



Trinidad & Tobago  
**Stock Exchange**  
*Creating Opportunities*

# SME Company

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## Frequently Asked Questions

### SME FAQ

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This document provides responses to some frequently ask questions for companies who may be desirous of listing in the TTSE SME Market. Additional information on the SME Market are available at [SME Resource Center](#) on the TTSE's website ([stockex.co.tt](http://stockex.co.tt)).

**1. What is the purpose of the TTSE SME Market?**

The SME Market was established by the TTSE in response to an announcement by the Minister of Finance in the 2012 national budget which seeks to provide SMEs with an avenue for raising capital in the local market to fund their growth and expansion and to also reduce their reliance on bank financing.

## **2. What is an “SME Listed Company”?**

In accordance with Section 4 of the Finance Act 2020, an “SME Listed Company” is a Small And Medium Enterprise Company listed on the TTSE whose:

- a. Minimum issued share capital of TT\$5 million and the maximum issued share capital must not exceed TT\$50 million following an Initial Public Offering (IPO);
- b. Minimum and maximum capital base comprises of issued share capital only and does not include retained earnings and accounts transferred from such issued share capital or retained earnings to a reserved account;
- c. Has a minimum of 25 unconnected shareholders, holding at least 30% of the total issued share capital of the company; and
- d. Capital is raised with the issuance of an IPO to be followed by a listing on the TTSE no more than 60 days after allotment of the issue.

## **3. What are the benefits of listing on the TTSE SME Market?**

- a. Tax Incentives:
  - i. Zero percent Corporation Tax, Green Fund and Business Levy for the first five (5) years from listing on the TTSE, i.e. applicable for Year 1 through Year 5;
  - ii. Fifty percent reduction on Corporation Tax, Green Fund and Business Levy for the next five (5) years from listing on the TTSE, i.e. applicable for Year 6 through Year 10. b.

Visibility:

- i. Increased brand visibility and transparency of the business
  - ii. Increased public awareness
  - iii. Enhanced reputation
- c. Raising Capital
    - i. Access to equity financing via an IPO or an Additional Public Offering (APO)
    - ii. Attract broader investor base
    - iii. Easier access to international markets
  - d. Price Discovery
    - i. Establish a market value
    - ii. Eliminates uncertainty for determining share value
    - iii. Facilitate stock-related activity
  - e. Lighter Debt Burden:
    - i. Patient Capital - investors are willing to make a financial investment in a business with no expectation of turning a quick profit. Instead, the investor is willing to forgo an immediate return in anticipation of more substantial returns
    - ii. No collateral requirements
  - f. Employee Stock Option Plan (ESOP) Incentives- Shares can be offered as a performance incentive to employees.
  - g. Exit Strategy – Cash-out opportunity.

#### **4. What are the SME's listing requirements?**

SMEs that are desirous of listing in the TTSE SME Market must:

- a. Be registered under the appropriate legislation;
- b. Prepare the Offering Document/Prospectus;
- c. Submit an application to the TTSE; and
- d. Appoint a Mentor.

To assist you with this process, you will need a team of advisors that may include:

- a. Business Advisors to assess that you are adequately positioned;
- b. A Stockbroker to assist with the listing process, prospectus, and interact with both the regulator as and the investor public; and
- c. Legal Counsel.

Please visit the TTSE website for further information.

#### **5. How is a Mentor appointed?**

A Mentor is appointed by the SME to perform the functions and responsibilities of a Mentor in accordance with the TTSE SME Mentorship Rules having entered into an appropriate Mentorship Agreement with the SME. An Appointed Mentor must be an Approved Mentor.

#### **6. Who can serve as a Mentor?**

At a minimum, a Mentor must:

- a. Hold a valid Fit and Proper Certificate or Letter of No Objection issued by a local or foreign financial regulator; or
- b. Assessed as Fit and Proper by the TTSE.

Further details are outlined in the TTSE SME Market Rules.

#### **7. How can the TTSE Mentorship programme help SMEs?**

The TTSE SME Mentorship programme is an initiative that aims to strengthen the SME's capacity to operate within general industry standards with respect to corporate governance, financial reporting and disclosure of material information. A Mentor can:

- a. Assist SMEs in entering the stock market;
- b. Diagnose gaps in compliance and corporate governance within the SME; and
- c. Review and enhance the governance and reporting structure to assist SMEs in operating as a public company.

Further information on the TTSE Mentorship programme can be obtained from the TTSE website

#### **8. Where can I obtain a list of Approved Mentors?**

A list of the Approved TTSE Mentors can be obtained on the TTSE's website.

**9. *Is there a cost for listing?***

Yes, there are initial listing fees and a subsequent annual listing fees. Details on the TTSE fees can be obtained on our website. Some other costs to be aware of are stockbroker fees, professional services fees, printing costs and regulator fees.

**10. *What are my obligations after listing?***

After listing on the TTSE, your company would be required to:

- i. Publish financial statements and produce an Annual Report; and
- ii. Disclose any material information to the TTSE and its shareholders.