

The Trinidad and Tobago Central Depository

The Relationship between the Central Depository and the Stock Exchange

The Depository facilitates the safe and efficient clearing and settlement of transactions executed on the Stock Exchange through a computerized book entry system. The use of the Depository also makes the settlement process more cost effective. The TTSE uses an electronic trading system which is tightly coupled with the inventory system of the TTCD to provide a smooth trading and settlement process.

How do the TTCD and TTSE work together?

A trade can only be executed on the Stock Exchange if the shares are available in the TTCD's inventory system. Shares will not be available for trading if they are pledged.

Understanding the TTCD Statement?

The TTCD Statement will show the Investor's Name, Address, Account Number, Broker (Member), Date Range of Statement and transaction details as shown below:

Symbol Name	Owned	Available	Pledge
XYZ Holdings			
Opening Balance	1,500	1,000	500
Trade Data (Regular Buy)	0	100	0
Trade Data (Settle Buy)	100	0	0
Closing Balance	1,600	1,100	500

Price : 4.05 **Value:** \$6,480.00

Total Value: \$6,480.00

- **Owned:** The total shares held per security (available + pledged).
- **Available:** The number of shares available for trade or transfer.
- **Pledge:** The number of shares held as collateral for a loan facility (unavailable).
- **Price:** Price of the security as at statement date.
- **Value:** Number of Shares x Price

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The Trinidad & Tobago Central Depository Limited

CENTRAL DEPOSITORY SERVICES

Keeping your Securities safe

The Trinidad and Tobago Central Depository Limited

Establishment of the TTCD

The Trinidad and Tobago Central Depository Limited (TTCD) was established by the Trinidad and Tobago Stock Exchange Limited (TTSE) to facilitate the clearing and settlement of trades executed on the Stock Exchange through a computerized book entry system.

The computerized book entry system is an accounting system which allows the change of ownership of shares to occur electronically between buyers and sellers without the need for the exchange of physical certificates.

Why the TTCD is necessary

The settlement of transactions through the actual delivery of physical certificates was not always efficient. Additionally, physical certificates could get lost, misplaced, stolen or destroyed, which would delay the process of transferring ownership.

The establishment of the TTCD allows investors to deposit their shares, represented by physical certificates, with the TTCD, through a stockbroker, for safe keeping. These shares are registered in the name of the TTCD but are held on behalf of investors, so the investors maintain all their entitlements.

When a stockbroker sells shares deposited with the TTCD, on the Stock Exchange, the TTCD records the sale by reducing the balance of shares held in the seller's account and by simultaneously increasing the balance of shares held in the buyer's account, by the number of shares sold. On settlement day, (T+3), legal ownership is automatically transferred from the seller to the buyer.

Opening a TTCD Account

To open an account with the TTCD an investor will need two (2) valid forms of identification and must sign a client agreement form with the stockbroker. Accounts are not opened directly with the TTCD.

TTCD Statements

A quarterly statement is issued by the TTCD that reflects shares owned by investors and held in their TTCD accounts, as well as any transactions such as purchases, sales, deposits, withdrawals, transfers and pledges executed during the quarter. Stockbrokers are also required to send out periodic statements to their clients.

Types of Transactions

Deposits

Physical certificates deposited through a stockbroker are recorded as an electronic entry in a TTCD account. To deposit your share certificates, visit a stockbroker with your certificates and two (2) valid forms of identification. An account will be created with the TTCD and the amount of shares reflected on your physical certificate will be deposited into your account.

Withdrawals

Shares are removed from the TTCD and a physical certificate is issued by the registrar of the listed Company to the shareholder/investor.

Intra/Inter Member Movements

An intra-member movement is the movement of shares from one account, to another in the same name, with the same stockbroker. An inter-member movement is the movement of shares from one account with one stockbroker, to an account, in the same name, with another stockbroker.

Pledges

The holding of shares at the TTCD, offered as collateral, for financial institutions for credit/loan facilities.

Settlement of Trades (Trade day+3 OR T+3)

Automatic settlement of shares traded on the Stock Exchange. This occurs 3 business days after the trade day (T+3).

Cross Border transfers

Shares can be transferred between the Depositories in Trinidad, Jamaica, Barbados or Eastern Caribbean for trading or safe-keeping purposes.

Other Business Lines: Repurchase Agreements

TTCD acts as a third party custodian ensuring that the repo buyers' interests are protected in these transactions

Euroclear

TTCD provides local custody services to the market in relation to foreign securities owned locally

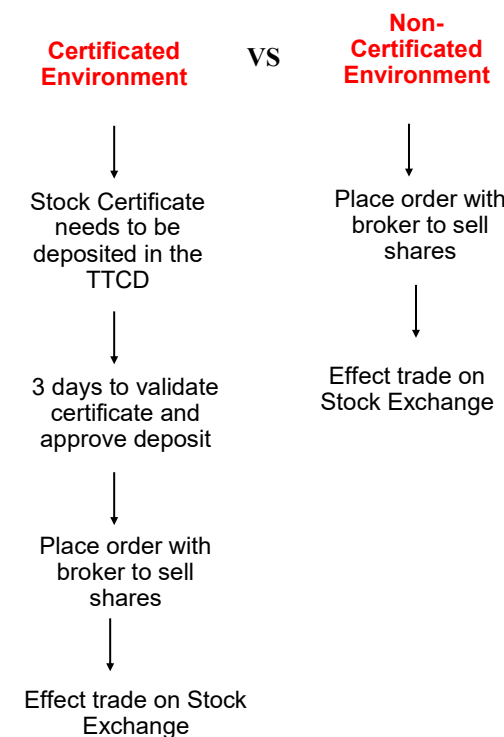
The TTCD requires that each investor provide a valid form of identification to the stockbroker when depositing shares and when providing instructions.

- Facilitates the easy and efficient transfer of ownership when a trade is completed.

Benefits of the TTCD

Advantages to having a physical certificate lodged in the TTCD:

Process of Selling Shares through the TTSE:



- Ownership records are held in safekeeping electronically and there is no need to worry about lost certificates.
- Shares can be pledged as collateral for credit obligations at various financial institutions.

We look forward to your call.