

THE TRINIDAD AND TOBAGO STOCK EXCHANGE LIMITED

STATEMENT OF SUBSTANCE AND PURPOSE LISTED COMPANIES DISCLOSURE REGIME

November 2009

AIM: This proposal sets policy for timely disclosure of financial information by listed companies of the Exchange.

PROPOSED NEW RULE

The proposed new rule will be included in the Stock Exchange Rules under Section 6 – Listed Companies Disclosure Regime and includes the following items:

- Quarterly Financial Statements - 600
- Audited Annual Financial Statements - 601
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STATEMENT OF SUBSTANCE AND PURPOSE

The current arrangement for quarterly financial statements is based on moral suasion and the proposal is aimed at formalizing this requirement into the official Stock Exchange Rules. The new rules will reflect the fundamental principle that all persons investing in securities listed on the TTSE should have equal timely access to information that may affect their investment decisions.

INTERPRETATIONS

“connected persons” for the purpose of this rule, are persons who are deemed to be connected with a director/senior manager;

- The director’s /senior manager’s husband or wife.
- The director’s /senior manager’s minor children (these include step-children and adopted children), dependents and their spouses.
- The director’s/senior manager’s partners.
- Bodies corporate of which the director/senior manager and/or persons connected with him together have control.

“control” or “controlled” in relation to an issuer means the power of a person, or persons acting jointly or in concert, by virtue of the holding of securities of the issuer, or by virtue of any agreement, arrangement, commitment or understanding with any person or persons, to direct that the business and affairs of the issuer be conducted in accordance with the wishes of such person or person and;

(a) is deemed to exist where the person or persons exercise control or direction over more than fifty percent of the voting power in, or in relation to, that issuer; and

(b) is presumed to exist where the person or persons exercise control or direction over more than thirty percent of the voting power in, or in relation to, that issuer;

“director” where used in relation to a person means a director of a company or a person acting in a similar capacity, including the trustees of a trust;

“financial reporting standards” means IFRS or such other financial or accounting standards as may be prescribed;

“IFRS” means International Financial Reporting Standards adopted by the International Accounting Standards Board and applied in Trinidad and Tobago and the same may be supplemented, amended, or replaced from time to time;

“issuer” means a person that has securities outstanding or issues, or proposes to issue or distribute, a security;

“material change” means a change in the business, operations, assets or ownership of an issuer the disclosure of which would be likely to be considered important to a reasonable investor in making an investment decision and includes a decision to implement such a change made by the directors of the issuer;

“material fact” means, if used in relation to the affairs of an issuer or its securities, a fact or a series of facts the disclosure of which would be likely to be considered important to a reasonable investor in making an investment decision;

“material information” means any information impacting the operations of the business which would be likely to be considered important to a reasonable investor in making an investment decision; Material information consists of both material facts and material changes relating to the business and affairs of a listed company.

“senior officer” means –

- a. the chairman or vice-chairman of the board of directors of an issuer, the managing director, the chief executive officer, the deputy managing director, the president, the vice-president, the secretary, the treasurer, the chief financial officer, the financial controller, the general manager or the deputy general manager of an issuer or any other individual who performs functions for an issuer similar to those normally performed by an individual occupying any such office; and
- b. each of the five highest paid employees of an issuer, including any individual referred to in paragraph (a);

“Stock Exchange” means the Trinidad and Tobago Stock Exchange Limited;

“unpublished price sensitive information”, in relation to securities of a reporting issuer, refers to any material fact or material change that has not been generally published.

Financial Statements

600 Quarterly Financial Statements

1. Every listed company shall submit to the Trinidad and Tobago Stock Exchange (TTSE) *two (2) hard copies and one (1) electronic copy* of their Quarterly Financial statements for the first three (3) quarters of the financial year within forty-five (45) days of the end of the period to which the statements relate.
2. The financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and recommendations by the Institute of Chartered Accountants of Trinidad and Tobago (ICATT).
3. Shareholdings of Directors and Senior Officers and their connected persons as well as the shareholdings of those persons holding the ten (10) largest blocks of shares shall be included in the report.
4. All Quarterly Financial Statements shall be approved by the company's Board of Directors and signed by two (2) or more Directors of the company and should state whether or not they are audited.
5. The company shall simultaneously publish the results in one of the leading daily newspapers at the time of submission.
6. A company that is unable to submit Quarterly Financial Statements to the Exchange in a timely manner and within the prescribed intervals must notify the Exchange at least ten business days prior to the due date that there is the probability of a delay, advising of the circumstances and the probable extent of the delay.
7. Any delay would be broadcast to the market by the Exchange in a leading daily newspaper, and the company shall simultaneously place an advertisement in the same manner advising shareholders accordingly.
8. The Exchange may suspend trading in a company's shares for failure to submit financials within the stipulated timeframes.

601 Audited Annual Financial Statements

1. Every listed company shall submit to the Stock Exchange one *(1) hard copy and (1) electronic copy* of the Audited Annual Financial Statements not later than ninety (90) days after the company's financial year-end.
2. The financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and recommendations by the Institute of Chartered Accountants of Trinidad and Tobago (ICATT).

Items (i) to (iv) shall also be included:

- i. Shareholdings of Directors and Senior Officers, connected persons and the shareholdings of those persons holding ten (10) largest blocks of shares.
 - ii. A management discussion and analysis prepared by the company after the end of its financial year.
 - iii. All Audited Annual Financial Statements shall be approved by the company's Board of Directors and signed by two (2) or more directors of the company.
 - iv. The company shall simultaneously publish the Annual Audited Financial Statements in at least one of the leading daily newspapers.
3. A company that is unable to submit Audited Annual Financial Statements to the Exchange in a timely manner and within the prescribed intervals shall notify the Exchange at least ten business days prior to the due date, that there is the probability of a delay, advising of the circumstances and the probable extent of the delay.
 4. Any delay would be broadcast to the market by the print media in a leading daily newspaper, and the company must simultaneously place an advertisement in the same manner advising shareholders accordingly.
 5. The Exchange may suspend trading in a company's shares for failure to submit financials within the stipulated timeframes.

602 Annual Report

1. Every listed company shall forward within one-hundred-and-twenty (120) days of the company's financial year-end, a printed copy of its Annual Report, which shall include the shareholdings of directors, senior management and connected persons to each of the company's share/stockholders, and six (6) printed copies and (one) electronic copy to the Stock Exchange.

603 Communication of Information

1. Every listed company shall notify the Stock Exchange, no later than five (5) days following the Board meeting at which the decision was taken, of all dividend payments, profit announcements, rights or bonus issues, acquisition or sale of assets, significant changes in share ownership or control and any other information necessary to enable share/stockholders to appraise the position of the company.
2. The information regarding the listed company shall be communicated to the general public within five (5) working days of the Board meeting via one of the leading daily newspapers.
3. A Company whose securities are listed on more than one Stock Exchange shall

ensure that any information released in another market has been simultaneously submitted to the TTSE. The information shall be communicated directly to the Stock Exchange and not through an agency or third party.

4. Any decision which requires ex-condition dealing in a security shall be communicated to the Exchange not later than seven (7) business days before the record date.

604 Reports on Trading by Directors & Senior Officers

1. Every listed company shall, through its Company Secretary or other relevant company official notify the Exchange of all trades done by directors, senior officers and connected persons, within five (5) business days of the transaction.

APPENDIX XII

Guidelines on Timely Disclosure of Information

A. Introduction

Public confidence in the integrity of the securities market requires timely disclosure of information concerning the business and affairs of companies listed on the Exchange, thereby placing all participants in the market on an equal footing.

All companies whose securities are listed on the Exchange are obliged to comply with the provisions on timely disclosure as provided herewith.

B. Material Information

Material information refers to any information relating to the business affairs of the company which would likely be considered important to a reasonable investor in making an investment decision; material information consists of both material facts and material changes. Companies are required to report all material information affecting the performance of the company to the investing public.

C. Immediate Disclosure

A listed company is required to disclose material information concerning its business and affairs by the next day, upon the information becoming known to management, or in the case of information previously known, and upon it becoming apparent that the information is material.

Disclosure of information to the Exchange must be in electronic format as well as hard copy and be simultaneously published in the daily newspaper. Information received by the Exchange would be disseminated to investors via the securities firms, posted on the Exchange's website, published in the local newspapers via the Exchange's Weekly Bulletin and filed electronically for easy retrieval upon request.

D. Developments to be Disclosed

Shareholders and the investing public must be informed of any development taking place with the listed company, which may affect their investment decisions. Developments must be disclosed at the proposed stage or before an event actually occurs, if the proposal gives rise to material information at that stage.

Announcements are to be made when a decision has been sanctioned by the Board of Directors of the company or by Senior Officers with the expectation of concurrence from the Board of Directors.

Developments that are likely to give rise to material information and require prompt disclosure include, but are not limited to the following:

1. Changes in share ownership that may affect control of the company
2. Changes in corporate structure, such as reorganizations, amalgamation, etc.
3. Take-over bids
4. Major corporate acquisitions or dispositions
5. Change in capital structure
6. Borrowing of a significant amount of funds
7. Public or private sale of additional securities
8. Development of new products and developments affecting the company's resources, technology, products or market
9. Entering into or loss of significant contracts
10. Changes in capital investment plans or corporate objectives
11. Significant changes in management
12. Firm evidence of significant increases or decreases in near-term earning prospects
13. Significant litigation
14. Major labour disputes or disputes with major contractors or suppliers
15. Any other developments relating to the business and affairs of the company that would reasonably be expected to significantly affect the market price or value of any of the company's securities or that would reasonably be expected to have significant influence on a reasonable investor's investment decisions.

Rumours

Unusual market activity is often caused by the presence of rumours. When market activity indicates that trading is being unduly influenced by rumours and speculation, the Exchange will request that a clarifying statement be made by the company via a news release as to whether such rumours and speculation are factual or not. Listed companies must consult with the management of the Exchange when in doubt as to whether disclosure should be made.

E. Content of Announcements

Investors possess the right to obtain timely and factual information regarding the business affairs of the company.

Announcements of material information must be factual and balanced, neither over-emphasizing favorable news nor de-emphasizing unfavorable news, and one must be disclosed just as promptly and completely as the other. News releases must contain sufficient detail to enable media personnel and investors to appreciate the true substance and importance of the information.

F. Confidentiality

In limited circumstances, disclosure of material information concerning the business affairs of a listed company may be delayed and kept confidential temporarily, where immediate release of the information would be unduly detrimental to the interest of the company.

Instances in which disclosure might be unduly detrimental to the company's interest are as follows:

- i. Release of the information which would prejudice the ability of the company to pursue specific and limited objectives or to complete a transaction or series of transactions that are underway. For example, premature disclosure of the fact that a company intends to purchase a significant asset may increase the cost of the acquisition.
- ii. Disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them. Such information may be kept confidential if the company is of the opinion that the detriment to it resulting from disclosure would outweigh the detriment to the market in not having access to the information. A decision to release a new product, or details on the features of a new product, may be withheld for competitive reasons. Such information should not be withheld if it is available to competitors from other sources.
- iii. Disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. If it seems that the situation is going to stabilize within a short period, public disclosure may be delayed until a definitive announcement can be made. Disclosure should be made once "concrete information" is available, such as a final decision to proceed with the transaction or, at a later point in time, finalisation of the terms of the transaction.

Withholding of material information on the basis that disclosure would be unduly detrimental to the company's interests must be infrequent and can only be justified where the potential harm to the company or to investors caused by immediate disclosure may reasonably be considered to outweigh the undesirable consequences of delaying disclosure.

While recognising that there must be trade-off between the legitimate interests of a company in maintaining secrecy and the right of the investing public to disclosure of corporate information the Exchange discourages delaying disclosure for a lengthy period of time since it is unlikely that confidentiality can be maintained beyond the short term.