



CENTRAL BANK OF TRINIDAD & TOBAGO

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February 20, 2019

CIRCULAR LETTER TO:

ALL FINANCIAL INSTITUTIONS & FINANCIAL
HOLDING COMPANIES LICENSED UNDER
THE FINANCIAL INSTITUTIONS ACT, 2008
ALL INSURANCE COMPANIES REGISTERED UNDER
THE INSURANCE ACT, 2018

REF: CB-OIFI-433/2019

PASSAGE OF THE FINANCE ACT, 2018

The Central Bank of Trinidad and Tobago (“Central Bank”) wishes to advise all licensees, registrants and financial holding companies (“FHC”) of the passage of the Finance Act, 2018 (“Finance Act”) on December 31, 2018. The Finance Act became effective on January 1, 2019 and sections 27 and 28 contain amendments to the Financial Institutions Act, 2008 (“FIA”) and the Insurance Act, 2018 (“IA”) which relate to credit exposure limits.

The following new provisions have been introduced into the FIA via these amendments:

- (a) **Section 42 (1A)** increases the credit exposure limit for investment in a bond with specified characteristics, to an aggregate amount of up to fifty percent of a licensee’s capital base. However, it should be noted that the Inspector of Financial Institutions will be required to grant approval for a licensee to either directly or indirectly exceed the current twenty five percent exposure limit in section 42 (1);
- (b) **Section 43A** excludes the Government of Trinidad and Tobago or any company wholly owned by Corporation Sole from being considered a connected party to any licensee or FHC in which it held shares; and
- (c) **The Fourth Schedule** now includes a criminal penalty and administrative fine for breach of the exposure limit specified in the new section 42 (1A).

The following new provisions have been introduced into the IA via these amendments:

- (a) **Section 89 (1A)** increases the credit exposure limit for investment in a bond with specified characteristics, to an aggregate amount of up to fifty percent of an insurer’s capital base. However, it should be noted that the Inspector of Financial Institutions will be required to grant approval for an insurer to either directly or indirectly exceed the current twenty five percent exposure limit in section 89 (1); and
- (b) **Schedule 6** now includes a criminal penalty and administrative fine for breach of the exposure limit specified in the new section 89 (1A).

Please be guided accordingly.

CIRCULAR LETTER TO:

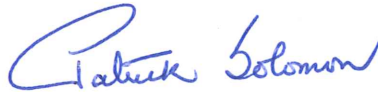
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The Act can be accessed at <http://www.ttparliament.org/legislations/a2018-19g.pdf>. Should you require further clarification, on the amendments to the FIA please contact Mr. Kendall Cuffy - Manager, Banks and Non-Banks at kcuffy@central-bank.org.tt and for clarification on the IA please contact Ms. Natalie Roopchandsingh - Manager, Insurance at nroopchandsingh@central-bank.org.tt.

Kindly acknowledge receipt by signing, dating and returning the attached copy of this letter.

Yours sincerely



Patrick Solomon
INSPECTOR OF FINANCIAL INSTITUTIONS