



# Trinidad & Tobago Stock Exchange

*Creating Opportunities*

GOING PUBLIC:  
LISTING ON THE TRINIDAD AND TOBAGO  
STOCK EXCHANGE

GOING PUBLIC: LISTING ON THE TTSE



**GOING PUBLIC:  
LISTING ON THE TRINIDAD AND TOBAGO STOCK EXCHANGE**

# GOING PUBLIC: LISTING ON THE TTSE

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# GOING PUBLIC: LISTING ON THE TTSE

## **Foreword**

The Trinidad and Tobago Stock Exchange (TTSE) takes pride in presenting Going Public, a document designed for companies wishing to list on the TTSE as well as for persons wanting general information about listing.

We hope that Going Public will provide the information needed and will assist in promoting the orderly development of the stock market and the Stock Exchange in Trinidad and Tobago.

We wish to acknowledge the Alberta Stock Exchange for assistance in the compilation of this document through their publication of the similar title "Going Public".

**CHIEF EXECUTIVE OFFICER**

# GOING PUBLIC: LISTING ON THE TTSE

## **The Trinidad and Tobago Stock Exchange**

The Trinidad and Tobago Stock Exchange Limited (TTSE) was established in 1981 and is one of the main exchanges in the Caribbean. As at March 31<sup>st</sup> 2019, there were 37 securities listed on the TTSE. Of this, 36 are listed on the Trinidad and Tobago Dollar (TTD) equity and mutual fund markets with a market capitalization of US\$19,808 million and 1 is listed on the United States Dollar (USD) equity market with a market capitalization of US\$11.42 million.

The TTSE is home to some of the most profitable and most successful companies in the region operating across a diverse range of industry sectors such as ANSA McAL Limited, Massy Holdings Ltd. Republic Financial Holdings Limited, Scotiabank Trinidad & Tobago Limited and Guardian Holdings Limited. Beginning in 1991, regional companies such as GraceKennedy Limited, JMMB Group Limited and FirstCaribbean International Bank Limited have had their shares cross listed on the TTSE. As at March 31<sup>st</sup> 2019, a total of 8 securities from Barbados, Bermuda and Jamaica were cross listed.

## **Mission Statement**

*“To facilitate the efficient mobilization and allocation of capital, fair and orderly secondary market trading in securities and the efficient clearing and settlement of transactions within a dynamic legal and regulatory framework that instills confidence in the integrity of the Exchange and related institutions.”*

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## **Securities Traded**

The following types of securities can be traded on the TTSE:

1. TT Dollar Equities (Ordinary/Common Shares);
2. TT Dollar Preference Shares;
3. TT Dollar Mutual Funds;
4. TT Dollar Government Bonds;
5. TT Dollar Corporate Bonds;
6. TT Dollar SME Securities;
7. US Dollar SME Securities
8. US Dollar Equities; and
9. US Dollar Mutual Funds.

## **Markets**

The following markets are available on TTSE:

### **1. First Tier Market**

This is the most active market for equity securities listed on the TTSE. Companies with a minimum initial market capitalization of TT\$4,000,000.00 will be listed in this market. As at March 31<sup>st</sup> 2019, there were 27 companies with 29 securities listed on this market, with a capitalization value of approximately TT\$129 billion.

### **2. Second Tier Market**

This is the market for equity securities issued by companies with a minimum initial market capitalization of TT\$2,000,000.00. As at March 31<sup>st</sup> 2019, there was 1 company with 1 security listed on this market, with a capitalization value of approximately TT\$99 million.

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### 3. **Mutual Fund Market**

This is the market for mutual funds with a minimum initial market capitalization of TT\$4,000,000.00. As at March 31<sup>st</sup> 2019, there were 5 mutual funds listed on this market, with a capitalization value of approximately TT\$5 billion.

### 4. **Government Bond Market**

This is the market for TT dollar bonds issued by the Government of the Republic of Trinidad and Tobago. As at December March 31<sup>st</sup> 2019, there were 19 bonds listed on this market, with a total face value of approximately TT\$ 18.97 billion.

### 5. **Corporate Bond Market**

This is the market for TT dollar denominated bonds issued by companies. As at March 31<sup>st</sup> 2019, there were 3 bonds listed on this market, with a total face value of TT\$4 million.

### 6. **US Dollar Equity Market**

This is the market for equity securities denominated in US dollars. It was launched in August 2011 and as at March 31<sup>st</sup> 2019 there was 1 security listed with a market capitalization value of US\$ 11.42 million listed in this market.

### 7. **US Dollar Mutual Fund Market**

This is the market for mutual funds denominated in US dollars. It was launched in June 2013 and at the end of March 2019 there no securities listed in this market.

### 8. **SME Market**

This is the market for securities issued by companies that are classified as small and medium enterprises according to the TTSE Listing Requirements. As at March 31<sup>st</sup> 2019 there was one security listed on this market with a capitalization value of TT\$63.74 million.

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## **Legislation & Regulation**

A public company will be regulated by and must adhere to the provisions of The Securities Act 2012 which is administered by the Trinidad and Tobago Securities and Exchange Commission (TTSEC) as well as the Stock Exchange Rules and the Listing Agreement, which are administered by the TTSE. Listed companies must also comply with the provisions of The Companies Act 1995 and any other legislation that it may be subject to.

## **Registration Process**

A company that wishes to have its securities listed on the TTSE must first apply to the TTSEC to be registered as a Reporting Issuer and have its securities registered. A prospectus and any other related documents must be approved by the TTSEC and all required fees paid before a company can apply to be listed on the TTSE. Details of the registration process can be obtained from the TTSEC.

## **Listing Application**

After being registered with the TTSEC as a Reporting Issuer, the company must formally write the TTSE indicating its interest in being listed. The application must be submitted through a registered stockbroker.

## **TTSE Listing Agreement**

A company that has been registered as a Reporting Issuer and has registered its securities with the TTSEC can apply to the TTSE to have its securities listed. Once the listing has been approved, the company will be required to sign a Listing Agreement which contains ongoing requirements that the company and its Board of Directors must comply with at all times while it is listed on the TTSE. All Issuers will be required to comply with the TTSE Rules as amended from time to time.

## **Trinidad and Tobago Central Depository Limited Agreement**

Once the listing has been approved, the company will be required to sign an agreement with the Trinidad and Tobago Central Depository Limited (TTCD) and deposit a block of shares in the TTCD to facilitate trading of the shares on the TTSE.

## **Sponsoring Stockbroker**

The company must provide the TTSE with evidence that it has appointed a stockbroker as the sponsor for its listing. This stockbroker will act as the lead broker for the Issuer.

## **First Tier and Second Tier Market Listing Requirements**

### **1. Legal Requirements**

The Issuer must provide evidence that it has been formed and registered under the appropriate legislation to which it is subject. Issuers incorporated in Trinidad and Tobago must be registered as companies under the Companies Act. Issuers incorporated outside of Trinidad and Tobago must be registered as external companies under the Companies Act.

### **2. Registration**

The Issuer must provide evidence that it has been registered as a Reporting Issuer and that its securities have been registered with the TTSEC.

### **3. Prospectus**

The Issuer must submit a prospectus that has been approved by the TTSEC. An Issuer that is cross listing on the TTSE must submit an information memorandum that has been approved by the TTSEC. The prospectus or information memorandum must be submitted to the TTSE for review before a final version is submitted to the TTSEC. The primary concern of the TTSE in this regard is ensuring that all required information is disclosed thereby enabling potential investors to make accurate assessments of the securities being offered for sale.

### **4. Classes of securities**

All securities issued in a particular class must be listed.

### **5. Public distribution**

The Issuer must ensure that a sufficient portion, which shall normally be 25% of any class of securities issued, is in the hands of the public, that is, persons who are not associated or connected to the Senior Officers and the holders of the ten (10) largest blocks of securities. Companies applying to list on the First Tier Market must have a minimum of 100 shareholders, while companies applying to list on the Second Tier Market must have a minimum of 51 shareholders. The Board of Directors of the TTSE may exercise its discretion in listing a security that has a lower proportion of its securities held by the public if, in its view, an effective and fair market in the security can be made.

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### **6. Transferability**

All securities must be freely transferable to anyone without any restrictions.

### **7. Clearing & Settlement**

The Issuer must submit an application to become a participant of the TTCD in order to facilitate the clearing and settlement of transactions executed on the TTSE.

### **8. Registrar and transfer agent**

An Issuer incorporated under the laws of Trinidad and Tobago must appoint a registrar and transfer agent in Trinidad and Tobago. An Issuer that is not incorporated under the laws of Trinidad and Tobago but issues securities in Trinidad and Tobago must appoint a sub-registrar in Trinidad and Tobago.

### **9. Auditor**

The Issuer must appoint an independent auditor to carry out the audit of its annual financial statements.

### **10. Market Capitalization**

The securities to be listed on the First Tier Market of the Stock Exchange must have a minimum initial market capitalization of TT\$4,000,000.00. The securities to be listed on the Second Tier Market of the Stock Exchange must have a minimum initial market capitalization of TT\$2,000,000.00.

The Board of Directors of the TTSE may exercise its discretion in listing a security that has a lower initial market capitalization if, in its view, an effective and fair market can be made in the security.

A company admitted to the Second Tier Market may apply to graduate to the First Tier Market after a period of three (3) years.

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### **First Tier and Second Tier Market Listing Application**

The application to list on the Exchange must be submitted by a sponsoring Stockbroker licensed by the TTSE.

The following documents and information must be submitted along with the application:

1. Name of Issuer
2. ISIN (if available)
3. Listing Date
4. Number and description of securities
5. Issue Price
6. Issue Currency
7. Evidence that a registrar and transfer agent or sub-registrar has been appointed
8. A certified extract of the Board minutes authorizing the application to list on the TTSE
9. Completed and signed Listing Agreement
10. Evidence that the Issuer and securities have been registered with the TTSEC
11. A prospectus approved by the TTSEC
12. Certified copy of the Issuer's Memorandum and Articles of Association
13. Certified copy of the incorporation documents of the Issuer
14. Copy of audited financial statements for the preceding three years where available

Upon receipt of this information the TTSE and the TTCD will add the company and its security to the trading and settlement systems. The company may make a request to the TTSE for a symbol to be assigned to the security.

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## **Small and Medium Enterprise Market Listing Requirements**

### **1. Legal Requirements**

The Issuer must provide evidence that it has been formed and registered under the appropriate legislation to which it is subject. Issuers incorporated in Trinidad and Tobago must be registered as companies under the Companies Act.

### **2. Registration**

The Issuer must provide evidence that it has been registered as a Reporting Issuer and that its securities have been registered with the TTSEC.

### **3. Eligibility**

The Issuer must be incorporated with limited liability in Trinidad and Tobago. The Issuer may qualify to be listed provided that it has never been listed on any market of the TTSE or on any other Exchange. The Issuer must not be an associate or a subsidiary of a company listed on any market of the TTSE or on any other Exchange.

### **4. Method of Issue**

The Issuer will be required to raise capital from the public through an initial public offering. The company should be listed on the Trinidad and Tobago Stock Exchange no more than sixty days after allotment of the issue.

### **5. Prospectus**

The prospectus or information memorandum must be submitted to the TTSE for review before a final version is submitted to the TTSEC. The Issuer must submit a prospectus that has been approved by the TTSEC to the Stock Exchange. The Issuer must publish a copy of its prospectus in Trinidad and Tobago, at least 14 days before the initial public offering is open for subscription. Such publication may be effected by uploading the document to the TTSE website and publishing a notice in at least one issue of a daily newspaper in Trinidad and Tobago indicating that the prospectus is available on the TTSE website. The notice must also indicate where copies of the prospectus and any documents referred to therein can be collected or viewed by the public. The Issuer may choose to publish its prospectus by other means.

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## **6. Classes of securities**

All securities in the class of securities for which an application has been submitted must be listed.

## **7. Public distribution**

Following the initial public offering, the Issuer must have a minimum of 25 unconnected shareholders holding at least 30% of the new issued share capital of the company. In this instance, "new issued share capital" is interpreted as, the SME adding new shares to its existing issued share capital, where 30% of these new shares must be held by a minimum of 25 unconnected shareholders. For the purpose of this requirement, an unconnected shareholder means a person who is not connected to the reporting Issuer. A definition for a person connected to a reporting Issuer is outlined in Section 4(3) of the Securities Act 2012.

## **8. Capital Base**

The Issuer must have a minimum issued share capital of TT\$5,000,000.00 and the maximum issued share capital must not exceed TT\$50,000,000.00 following the initial public offering. The minimum and maximum capital base comprises of issued share capital only and does not include retained earnings and accounts transferred from such issued share capital or retained earnings to a reserved account.

## **9. Transferability**

All securities must be freely transferable.

## **10. Clearing & Settlement**

The Issuer must submit an application to become a participant of the TTCD in order to facilitate the clearing and settlement of transactions executed on the TTSE.

## **11. Registrar and transfer agent**

An Issuer incorporated under the laws of Trinidad and Tobago must appoint a registrar and transfer agent in Trinidad and Tobago.

## **12. Auditor**

The Issuer must appoint an independent auditor to carry out the audit of its financial statements.

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### **13. Board of Directors**

The Issuer must ensure that at all times its Board of Directors consists of no fewer than three Directors, at least two of whom are not Officers or employees of the company or any of its associates or subsidiaries. The Board must include at least two (2) independent non-executive Directors.

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### **Small and Medium Enterprise Market Listing Application**

Applications for listing will be accepted from companies provided that they comply with the Guidelines and Legislation issued by the Trinidad and Tobago Securities and Exchange Commission and the requirements listed above.

The following documents and information must be submitted by a sponsoring stockbroker along with an application to list:

1. Name of Issuer
2. ISIN (if available)
3. Listing Date
4. Number and description of securities
5. Issue Price
6. Issue Currency
7. Evidence that a registrar and transfer agent or sub-registrar has been appointed
8. A certified extract of the Board minutes authorizing the application to list on the TTSE
9. Completed and signed Listing Agreement
10. Evidence that the Issuer and securities have been registered with the TTSEC
11. A prospectus approved by the TTSEC
12. Certified copy of the Issuer's Memorandum and Articles of Association
13. Certified copy of the incorporation documents for the Issuer
14. Copy of audited financial statements for the preceding three years where available

Upon receipt of this information the TTSE and the TTCD will add the company and its security to the trading and settlement systems. The company may make a request to the TTSE for a symbol to be assigned to the security.

## **Mutual Fund Market Listing Requirements**

### **1. Legal Requirements**

The Issuer must provide evidence that it and the fund have been formed and registered under the appropriate legislation to which it is subject. Issuers incorporated in Trinidad and Tobago must be registered as companies under the Companies Act. Issuers incorporated outside of Trinidad and Tobago must be registered as external companies under the Companies Act.

### **2. Registration**

The Issuer must provide evidence that it and the fund have complied with all the requirements in the Guidelines for Collective Investment Schemes issued by the TTSEC and that it has been registered as an Issuer of Collective Investment Schemes with the TTSEC.

### **3. Prospectus**

The Issuer must submit a prospectus that has been approved by the TTSEC. An Issuer that is cross listing on the TTSE must submit an information memorandum that has been approved by the TTSEC. The prospectus or information memorandum must be submitted to the TTSE for review before a final version is submitted to the TTSEC. The primary concern of the TTSE in this regard is ensuring that all required information is disclosed thereby enabling potential investors to make accurate assessments of the securities being offered for sale.

### **4. Classes of securities**

All securities issued in a particular class must be listed.

### **5. Public distribution**

The Issuer must ensure that a sufficient portion, which shall normally be 25% of any class of securities issued, is in the hands of the public, that is, persons who are not associated with the Senior Officers, Connected Persons and the holders of the ten (10) largest blocks of securities. Companies applying to list on the Mutual Fund Market must have a minimum of one hundred (100) shareholders.

The Board of Directors of the TTSE may exercise its discretion in listing a security that has a lower proportion of its securities held by the public if, in its view, an effective and fair market can be made in the security.

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### **6. Trustee**

The Trustee for a fund must act in accordance with the Guidelines for Collective Investment Schemes issued by the TTSEC and any other legislation that governs the operations of a trustee.

### **7. Manager**

The fund manager must qualify to act in this capacity based on the requirements outlined in the Guidelines for Collective Investment Schemes issued by the TTSEC.

### **8. Custodian**

The fund custodian must qualify to act in this capacity based on the requirements outlined in the Guidelines for Collective Investment Schemes issued by the TTSEC.

### **9. Transferability**

All securities must be freely transferable.

### **10. Registrar and transfer agent**

The fund Issuer must appoint a registrar and transfer agent in Trinidad and Tobago for the fund. A fund that is not incorporated under the laws of Trinidad and Tobago but issues securities in Trinidad and Tobago must have a sub-registrar in Trinidad and Tobago.

### **11. Clearing & Settlement**

The Issuer must submit an application to become a participant of the TTCD in order to facilitate the clearing and settlement of transactions executed on the Exchange's electronic trading system.

### **12. Auditor**

The fund must appoint an independent auditor to carry out the audit of its annual financial statements.

### **13. Market Capitalization**

The securities to be listed on the Mutual Fund market must have a minimum initial market capitalization of TT\$4,000,000.00.

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The Board of Directors of the TTSE may exercise its discretion in listing a security that has a lower initial market capitalization if, in its view, an effective and fair market in the security can be made.

### **14. Net Asset Value (NAV)**

The fund must calculate its NAV each business day in accordance with the Guidelines for Collective Investment Schemes issued by the TTSEC and publish it in accordance with the TTSE Rules.

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### **Mutual Fund Market Listing Application**

The following documents and information must be submitted by a sponsoring Stockbroker along with an application to list:

1. Name of Issuer
2. Name of Fund
3. ISIN (if available)
4. Listing Date
5. Number and description of securities
6. Issue Price
7. Issue Currency
8. Evidence that a registrar and transfer agent or sub-registrar has been appointed
9. A certified extract of the Board minutes authorizing the application to list on the TTSE
10. Completed and signed Listing Agreement
11. Evidence that the fund Issuer and fund have been registered with the TTSEC
12. A prospectus approved by the TTSEC
13. Certified copy of the Issuer's Memorandum and Articles of Association
14. Certified copy of the incorporation documents for the Issuer
15. Certified copy of Trustee Deed/Declaration of Trust
16. Certified copy of Custodian Agreement
17. Certified copy of Management Agreement
18. Certified copy of Investment Adviser Agreement
19. Certified copy of Administrative Services Agreement.
20. Certified copy of any other Legal Documents/Managerial Agreements constituting the fund
21. Copy of audited financial statements for the preceding three years where available

Upon receipt of this information the TTSE and the TTCD will add the company and its security to the trading and settlement systems. The company may make a request to the TTSE for a symbol to be assigned to the security.

### **Government and Corporate Bond Market Listing Requirements**

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## **1. Legal Requirements**

The Issuer must provide evidence that it has been formed and registered under the appropriate legislation to which it is subject. Issuers incorporated in Trinidad and Tobago must be registered as companies under the Companies Act. Issuers incorporated outside of Trinidad and Tobago must be registered as external companies under the Companies Act.

## **2. Registration**

The Issuer must provide evidence that it has been registered as a Reporting Issuer and that its securities have been registered with the TTSEC.

## **3. Prospectus**

The Issuer must submit a prospectus that has been approved by the TTSEC. Bonds issued by the Government of Trinidad and Tobago must submit an information memorandum that has been approved by the TTSEC. An Issuer that is cross listing on the TTSE must submit an information memorandum that has been approved by the TTSEC. The prospectus or information memorandum must be submitted to the TTSE for review before a final version is submitted to the TTSEC. The primary concern of the TTSE in this regard is to ensure that all required information is disclosed to enable the potential investor to make an accurate assessment of the securities being offered for sale.

## **4. Classes of securities**

All securities issued in a particular class must be listed.

## **5. Transferability**

All securities must be freely transferable.

## **6. Registrar and transfer agent**

An Issuer incorporated under the laws of Trinidad and Tobago must appoint a registrar and transfer agent in Trinidad and Tobago. An Issuer that is not incorporated under the laws of Trinidad and Tobago but issues securities in Trinidad and Tobago must appoint a sub-registrar in Trinidad and Tobago.

## **7. Clearing & Settlement**

The Issuer must submit an application to become a participant of the TTCD in order to facilitate the clearing and settlement of transactions executed on the TTSE.

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### **8. Auditor**

The Issuer must appoint an independent auditor to carry out the audit of its annual financial statements.

### **9. Private Placements**

In the case of bonds issued via limited offering, the Issuer must provide evidence that it has been granted exemptions from the prospectus requirements pursuant to Section 79 of the Securities Act (2012).

### **10. Credit Rating**

In the case of an initial public offer of corporate bonds above \$75million, the Issuer may have to be rated by a recognized rating agency subject to the discretion of the Board of the Trinidad and Tobago Stock Exchange.

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### **Government and Corporate Bond Market Listing Application**

The following documents and information must be submitted by a sponsoring Stockbroker along with an application to list:

1. Name of Issuer
2. ISIN (if available)
3. Listing Date
4. Face Value of Bond
5. Coupon Rate
6. Interest Rate Type (Fixed or Variable)
7. Maturity Date
8. Tenor
9. Frequency of Coupon Payments
10. Coupon Payment Dates
11. Day Count Convention for interest payments
12. Issue Price
13. Issue Currency
14. Evidence that a registrar and transfer agent or sub-registrar has been appointed
15. Completed and signed listing agreement
16. Evidence that the security and Issuer have been registered with the TTSEC
17. A certified extract of the Board minutes authorizing the application to list the bond on the TTSE
18. Certified copy of the Issuer's Memorandum and Articles of Association
19. Certified copy of the incorporation documents for the Issuer
20. Copy of audited financial statements for prior three years where available
21. Evidence that a bond that was issued via limited offering has been granted an exemption from the prospectus requirements pursuant to section 79 of the Securities Act (2012) (if applicable)
22. Credit Rating issued by a recognized rating agency subject to the discretion of the Board of the TTSE

Requirements 14-22 are not applicable to bonds issued by the Government of Trinidad and Tobago.

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Upon receipt of this information the TTSE and the TTCD will add the company and its security to the trading and settlement systems. The company may make a request to the TTSE for a symbol to be assigned to the security.

All Issuers with the exception of the Government of Trinidad and Tobago will be required to comply with the TTSE Disclosure Rules as outlined in TTSE Rules 600-604 and the Guidelines on Timely Disclosure of Information.

Please note that the TTSE may impose additional requirements on the Issuer as necessary.

### TTSE Listing Fees

<b>TTSE Annual First Tier Equity and Mutual Fund Listing Fee</b>	
<b>Market Capitalization Value</b>	<b>Listing Fee</b>
\$0,000,000 to \$25,000,000	\$18,906.80
\$25,000,001 to \$100,000,000	\$30,628.40
\$100,000,001 to \$500,000,000	\$83,187.50
Above \$500,000,000	\$124,781.80

<b>TTSE Annual Second Tier Listing Fee</b>	
TTSE Annual Second Tier Listing Fee	\$17,188.00

<b>TTSE Annual Bond Listing Fee</b>	
<b>Face Value</b>	<b>Amount</b>
Face Value between \$0,000,000 to \$100,000,000	\$10,000.00
Face Value between \$100,000,001 to \$250,000,000	\$15,000.00
Face Value between \$250,000,001 to \$500,000,000	\$20,000.00
Face Value between \$500,000,001 to \$750,000,000	\$25,000.00
Face Value between \$750,000,001 to \$1,000,000,000	\$30,000.00
Face Value above \$1,000,000,000	\$35,000.00

<b>TTSE Annual SME Market Listing Fee</b>	
TTSE Annual SME Market Listing Fee	\$10,000.00

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<b>TTSE Supplementary Equity and Mutual Fund Listing Fee</b>	
<b>Market Capitalization Value</b>	<b>Amount</b>
Market Capitalization Value between \$0,000,000 to \$1,000,000	\$2,000.00
Market Capitalization Value between \$1,000,001 to \$2,000,000	\$5,000.00
Market Capitalization Value between \$2,000,001 to \$3,000,000	\$7,000.00
Market Capitalization Value between \$3,000,001 to \$4,000,000	\$9,000.00
Market Capitalization Value between \$4,000,001 to \$5,000,000	\$12,000.00
Market Capitalization Value between \$5,000,001 to \$12,500,000	\$15,000.00
Market Capitalization Value between \$12,500,001 to \$25,500,000	\$18,000.00
Market Capitalization Value between \$25,500,001 to \$50,000,000	\$24,000.00
Market Capitalization Value above \$50,000,000	\$30,000.00

<b>TTSE Supplementary SME Market Listing Fee</b>	
TTSE Supplementary SME Market Listing Fee	\$1,000.00

<b>TTSE Admission Fee</b>	
Fee for securities being listed via IPO, Rights Issue, Bonus Issue or Secondary Listing	0.10% of Market Capitalization with a minimum fee of \$100,000.00, of which \$50,000 must be paid upfront and is non-refundable to cover pre-listing activities.

**Notes:**

1. The annual equity and mutual fund listing fees are calculated based on the average annual market capitalization from the previous year;
2. The annual equity and mutual fund listing fees will be due in January of the year after the initial listing;
3. The Admission Fee is not applicable to securities being listed in the Government bond and SME markets.
4. All annual fees are prorated on a monthly basis after June 30<sup>th</sup>. Full annual fees are applicable before June 30<sup>th</sup>.

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### TTCD Membership Fees

TTCD Initial Membership Fee	Membership Fee
First Tier, Second Tier, Mutual Fund and Bond Market	\$25,000.00
Small and Medium Enterprise Market	\$7,500.00

### TTCD Listing Fees

TTCD Annual Listing Fee	Membership Fee
First Tier, Second Tier, Mutual Fund and Bond Market	\$20,000.00
Small and Medium Enterprise Market	\$10,000.00

# GOING PUBLIC: LISTING ON THE TTSE

## **Advantages of Going Public**

1. Funds raised via an Initial Public Offering (IPO) can be used to increase working capital or to finance growth and expansion.
2. A public company can use equity financing as an alternative to funding from existing owners or borrowing from banks and other financial institutions. Equity financing relieves a company of the commitment to make the principal and interest payments associated with debt financing, which can be burdensome in a high interest rate environment.
3. Going public establishes the structure to facilitate raising additional capital via future offerings.
4. The credibility of a company among banks is enhanced when it lists on an Exchange and generally enables more favorable borrowing terms.
5. Going public could improve a company's debt/equity ratio and net worth. The company has the opportunity to use funds raised via an IPO to pay back debt or convert the debt into equity, which could reduce the company's future financing costs.
6. Existing shareholders have the opportunity to liquidate some of their shareholdings.
7. The cost of transferring shares in companies listed on the TTSE is lower when compared to paying Stamp Duty for the transfer of shares of companies that are not listed on the TTSE.
8. The TTCD, a subsidiary of the TTSE can provide transfer agent and registrar services to listed companies.
9. Going public could improve a company's image and provide brand recognition. It demonstrates the company's openness to the outside world and its desire to expand. This new status makes the company more attractive in a number of respects, such as broadening its choice of suppliers and clients, and recognition within its business sector. It also constitutes an advantage on the regional and international stage in the search for foreign business partners since these companies may feel more comfortable doing business with a listed company that has a public history and track record as opposed to a company without one.
10. Shares in a listed company represent a valuable currency for acquisitions. A listed company is able to finance acquisitions wholly or partially in shares. This avoids the need to take on excessive debt or the need to use cash resources. This method of financing acquisitions was used by the Royal Bank of Canada in its acquisition of Royal Bank of Trinidad and Tobago and by Neal and Massy Holdings Limited in its acquisition of Barbados Shipping and Trading Company Limited.
11. Making a public offering can lead to a better valuation of the company than a private placement.
12. Going public has a positive impact on employee morale and commitment to the company. By establishing Employee Share Ownership Plans, a company can provide an incentive for employees to work towards the long-term success of the company as they would become part owners of the company. These plans are

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useful for compensation purposes as bonuses and/or salaries can be paid in the company's shares as opposed to cash and can also be used to recruit and retain highly qualified staff.

13. Plans to develop Trinidad and Tobago into the regional financial hub will make Trinidad and Tobago the premier destination for foreign investors, thereby providing access to regional and international investors.

### **Consequences of Going Public**

There are consequences of going public that must be considered before making a public issue of shares. Some of these are:

#### **1. Public Disclosure**

Once a company goes public it is obligated to provide timely and continuous reporting of material corporate information as required by regulatory bodies. Quarterly financial results must be submitted to the TTSE and published in the local media within forty-five (45) days of the end of the quarter, while audited annual financial results must be submitted to the TTSE within ninety (90) days of the end of the financial year.

Trading by persons connected to the company and any significant corporate activity must be reported in accordance with the TTSE Rules. Disclosure of such information is usually beneficial because it focuses attention on companies' successes as well as deficiencies, and encourages efficient and effective management.

#### **2. Directorship**

There are key differences in the responsibilities of Directors of a public company and those of a private company. In a public company, the responsibility to the shareholders takes precedence. The Directors are entrusted with managing the affairs of the company in the best interest of the shareholders and are therefore accountable to them. Independent and Non-Executive Directors can give advice, provide objectivity and balance to management and lend credibility to the company's reputation.

#### **3. Management**

The managers of a public company must be aware of the obligations and constraints of running the company and thereby adopt a suitable management style. Corporate business decisions can no longer be self-serving, as managers must always be reminded of their fiduciary duties to shareholders. In some cases, managers may need to seek shareholder's approval prior to certain material transactions.

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## **Professional Advisors**

The decision to go public is a serious one. It is therefore imperative that competent advisors are retained to ensure a successful public offering. The choice to go public should be discussed with professional advisors as early as possible. These include stockbrokers, accountants, legal counsel and investment bankers.

### **Investment Bankers/Broker-Dealers**

The role of the investment banker is to:

1. Review the company's management, financial position, products or prospects, business plan and industry.
2. Advise the company on the method of offering.
3. Advise on whether an underwriting or an agency relationship will be entered into for the offering.
4. Assist the company in determining the issue price of the securities.
5. Review the prospectus for accuracy.
6. Where possible, encourage activity in the secondary market on behalf of the company after the initial offering.

### **Accountants & Lawyers**

For a public offering accountants and lawyers should be selected on the basis of their knowledge of the capital market and the requirements for going public. They are charged with the responsibility of accurate preparation and presentation of financial and legal documents.

### **Stockbrokers**

Some criteria for selecting a lead stockbroker are as follows:

1. Registered with the TTSEC and licensed by the TTSE.
2. Recognized organizations with reputable securities experience and full service capabilities.
3. Experience in successfully managing public offerings.
4. Knowledge and understanding of your business.
5. Research capabilities.

The lead stockbroker will be responsible for making the application to list on the TTSE as well as coordinating activities with the other stockbrokers during the offer period.

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## **Underwriting the Issue**

An underwriter arranges the issue of the securities and may agree to purchase any unsold securities thereby ensuring full subscription. Underwriting is the business of investment bankers who usually form an underwriting group or syndicate, to pool the risk and assure the successful distribution of the issue. The underwriter selected must be registered as such with the TTSEC.

### **Firm Commitment**

The underwriter commits to buy the entire issue from the company and resell it to the public. Their earnings are derived from the difference between the price at which they buy it from the Issuer and the price at which they resell the securities to investors.

### **Best Effort (Agent)**

The underwriter acts only as agents for the sale of the company's shares. They agree to do their best to sell an issue to the public. Instead of buying the securities outright, these agents have an option to buy and the authority to sell the securities. They receive commissions, usually on a sliding scale and the company's receipts depend on the success of the sale.

### **All or None**

This method gives the Issuer the right to cancel the entire issue if the underwriting is not fully subscribed.

Under any of these methods, the underwriter may be given the option to make further purchases of shares at an agreed price. The underwriter could exercise this option if the issue is oversubscribed or if the market price increases over the issue price.

## **Offering Documents**

The prospectus and information memorandum are formal written offers to sell securities that outline the business plan for the company and provide prospective investors with the information needed to make an informed decision. These documents contain detailed operational and financial information about the company.

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Information contained in the prospectus and information memorandum includes, but is not limited to the following:

1. Background information on the company: This gives the description and history of the company and the industry, its prospects and operations.
2. Financial Statements: Up to date audited financial statements (where available) must be included.
3. Business Plan: The business plan provides important information for potential investors. It details growth projections, as well as developmental and strategic goals of the company.
4. Use of proceeds: This shows the main uses of the net proceeds from the sale of securities e.g. the particulars of any major assets to be acquired or prospects to be developed.
5. Senior Officers and major shareholders: The prospectus must give the names, main occupations and addresses of major shareholders, senior officer, directors and senior management, together with their equity holdings in the company seeking listing.

### **Costs of Going Public**

Taking a company public does incur costs that vary with each issue. These costs are likely to include, but are not limited to, the following:

1. Broker/Dealer Fees: normally a percentage of the amount being raised and is often negotiated between the Issuer and the broker/dealer;
2. Professional Fees: depends on professionals retained;
3. Printing Costs: depends on the size and quality of the prospectus and other distributed material; and
4. Admission Fees: based on the value and type of the securities being issued.

After a company has been listed on the Exchange there will be costs associated with maintaining the listing. These costs are likely to include, but are not limited to, the following:

1. Annual Listing Fees
2. Registrar/Transfer Agent Fees
3. Supplementary listing fees for additional shares
4. Publishing notices to shareholders and financial results
5. Printing and distribution of annual reports

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## Estimated Listing Costs

TTSE Listing Fees – As presented above.

### TTSEC Registration Fees

- Registration as Reporting Issuer: \$5,000.00
- Filing of Registration Statement: \$100.00
- Filing of Prospectus: \$10,000.00 (This fee is applicable to bonds, equities and derivatives. If the prospectus for a collective investment scheme covers more than one fund, this fee will be charged per fund.)
- Information Memorandum: \$7,500 (This fee is applicable to cross listings, rights issues, etc.)
- Market Access Fee: 0.01% (This fee is based on the Market Value of the Securities. For a mutual fund, the fee will be based on the sales of the fund for the previous year.)

Consider the following scenarios:

1. Listing of shares with market value of \$4,000,000 by a company **not** registered as a reporting Issuer with the TTSEC:

<b>Item</b>	<b>Cost (TT\$)</b>
TTSEC Registration as Reporting Issuer	5,000.00
TTSEC Filing of Registration Statement	100.00
TTSEC Filing of Prospectus	10,000.00
TTSEC Market Access Fee	400.00
TTSE Admission Fee	100,000.00
TTCD Initial Membership Fee	25,000.00
<b>Total</b>	<b>140,500.00</b>

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2. Listing of shares with market value of \$4,000,000 by company registered as a reporting Issuer with the TTSEC:

Item	Cost (TT\$)
TTSEC Filing of Registration Statement	100.00
TTSEC Filing of Prospectus	10,000.00
TTSEC Market Access Fee	400.00
TTSE Admission Fee	100,000.00
TTCD Initial Membership Fee	25,000.00
<b>Total</b>	<b>135,500.00</b>

3. Listing of shares with market value of \$50,000,000 by company **not** registered as a reporting Issuer with the TTSEC:

Item	Cost (TT\$)
TTSEC Registration as Reporting Issuer	5,000.00
TTSEC Filing of Registration Statement	100.00
TTSEC Filing of Prospectus	10,000.00
TTSEC Market Access Fee	5,000.00
TTSE Admission Fee	100,000.00
TTCD Initial Membership Fee	25,000.00
<b>Total</b>	<b>145,100.00</b>

4. Listing of shares with market value of \$50,000,000 by company registered as a reporting Issuer with the TTSEC:

Item	Cost (TT\$)
TTSEC Filing of Registration Statement	100.00
TTSEC Filing of Prospectus	10,000.00
TTSEC Market Access Fee	5,000.00
TTSE Admission Fee	100,000.00
TTCD Initial Membership Fee	25,000.00
<b>Total</b>	<b>140,100.00</b>

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5. Listing of shares with market value of \$20,000,000 by a SME **not** registered as a reporting Issuer with the TTSEC:

Item	Cost (TT\$)
TTSEC Registration as Reporting Issuer	5,000.00
TTSEC Filing of Registration Statement	100.00
TTSEC Filing of Prospectus	10,000.00
TTSEC Market Access Fee	2,000.00
TTCD Initial Membership Fee	7,500.00
<b>Total</b>	<b>24,600.00</b>

6. Listing of shares with market value of \$20,000,000 by SME registered as a reporting Issuer with the TTSEC:

Item	Cost (TT\$)
TTSEC Filing of Registration Statement	100.00
TTSEC Filing of Prospectus	10,000.00
TTSEC Market Access Fee	2,000.00
TTCD Initial Membership Fee	10,000.00
<b>Total</b>	<b>22,100.00</b>

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## **Checklist for Going Public**

This is a list of some of the activities involved in going public:

- Selection of introducing broker/dealer, legal counsel and accountants/financial advisors
- Appointment of additional Directors if necessary
- Compilation of the required financial statements
- Preparation of business plan, feasibility studies and technical reports
- Presale meetings and pricing of shares
- Preparation of the prospectus
- Printing of the preliminary prospectus
- Registering as a Reporting Issuer with the TTSEC
- Filing of the preliminary prospectus with the TTSEC and the TTSE
- Obtaining approval of final prospectus from the TTSEC
- Filing of Application for Listing with the TTSE
- Signing of Agreements with the TTSE and TTCD
- Public sale and distribution of shares
- Listing of shares on the TTSE

## **Going Public: Frequently Asked Questions**

### **1. Can my company go public?**

Any company can go public. A history of good earnings, promising prospects or products, competitiveness and a sound management team are integral to the success of a public issue of shares.

### **2. Is my company ready to go public?**

Readiness to go public depends on:

- a. Strong future growth and revenue earning potential
- b. A competent management team
- c. A need to raise capital

Additionally, if the company is at the developmental stage where manufacturing, marketing and technological viability has been achieved but it has not yet shown a profit, this may be the right time to make a public offering.

### **3. How much capital should I raise?**

This is dependent on the capital needs of the company and the percentage of ownership that the owner(s) is (are) willing to offer to the public.

### **4. Who decides what price the shares should be issued at?**

The issue price of the shares is decided based on discussions between the company and the broker/investment banker who is managing the issue. The major factors to be considered is the marketplace and the price that the market will pay for the shares of the company. Other factors to be considered are:

- a. Economic climate
- b. Past earnings
- c. Projected growth
- d. Type of securities to be issued i.e. common or preference.

### **5. When do I go public?**

Deciding when to go public is crucial. In order to get the desired price, there must be investor interest and suitable industry and economic conditions. Working together with advisors, the company can determine when the conditions are right to make a public offer.

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### **6. How much will it cost?**

The precise cost is hard to estimate because each issue is unique. The most significant costs are those for legal, accounting, broker and printing services. There are also TTSEC fees, TTSE listing fees which will depend on the value of the securities being listed and TTCD fees. Most of these costs are up front and may not be covered by an unsuccessful issue.

## GOING PUBLIC: LISTING ON THE TTSE

### **TTSE Member Firms**

These firms are registered with the TTSEC and TTSE to provide various services with respect to taking a company public.

<p><b>JMMB Securities (T&amp;T) Limited</b></p> <p>#169 Tragarete Road, Port of Spain. Telephone: 1-868-224-5668 Website: <a href="http://www.jmmbtt.com/investments">http://www.jmmbtt.com/investments</a> Email: <a href="mailto:infott@jmmb.com">infott@jmmb.com</a> General Manager: Mr. Ronald Carter</p>	<p><b>Bourse Brokers Limited</b></p> <p>1<sup>st</sup> Floor, 24 Mulchan Seuchan Road, Chaguanas / #6 Gallus Street, Woodbrook, Port of Spain / Cor. Keate &amp; Harris Streets, San Fernando. Telephone: 1-868-628-9100 Website: <a href="http://www.bourseinvestment.com">www.bourseinvestment.com</a> Email: <a href="mailto:admin@boursefinancial.com">admin@boursefinancial.com</a> Managing Director: Mr. Subhas Ramkhelawan</p>
<p><b>First Citizens Brokerage and Advisory Services Limited</b></p> <p>#17 Wainwright Street, St. Clair, Port of Spain. Telephone: 1-868-622-3247 Website: <a href="http://www.firstcitizensinvestment.com">www.firstcitizensinvestment.com</a> Email: <a href="mailto:advice@firstcitizenstt.com">advice@firstcitizenstt.com</a> Manager: Mr. Leslie St. Louis</p>	<p><b>Caribbean Stockbrokers Limited</b></p> <p>29 Chacon Street, Port of Spain. Telephone: 1-868-624-8178 Email: <a href="mailto:cslbroker@caribstockbrokers.com">cslbroker@caribstockbrokers.com</a> Assistant to the Managing Director: Mr. Harold Allyene</p>
<p><b>Republic Wealth Management Limited</b></p> <p>8 Rapsey Street, Ellerslie Plaza, Maraval. Telephone: 1-868-623-0435 Website: <a href="http://www.rsltt.com">www.rsltt.com</a> Email: <a href="mailto:rslinfo@rfhl.com">rslinfo@rfhl.com</a> Acting Manager: Mrs. Lisa Leander Yeates</p>	<p><b>West Indies Stockbrokers Limited</b></p> <p>4<sup>th</sup> Floor West, St. Clair Place 7-9 St. Clair Avenue St. Clair. Telephone: 1-868-628-9473 Website: <a href="http://www.wiseequities.com">www.wiseequities.com</a> Email: <a href="mailto:info@wisett.com">info@wisett.com</a> Head: Mr. Adrian Manmohan</p>

## GOING PUBLIC: LISTING ON THE TTSE

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