are looking at longer term solutions to the problem and seeing how entities within the state sector can actually become compliant with the requirements of the Act.

Ms. John: I do not know how many state companies really are being audited by the Auditor General now. Because generally, you can go to your board and get the approval—and I know that this is done—to go out and really seek the services of the private firms, as it were, and this is approved—generally approved by the Auditor General. So, I mean, you will know better than me, whether this is really the sticking point. Because if they do not file with the SEC, this impacts their ability to borrow further or even their credit rating, et cetera. So, this is a major problem.

So, I do not know if it is possible if one can put—I do not know if you have the names now or the number of these companies in your possession now. But if not, if one can—I can, through the Chairman, ask that we have a submission of these companies, as it were, and maybe what is outstanding—the names of the companies and what is outstanding and for how long

outstanding.

Mrs. Simms-Sealy: Member John, we would certainly seek to provide that information. I do not have it with me right now. And yes, you are correct, many of them do not need to file to be audited by the Auditor General. I will seek to get that information for the Committee's consideration. Thank you.

Ms. John: Thank you. Thank you, Chairman.

Mr. Chairman: Thank you. Members, can you advise—sorry, to the Securities and Exchange Commission delegation, can you advise whether or not the projected date of completion for the procurement framework is still December 2022? Is that still in play?

Ms. Lucillio: That is correct, for our internal procurement framework. Yes.

Mr. Chairman: May I ask, given that this legislation has been in effect for quite a while and it is only the regulations for operation that was outstanding, why is it that we still have several months to go the Trinidad and Tobago Securities and Exchange Commission is properly ready for the implementation of the procurement framework? Why is it that it has taken so long?

Ms. Lucillio: Actually, we have been preparing for this for the last three years now and we have actually filled the position of a procurement officer in the last two and a half years. And we have had extensive discussions with the Office of the Procurement Regulation on items. The reason why we stated that at the end of the year that we would have that final document is because we are actually broke it up into phases and segments, and we have actually completed particular phases already, and we seek the guidance of the OPR in terms of finalizing some of these things. But we have been reviewing even our internal processes and the way that we would do things, and seek to put things in place in order for us to be fully compliant when the entire Act has been proclaimed.

Mr. Chairman: All right. Thank you. Are there any other questions from any of my other colleagues from the Public Accounts Committee? Member Webster-Roy?

Mrs. Webster-Roy: You are hearing me? Hi. Sorry—

Mr. Chairman: Yes, now we are hearing you. Yes.

Mrs. Webster-Roy: Okay. My question is actually to the Ministry of Finance. Just final questions. How do you think the Ministry of Finance can assist the SEC in improving its overall performance and meeting its statutory requirements?

Mr. Chairman: Madam Permanent Secretary.

Mrs. Lee Chee: Thank you, Chairman. Thank you, member. The main way in which the Ministry of Finance can assist the SEC in meeting their statutory requirements is to be more responsive— is to increase the responsiveness of the Ministry to the various interactions that we have with the SEC.

The main parts of the Ministry, that we said, that interact with the SEC is the legal department, the Treasury Solicitor's department and our Economic Management Division. We are mindful that we have some capacity constraints and we have been working to increase and expand— firstly, we have just completed expansion of the Economic Management Division and we are currently working on increasing capacity at our Treasury Solicitor's department. We have interviews ongoing—due to start next week.

So that is the new main area, to be responsive. And we continue to work with the Central Bank and the other agencies on implementing the recommendations of the report FSAP report as it relates to the SEC. And incidentally, it mainly has to do with the responsive of the Ministry

of Finance. Thank you.

Mrs. Webster-Roy: Thank you, Mr. Chairman. Thank you, Madam PS.

Mr. Chairman: Member John, I see you still have your hand up. Is it that you have another question?

Ms. John: No, Chairman, I probably did not take my hands down. I need to take it down.

Mr. Chairman: Thank you. Last one for any of my other colleagues on the Public Accounts Committee for questions. I do have one request from a member of the public on the website. And I want to give a few minutes to a representative from the Trinidad and Tobago Securities and Exchange Commission to see if they can provide a brief synopsis of its functions, particularly how it protects members of the public.

So, this is a member of the public who is asking for you, in a very brief couple minutes, to advise what your functions are and how you protect members of the public. This is actually in keeping with something that was raised earlier about the need for public outreach, and this is your chance for members of the Trinidad and Tobago Securities and Exchange Commission to provide this opportunity today for a provision of a brief synopsis of your functions and how you protect the members of the public. Madam Chairman or Madam CEO.

Mrs. Zephyrine: Chairman, may I just set the stage for that response, because this is a moment we do not want to miss. And I want to start by saying that while the role of the Commission is to register securities participants, there is a thin line that we have to observe, in that the Commission cannot provide a guarantee nor an opinion on the performance of a registrant or a security. So, that is a given. We are not allowed to do that in law.

What we find is that a number of investors sometimes come to the Commission and say that, "I would have invested in X and the return has not been good, I have lost my money," and so on. But the risk that an investor wants to take has to be based on the investor's risk appetite and the Commission cannot control an investor's appetite.

What we can do is before the security comes to market, we will do whatever we can by way of due diligence, ensuring it is fit for purpose, ensuring that the registrants meet all the requirements in law to put the security in the market. I just wanted to say that because it is an issue that has come to the Commission many times and it is expected that we will be able to give advice to individual investors, "invest in this, do not invest in that", but that is not really the mandate of the Commission. So, I just wanted to set that framework and probably hand over this to the CEO to further speak about or enhance her discussion on the investor outreach.

Ms. Lucillio: Thank you, Chairman. In terms of what the SEC would do, we are a disclosure-based regulator. So, when we actually assess the submissions coming in to us and what we look at, it would be ongoing disclosure. That means that the persons who are investing in these types of products, they are given enough information and enough time to be able to make a wise choice and decision. The Chair is correct, we do not get involved in guiding or stating what is a good investment or what is not a good investment because of the risk appetite of persons and, of course, within finance, risk and reward are connected, so higher risk higher reward, et cetera. And we just ensure that persons have to have an understanding of what it is that they are getting involved in.

And that is why you see when we do our investor education, that is why we focus on, one, do you know what questions to ask? Two, do you have the right person around to be able to ask those questions to? It is a case in point, if you are using a broker/dealer or an investment adviser,

the role of these persons, they are supposed to be able to answer the questions when you bring it to them and they are supposed to be able to break down the investment in such simple ways that anyone can understand what they are getting into. So that is another thing that we look at. We look at the content and the jargon that might be used and if it is we find that it is too technical, we ask for things to be changed, for it to be a little clearer and easier for persons to understand.

On the other hand as well though, as I said, we do have the online system available and we have that online course. And I would suggest anyone who wants to get into investing, take a look at that online course on our investor education site, investucateTT site, and go through it. Because sometimes persons may actually think that they know everything about investing and when they go in, through that course, they learn something coming of it is. So, one of the things we do is we would partner with the National Financial Literacy Programme and provide the type of material and the expertise in order to help persons develop their investment knowledge. I hope that would be able to address the question. Thank you.

Mr. Chairman: I think that was well done and I thank you very much for the provision of a substantial amount of information in such a short period of time. I just want to remind you all to spend some time on that app to ensure that it is repaired and we have a little bit more access to the critical information contained therein. I want to, on behalf of the Public Accounts Committee, to thank members of Ministry of Finance and the delegation from the Trinidad and Tobago Stock Exchange Commission—sorry, the Securities and Exchange Commission—the Trinidad and Tobago Securities and Exchange Commission for appearing before us today and providing a substantial amount of information in regard to its operations over the period 2014 to 2018, and in fact up to current.

And thank you all very much for your presence today and for your continued commitment to provide additional information to the Secretariat going forward. It has been a true pleasure. I wish you all well. I also want to thank members of the viewing and listening audience on the television and on the other channels, and on Facebook, for your presence today and I hope that we have been able to provide some information in terms of how your moneys are being spent and how your entities are being operated and, in particular today, the Trinidad and Tobago Securities and Exchange Commission. I wish you well and I thank you very much. The officials will now be excused. Thank you all so much.

Ms. Lucillio: Thank you.

Mrs. Simms-Sealy: Thank you.

12.30 p.m.: *Meeting adjourned.*