



CENTRAL BANK OF
TRINIDAD & TOBAGO

Payments Quarterly

Payments Quarterly is a newsletter on developments in the Payments System in Trinidad and Tobago

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Payments Quarterly is published quarterly by the Central Bank of Trinidad and Tobago.

If you require any further details on or would like to offer any suggestions please contact the Payments System Department at the Central Bank of Trinidad and Tobago.

Please see our full contact details on the last page.

The Payments System Council Understanding the Role and Functions of the Trinidad and Tobago Securities and Exchange Commission

In 2010 editions of Payments Quarterly Newsletter, we discussed the role, function and some of the achievements of the Payment System Council (PSC).

1 As readers would recall, the Council was established in 2000 by the Central Bank of Trinidad and Tobago with the objective of supporting the achievement of sound and efficient payments and securities clearance and settlement systems in the country and of participating in the regional and international efforts aimed at maintaining ordered conditions in regional and international payment systems.

2 This article is the first of a series of articles that provide deeper insights into the work or the individual members of the PSC. In this edition we will focus on the role of the Trinidad and Tobago Securities and Exchange Commission (TTSEC).

3 The TTSEC began its own operations in 1997 with the proclamation of the Securities Industry Act and has been a member of the PSC since its inception in 2002. The TTSEC is charged with the dual responsibility of regulating the securities market which comprises: equities, bonds and mutual funds and promoting capital market development, whilst simultaneously achieving its mandate to:

- secure an appropriate degree of protection for investors;
- maintain fair, orderly, efficient markets thereby maintaining market confidence;
- facilitate and promote capital formation that is necessary to sustain economic growth;
- promote public understanding and
- help reduce financial crime.

4 The main functions of the TTSEC include:

- advising the Minister of Finance on all matters relating to the securities industry;
- maintaining surveillance over the securities market and ensuring orderly, fair and equitable dealings in securities;
- registering, authorizing and regulating, self regulatory organizations, securities companies, brokers, dealers, traders, underwriters, issuers and investment advisers; and controlling and supervising their activities with a view to maintaining proper standards of conduct and professionalism in the securities business;
- protecting the integrity of the securities market against any abuses arising from the practice of insider trading and
- creating and promoting such conditions in the securities market as may seem to it necessary, advisable or appropriate to ensure the orderly growth and development of the capital market.



Office of the Trinidad and Tobago
Securities and Exchange Commission

The Payments System Council Understanding the Role and Functions of the Trinidad and Tobago Securities and Exchange Commission

The Commission, as the primary regulator of the key participants in the securities market, is fully cognisant of its role within the local, regional and global securities market framework. The Chairman has, within the past year and a half, demonstrated a commitment to bringing the organisation in line

with international requirements which place increased emphasis on investor protection, investor education, and systemic risk evaluation.

In the next issue of Payments Quarterly we will further explore the securities market. ■

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Visit TTSEC website at www.ttsec.org.tt to learn more!

Do you know about IOSCO?



The International Organization of Securities Commissions (IOSCO) is an association of regulatory commissions which regulate international securities markets. The Trinidad and Tobago Securities and Exchange Commission (TTSEC) is an ordinary member of IOSCO. This membership enables the country to access comprehensive technical assistance on the regulation of securities markets.

Formed in 1983, IOSCO currently has 199 members which together represent approximately 95% of the world's securities markets. There are three categories of membership which are distinguished based on the role of members in their particular jurisdictions. Ordinary members are primary securities and or futures regulators while Associate members are other securities and or futures regulators in a jurisdiction. Affiliate

members are comprised of self-regulatory organizations and other stock market industry associations. IOSCO also comprises a number of committees which meet to discuss pertinent issues that affect securities markets globally. TTSEC serves on the Emerging Markets Committee comprised of 80 ordinary and associate members from Latin America, Europe, Africa, the Middle East and Asia. The formation of this committee recognizes the unique challenges faced by securities regulators in these countries and studies are conducted and suggestions made on ways in which these emerging markets can be strengthened.

IOSCO is a member of, participates as an observer in, and coordinates with a number of other international organizations, including:

- The Organization for Economic Co-operation and Development



- The Financial Action Task Force on Money Laundering
- The International Accounting Standards Board
- The International Monetary Fund
- The World Bank
- The European Commission

The Organization makes representation to these global bodies in relation to particular challenges faced by securities regulators and contributes to the development of global financial and economic policies.

As the TTSEC continues to strive to promote fair and efficient market conditions and to implement enhanced systems for investor protection, membership in IOSCO will be an important means through which expert assistance can be obtained and global standards in securities regulation maintained. ■



OPERATORS SPOT

The Real Time Gross Settlement System, *Safe-tt*

The Real Time Gross Settlement System (RTGS), called *Safe-tt*, has been operational since October 2004. The volume and value of transactions crossing the RTGS has consistently increased over the years. For the period January to May 2011, the volume and value of transactions increased by 2% and 25% respectively when compared to the same period in 2010. While most of these transactions consisted of large value items (i.e. greater than \$500,000.00), time critical payments also make up a large component of these volumes.

Year/Month	2010		2011	
	Volume	Value	Volume	Value
January	3,451	32,111,748,498.15	3,804	53,380,948,534.13
February	3,395	27,745,827,718.05	3,736	28,502,753,934.90
March	4,536	36,310,906,985.06	3,890	40,388,648,744.02
April	3,918	33,810,073,699.64	3,505	36,006,425,052.89
May	3,821	32,821,438,435.98	4,310	42,915,312,968.96
June	4,119	33,306,094,469.43	4,436	43,421,146,215.86
Total	23,240	196,106,089,806.31	23,681	244,615,235,450.76
% Increase from 2010			2%	25%

There has been a concerted effort by commercial banks (participants on the RTGS) to encourage customers to use the RTGS in lieu of cheques for large

value payments. Currently a fee of TT\$100.00 is paid by all issuers of large value (>TT\$500,000.00) cheques.

The RTGS was upgraded in March 2011 and another update is carded for completion by the end of this year. ■

Payments Glossary



Here are 6 terms ¹ applicable to the Payments System:

1. Security

Means any document, instrument or writing evidencing ownership of, or any interest in, the capital, debt, property, profits, earnings, or royalties of any person, or enterprise, and without limiting the generality of the foregoing, includes -

- (a) any bond, debenture, note or other evidence of indebtedness;
- (b) any share, stock, unit, unit certificate, participation certificate, certificate of share or interest;
- (c) any document, instrument or writing commonly known as a security;
- (d) any document, instrument or writing evidencing an option, subscription or other interest in or to a security;
- (e) any investment contract;
- (f) any asset-backed security;
- (g) any document, instrument or writing constituting evidence of any interest or participation in —
 - (i) a profit sharing arrangement or agreement; (ii) a trust; or (iii) an oil, natural gas or mining lease, claim or royalty or other mineral right;
- (h) an interest in the whole, or in part of, the net assets of a collective investment scheme; or
- (i) any right to acquire or dispose of anything specified in items (a) to (h)

Financial Institutions Act 2008

2. Derivative

A financial contract the value of which depends on the value of one or more underlying reference assets, rates or indices. For analytical purposes, all derivatives contracts can be divided into basic building blocks of forward contracts, options or combinations thereof.

BIS Glossary of Terms

¹ Source (except first, third to fifth terms): **A glossary of terms used in payments and settlement systems**, Committee on Payment and Settlement Systems, Bank for International Settlements (BIS) March 2003.

Payments Glossary

(Continued)



3. Mutual Fund

An investment instrument that is made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments, and similar assets. Mutual funds are operated by money managers, who actively manage a fund's assets in an attempt to produce positive returns for the fund's investors. A mutual fund's portfolio strategy is structured and maintained to match the investment objectives stated in its prospectus.

<http://financial-dictionary.thefreedictionary.com/mutual+fund>

4. Bond

A debt security that is used for a period greater than five years. The bondholder is entitled to an interest payment at regular intervals based on the amount owed and repayment at specified times over the life of the bond.

Pamphlet No.4/2004 entitled "Trinidad and Tobago Bond Market" published by the Domestic Market Operations Department of The Central Bank of Trinidad and Tobago

5. Equity

A stock or any other security representing an ownership interest.

<http://financial-dictionary.thefreedictionary.com/equity>

6. Real-Time Gross Settlement

The continuous (real-time) settlement of funds or securities transfers individually on an order by order basis (without netting).

Safe-tt, ACH and Cheques Volume Meter

Safe-tt, ACH and Cheques statistics 2008-2011²

	2008	2009	2010	2010	2011
				April-June	April-June
Safe-tt	0.04	0.05	0.05	0.01	0.01
ACH	2.03	2.59	2.89	0.69	0.76
Cheques	10.45	9.74	9.43	2.41	2.35
Total	12.52	12.38	12.37	3.11	3.12

NB: Volumes in Millions

² Data provided by Payments System Operators except in the case of cheque data.



If you require any further details or would like to offer any suggestions, please contact the Payments System Department at the Central Bank of Trinidad and Tobago at
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