



# Central Bank of Trinidad and Tobago

Eric Williams Plaza, Independence Square, Port-of-Spain, Trinidad, Trinidad and Tobago  
Postal Address: P.O. Box 1250  
Telephone: (868) 621-CBTT (2288), 235-CBTT (2288); Fax: (868) 612-6396  
E-Mail Address: info@central-bank.org.tt  
Website: www.central-bank.org.tt

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April 8, 2021

## **CIRCULAR LETTER TO INSTITUTIONS:**

LICENSED UNDER THE FINANCIAL INSTITUTIONS ACT, 2008

INSURANCE COMPANIES REGISTERED UNDER THE INSURANCE ACT, 2018

## **COPIED TO:**

BANKERS ASSOCIATION OF TRINIDAD AND TOBAGO

ASSOCIATION OF TRINIDAD AND TOBAGO INSURANCE COMPANIES

INSTITUTE OF CHARTERED ACCOUNTANTS OF TRINIDAD AND TOBAGO

**REF: CB-OIFI-743/2021**

## **DRAFT GUIDELINE FOR THE APPROVAL OF MERGERS & ACQUISITIONS**

The Central Bank of Trinidad and Tobago (“Central Bank” / “Bank”) is responsible for, *inter alia*, maintaining confidence in, and promoting the soundness and stability of, the financial system in Trinidad and Tobago. Other objectives include the promotion of efficient and fair banking and insurance markets.

In this regard, the Central Bank is required, pursuant to the Financial Institutions Act, 2008 and the Insurance Act, 2018, to approve the following:-

- a) *acquisitions of licensees, insurers and FHCs;*
- b) *acquisitions of financial entities by licensees, insurers and FHCs;*
- c) *a merger or amalgamation of a licensee, insurer or FHC with another financial entity;*  
*and*
- d) *transactions that involve the sale or transfer of the business (assets or liabilities) of a licensee or insurer, or of a subsidiary of the licensee or insurer, or of an entity in which the licensee or insurer has a significant or controlling interest.*

In recent times the Bank has noted an increase in applications related to these types of transactions as persons seek opportunities for consolidation or expansion in line with their business strategies. Such actions can help build synergies and increase operational efficiency and overall profitability; however they may also present risks to financial stability arising from, *inter alia*, interconnectedness, market concentration, size and complexity.

Therefore, the Central Bank is seeking to enhance disclosure and transparency around the application process for mergers, acquisitions, transfers and amalgamations and has developed a Mergers and Acquisitions Guideline (“Guideline”). The draft Guideline addresses primarily the information that is required to be submitted to the Central Bank when submitting an application and the matters taken into account by the Central Bank when reviewing the application.

**CIRCULAR LETTER TO INSTITUTIONS:**

Licensed Under the Financial Institutions Act, 2008  
Insurance Companies Registered Under the Insurance Act, 2018  
Bankers Association of Trinidad and Tobago  
Association of Trinidad and Tobago Insurance Companies  
Institute of Chartered Accountants of Trinidad and Tobago

08 April, 2021

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The Guideline may be accessed via <https://www.central-bank.org.tt/core-functions/supervision> under the “Drafts and Consultation Papers” tab for the Banking and Insurance sectors, respectively. Comments and queries on the draft Guideline should be submitted electronically to [MergersandAcquisitionsComments@central-bank.org.tt](mailto:MergersandAcquisitionsComments@central-bank.org.tt) by May 20, 2021.

The Central Bank anticipates your usual co-operation and looks forward to your timely feedback.

Yours sincerely



**PATRICK SOLOMON**  
**INSPECTOR OF FINANCIAL INSTITUTIONS**