



Regulating Crypto Assets

Trinidad and Tobago Securities and Exchange Commission



Agenda

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About the TTSEC



VISION

To be an innovative regulator of a thriving securities market, enabling economic development for the benefit of all.



MISSION

Instilling confidence in the securities market by protecting investors, promoting sustainable market growth, and reducing systemic risk, through collaboration and innovation

What we do:

- Facilitate the development of the securities industry by registering and authorising market actors.
- Ensure orderly, fair and equitable dealings in securities by maintaining surveillance over the securities industry.
- Ensure compliance with laws and regulations by conducting reviews and examinations.
- Promote education and enhance public understanding of the securities industry.
- Improve confidence and reduce systemic risk by assessing, measuring and evaluating risk exposure in the securities industry.

QUESTION #1

What is your view on
Crypto Assets?

- ☐ Definitely, yes!
- ☐ No, too risky.
- ☐ I really don't know enough about it.



Crypto Assets and the Securities Market



Crypto assets are a type of private asset that depends primarily on cryptography and distributed ledger technology (DLT) or similar technology as part of its perceived or inherent value. Crypto-assets can represent an asset or ownership of an asset, such as a currency, a commodity, or a security or derivative. At present there is no globally accepted taxonomy of crypto-assets in use by international standard-setting bodies. (IOSCO)

Crypto assets can be categorized as follows:

Security Tokens – Provide ownership rights. Allows businesses to raise capital for their projects by issuing digital tokens in exchange for fiat money or other crypto-assets.

Utility Tokens - Enables access to a specific product or service and often provided using a DLT platform. Can only be used in the issuer's network.

Payment/exchange/currency tokens - Often referred to as Virtual Currencies or Crypto-Currencies. They Typically do not provide rights of ownership but are used as a means of exchange, for speculative purposes or for the storage of value.

Crypto Assets and the Securities Market



Anti-Money Laundering (AML) Requirements:

- **Virtual Assets (crypto assets) refer to any digital representation of value that can be digitally traded, transferred or used for payment.**
- **Countries need to fully and effectively implement the Financial Action Task Force (FATF) Standards for virtual assets as a priority.**

What regulators need to do:

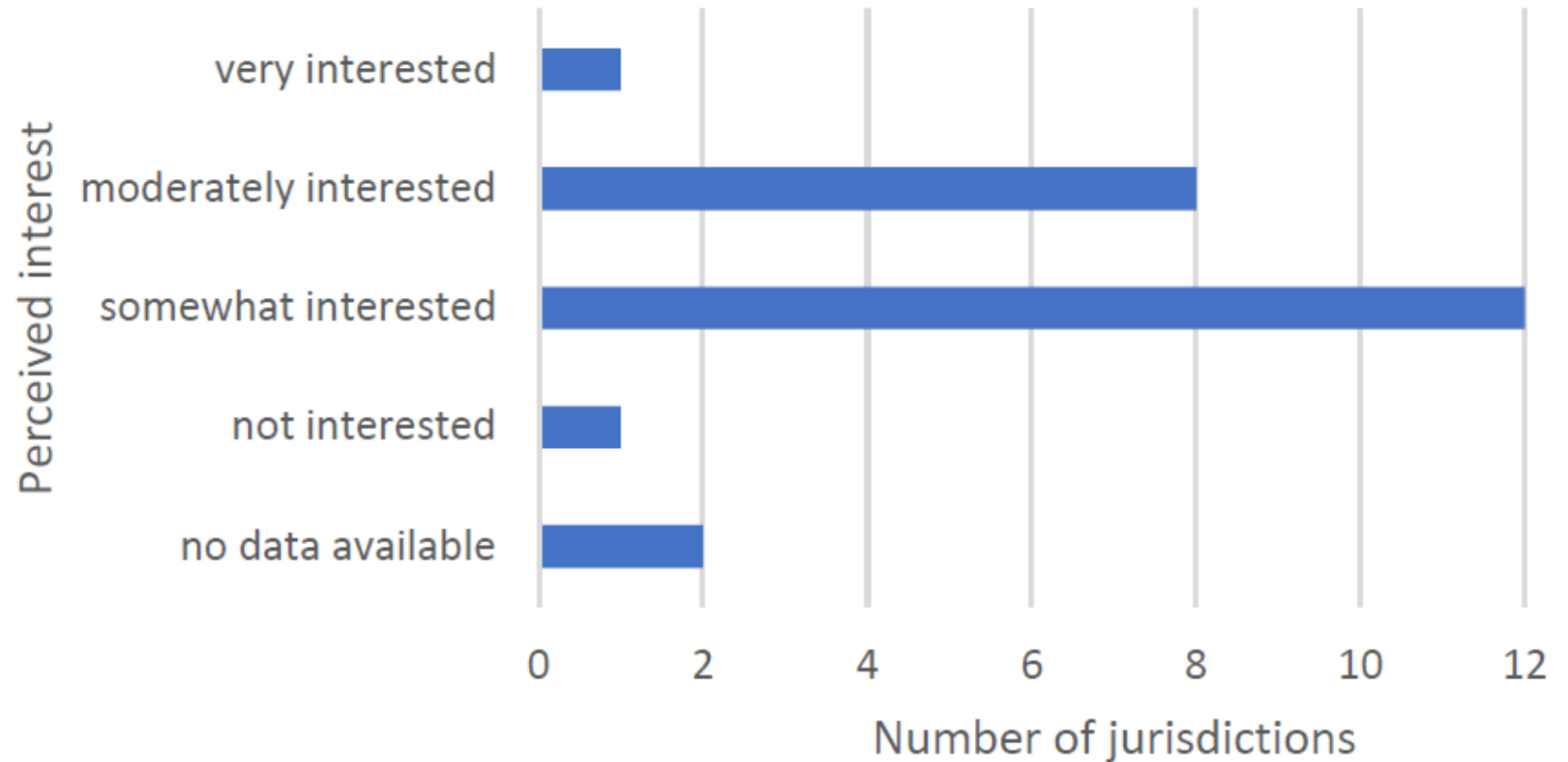
- Understand the money laundering and terrorist financing risks the sector faces (Crypto Assets).
- License or register virtual asset service providers.
- Supervise the sector, in the same way it supervises other financial institutions.
- Implement Travel Rule - VASP must obtain and hold details of sender and recipient for transactions over 1000 USD / 1000 EUR and send this to any VASP counterparty.

Crypto Assets and the Securities Market



International Organization of Securities Commissions (IOSCO) conducted a fact-finding survey among its members as the first step in developing educational material on Crypto Assets.

Perception of interest in investing in crypto-assets

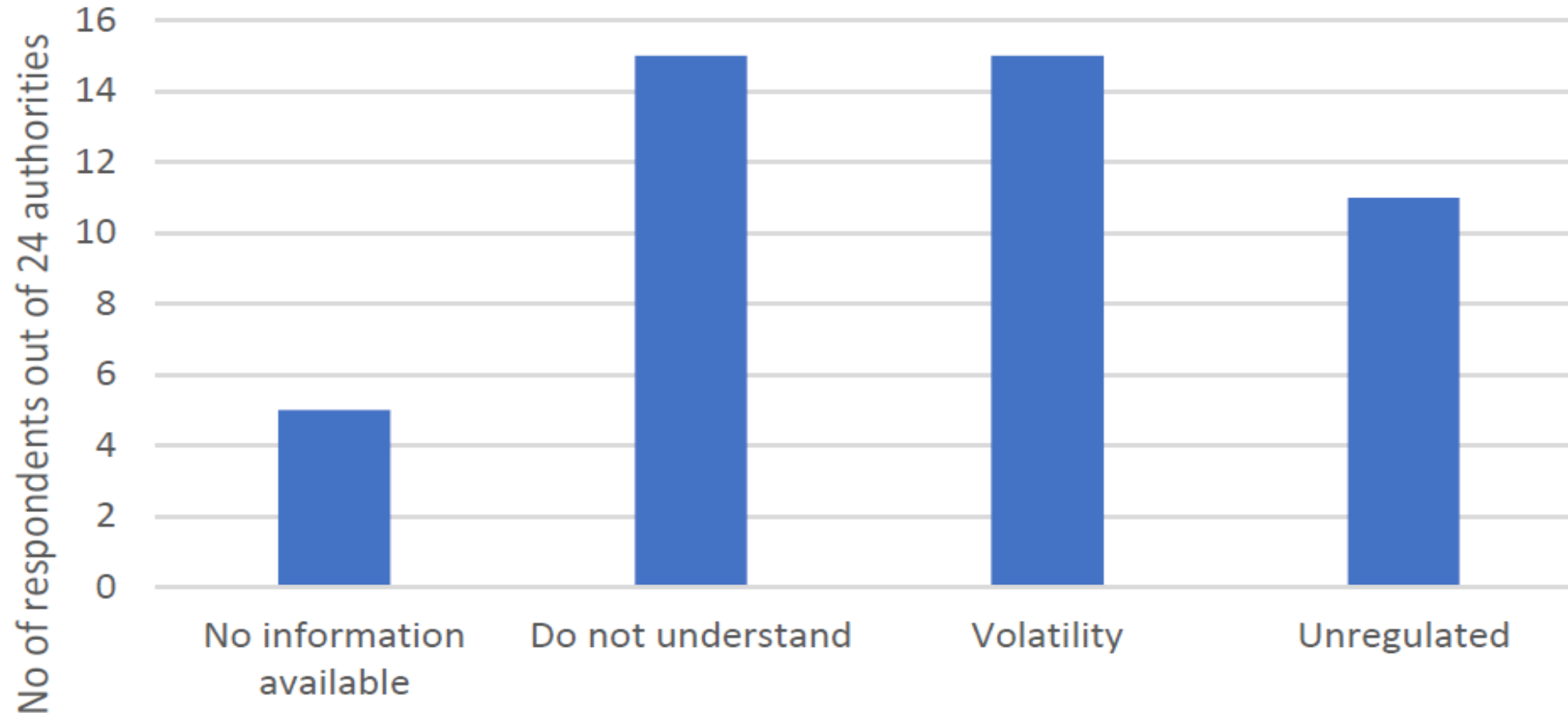


Source – IOSCO Investor Education on Crypto Assets December 2020

Crypto Assets and the Securities Market



Main reasons for not investing in Crypto Assets

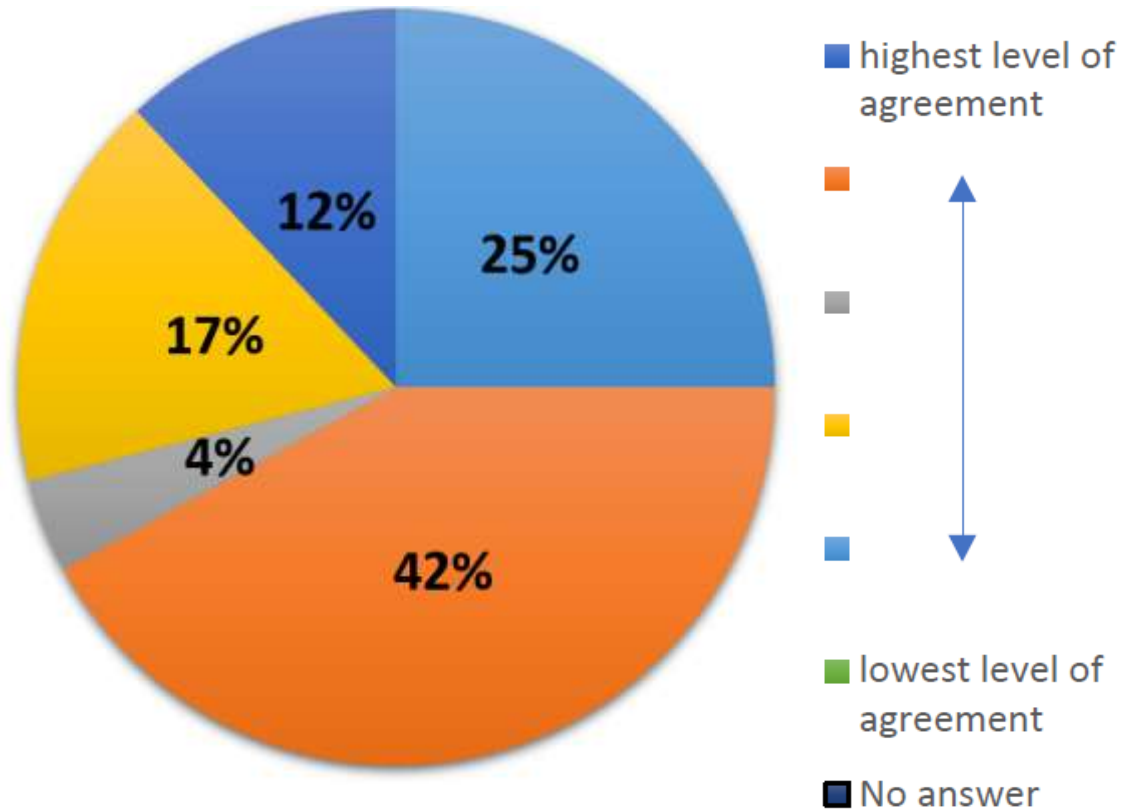


Source – IOSCO Investor Education on Crypto Assets December 2020

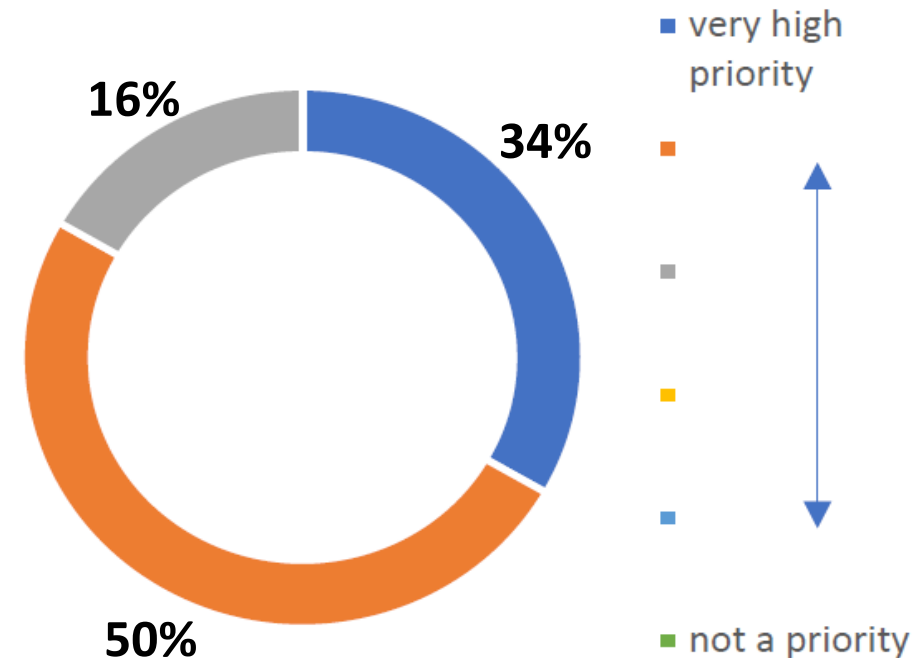
Crypto Assets and the Securities Market



Perception that Crypto Assets pose a threat to investors



Need for education in Crypto Assets



Source – IOSCO Investor Education on Crypto Assets December 2020

Regulating Crypto – Regional Approach

Cayman Monetary Authority

- The Virtual Asset (Service Providers) Law of 2020.

Bermuda Monetary Authority

- The Digital Assets Business Act of 2018.
- Digital Asset Issuance Act of 2020, that refers to the issuance of crypto assets.

Securities Commission of Bahamas

- The Digital Assets and Registered Exchanges Act of 2020.

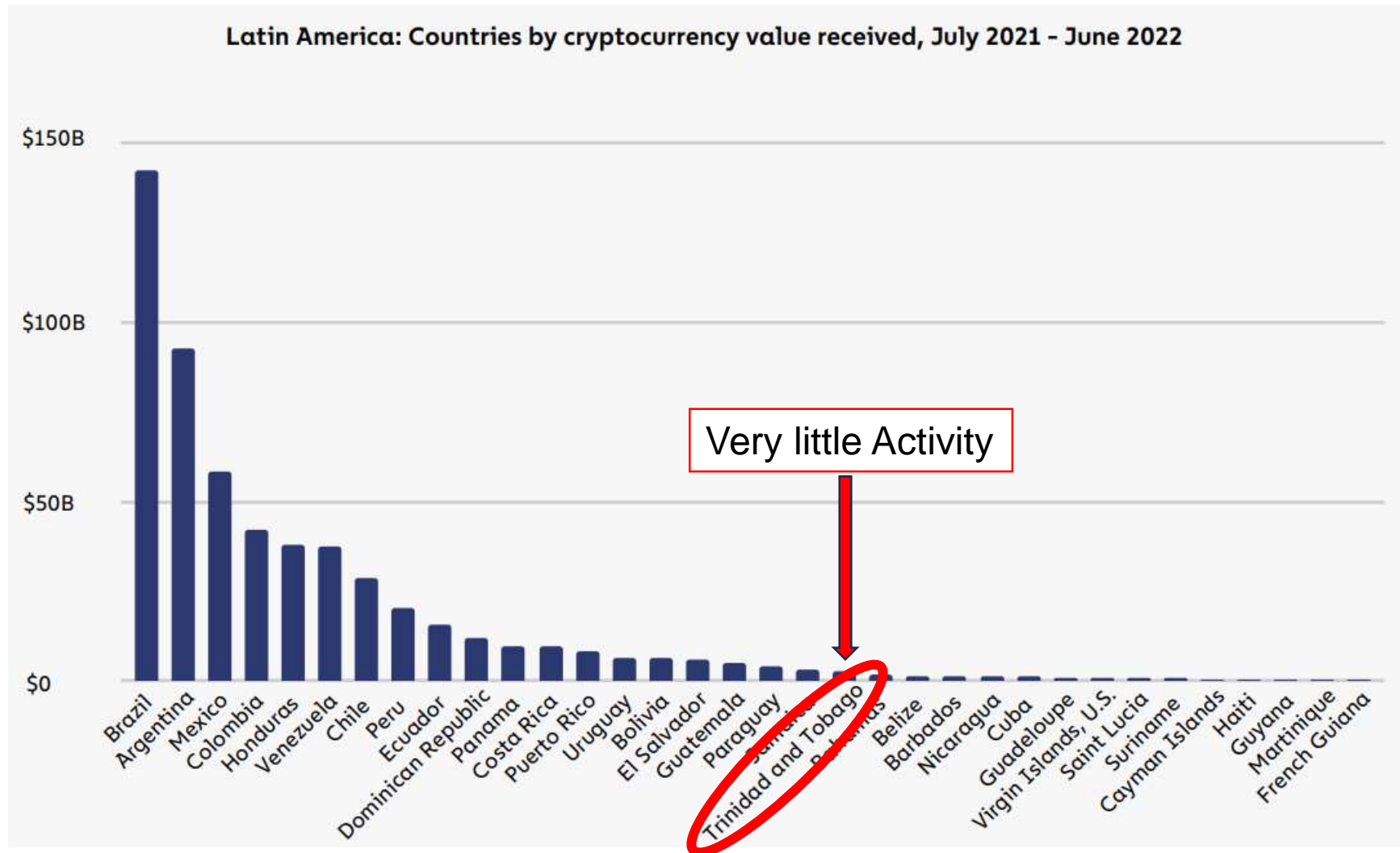
Barbados Stock Exchange

- The Digital Assets and Registered Exchanges Act of 2020.

Jamaica

- The law includes a broad definition of the concept of “security,” and allows the Minister of Finance to issue orders designating other instruments as securities.

Crypto Assets and the Securities Market

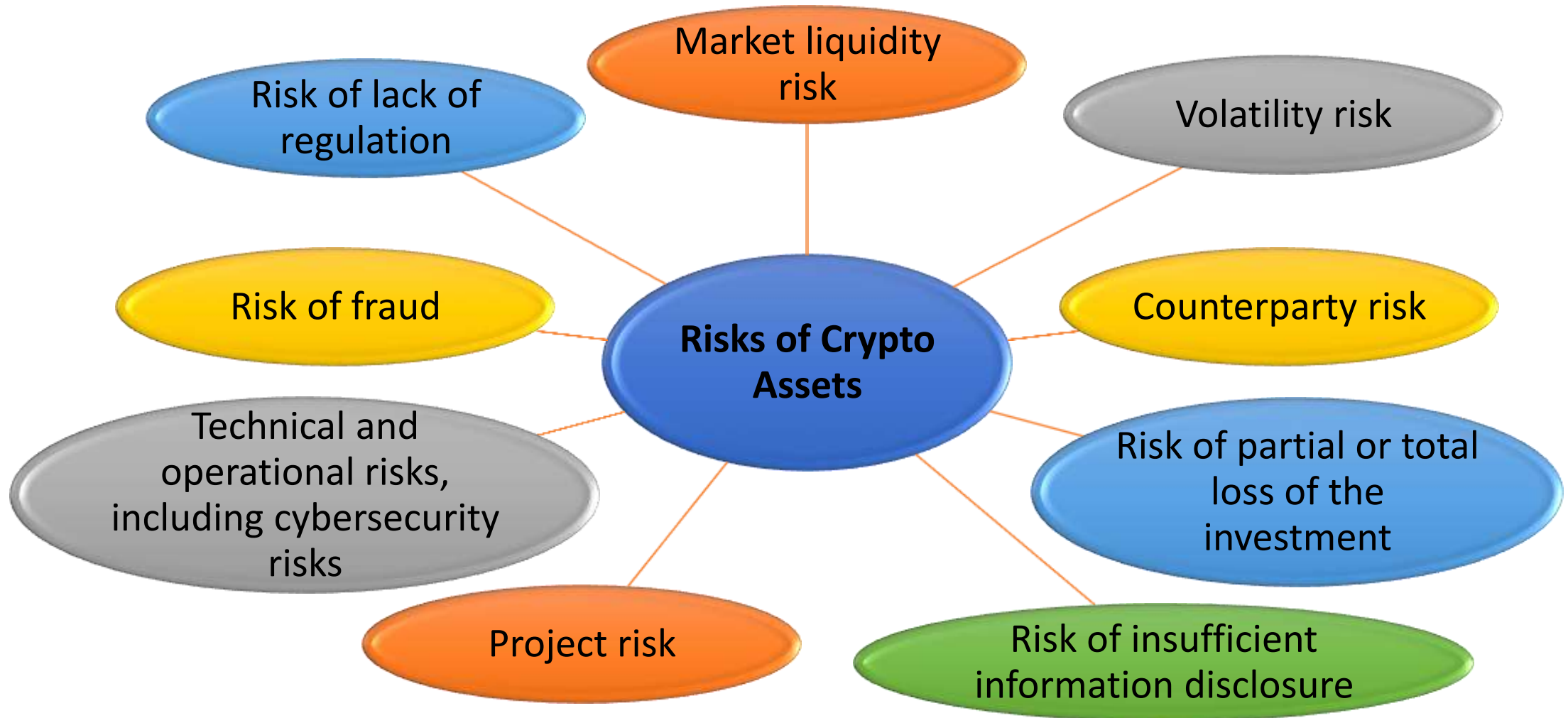


The 2022 Global Crypto Adoption Index (146 Countries)

Country	Index Ranking
Vietnam	1
Philippines	2
Ukraine	3
India	4
United States	5
Pakistan	6
Brazil	7
Thailand	8
Russia	9
China	10
Trinidad and Tobago	121

Source – Chainalysis The 2022 Geography of Cryptocurrency Report

Crypto Assets and the Securities Market



Regulating Crypto – TTSEC Approach



The Regulatory Framework for the Securities Market of T&T will seek to achieve Investor Protection and Market Integrity.

The regulatory regime will ensure there is a level playing field for both traditional financial markets and crypto-assets to help reduce the risk of regulatory arbitrage.

The TTSEC will be analysing the applicability and adequacy of regulatory frameworks in the context of the following:

- (1) Are crypto-assets behaving like substitutes for, regulated financial instruments, and
- (1) Are investors substituting other financial instrument investment activities with crypto-asset investment activities.

Regulating Crypto – TTSEC Approach



As the TTSEC seeks to implement a regulatory regime for Crypto Assets the following will be considered:

- ☐ **Conduct of an Impact Assessment** (what is the problem?/what are the risks?/what are the costs and benefits?).
- ☐ **Focus on AML/CFT requirements and FATF recommendations.**
- ☐ **Determine the options to establish a solid legal and regulatory framework for the sector** such as:
 - **Creating a comprehensive legal reform.**
 - **Having targeted legal amendments.**
 - **Establishing regulations issued without legal changes (guidelines)**
 - **The use of exemptions**

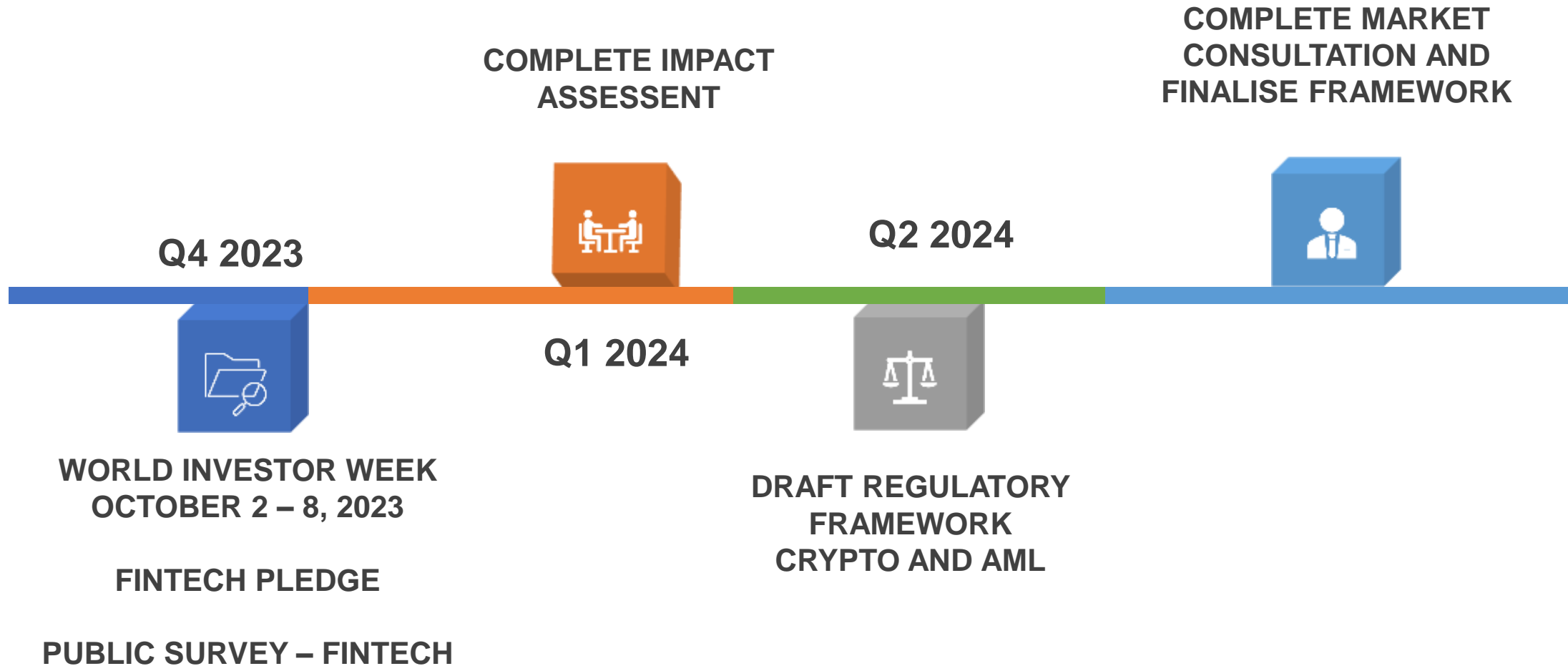
QUESTION #2

What types of Crypto Assets services would you consider using?

- ☐ Crypto ATMs
- ☐ Crypto Exchanges
- ☐ Crypto Crowd Funding Platforms
- ☐ Other
- ☐ I don't know



Regulating Crypto – TTSEC Approach





Thank you

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You Tube

