



ANNUAL
REPORT

2018-19

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VISION

To be an internationally recognised Financial Supervisor committed to the sustained development of Mauritius as a sound and competitive Financial Services Centre.

MISSION

- Promote the development, fairness, efficiency and transparency of financial institutions and capital markets in Mauritius;
- Suppress crime and malpractices so as to provide protection to members of the public investing in non-banking financial products; and
- Ensure the soundness and stability of the financial system in Mauritius.

**FOREWORD
OF THE
CHIEF EXECUTIVE**

FOREWORD OF THE CHIEF EXECUTIVE

As the newly appointed Chief Executive, it is my honour and privilege to present the Annual Report of the Financial Services Commission (“the Commission”) for the financial year 2018-19. Despite several challenges, the Commission has showed that it is able to keep up with multiple objectives, namely, to honour its engagement to address strategic deficiencies to meet the standards of the Financial Action Task Force (“FATF”), maintain healthy regional cooperation with a view to benchmarking the jurisdictions standard and implementing key elements of the vision 2030 through new products and services in the technology and innovation space.

Mauritius has made a high-level political commitment to work with the FATF and Eastern and Southern Africa Anti-Money Laundering Group to strengthen the effectiveness of its Anti-Money Laundering/Combating the Financing of Terrorism regime. In this respect, the top priority of the Commission has been the enhancement of the Risk Based Supervision framework and to strengthen the understanding of the potential risk posed by legal arrangements. The Commission has also, inter alia, consolidated its existing legislations in line with the recommendation of the FATF. By the end of the financial year 2018-19, significant progress was made towards the achievement of the aforementioned deliverables.

The Commission has spearheaded a number of key initiatives that will shape the future of this jurisdiction in the years to come. Of note, the launching of the Regional Centre of Excellence in collaboration with the Organisation for Economic Co-operation and Development on 15 March 2019 marks the dawn of a new era in strengthening and supporting effective regulation, ensuring sound corporate governance and good conduct in Mauritius and in the Southern and Eastern African regions.

Further, the decision of the Commission to host the Permanent Office of the Committee of Insurance Securities and Non-Banking Financial Authorities (‘CISNA’) will reinforce our existing collaboration with our SADC counterparts. At the time of writing, the FSC has already set up the physical office of CISNA in Ebene and is working, in the collaboration of the Mauritian authorities, on the legal and operational matters prior to the official launch of the office.

It is also with great zeal that I noted the Commission’s drive in the Fintech space. It is now accepted that, while technology has always been an important ingredient in the financial world, today it is underpinning the Fintech industry which, in turn is disrupting how financial services are being delivered. New financial products and services are being offered in a world characterized by data.

Among a number of new initiatives, the recognition of digital assets and the potential for new licensable activities such as Custodian of Digital Assets and Digital Asset Marketplace symbolise the start of the products of the future. These developments will certainly help to achieve the Mauritius IFC Blueprint of futureproofing its regulatory framework. In this vein, the Commission has joined the Global Financial Innovative Network to provide further stimulus to the development of the Fintech ecosystem in the jurisdiction.

I am committed to support the important work to promote innovation, strengthening collaboration with key stakeholders, assessing and updating regulatory standards and internal processes to ensure the effective and proper regulation that protects the public.

On a separate note, in such trying times, we cannot ignore the continued impact that the Covid-19 pandemic is having on our Mauritian economy. The loss of lives on a global basis has saddened all of us and our deepest sympathies are with the relatives of victims of the pandemic. Despite the lockdown and the courageous decisions of the Mauritian Government, the COVID-19 pandemic still poses a grave threat to lives and livelihoods. As a financial regulator, we have to ensure that our sector remains resilient and that operators and employees are able to maintain their livelihood.

Our own transformation to become a regulator fit for the future continues. This is focused on building the right skills, making available new technologies and embedding a culture that encourages innovation and accountability. I am also looking forward to a fruitful collaboration with the Ministry of Financial Services and Good Governance, industry members, other regulators and stakeholders in leading for the furtherance of the vision of the Commission.

Last but not least, I would like to thank the Board for entrusting me the responsibility of leading the Commission, and the continued stewardship and guidance of the Chairman and all board members. I would also like to thank our dedicated professionals and hardworking staff for their continued support and look forward to working with you.

I would also like to offer my heartfelt condolences to the family and relatives of late Deven Coopoosamy, former Head of Projects, and late Hervé Lassemillante, Board Member of the Commission, who left us during the year. Their respective contributions towards the work of the Commission have been instrumental.



Dhanesswurnath Thakoor
Chief Executive

STATEMENT OF THE FORMER CHAIRPERSON

STATEMENT OF THE FORMER CHAIRPERSON

ON THE YEAR 2018-2019

As the Chairperson of the FSC for the period under review, it is my great pleasure and honour to highlight the key accomplishments delivered by the Commission for our country and economy. It has been in many ways an equally challenging and exciting year for the Mauritius International Financial Centre.

Since I took office in January 2018, we have embarked on the redesign of the future of the financial services sector in Mauritius, putting excellence and innovation at the heart of our actions. Although crafting the outlines of one of the pillars of the national economy is not an easy task, the Board of Directors, the executive team and some 200 seasoned professionals have all embraced this very same objective.

In a globalised economy where change is the only constant, finding the right balance between regulation and innovation has been one of our top priorities. The FSC has once again proven, both at the local and international level, its remarkable aptitude to drive the transformation of the industry. Guiding us throughout this journey, the unveiling of the Blueprint has shaped our vision and international ambitions. It has set a course, providing clear direction for Mauritius to reach its full potential as an International Financial Centre. As a result, I am delighted to see that under my chairpersonship, the Commission has set a new standard for the financial services sector.

To the same extent, the hosting of the Mauritius International Financial Centre conference and launching of the National Regulatory Sandbox Licence Committee, both in September 2018, are without any doubt the illustration of the much needed articulation between supervision and modernisation. More fundamentally, we believe innovation is an opportunity for Mauritius to rise and shine, not a threat. As a forward-looking regulator, the identical approach applies to sustainable finance, reconciling green, financial and social perspectives.

While safeguarding the best interest of the Mauritian economy and reputation, we have also made ourselves essential to the regional financial ecosystem. Being a regulator fully integrated into Africa, we have deeply strengthened our contribution and outreach in the region. The launching of the FSC Regional Centre of Excellence in collaboration with the OECD as well as the hosting of the Permanent Office of the CISNA Secretariat are striking examples of our bold African commitment. In line with the national strategy, these initiatives underline the willingness of the FSC to bring financial services to the next level but also bears testimony to the strong ties which exist between Mauritius, African countries and international organisations. On the occasion of the state visit of the President of the Republic of Mozambique to Mauritius in January 2019, his Excellency Mr. Filipe Jacinto Nyusi had wished to visit the Commission. This token of support and consideration has strongly amplified the Mauritius' hubbing role in and for Africa.

Finally, my words of appreciation go to the Board members for their invaluable trust, to the Chief Executive and management team for their unflinching support as well as to all staff members for their relentless commitment towards the Commission and its essential mandate. I am deeply grateful for having served to the best of my abilities such a respected and significant institution, and have faith that the work started will be continued.



Dr. Renganaden Padayachy
Former Chairperson

**STATEMENT
OF THE
VICE-CHAIRPERSON**

STATEMENT OF THE VICE-CHAIRPERSON

As another eventful year has gone by, the FSC reflects on its past realisations and forthcoming projects.

In carrying out its mandate, the Commission has brought a particular attention to the major changes that our financial ecosystem has undergone, and has spared no efforts to strengthen the position of Mauritius as an International Financial Centre. Bearing in mind these numerous opportunities and challenges, the Commission has achieved significant objectives and delivered on a number of strategic initiatives.

As the integrated regulator for the non-banking financial services sector and global business, one of our proudest achievements has been to successfully drive the growth of the sector this year again. Having contributed to 11,6% to the GDP of Mauritius over the reviewed period, the financial services industry is undoubtedly essential to our national economy. It is with boundless determination that the Commission works towards an even greater future for the jurisdiction, and I am confident to say that we are on track to meet some of the most imperative Blueprint goals.

The year under review has also been marked by several milestones in terms of rule-making, recruitment and capacity building. In its ongoing urge to comply with the highest international standards, the Commission has coupled the revision to the law with a more dynamic approach on the enforcement side. The method adopted by the FSC has been to focus on the earlier detection of possible issues.

Combating harmful practices, Mauritius has been one of the founding members of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) as well as one of the first African jurisdictions to amend its legal framework in order to meet the international AML/CFT standards. Nevertheless, the regulatory environment is continuously evolving, thus making compliance an ongoing learning process. We have made substantial progress and we will keep on levelling up our strategy towards AML/CFT risks. I can assure that the FSC will leave no stone unturned to address any behaviours that may damage the integrity and the repute of the Mauritius International Financial Centre.

From a macro-economic but also regulatory perspective, this year has seen the outbreak of a new kind of opportunities for the development of the financial services sector. Mauritius, like many other jurisdictions, is facing changes that are challenging traditional business models. Technology is, without any doubt, disrupting our industry. As such, the Commission is committed to keep up with the latest trends in the best interest of our licensees and the consumers of financial services. In line with the vision to make the Mauritius International Financial Centre stand out in this age of digitisation, the FSC has unfolded several initiatives for modernising our regulatory and legislative framework.

In this respect, the National Regulatory Sandbox Licence Committee has been active since September 2018 by overseeing the applications for Fintech related business activities that fall outside the regulatory framework. Digital Assets have now been recognised as an asset class for investment by sophisticated and expert investors. Following queries received from stakeholders regarding the statutory requirements applicable to Security Token Offerings (STOs), the FSC has issued a guidance note highlighting the regulatory approach of the FSC in relation to STOs. Moreover, the Custodian Services (Digital Asset) Licence has been created so as to ensure an innocuous and regulated milieu for custody of digital assets.

With the advent and impact of innovation in the financial services sector, it is clear that we have the opportunity to leverage on Regtech to harmonise regulatory frameworks. We have already embarked on this path and are actively working on building the FSC One Platform, a system focused on allowing our licensees to apply and pay for new licences, renew licences and pay from Deposit accounts held with the FSC Mauritius. We also look forward to using Supervisory Technology in the Risk Based Supervision of our licensees and to introducing the Fast Track Application Scheme which will upgrade the present processing framework of applications.

In today's fast changing world, it is no secret that cooperation is the success mantra in our field of activities. In this context, one of our greatest realisations has been the setting up of the Regional Centre of Excellence, in collaboration with the Organisation for Economic Co-operation and Development (OECD). Focusing on

delivering capacity building programmes for the financial services regulators from the Southern and Eastern African Regions, the Regional Centre of Excellence also conducts research on topical themes relevant to financial services and financial malpractices for the regional market; and advises on minimum standards that need to be introduced at regional level, amongst others.

Relentlessly, the FSC has continued to strengthen its ties with numerous stakeholders, including counterparts, law enforcement agencies and international organisations. As a result, over the past year, we have successfully concluded two domestic cooperation agreements and some other five with our counterparts from France, Ghana, Malta and Uganda. Besides, I am pleased to say that during the 42nd Bi-Annual Meeting of the Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA) held in Mauritius in April 2019, the FSC has been selected to host the Permanent Office of the CISNA Secretariat. All our fruitful efforts bear testimony to the fact that FSC is arduously committed to continue to learn from experienced peers and is ready to refine its strategies as is necessary for the benefit of the industry and the general public.

It is evident that the capacity of the FSC to deliver on its core missions as well as ensuring the implementation of its different projects depends heavily on the quality of its talents. In this respect, I once again express my deepest appreciation to Dr the Honourable Renganaden Padayachy, Minister of Finance, Economic Planning and Development and Chairman of the FSC on the year 2018-2019 for his forward-looking and human-centric approach to our financial services sector and national economy. Last but not least, I salute the outstanding dedication of the Chief Executive and staff in fulfilling the mission of the FSC and thank my fellow Board members for their unwavering support.



Mr. Rajeshsharma Ramloll
Vice-Chairperson

STATEMENT OF THE FORMER CHIEF EXECUTIVE

STATEMENT OF THE FORMER CHIEF EXECUTIVE

The year under review was one of continuity for both the Mauritius International Financial Centre ('IFC') and the FSC Mauritius. Many of the initiatives laid down in the previous period have been brought to fruition whilst the quest for the betterment of the jurisdiction continued. More so, despite a challenging macroeconomic environment, the FSC Mauritius was able to continue to fulfil its statutory functions, address many of the main issues and tasks confronting it and achieved a significant progress both internationally and domestically.

The experience of the past years has shown that the choice of methods, priorities and timing for execution are important. Overzealous regulation stifles entrepreneurship leading to a disproportionately high-risk weight imposed by regulators which eventually constricts economic growth. Differing regimes across sectors engender counter-productive regulatory arbitrage. Therefore, to avoid this trap, balanced and effective regulation must be subject to continuous monitoring and cost-benefit analysis.

For the non-banking financial sector, the 2018/2019 Budget had a strong focus on the development of Fintech in order to establish the Mauritius IFC as a regional Fintech hub. Already the previous Budget laid down the foundations in this respect. To this effect, the FSC Mauritius facilitated the establishment of the Fintech and Innovation-Driven Financial Services Regulatory Committee (the 'Fintech Committee') in the beginning of 2018. This was the first step of a longer journey towards building an open, transparent and regulated ecosystem for the development of Fintech in Mauritius. A further step in positioning Mauritius as a regional Fintech hub has been the re-engineering of the existing procedure for the regulatory sandbox licence to ensure that it is fully optimised to consider Fintech related applications. The National Regulatory Sandbox Licence (NRSL) Committee, under the administrative charge of the FSC Mauritius, has been set up in September 2018 and acts as the focal point for assessing all Fintech related Regulatory Sandbox Licence applications and all newly announced Fintech related applications as announced in the 2018/2019 Budget.

It is to be noted that following the budgetary announcements in 2018, the FSC Mauritius has been promptly implementing the recommendations of the Fintech Committee. One such initiative has been the recognition of digital assets, in September 2018, as an investible asset class. New licensable activities, namely Custodian of Digital Assets and Digital Asset Marketplace, have also been created and the FSC

Mauritius has been tasked with the setting up of a future-proof supervisory framework for these new business segments. Furthermore, the FSC Mauritius is also developing the supervisory framework for the Digital Asset Marketplace where non-securities tokens may be bought, sold or traded. To ensure that the above-mentioned regulatory frameworks are in line with the best international standards, the FSC Mauritius is participating fully in discussions at the level of the Organisation for Economic Co-operation and Development ('OECD') on the governance and regulation of Digital Financial Assets.

To overcome the challenges being posed in relation to BEPS implementation, bold reforms had to be brought to the Global Business sector to satisfy the need for more substance, compliance and transparency. This has resulted in the introduction of enhanced substance requirements for Global Business Companies. Initially required under the FSA, such requirements for the jurisdiction are now outlaid through the Income Tax Regulations further to changes announced in the 2019/2020 Budget. Moreover, as at 31 December 2018, Category 2 Global Business Companies (having been licensed by the FSC Mauritius after 16 October 2017) have ceased to exist. For those licensed prior to this cut-off date, they are grandfathered up to 30 June 2021, after which they will also cease to exist. The year under review also saw the introduction of a new regime known as the Authorised Companies and starting 1st of January 2019, Category 1 Global Business Companies are now known as Global Business Corporations. In light of the above and in view of remaining competitive, the FSC Mauritius issued the Global Business Corporations Rules in January 2019 in relation to entities already licensed prior to 31 December 2018.

On the other hand, to enhance the competitiveness of the Mauritius IFC, the Commission has embarked on the redesigning of the financial landscape for investments funds. In this ever changing world, there is a constant need to diversify the product base of our IFC. With 1,064 investment funds, Mauritius is increasingly demonstrating its position as a leading jurisdiction for offshore funds. With this in mind, the 2019/2020 Budget made provisions for new framework for Fund Administration; Real Estate Investment Trusts ('REITs'); and Special Purpose Fund to sustain this momentum and to ensure future growth. On the Capital Markets front, during the year under review, the FSC Mauritius granted a Securities Exchange licence and a Clearing and Settlement Facility Licence to a new entrant on the market in

November 2018. The FSC Mauritius has also issued the Rules for the Securities Exchange, Trading Securities Systems and Clearing and Settlement Facility.

In respect of Authorisation matters, the FSC Mauritius is fully aware of the growing expectations of the investment community pertaining to turnaround times for processing applications.

In order to address this concern and as per international best practices, the Commission has initiated a Fast Track Application Process based on the 'known to the Commission' concept. The Fast Track Application Process guarantees a quick turnaround time on the basis that the promoters/shareholders/officers of the applicant are already known to the Commission, have established a good track record, are regulated in a foreign jurisdiction by a financial services regulator, amongst others, but without forgetting AML/CFT as a cornerstone in the entire process. While the FSC Mauritius will be implementing international standards applicable to fast track process, it also expects a closer collaboration with Management Companies in maintaining the competitiveness of the Mauritius International Financial Centre. In the meantime, the FSC Mauritius had announced that, on a best endeavours basis, applications for CIS/CEF, CIS Manager, Investment Dealers and Investment Advisers will be processed within 60 working days of receipt of an application.

Furthermore, the FSC Mauritius has been continuously engaging with Management Companies so as to ensure that they upscale their procedures and other control mechanisms and submit complete applications. This engagement with Management Companies is in the form of one to one meetings, through the industry associations, and also through the various Task Force Committees that have been set up under the Blueprint. The Task Force Committees have been set up during 2019 with the objective to have a closer stakeholder relationship on matters falling under the ambit of the FSC Mauritius. There are eight Task Force Committees which are co-chaired by industry professionals and senior officers of the FSC Mauritius. The deliverables of the different committees have been up to expectations as more is being asked from such fora going forward.

On the external relations front, the FSC Mauritius has been admitted as a member of the Global Financial Innovation Network ('GFIN') in June 2019. Launched in January 2019 by an international group of financial regulators and related organisations, the GFIN is a

global network of 38 members with aims to create a new framework for co-operation between financial services regulators on innovation-related topics. The FSC Mauritius also became an observer member of the Islamic Financial Services Board ('IFSB') in December 2018. The IFSB is an international standard-setting organisation that promotes and enhances the soundness and stability of the Islamic financial services industry. Through this membership, the FSC Mauritius will seek to develop a propitious financial ecosystem to encourage Islamic finance firms to set up in Mauritius and serve the growing domestic and regional markets.

Furthermore, as a member of the International Organization of Securities Commissions ('IOSCO') African Middle East Regional sub-Committee ('AMERC'), the FSC Mauritius was admitted to the Monitoring Group ('MG') Steering Committee of AMERC in September 2018. By joining this Committee, the FSC Mauritius will be engaging with IOSCO MMoU signatories, especially in the Africa and Middle East regions, to promote more buoyant capital markets ecosystems based on best international practices.

The FSC Mauritius was also selected to host the Permanent Office of the Committee of Insurance, Securities and Non-Banking Financial Authorities ('CISNA') Secretariat in April 2019. The main mandate of CISNA is to ensure that the non-bank financial services regulatory frameworks within SADC member states are harmonised and comply with best international practices, standards and principles as set by the relevant international standard-setting bodies. This initiative is much in line with the Africa strategy outlined for the jurisdiction.

Another milestone for the FSC Mauritius during the year under review was the launch of the Regional Centre of Excellence (Regional Centre) in collaboration with the OECD in March 2019. The FSC Mauritius and the OECD have jointly worked on the establishment of the Regional Centre which will focus on delivering capacity building programmes, aimed primarily at financial services regulators from the Southern and Eastern African Regions. The Regional Centre will also conduct research on topical themes relevant to financial services and financial malpractices for the regional market, and advise on minimum standards that need to be introduced at regional level, amongst others. Additionally, the FSC Mauritius has continued to engage with its counterparts both nationally and internationally for the signing of memoranda of understanding with aim to formalise supervisory

cooperation and provide for more integrated and effective information. As a result, 5 new MoUs have been signed with international counterparts and 2 with local authorities.

The year under review also saw the FSC Mauritius organising a high level two-day conference themed 'Mauritius International Financial Centre – Forward Looking' in September 2018. The Conference focused on the latest trends impacting Mauritius as an IFC in line with the developments at international level. The four working sessions carried out over the two days have brought forth several innovative ideas aimed at reshaping the financial services sector. The event was also marked by the unveiling of the new FSC Mauritius logo. After more than 17 years of existence, the FSC Mauritius is called upon to play a more dynamic role in line with its mandate. The new identity reflects the new thrust that is being given to the FSC Mauritius. The occasion was also chosen to launch the new FSC Mauritius mobile application for instant communication and better proximity with its stakeholders as well as the signing of two tripartite local MoUs – the first one being between the FSC Mauritius, the Bank of Mauritius and the Financial Intelligence Unit ('FIU') and the second one being between FSC Mauritius, the Independent Commission Against Corruption ('ICAC') and the FIU.

One very important task during the year under review was our jurisdiction's commitment to enhance its AML/CFT framework to meet the Financial Action Tasks Force ('FATF') Standards. Since the time the Mutual Evaluation Report ('MER') of Mauritius was published in September 2018, Mauritius has been effectively implementing the recommended actions in a phased approach. On the basis of the significant progress made, Mauritius has been upgraded on 11 FATF recommendations in May 2019. Mauritius was further favorably re-rated on 19 recommendations at the 38th Task Force of Senior Officials Meetings and 19th ESAAMLG Council of Ministers meeting early September 2019. Mauritius is therefore currently either Largely Compliant or Compliant to 35 of the 40 FATF Recommendations, including the Big Six Recommendations.

Events of the past year have shown our vulnerability to cyber-attacks on our licensees and have called for more effective cyber-security programmes to defend against cyber-security events so as to protect those systems and any sensitive data stored on those systems from unauthorized access, use, or tampering. In this respect, the FSC Mauritius has issued a Circular on Cyber Security Risk Governance

urging and guiding all Management Companies to take all appropriate steps to ensure that their operations and activities are shielded against any cyber-attacks. Furthermore, the Bank of Mauritius and the FSC Mauritius are developing a Code on the Data Handling and cyber-security to be observed by financial institutions as part of the implementation of the Budget Measures 2019-2020.

Mindful of its ever-increasing responsibilities and obligations, the FSC Mauritius has also embarked on a vast exercise of capacity-building at all levels which has seen an addition of some fifty new people joining the FSC Mauritius. This exercise has helped to fuel the expansion plan of the FSC Mauritius as well as reinforcing the different technical teams for better regulatory efficiency as well as to meet industry expectations effectively and timely.

Now, looking forward and planning our priorities for 2020, we will leverage on the crucial work we have embarked in the technology and innovation space while reinforcing our traditional sectors under our purview. As announced, the FSC Mauritius will be establishing its new IT platform by the end of 2019 in order to render all our processes seamless. Also, with the AML/CFT National Action plan now having been adopted, its implementation will feature high on our agenda as will be the monitoring of the substance requirements, which our licensees now have to demonstrate as from January 2019. Our continuous engagement with our international counterparts will also be key going forward.

On this note, I would like to express my sincere gratitude to the Board of the FSC Mauritius for their trust and invaluable support during the year, and last but not least, I would like to thank the staff for their commitment in meeting the goals set for the FSC Mauritius in the context of the new dynamism being established for the financial services sector.



Mr. Harvesh Seegolam
Former Chief Executive

THE FINANCIAL SERVICES COMMISSION, MAURITIUS

The Financial Services Commission, Mauritius ('FSC Mauritius') was established in 2001 as the integrated regulator for the non-banking financial services and Global Business sectors. The FSC Mauritius operates under the Financial Services Act 2007 ('FSA'), the Securities Act 2005 ('SA'), the Insurance Act 2005 ('IA') and the Private Pension Schemes Act 2012 ('PPSA'). The FSC Mauritius licenses, regulates, monitors and supervises the conduct of business activities in the non-banking financial services and the Global Business sectors.

VISION

To be an internationally recognised Financial Supervisor committed to the sustained development of Mauritius as a sound and competitive Financial Services Centre.

MISSION

In carrying out its mission, the FSC Mauritius aims at:

- promoting the development, fairness, efficiency and transparency of financial institutions and capital markets in Mauritius;
- suppressing crime and malpractices so as to provide protection to members of the public investing in non-banking financial products; and
- ensuring the soundness and stability of the financial system in Mauritius.

OBJECTIVES

Key objectives of the FSC Mauritius are to:

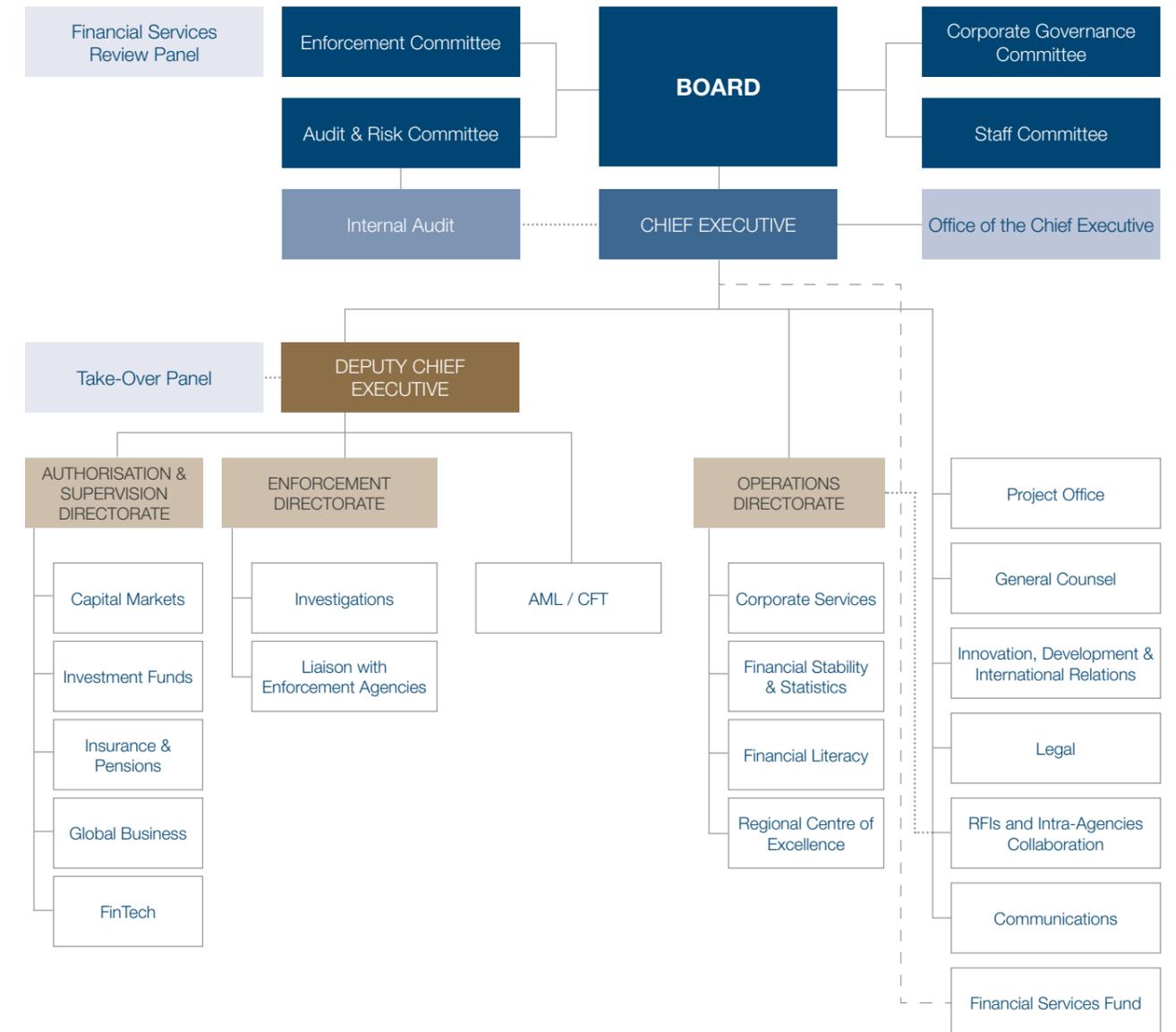
- ensure orderly administration of the financial services and Global Business activities;
- ensure sound conduct of business in the financial services and Global Business sectors;
- elaborate policies which are directed to ensuring fairness, efficiency and transparency of financial and capital markets in Mauritius; and
- study new avenues for development in the financial services sector, to respond to new challenges and to take full advantage of new opportunities for achieving economic sustainability and job creation.

THE GOVERNANCE STRUCTURE

Figure 1: Organisation Structure



ORGANISATION STRUCTURE
(as at 30 June 2019)



THE BOARD OF THE FSC MAURITIUS

As at 13 December 2019, the date of the approval of the Audited Financial Statements ('AFS') for the year ended 30 June 2019 and Annual Report 2018-2019, the Board of the FSC Mauritius comprised:

Vice Chairperson

Mr. Rajeshsharma Ramloll, SC

Board Members

Late Mr. Georges Yves Hervé Lassemillante

Mr. Premchand Mungar

Mrs. Yotsna Lalji-Venketasawmy

Mr. Sarwansingh Purmessur

Mr. Mahess Rawotteea FCCA, MBA

Mrs. Mariam Rajabally

Ms Gayle Mary Jane Yerriah

Secretary to the Board

Mr. Ramanaidoo Sokappadu

During the year under review (01 July 2018 to 30 June 2019)

Dr Renganaden Padayachy was the Chairperson of the Board of the Commission.

Member of the Board who left during the year under review

Mr. Visvanaden Soondram

BOARD MEMBERS PROFILES



DR THE HONOURABLE RENGANADEN PADAYACHY

Chairperson during the period under review

Dr the Hon. Renganaden Padayachy joined the Board of the FSC Mauritius as Chairperson in January 2018. He was the First Deputy Governor at the Bank of Mauritius, a member of the Board of Directors of the Bank of Mauritius and a member of the Monetary Policy Committee. He is currently the Minister of Finance, Economic Planning and Development.

Prior to this, Dr the Hon. Padayachy was the Chief Economist of the Mauritius Chamber of Commerce and Industry ('MCCI') and headed the Economic Analysis and Industry Division of the MCCI.

Dr the Hon. Padayachy holds a Ph.D. in Economics from the University of Paris I Panthéon-Sorbonne, France.

Dr the Hon. Padayachy also holds two Masters, the first one in Public Economics from the University of Paris I Panthéon-Sorbonne, France, and the second one in Industrial Economics from the University of Franche-Comté, France.



MR. RAJESHSHARMA RAMLOLL, SC

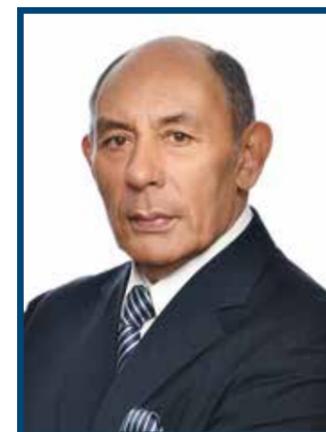
Vice-Chairperson

Mr. Rajeshsharma Ramloll, SC joined the Board of the FSC Mauritius in May 2014 and has been appointed as Vice-Chairperson since 26 April 2019. He is currently the Deputy Solicitor-General at the Attorney-General's Office. Mr Ramloll is a barrister at Law and holds a specialist LLM in taxation and finance from the Centre for Commercial Studies Queen Mary, London.

He is the current President of the International Fiscal Association, Mauritius Branch.

Mr Ramloll is a Fellow of the Hon. Society of Advanced Legal Studies (London) and is a member of the International Fiscal Association.

He advises the Government on legal aspects of financial matters. He is a tax assessor of the OECD Global Forum and a reviewer of the International Bureau of Fiscal Documentation ('IBFD'), (Netherlands). Mr Ramloll took silk in 2016.



LATE MR. GEORGES YVES HERVÉ LASSEMILLANTE

Late Mr Georges Yves Hervé Lassemillante was appointed to the Board of the FSC Mauritius in July 2017. He was called to the Bar in 1979 and was a member of the Middle Temple Inn of Court. He had been appointed as Special Envoy of the Mauritian Prime Minister to the Congo-Brazzaville and was a member of the Mediation Reference Group of the Southern African Development Community ('SADC').

Late Mr Lassemillante was a Director of the Port Louis Fund and was one of the two assessors of the Commission on the Prescription of Land set up in May 2012.

He also occupied the position of Vice President at the National Human Rights Commission.

Late Mr Lassemillante was the Chairperson of the Independent Review Panel of the Ministry of Finance and Economic Development.



MR. PREMCHAND MUNGAR

Mr Premchand Mungar is a banker with extensive expertise across various sectors of the financial services industry. He was appointed as an Independent Non-Executive Member of the FSC's Board since December 2017.

He has worked with the African Trade and Development Bank (TDB) Group, a multilateral financial institution and the financial arm of the Common Market for Eastern and Southern Africa (COMESA), based in Nairobi, Kenya for 16 years. In 2017, he ended his career at the Group as the General Counsel and Senior Director, but continued as a Senior Adviser to the TDB Group after his return to Mauritius. Mr Mungar is the Chief Executive of MauBank Ltd since December 2018.

Mr Mungar is actively involved at the Corporate Governance Development Forum spearheaded by international Development Finance Institutions to develop a framework integrating the principles of governance into investment and business operations. As a consultant, he was also involved in for institutional transformation, corporate strategy and business initiatives for financial institutions.

Mr Mungar holds a master's degree in finance and financial law from SOAS, University of London and an LLB from the University of Mauritius. He is a qualified attorney and a member of the Mauritius Law Society since 1995.

He attended various executive education courses, including the 16th Summer School on International Financial Law, organised by EuroMoney in collaboration with the University of Oxford, at St Catherine's College. He was also sponsored by Japan Bank for International Cooperation to attend to the 10th Autumn Course on International Finance held jointly with Waseda University in Tokyo, Japan. He holds several commendations and was awarded the 2016 President's Excellence Award in recognition of his outstanding contributions to the affairs of the TDB Group.



MRS. YOTSNA LALJI-VENKETASAWMY

Mrs. Yotsna Lalji-Venketasawmy joined the Board of the FSC Mauritius in April 2018 and is currently an Adviser on matters relating to Anti-Money Laundering and Combating the Financing of Terrorism ('AML/CFT') at the Ministry of Financial Services and Good Governance. She has extensive regional and international experience in the field of AML/CFT, and has served as a United Nations expert between January 2012 and June 2015.

Prior to 2012, she was the Legal Adviser of the Eastern and Southern Africa Anti-Money Laundering Group ('ESAAMLG'), and has led and participated in a number of AML/CFT assessments of countries in Eastern and Southern Africa.

Mrs. Lalji-Venketasawmy has also previously worked for the Financial Services Commission and has over 7 years of experience working in financial services regulations.

She holds a Master of Laws Degree from the University of Western Sydney Australia and a Bachelor of Laws with Honours degree from the University of Mauritius.



MR. SARWANSINGH PURMESSUR

Mr. Purmessur holds the position of Permanent Secretary and is presently posted to the National Development Unit. He has a very long career in the civil service, having served nearly 40 years in various Ministries, namely in the Income Tax Department, the Ministry of Housing and Lands, the Ministry of Local Government, the Ministry of Technology Communication and Innovation, the Ministry of Foreign Affairs, Regional Integration and International Trade and the Ministry of Financial Services and Good Governance.

Mr. Purmessur holds a MBA in Human Resource Management from Indira Gandhi National Open University (IGNOU) from India, MSc IT in Business Information Systems from the Keele University in UK and a Diploma in Public Administration and Management from the University of Mauritius.

Mr. Purmessur has also served on various Boards and Committees, namely, the National Housing Development Company Ltd, the Town and Country Planning Board, the Informatics Park Ltd, the Information and Communication Technology Authority, the Rights Management Society, the Financial Services Fund, the National Productivity and Competitiveness Council, the National Committee on Corporate Governance and the Heritage City Co. Ltd.

He is currently the Chairman of the Land Drainage Authority, the Director of the SBM Holdings Ltd, and a member of the National Environment Fund Committee.



MR MAHESS RAWOTEEA, FCCA, MBA (with specialisation in Finance)

Mr Mahess Rawoteea joined the Board of the FSC Mauritius as from October 2018. He is a fellow member of the Association of Chartered Certified Accountants and is holder of a Master of Business Administration with Specialisation in Finance from the University of Mauritius.

Currently, he holds the position of Director, Economic and Finance at the Ministry of Finance, Economic Planning and Development and is in charge of the Economic Cooperation and International Affairs Directorate.

He has fulfilled various key positions in different Government institutions and has represented Government in various fora, both at the local and international level.

He is a member of the National Regulatory Sandbox Licence Committee, a Director of the Financial Services Institute and a Co-opted Director of the Mauritius Africa Fund Ltd. He also serves as Secretary to the National Pensions Fund and National Savings Fund Investment Committee.



MRS. MARIAM RAJABALLY

Mrs. Mariam Rajabally has been appointed as member of the Board of the FSC Mauritius since April 2019. She is a Partner at a leading accounting firm and specialises in transaction advisory services and corporate finance. She has been involved in a number of large transactions in different sectors. Mrs. Rajabally also advises on local and international tax matters. She regularly conducts workshops on a number of topics. She is also currently a Commissioner at the Competition Commission of Mauritius.

Mrs. Rajabally holds an LLB from the London School of Economics and Political Science, a Post Graduate Diploma from the University of Oxford and qualified as a Chartered Accountant ('ACA') with PricewaterhouseCoopers, London.



MS GAYLE MARY JANE YERRIAH

Ms Gayle Mary Jane Yerriah has been appointed as member of the Board of the FSC Mauritius since April 2019. She holds an LLB (Bachelor in law) from the University of Buckingham in United Kingdom and was called to the Bar in UK in November 2011 and is a member of the Middle Temple Inn UK. She was also called to the Bar in Mauritius in January 2013. She is an Arbitrator ('FCI Arb') of the Chartered Institute of Arbitrators UK.

She has been a member of the Board of Directors of the Information and Communication Technology Authority. She is also a Board Member of the Anglican St Hughes home.

FSC BOARD COMMITTEES

In carrying out its functions, the Board is assisted by the following sub-committees:

- Corporate Governance Committee
- Audit and Risk Committee
- Staff Committee

Corporate Governance Committee

The objective of the Corporate Governance Committee is to ensure that the FSC Mauritius complies, as far as is applicable, to the Code of Corporate Governance. The Committee also ensures that necessary disclosures regarding conflicts of interests are made.

Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the Board, which has been delegated with the oversight and monitoring responsibilities of the Board. The Committee conducted its affairs in compliance with the Board's approved terms of reference, and has discharged its responsibilities as contained therein.

The report of Audit and Risk Committee for the financial year ending 30 June 2019 is published at page 151 of the current Annual Report. The FSC Mauritius has an independent internal audit unit which reports functionally to the Audit and Risk Committee and administratively to the Chief Executive. The internal audit unit (which includes a qualified accountant) has access to management and employees of the FSC Mauritius.

On an annual basis internal audit conducts review of the design, adequacy and effectiveness of the internal controls put in place at FSC Mauritius. The FSC Mauritius' Audit and Risk Committee received assurance that the internal control systems are adequate and effective including any risks in FSC Mauritius' system of internal controls. No major risk has been identified regarding the internal control process at the FSC Mauritius.

Staff Committee

The role of the Staff Committee is to ensure that the human capital remains the most valuable resource that drives the achievement of the FSC Mauritius' strategic objectives and performance. The responsibility of the Committee is to foster consistent, fair and equitable employee relations in the workplace. It also aims at broadly defining and monitoring activities which positively influence the effectiveness (competency, motivation, productivity, amongst others) of staff as they work towards the achievement of the FSC Mauritius' goals and objectives.

Chief Executive

The Chief Executive is responsible for the execution of the policies of the Board and the control and management of the day-to-day business of the FSC Mauritius.

ENFORCEMENT COMMITTEE

Establishment

The Enforcement Committee (the 'EC') is an internal independent committee of the FSC Mauritius set up by Board pursuant to section 52 of the FSA. The purpose of the EC is to exercise the disciplinary powers of the FSC Mauritius under section 7(1)(c) of the FSA in relation to matters referred to it by the Chief Executive of the FSC Mauritius.

Composition

During the year under review, the EC comprised the following members:

- Mr. Rajesh Ramloil (Chairperson)
- Late Mr. Hervé Lassemillante (Vice-Chairperson)
- Mrs. Yotsna Lalji-Venketasawmy (Alternate to the Vice-Chairperson)
- Mr. Deerajen Ramasawmy
- Mr. Rajhans Pusram (replacing Mrs. Jayshree Guiness as member with effect from 12 December 2018)

Referral of matters

The Chief Executive of the FSC Mauritius may refer a licensee to the EC for such action as it may deem appropriate if he has reasonable cause to believe that the licensee:

- has contravened any relevant Act, any direction or order issued under a relevant Act or any condition of the licence;
- is carrying out business in a manner which threatens the integrity of the financial system of Mauritius or is contrary or detrimental to the interest of the public;
- has committed a financial crime;
- no longer fulfils any condition or criteria specified under the relevant Act for the grant of a licence;
- no longer carries out the business activity for which it is licensed;
- has failed to commence business within six months from the date on which it is licensed; or
- is not a fit and proper person.

THE FORMER CHIEF EXECUTIVE



MR. HARVESH SEEGOLAM

Former Chief Executive

Harvesh Seegolam was the Chief Executive of the FSC Mauritius from July 2017 to February 2020.

In line with the mandate of the FSC Mauritius and the development of Mauritius as an International Financial Centre ('IFC'), Harvesh spearheaded numerous national initiatives. As a member of the National AML/CFT Committee, the National Sanctions Committee and the Financial Reporting Council, he was instrumental in delivering on the national strategy with respect to the 10-year Blueprint for the financial services sector.

Driving a culture of innovation throughout the industry, Harvesh has been at the forefront of the establishment of the National Regulatory Sandbox Licence Committee in 2018, and was a member of the Mauritius Artificial Intelligence Council.

Also focusing on strengthening cooperation with the FSC Mauritius' counterparts and international organisations, he was actively involved at the level of the International Organization of Securities Commissions ('IOSCO'), the International Association of Insurance Supervisors ('IAIS'), the International Organisation of Pension Supervisors ('IOPS') and the Southern African Development Community ('SADC') Committee on Insurance, Securities and Non-banking Financial Authorities ('CISNA'), amongst others.

Over the last years, Harvesh has been a key contributor and a member of various technical committees at the level of the Organisation for Economic Co-operation and Development ('OECD'). He has driven the setting up of the FSC Regional Centre of Excellence – an initiative launched in collaboration with the OECD, aiming at furthering capacity building and research in the fields of financial services, competition and digital finance in Sub Saharan Africa for regulatory bodies and law enforcement agencies.

Prior to joining the FSC, Harvesh has launched and ran the Financial Services Promotion Agency, institution which operated under the aegis of the Ministry of Finance and Economic Development, with the mandate of promoting Mauritius as an IFC. Harvesh has equally been part of the strategic team leading the Board of Investment of Mauritius, now the Economic Development Board, where he was in charge of the Innovation, Technology and Services cluster.

Harvesh holds a BSc (Hon) in Economics and an MSc in International Finance, in addition to several other qualifications in accountancy and finance. He is an alumni of the London School of Economics & Political Science, the University College London, Durham University, as well as, the SKEMA 'Grande Ecole de Commerce' in France.

INTERNAL STRUCTURE

Directorates

The Directorates of the FSC Mauritius are:

- Authorisation and Supervision
- Enforcement
- Operations

The Authorisation and Supervision Directorate

In order to keep abreast with the fast-evolving demands of the international investing community, the one size fits all model of the FSC Mauritius leads to a time consuming licensing process, and disconnected surveillance and supervision. Hence, the introduction of a combined Authorisation and Supervision directorate, which is in line with practices in other globally recognised regulatory bodies. Accordingly, the Authorisation and Supervision directorate consists of five key departments conducting its own authorisation and supervision duties.

The directorate is responsible for the issuance of licences for business activities in the non-banking financial services and Global Business sectors. In addition, it ensures that all licensed firms and intermediaries comply with regulatory and disclosure requirements.

The Enforcement Directorate

The enforcement function is undergoing significant changes both structurally and in how the FSC Mauritius conducts investigations. In building a centre of excellence for investigations and actions, the new structure of the Enforcement Directorate will see the advent of dedicated Forensic Investigation, Cyber- Forensic, Intelligence, International liaison and Disclosure teams. The FSC Mauritius is harnessing knowledge and is implementing a structure that not only plays to its current strengths but is one that will be sufficiently nimble within a continually evolving financial sector.

The Operations Directorate

The Operations Directorate comprises the Corporate Services, Financial Stability & Statistics, Financial Literacy and the FSC Regional Centre of Excellence ('FSC RCE').

The Corporate Services

The Corporate Services cover the following clusters: Human Resources, Finance and Accounts, Administration and Enterprise Risk and Information Technology. It plays an essential role in providing the necessary support to enable all other directorates to focus on achieving the core functions of the FSC Mauritius.

The Financial Stability and Statistics

The Financial Stability & Statistics works towards one of the objects of the FSC Mauritius namely, to ensure in collaboration with the Bank of Mauritius ('BoM') the soundness and stability of financial system in Mauritius. In addition, it looks at collecting, compiling, publishing and disseminating statistics in respect of the financial services and Global Business sectors.

The Financial Literacy

The FSC Mauritius aims at developing a financially literate population capable of understanding the functioning of the financial services sector, and how financial products and services are used in their daily lives in an effective manner. Complaints handling, liaison with Ministries and local stakeholders including financial literacy

initiatives are also carried out by this cluster.

The FSC Mauritius Regional Centre of Excellence

The FSC Mauritius' Regional Centre of Excellence ('RCE') aims to work in collaboration with the OECD to develop regional capacity building programmes, conduct research and draft policy papers, and reflect on best practices and standards.

Executive

The Project Office, General Counsel, Innovation Development and International Relations, Legal, Request for Information ('RFI') and Intra-Agencies Collaboration and Communications report directly to the Chief Executive.

The Office of the Chief Executive ensures liaison with the Board and monitors the implementation of decisions of the Board. In terms of day to day operations, the Office of the Chief Executive coordinates the submission of timely, accurate and relevant information to the Chief Executive. It ensures the dissemination of correspondence throughout the organisation, as well as, manages stakeholders' communications and meetings.

The Project Office is responsible for the implementation of major projects at the FSC Mauritius.

The General Counsel advises the Chief Executive on legal matters.

The Legal cluster assists the FSC Mauritius on legal matters, drafts legislation and legal documents, and handles litigations, amongst others.

The Innovation, Development and International Relations team carries out research and explores new avenues for development in the financial services sector.

The RFI and Intra-Agencies Collaboration team ensures efficient exchange of information among the different stakeholders.

The Communications cluster is responsible to develop effective communications to enhance transparency.

LEADERSHIP TEAM

In carrying out the mission of the FSC Mauritius, the Leadership Team is guided by the Code of Conduct for FSC Staff, the Senior Management Business Conduct Chart and the Core Values of the organisation, which are:

- Ethical Behaviour
- Team Work
- Professionalism
- Compliance with Rules

The Leadership Team, comprising the Chief Executive and the Directors, enables the FSC Mauritius to meet its statutory objectives, coordinates the activities of the various directorates and provides direction and guidance to the clusters.

The Chief Executive and the Directors are assisted by the Assistant Directors and Senior Managers, who work together to deliver the operational objectives of the FSC Mauritius. They are responsible for the implementation of the goals as set out in the strategic and business plans and ensure that the decisions and directions provided by the Leadership Team are implemented.



PRAKASH SEEWOSUNKUR

Chief Operations Officer

Prakash Seewoosunkur is the Chief Operating Officer. He joined the FSC Mauritius in 2001 from MOBAA. During his tenure, he held senior management position, overseeing various clusters and leading major strategic initiatives. He was a member of the Enforcement Committee.

Awarded with the UK Commonwealth Scholarship, he holds a first class honours degree and distinction in MSc. He has attended several courses and training programmes on accounting, finance (Saïd Business School), law, and project management and has an MBA in Financial Management.

Previously, he worked for an Atlanta-based US company and was recently employed at senior management position in the private sector. He taught university students as part-time lecturer.

He currently holds the position of Treasurer at the IOPS whose Secretariat is based at the seat of OECD.



RENU AUDIT

Director of Authorisation and Supervision

Renu is legally trained across jurisdictions like India, UK and Mauritius, with more than 25 years of experience in commercial, corporate and financial services regulatory environment. Over last two decades, she has gained extensive knowhow of financial regulations and of business conduct in Mauritius for having worked both with regulatory agencies and private sector in Mauritius.

In her career, Mrs. Audit has actively been involved in leadership roles and participated in various senior level delegations, national committees and international forums. She has actively contributed in industry initiatives, governmental taskforce, regularly spoken at conferences, and lately been actively involved in issues relating to Anti-Bribery and Corruption, Gender Diversity, and Regtech.

Mrs Audit is admitted to Mauritius and Indian Bar. She also holds qualifications in International Trust management, Financial management, Oxford Fintech programme amongst others.



FRANCESCA OMOBOLA HARTE

Director of Enforcement

Francesca is a lawyer with over 20 years' experience of criminal law and regulatory enforcement. Prior to joining the FSC Mauritius, she held various roles at the Financial Conduct Authority in the United Kingdom, between 2002 and 2018. She has extensive experience of Unauthorised Business, Retail & Wholesale Enforcement, as well as Authorisations and Conduct Risk.

A former Senior Crown Prosecutor in the UK, Francesca holds an LLB from the University of Ife, Ile-Ife, Nigeria and a BL - Certificate of Call to the Bar of the Supreme Court of Nigeria. She was admitted to the Roll of Solicitors of the Supreme Court of England and Wales in 1999.



KAMALSING BURUN

Assistant Director

Kamal joined the FSC Mauritius as Assistant Director, Capital Markets in January 2019. Prior to joining the FSC Mauritius, Kamal worked for a major international bank where he held various positions in Mauritius and in Hong Kong. He has served in local and regional tax advisory roles, led the implementation of financial crime compliance programmes covering Anti-Money Laundering, Sanctions, Customer Due Diligence and Tax Transparency and served as director of a number of investment and fund companies. Previously, Kamal also worked as a consultant advising on cross-border tax planning in the UK.

He is a Fellow of the Association of Chartered Certified Accountants ('ACCA') (UK) and a Chartered Tax Adviser (UK). He was previously an active member of the Executive Committee of the International Fiscal Association – Mauritius Branch.



LATE DEVEN COOPOOSAMY

Head of Projects

The late Deven Cooposamy joined the FSC Mauritius as Consultant in August 2018. Holder of a Certificate in Offshore Finance and Administration, and with more than 20 years of experience in the areas of Global Business, advisory and auditing, Mr Cooposamy was a seasoned professional, and his contribution in the financial services industry in Mauritius is highly valued.

Fulfilling his role as the Head of Projects at the FSC Mauritius, he has been overseeing several significant projects, notably the Blueprint project, while also leading the Private Wealth Management and Digital Finance Task Forces, with the view to enhancing the Mauritian economy. Mr Cooposamy was dedicated to promoting Mauritius as an IFC of repute.

Prior to his appointment at the FSC Mauritius, Mr Cooposamy has been a Client Relationship Partner at Rogers Capital, and a member of the Mauritius Institute of Directors. He has also served in various multinational corporations, and advised fund managers and high net worth individuals on structuring, implementation and administration of companies, funds, partnerships, trusts, and international tax planning.



JAYSHREE GUNESS

Assistant Director

Jayshree is an Assistant Director since September 2018. She is currently posted in the Enforcement Directorate. Prior to that, she has served in various positions in the Operations Directorate.

She has been with the FSC Mauritius since 2001. Previously she was at the MOBAA and she has also worked in the public sector. She has over 20 years' experience in the financial services sector.

Jayshree holds a Bachelor degree in Economics and Finance from the RMIT University, Melbourne and an MBA in International Business from the University of Mauritius.

She is a Fellow member of the Association of Chartered Certified Accountants (ACCA) UK and a member of the Certified Practising Accountant, (CPA) Australia. She is also a member of the Mauritius Institute of Professional Accountants, (MIPA) and member of the Mauritius Institute of Directors (MIoD).



GAMAL A. H. BALLAM

Assistant Director

Gamal holds a BSc in Statistics and Applied Mathematics, a Post Graduate in Investment Analysis and Portfolio Management and an MSc in Computational Finance. He is also a life member of the Golden Key International Honour Society for outstanding scholastic achievements achieved during his studies.

Prior to joining the FSC Mauritius, he held different positions in the financial industry from 2006 to 2012. Prior to 2006, he spent more than 5 years lecturing statistics and finance courses at university level both in South Africa and Mauritius. He currently holds the position of Assistant Director – Global Business, overseeing both Authorisation and Supervision.



DEERAJEN RAMASAWMY

Assistant Director

Deerajen has over twenty years of experience working in Mauritius, Africa and the UK. He is in charge of two key functions at the Commission, namely financial stability and statistics. He is also involved in strategic cross-functional projects such as risk management, risk-based supervision and supervision of financial conglomerates. His key expertise include data analytics for management and policy decisions, and operations management. He serves on several committees and boards: He is a member of the Joint Coordination Committee between FSC Mauritius and the Bank of Mauritius and co-chairs two working groups on Financial Stability and Statistics. He is a co-opted member of the Statistics Board. He is also a member of the Enforcement Committee established under section 52 of the Financial Services Act.

At international level, he deals extensively with the International Monetary Fund (IMF) leading on the Article IV Missions, with the World Bank, African Development Bank (ADB), Agence France Developpement (Afd), and rating agencies such as Moodys' on technical assistance matters. Deerajen holds a PhD in Mathematical and Statistical Modelling from Loughborough University, UK and a first class degree in Mathematics. He has successfully completed a Leadership Development Programme by TowerStone and holds a Certificate in External Quality Assurance from UNESCO (France). Prior to joining the FSC Mauritius, Deerajen was an academic in research methods in the Faculty of Law and Management at the University of Mauritius, and a former director and head of biostatistics and data management in a clinical research organisation.



NIRUPA NARAYEN

General Counsel

Nirupa has an extensive international exposure and has held several key positions in the UK in the legal and regulatory fields prior to joining as the first General Counsel of the FSC Mauritius.

She is an affiliate member of the Chartered Institute for Securities and Investment since 2015, and has been admitted to the Bar of Mauritius and to the Bar of England and Wales since 2001. She also holds a Masters in International Law from the University of Bristol and was a former member of the Attorney-General's office of Mauritius and has extensive litigation experience, having appeared before the Supreme Court, lower courts and tribunals.



AAKASH MISHRA

Assistant Director

Aakash holds the post of Assistant Director, Insurance and Pensions at the FSC Mauritius. He has joined the FSC Mauritius on 01 October 2018. He reckons over 28 years of Insurance domain experience. Aakash has worked in senior management positions in Mauritius, Tanzania and India in leading insurance companies. Aakash holds a Post Graduate degree in Science and an MBA (FMS) from Delhi University. He is also a Fellow, Life Management Institute of LOMA and a Licentiate of Insurance Institute of India. He has been a past President of Insurers Association of Mauritius from 2014 to 2016.

STRATEGIC PLAN 2017/20

STRATEGIC PLAN 2017-2020

Mauritius: A Centre of Excellence for cross border Finance, Trade and Investment

- Move from a Treaty Centric Jurisdiction to a Substance Oriented Centre of Excellence for Financial Services delivery
 - Integration of Domestic and Global Business
 - Specialised separate licensees to provide Corporate Services, Trusteeship Services and Fund Administration
 - Create a holistic ecosystem encompassing a gamut of support services for conducive growth of international business such as Information Technology ('IT') infrastructure, dynamic and flexible legislative framework, skilled and experienced professionals, banking network, connectivity and custodian services

Leveraging on Innovation and cutting edge Information Technology

- 'Regulatory Sandbox' Regime to facilitate and promote Fintech and Regtech Enterprises
- Crowd Funding Platforms for raising capital
- Virtual Currencies (e.g., Bitcoin established on Blockchain technology)
- Big Data

Enhancing overall competitiveness of the Jurisdiction

- Digitalisation of execution, clearing and settlement of transactions in the Capital Market arena
- Digitalisation of underwriting, payment and settlement of claims of various insurance and pension products
- Electronic Payment intermediary services based on mobile telephony
- Redefine and enhance substance requirements and review of the business model
 - The implementation of the Organisation for Economic Co-operation and Development ('OECD') Base Erosion and Profit Shifting ('BEPS') will initiate structures to have more substance in Mauritius. This is also further to India redefining the 'Place of Effective Management'
- Realign the Tax regime with the OECD / BEPS requirements
- Devise incentives to attract High Net Worth Individuals, Regional Headquarters, Treasury Management Centres
- Regional Integration of markets, products and services
- Regional Passporting of Investment Funds similar to the Alternative Investment Fund Managers Directive ('AIFMD') in the European Union region
- Maintain the position of Mauritius for ease of doing business
- Enhance regional cooperation through bilateral and multilateral understandings or agreements
- Attract foreign and external Pension Funds to use Mauritius as a platform for investments targeting Africa and South Asia

Deepening Domestic Market Penetration

- Promote Financial Inclusion by partnering with intermediaries to impart training and financial literacy to raise awareness
- Reintroduce tax incentives for investment in primary issue of shares, insurance and pension products
- Expand choice of diversified investment products
- Lower transaction cost
- Introduce liquidity enhancing mechanisms like market making, securities lending and borrowing and margin trading
- Derivative instruments and hedging opportunities

Mauritius: One-stop Shop for Financial Products and Services

- A destination of choice for fund offerings, routing, structuring and Fund administration:
 - Redrafting of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008
 - Redefining the role of Fund Administrators, for instance, Management Companies ('MCs') will need to hold a second license in order to provide fund administration services
 - Introduction of other types of Investment Funds, for instance, Property Funds/ Real Estate Investment Trusts
 - Introduction of Specific Rules for Private Equity Funds
 - Review of Reporting Obligations of Listed Investment Funds
 - Unified Regulatory Framework for Custodians
 - Regulatory Framework for Asset Managers
- Packaging and branding of portfolio of Financial Products and Services to suit the need of one and all including:
 - Derivatives in equities, currencies, commodities and indices
 - Islamic finance products
 - Renminbi products
 - Spot trading in metals and precious stones
- Mauritius a hub for:
 - African Re-insurance Businesses
 - Pure and third party Captive insurances
 - External and foreign Private pensions
 - Back office operations of insurance, reinsurance captives and international pension funds

Financial Literacy and Investor empowerment

- National Strategy on Financial Literacy
- Provide quality targeted guidance and support: launching a Train-the-Trainer campaign on Financial Literacy
- Strengthen co-ordination and effective partnerships: Finance Fair/Finance Week, international conference – to involve all stakeholders in the financial services sector under one roof
- Financial Literacy through social media
- Educate the future generation, particularly through the formal education system

Establish and maintain an effective regulatory environment

- Establish and maintain a regulatory environment that promotes high-quality disclosure, financial reporting, and governance, and that prevents abusive practices by registrants, financial intermediaries, and other market participants
- Promote capital markets that operate in a fair, efficient, transparent, and competitive manner, fostering capital formation and useful innovation
- Adopt and administer regulations and rules that are informed by robust economic analysis and public comment and that enable market participants to understand clearly their obligations under the securities laws
- Engage with a multitude of stakeholders to inform and enhance regulatory activities domestically and internationally
- Facilitate access to the information investors need to make informed investment decisions
- Coming into alignment with the Enhanced International Organization of Securities Commissions ('IOSCO') Multilateral Memorandum of Understanding ('MMoU') which sets out five new powers in addition to those in the current MMoU:
 - to obtain and share audit papers
 - to compel attendance for testimony by being able to apply a sanction in the event of non-compliance
 - to advise and provide existing information to another regulator on how to freeze assets, or to freeze assets on behalf of another regulator;
 - to obtain existing Internet service provider records, not including the content of communications
 - to obtain existing telephone records, not including the content of communications

Risk Management and Financial Stability

- Development of a Financial Stability Framework and on Macro-financial Linkages
- Monitoring of Financial Stability Key Performance Indicators
- Strengthen relationship with other relevant authorities (local, regional and international)

Foster and enforce compliance with the Relevant Acts

- Detect and deter violations of the relevant Acts and hold violators accountable through appropriate sanctions and remedies
- Create a framework for imposition of monetary penalties as an alternative / complementary to the existing sanctions
- Introduce plea bargaining or settlement by consent mechanism for enforcement cases to facilitate dispute resolution and avoid unnecessary time and cost

Enhance performance through effective alignment and management of human, information, and financial capital

- Capacity Building, skill development and optimum use of resources
- Promote a results-oriented work environment that attracts, engages, and retains a technically proficient and diverse workforce, including leaders who provide motivation and strategic direction
- Encourage a collaborative environment across clusters and leverage technology and data to fulfil its mission more effectively and efficiently
- Maximize the use of resources by continually improving operations and bolstering internal controls
- Building a leadership pipeline and succession plan
- Re-engineer the Performance Management System ('PMS') to reflect objectivity and measurability
- Leverage on Innovative Information Technology for internal operations
 - IT infrastructure and solutions modernisation (e.g., Big Data)
 - Implement and optimise on cloud-based services
 - Implement interoperable technologies to assist end-users
 - Implement software solutions / Application development

SECTORS UNDER PURVIEW

OVERVIEW OF SECTORS

CAPITAL MARKETS

International Trends

Global securities markets were characterised by volatility which remained a constant feature during the second half of 2018. This instability was due to economic slowdown, concerns about monetary policy, political uncertainty, inflation and qualms about increased regulation of the information and communication technology sector, amongst others. The World Federation of Exchanges indicated that subsequent to the above-mentioned factors, compared to the beginning of 2018, the key market indicators have shown significant decline in relation to performances. For the first half of 2019, it was seen that the securities markets have been following the same trend, amidst increased global risk.

In light of the above, one of the main concerns of policymakers and stakeholders was to focus on challenges of the markets and adopt a solution-oriented approach in response to changes in the eco-system of the financial markets landscape. There was a continuous need for a 'forward thinking' approach and the 'ability to recalibrate' with the new technical/technological advances, innovation and market expectations. As a result, new concept such as 'conduct risk' was taken on greater meaning. On the other hand, regulators have been strengthening their respective frameworks with new policies to meet challenges so as to provide more clarity to investors and other users of innovative products. Due to the volatility of the market, it was observed that investors have been trading more carefully to ensure that they are making the appropriate investments.

Domestic Trends

The Stock Exchange of Mauritius Ltd ('SEM') delivered a mixed performance driven by upward and downward trends during the year under review. During the second half of 2018, the market registered a rather positive performance. However, during the first half of 2019, the market was characterised by occasional volatility which was followed by gradual drops until the end of June. The trend of the Market indices is illustrated graphically in Appendix 1.

Market Performance

The SEM operates two markets, namely, the Official Market and the Development & Enterprise Market ('DEM'). The total market capitalisation for both markets on the SEM was MUR 398.4 billion as at end June 2019, an increase from MUR 395.5 billion as at end of June 2018, representing 82 percent of Gross Domestic Product.

The total value of shares traded stood at MUR 15.8 billion for the period July 2018 to June 2019, representing a volume of 622 million shares. Comparatively, for the period July 2017 to June 2018, the total value of shares traded stood at MUR 20.6 billion and the volume of shares exchanged was 856.8 million. The tables below show the indices for the period 2018/2019 and 2017/2018.

Table 1: Figures for SEM Indices – Official Market

Official Market

Particulars	Start (Opening) July 2017	End (Closing) June 2018	Start (Opening) July 2018	End (Closing) June 2019
SEMDEX	2,122.91	2,244.64	2,244.64	2,128.40
SEM-10	412.52	430.52	430.52	418.07
SEMTRI (MUR)	7,472.00	8,124.22	8,124.22	7,932.36
SEMTRI (USD)	3,399.41	3,673.92	3,673.92	3,507.84
SEMSI	118.12	123.96	123.96	121.40

Source: Stock Exchange of Mauritius Ltd

Table 2: Figures for SEM Indices - DEM

DEM

Particulars	Start (Opening) July 2017	End (Closing) June 2018	Start (Opening) July 2018	End (Closing) June 2019
DEMEX	212.83	239.65	239.65	228.27
DEMTRI (MUR)	282.35	328.82	328.82	324.32
DEMTRI (USD)	258.43	299.15	299.15	288.53

Source: Stock Exchange of Mauritius Ltd

Market Intermediaries

Sections 29 and 30 of the SA (under Part III – ‘Financial Markets Regulation’), provide for two types of market intermediaries, namely Investment Dealer and Investment Adviser. Furthermore, a representative for Investment Adviser and Investment Dealer respectively shall be licensed by the FSC Mauritius to carry out securities activities for the market intermediaries.

The core activity of an Investment Dealer is to execute securities transactions on behalf of clients. An Investment Adviser, on the other hand, provides advice on securities transactions to clients and, under an Investment Adviser (Unrestricted) Licence, it also manages a portfolio of securities.

The table below shows the total number of licences, both domestic and Global Business, in respect of Investment Dealers and Investment Advisers and their licensed representatives as at 30 June.

Table 3: Total Number of Licences as at 30 June

Activity	Total As at June 2019	Total As at June 2018
Investment Dealer	55	45
Investment Adviser	348	332
Representative of Investment Dealer	38	42
Representative of Investment Adviser	103	91

Source: Financial Services Commission, Mauritius

Investment Banking

Pursuant to section 79A of the FSA, an entity holding an Investment Banking Licence may conduct the activities of an Investment Dealer (Full Service Dealer, including Underwriting), Investment Adviser (Unrestricted), Investment Adviser (Corporate Finance Advisory), Asset Management, Distribution of Financial Services and such other activities as may be specified in the FSC Rules. As at 30 June 2019, there were six Investment Banking Licence holders.

Reporting Issuers

As at 30 June 2019, there were 180 Reporting Issuers (‘RIs’) registered with the FSC Mauritius. All RIs are subject to on-going disclosure requirements as per the SA and the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.

INVESTMENT FUNDS

The table below depicts the number of Funds (Collective Investment Schemes and Closed-end Funds) authorised by the FSC Mauritius as follows:

Table 4: Number of Funds authorised

Authorised Funds	Jul 2018 - Jun 2019	Jul 2017 - Jun 2018**
Total Funds:	1,064	1,027
Collective Investment Schemes	508	499
Closed-end Funds	556	528

Source: Financial Services Commission, Mauritius

** Revised figures

Fund Intermediaries

The table below provides an overview of the Fund Intermediaries regulated by the FSC Mauritius:

Table 5: Breakdown of Fund Intermediaries as at 30 June:

Category of licence	Jul 2018 - Jun 2019	Jul 2017 - Jun 2018**
CIS Manager	435	418
Custodian (CIS)	10	10
CIS Administrator	10	8

Source: Financial Services Commission, Mauritius

** Revised figures

OTHER NON-BANK FINANCIAL INSTITUTIONS

The Second Schedule of the FSA includes entities which carry out financial business activities such as Distribution of Financial Products, Asset Management, Credit Finance, Factoring, Leasing, Registrar and Transfer Agent, Treasury Management, Credit Rating Agencies/Rating Agencies amongst others. The table below shows the number of licensees as per Second Schedule of the FSA as at 30 June.

Table 6: Number of licensees (Second Schedule of the FSA) as at 30 June

Categories of licence	As at June 2019	As at June 2018
Credit Finance	8	8
Credit Rating Agency	2	2
Factoring	7	8
Leasing	13	14
Registrar & Transfer Agents	8	7
Treasury Management	16	17
Distribution of Financial Products	26	27
Assets Management	10	11
Custodian (Non-CIS)	10	9

Source: Financial Services Commission, Mauritius

INSURANCE

Long Term Insurance Business

During the year under review, there were seven licensed long term insurers, excluding BAI Co (Mtius) Ltd (which is under Special Administration since 2015).

Table 7: Trends in Long Term Insurance Business

Parameters	2018*	2017*	2016*
Number of Insurers	6	6	6
Value of Assets (MUR billion)	74.1	70.8	63.3
Gross Premiums (MUR billion)	12.7	10.4	9.72
Number of Claims	38,684	36,039	34,451
Value of Claims (MUR billion)	8.91	8.19	8.07
Number of Policies	343,486	320,662	300,600

Source: Financial Services Commission, Mauritius

* Excludes data for BAI Co (Mtius) Ltd and National Insurance Co. Ltd

Please refer to Appendix 2 for detailed statistics.

The total value of assets, excluding managed pension, stood at MUR 74.1 billion in 2018, as compared to the value of assets in 2017 which amounted to MUR 70.8 billion (excluding managed pension).

Gross premium increased by 22 percent in 2018 to reach MUR 12.7 billion compared to MUR 10.4 billion in 2017.

The number of policies increased by 7 percent from 320,662 in 2017 to 343,486 in 2018.

General Insurance Business

In 2018, there were 15 insurers licensed to conduct general insurance business. The value of assets increased by 6 percent in 2018 to reach MUR 18.6 billion compared to MUR 17.5 billion in 2017. Capital and Reserves increased by 3 percent to reach MUR 8.11 billion as compared to MUR 7.8 billion in 2017.

Gross premiums for motor business amounted to MUR 3.44 billion in 2018 compared to MUR 3.32 billion in 2017, rising by 4 percent. Gross premiums for non-motor business stood at MUR 5.69 billion in 2018 compared to MUR 5.43 billion in 2017.

Underwriting profits stood at MUR 0.23 billion in 2018, higher than the figure of MUR 0.22 billion in 2017, representing an increase of 2 percent. It was also noted that technical reserves has increased by 5 percent over the same period. Operating profits amounted to MUR 0.71 billion in 2018 compared to MUR 0.68 billion in 2017, representing an increase of 5 percent over the previous year.

The number of motor claims stood at 62,077 for 2018, higher than the figures of 57,340 in 2017. By contrast, the number of non-motor claims amounted to 233,707 in 2018 and 202,302 in 2017. The number of policies decreased from 576,886 in 2017 to 547,728 in 2018.

Table 8: Trends in General Insurance Business:

Parameters	2018*	2017*	2016*
Number of Insurers	14	14	14
Value of Assets (MUR billion)	18.60	17.53	15.92
Gross Premiums (MUR billion)	9.14	8.75	8.01
Number of Claims	295,784	259,642	255,396
Value of Claims (MUR billion)	5.03	4.50	4.45
Number of Policies	547,728	576,886	553,315

Source: Financial Services Commission, Mauritius

*The data does not include NIC General Insurance Co. Ltd

Please refer to Appendix 2 for detailed statistics.

Insurance Intermediaries

An exercise was carried out to ascertain compliance of insurance agents (Company) with section 72 of the IA pertaining to annual submission of financial statements and statutory returns, and certain instances of non-compliance were noted. Actions taken included issue of reminders and application of administrative penalties under the Financial Services (Administrative Penalties) Rules 2013.

The FSC Mauritius issued the Circular Letter CL120619, dated 12 June 2019, to remind all Insurance Agents (Company) licensed under section 70 of the IA of their legal obligations under section 72 of the IA to prepare and submit audited financial statements to the FSC Mauritius within the prescribed time frame.

DEVELOPMENTS IN THE INSURANCE SECTOR

Insurers' Association of Mauritius Quarterly Meeting

The FSC Mauritius has revived its quarterly meeting with representatives of the Insurers' Association of Mauritius ('IAM'). The FSC Mauritius is represented by the Director, Assistant Director and Senior Managers while the IAM is represented by the President, Vice-Presidents and the Secretary. This platform enables the FSC to promote a collaborative approach with the industry and enables the FSC to:

- keep abreast with the market dynamics and realities which are taken into consideration when provisions of the law are amended; and
- identify potential areas of regulatory interventions.

As for the IAM, the platform is particularly useful in discussing common issues faced by the industry such as, matters related to claims portal, implementation of International Financial Reporting Standards ('IFRS') 17, Insurance (Risk Management) Rules 2016, and settlement of claims, amongst others.

Establishment of a Supervisory College by the FSC Mauritius

During the year under review, in accordance with the Insurance Core Principles of the IAIS, the FSC Mauritius took the initiative to establish a Supervisory College for one insurer having a presence in East Africa and the Indian Ocean.

Supervisory colleges provide a permanent platform for enhancing the mutual trust and exchange of information amongst international regulators regarding entities within a group. Supervisory colleges allow regulators to better assess risks that are emerging beyond their borders and outside their respective authorities.

The first Supervisory College meeting was held on 15 and 16 February 2019 with the participation of the regulatory authorities of Kenya, Rwanda, Tanzania and Uganda at the seat of the FSC Mauritius.

Task Force on Insurance and Pensions

The objectives of the Task Force are set out as follows:

- To assess the existing regulatory framework;
- To advise on improvements and make key recommendations on what can be introduced in terms of new regulations and products in view of enhancing the competitiveness and reputation of the Mauritius IFC;
- To identify, compare and share intelligence on key developments happening in major competing jurisdictions with respect to regulatory frameworks;
- To advise and share industry feedbacks on the regulatory set-up and efficiency;
- To advise and make necessary recommendations on the impact of innovative technologies with respect to relevant segments of activity; and
- To analyse and provide feedback on regulatory frameworks that the FSC Mauritius is planning to introduce and/or amend.

The Task Force comprises members of the industry, insurers' association and staff of the FSC Mauritius. The Task Force held 6 meetings as at 16 December 2019. The key deliberations of the Task Force, amongst others, revolved around:

- Budget proposals for the year 2019/2020 to be submitted to Ministry of Finance highlighting the proposals of the insurance industry;
- Pension regulatory framework in particular the licensing and underfunding of pensions schemes;

- Portable Retirement Gratuity Fund;
- Preparedness of the domestic insurance companies in the forthcoming implementation of the IFRS 17;
- The need for a centralised database which will cater for customer due diligence documents and bonus-malus system;
- The need for simplified due diligence checks for certain insurance products;
- Insolvency Sub- Fund Regulations;
- The need for Mauritius IFC to be recognised as an Equivalent jurisdiction by the South African Regulator;
- Legislative amendments to be in line with the industry trends and international framework; and
- Long term insurers and Pensions funds should be able to bid directly for Government Bonds to maximise returns to policyholders/pensioners.

Bonus-Malus System

As part of Government action on road safety, the Government through Ministry of Financial Services and Good Governance have set up a Technical Committee in view of working out a road map with timeline for the implementation of the reform of the vehicles and driver insurance system through the introduction of Bonus-Malus System.

The Bonus-Malus rests on a system of incentives and penalties. It aims to incentivise the insured by rewarding financially ‘good drivers’ that is to say, those who take all precautions to avoid accidents and penalizing the ‘bad drivers’. This system could help the grounding of a speed driving culture while also reducing the number of accidents on the Mauritian public roads.

The Commission was invited to be part of Technical Committee which comprised of various stakeholders. By participating in such endeavour, the role of the FSC has been extended beyond being the mere protector of policyholders to being directly involved in projects leading to the betterment of the driving environment and the society as a whole. The first meeting of the Technical Committee was held on 15 May 2019.

As part of the Bonus-Malus Project, the Commission was also handed the responsibility to chair a sub-committee of the Technical Committee in view of determining how data will be centralised and shared amongst important stakeholders, namely the domestic insurance companies, National Transport Authority and the Police Department. On 19 August 2019, the Commission submitted its report to the Technical Committee.

Guideline on mortgage underwriting practices and procedures

The amount of mortgage underwritten by insurance companies are becoming increasingly significant and the Commission at current stage does not have any comprehensive laws to regulate and supervise same. As such, in the spirit of having proper market conduct in regards to mortgage underwriting among insurance companies, a Guideline has been drafted.

The Guideline covers the following 5 principles:

Principle 1: Insurers that are engaged in mortgage underwriting and/or the acquisition of mortgage loan assets should have a comprehensive Mortgage Underwriting Policy (‘MUP’). Mortgage practices and procedures of Insurers should comply with their established MUP.

Principle 2: Insurers should perform reasonable due diligence to record and assess the borrower’s identity, background and demonstrated willingness to service his/her/its debt obligations on a timely basis.

Principle 3: Insurers should adequately assess the borrower’s capacity to service his/her/its debt obligations on a timely basis.

Principle 4: Insurers should have sound collateral management and appraisal processes for the underlying mortgage properties.

Principle 5: Insurers should have effective credit and counterparty risk management practices and procedures that support mortgage underwriting and mortgage portfolio management, including, as appropriate, mortgage insurance.

The Guideline is being fine-tuned to ensure compatibility with the current legal framework. The Guideline may then be subject to public consultation.

PENSIONS

The FSC Mauritius administers the PPSA which provides for a comprehensive regulatory and supervisory framework for the operations of private pension schemes in Mauritius. Since the implementation of the PPSA in 2012, private pension schemes report on a regular basis to the FSC Mauritius on the financial and actuarial aspects of their operations. In this respect, the FSC Mauritius carries out offsite and onsite supervision to determine the level of regulatory interventions onto these schemes.

The requirement of the law is such that all private pension schemes must have a governing body that is ultimately responsible for managing the affairs of the schemes. During the year under review, some long term insurance companies were still coordinating in order to on-board their clients' Defined Benefits ('DB') schemes under a permissible structure, as specified in the law. These schemes, since the coming into force of the PPSA, are under the purview of the FSC Mauritius whereby the law applies to them since 2012.

The process of on-boarding DB schemes under a legal structure has proven to be a highly complex one owing to the specific characteristics of those schemes. Upon discussion with the representatives of several insurance companies, the FSC Mauritius anticipates a smooth transition of these schemes into a fully legal and compliant entity.

PRIVATE PENSION SCHEMES INDUSTRY AT A GLANCE

Private Pension Schemes

Table 9: Number of Private Pension Schemes licensed as at 30 June 2019

Categories of Private Pension Schemes	2019	2018
Pension Schemes	69	70
Foreign Pension Schemes	0	0
External Pension Schemes	5	5
Total	74	75

Note: The licence of one private pension scheme was terminated in 2018
Source: Financial Services Commission, Mauritius

The decrease in the number of private pension schemes to 74 as at 30 June 2019 was not that significant to downsize the overall private pension industry. There are other equally important factors such as trends in the number of beneficiaries and relative value of total assets under management, amongst others, to gauge the actual size of the private pension industry.

Table 10: Total assets of Private Pension Schemes for the financial year ending 30 June 2017

	2017 (MUR Billion)	2016 (MUR Billion)	Growth (%)
Total Assets	37.99	37.66	1%

Source: FSC Mauritius Annual Statistical Bulletin 2018

Pension Scheme Administrators

Table 11: Number of Pension Scheme Administrators licensed and authorised Long Term Insurers as at 30 June 2019

Categories of Pension Scheme Administrators	2019	2018
Pension Scheme Administrators	8	8
Long-term insurers authorised to administer a private pension scheme	5	5

Source: Financial Services Commission, Mauritius

GLOBAL BUSINESS

The Budget 2018/19 has paved the way for the revamping of the Global Business model to meet fast changing global regulatory requirements and ever-increasing challenges amongst others. Most of the budgetary measures for Global Business have already been implemented through amendments to the existing legal and regulatory framework. The Finance Act 2018 has redefined the Global Business landscape with the abolition of the Category 2 Global Business Company ('GBC2'). The period under review also saw the introduction of new enhanced substance requirements for Global Business Corporations (formerly holders of Category 1 Global Business Licence) and a framework for Authorised Company.

The Budget 2018/19 also provided for the regulation of Global Shared Services to capitalise on the potential for job creation and economic growth brought by Global Shared Services Centres. In this respect, the FSC Mauritius issued a consultation paper on the introduction of a regulatory framework for Global Shared Services and invited comments from industry participants and the public on the framework of this new business activity. The purpose of this consultation exercise was to ensure that regulated financial services companies and their related entities are afforded an opportunity to optimise their business operations and centralise their key functions, eliminating the duplication of these functions across companies within the group.

To compete and thrive in this environment, provisions have been made in the Budget 2019/2020 to allow the FSC Mauritius to enter into an agreement with the Gujarat International Finance Tec-City to recognise Management Companies ('MCs') as qualified to operate in the Gujarat jurisdiction as well. Furthermore, in order to facilitate ease of doing business in the sector, a 'single-window system' will be set up at the FSC Mauritius to allow for submission of documents for financial services including Global Business applications.

Over the years, the Global Business sector has been instrumental in driving quality investment into Africa, leading to sustained growth and prosperity across the continent. As an African country, Mauritius has and continues to be a strategic development partner, in and for, the continent.

New amendments

The year under review, witnessed substantial changes in the Global Business sector as announced in the Budget Speech in June 2018. This resulted in subsequent amendments to the FSA and the Finance (Miscellaneous Provisions) Act.

Substance requirements

The FSC Mauritius issued additional clarifications in October 2018 in respect of substance requirements for companies holding a Global Business Licence ('GBL') and a financial activity licence.

The abolition of the Category 1 and Category 2 Global Business Companies regimes / phasing out of the Category 1 and Category 2 appellation

Amendments were brought to the Finance Act 2018 to amend eligibility requirements to hold a GBL. Furthermore, by virtue of these amendments, the FSC Mauritius, as from 01 January 2019, no longer issues Category 1 Global Business Company ('GBC1') and GBC2 licences. These have been replaced by GBL and AC respectively. The FSA was also amended to include section 71A which provides for the criteria and requirements for an application for an AC. It is to be noted that emphasis was laid on the concept of place of effective management when assessing an application for an AC and the Mauritius Revenue Authority ('MRA') issued a definition of place of effective management on 28 November 2018.

FINTECH

The financial services sector in Mauritius is gaining momentum with the rapid integration of Financial Technology ('Fintech'). The application of Fintech cuts across multiple business segments including lending, investment management, advisory and payments.

The Fintech strategy adopted by the FSC Mauritius aims at establishing Mauritius as a vibrant Fintech hub whereby financial services providers are encouraged to leverage on the use of new and emerging technologies to provide increasingly innovative products and services to their clients, locally and internationally.

The FSC Mauritius is accordingly committed to set the appropriate framework of regulation and innovation for the non-banking financial services sector. During the year under review, the FSC Mauritius has engaged with other jurisdictions such as the UK, France and international standard setting bodies including the OECD, to foster a conducive ecosystem for the future and sustainable development of Fintech.

The FSC Mauritius has also played a significant role for the establishment of the Fintech and Innovation-driven Financial Services Regulatory Committee in January 2018. This Committee, comprising of world-class Fintech thought leaders and specialists, have reviewed the existing regulatory frameworks and proposed several recommendations to the Government of Mauritius.

The FSC Mauritius is continuously working with its industry stakeholders through regular taskforces and meetings to explore new regulatory avenues and markets for the development of inclusive and competitive Fintech solutions.

The major types of Fintech-related activities which fall under the purview of the FSC Mauritius include:

Payment Intermediary Services ('PIS') which is licensed under section 14 of the FSA to operate as an online Payment Intermediary Service Provider, exclusively outside Mauritius. It is eligible to apply for a GBL and must, inter alia, have an unimpaired capital of at least MUR 2,000,000 or its equivalent in another currency.

Custodian Services (digital asset) – Following the recognition of digital asset as an asset-class for investment by sophisticated and expert investors in September 2018, the FSC Mauritius has subsequently issued the Financial Services (Custodian services (digital asset)) Rules in 2019 which provides for the regulatory landscape for the custody of digital asset. Mauritius became one of the first jurisdictions to allow for custody of digital asset with the introduction of these Rules. A Custodian of digital assets is, pursuant to these Rules, an entity which is entrusted with the custody of tokens, in electronic or binary form, and which are representative of the holder's access rights to a service or ownership of an asset.

The FSC Mauritius has, in fact, received numerous queries from its licensees and stakeholders regarding the possibility for them to invest in Digital Assets (including crypto currencies).

Digital Asset Marketplace - Digital Asset Marketplace was announced in the Budget 2018/2019 as a new licensable activity. Following this announcement, Digital Asset Marketplace has been included as a financial business activity in the Second Schedule of the FSA and the licence will be issued under section 14 of the FSA.

The FSC Mauritius is continuously addressing the need to set out the regulatory frameworks for new Fintech-related activities in close consultation and collaboration with industry stakeholders, such as:

- Peer to Peer Lending and Crowdfunding;
- Securities Token Offerings;
- Robotic and Artificial Intelligence-enabled Advisory Services; and
- Fintech Service Providers.

CAPITAL MARKETS

Granting of Securities Exchange, Trading Securities System and Clearing and Settlement Facility Licences

Pursuant to sections 9, 10 and 11 of the SA, the FSC Mauritius granted a Securities Exchange Licence and a Trading Securities Systems Licence to Afrinex Limited, and a Clearing and Settlement Facility Licence to AFRINEX Clearing House Ltd in November 2018.

The FSC Mauritius also approved the Rules for: (i) the Securities Exchange under section 13 of the SA, (ii) the Trading Securities Systems under section 15 of the SA and (iii) the Clearing and Settlement Facility under section 14 of the SA.

Market Intermediaries

During the year under review, the number of Investment Dealers, Investment Advisers and their licensed representatives was as follows:

Table 12: Number of Investment Dealers, Investment Advisers and their representatives licensed

Activity	Jul 2018 - Jun 2019	Jul 2017 - Jun 2018
Investment Dealer	13	5
Investment Adviser	32	34
Representative of Investment Dealer	9	3
Representative of Investment Adviser	26	19

Source: Financial Services Commission, Mauritius

Reporting Issuers

During the year under review, the FSC Mauritius granted registration to 23 entities as RI pursuant to section 86 of the SA. These entities have either sought a listing on the SEM or have more than 100 shareholders.

INVESTMENT FUNDS

Investment Funds and Intermediaries are subject to a rigorous authorisation/licensing process which includes screening, processing and scrutinising the application pack based on the licensing criteria/requirements set under the SA and the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 (the 'CIS Regulations').

Number of Investment Funds and Intermediaries authorised/licensed

During the year under review, the FSC Mauritius issued 133 authorisations / licences to Investment Funds and Intermediaries, as per table below.

Table 13: Authorisations – Investment Funds and Intermediaries

Investment Funds and Intermediaries	Jul 2018 - Jun 2019	Jul 2017 - Jun 2018**
Collective Investment Schemes	34	46
Closed-end Funds	56	59
CIS Manager	37	32
CIS Administrator	3	0
Distribution of Financial Products	1	2
Asset Management	1	0
Custodian (CIS)	0	1
Custodian (Non-CIS)	1	2
Total	133	142

Source: Financial Services Commission, Mauritius

**Revised figures

Enhancing the Application Process

In order to maintain its competitiveness in the fund industry, the FSC Mauritius has during the year under review re-engineered its internal process and licensing criteria to enhance the efficiency and timeliness in the processing of applications.

The FSC Mauritius has in its Newsletter for the month of May/June 2019, communicated to the industry that it will henceforth, on a best endeavour basis, process applications for CIS/CEF^[1] and CIS Manager, within 60 working days of receipt of an application, subject to the applicant satisfying the following conditions set by the FSC Mauritius:

- Applications must be complete and accompanied by detailed information about the business, such as but not limited to, all relevant forms, business plan, constitutive documents, offer documents, procedure manuals, agreements and payment of fees, as applicable. Where required, these documents should be properly certified as true copies, dated, signed, aligned and reflective of the application;
- Applicants must demonstrate that they are able to abide by all legislative requirements pertaining, but not limited to Customer Due Diligence, AML/CFT, as well as, substance requirements on an ongoing basis;

1 [1] Professional Funds/Expert Funds

- Applicants must meet the Fitness and Propriety requirements. They must respond promptly to the FSC Mauritius queries and fully disclose all requested information that is relevant to the assessment of the application. The FSC Mauritius takes very seriously any non-disclosure or misleading information that could impact its assessment; and
- MCs will have to respond within 15 days to the initial queries and a further 10 working days for subsequent queries.

In addition to the above initiative, the FSC Mauritius has undertaken a number of operational measures to improve the quality of submissions from MCs. For instance, the FSC Mauritius is constantly engaging with Directors/Principal Officers of MCs to ensure that applications meet the essential criteria pertaining to the 60 days.

Furthermore, the FSC Mauritius is providing a shorter window within which MCs should respond to queries.

Lastly, the FSC Mauritius has highlighted that incomplete applications will not be processed and will be returned to the applicant.

OTHER NON-BANK FINANCIAL INSTITUTIONS

The FSC Mauritius issued the following non-bank financial services licences, under the FSA during the year under review.

Table 14: Number of newly licensed (Second Schedule of the FSA)

Categories of licence	Jul 2018 - Jun 2019	Jul 2017 - Jun 2018
Credit Finance	1	1
Credit Rating Agency	-	-
Factoring	1	-
Leasing	1	1
Registrar & Transfer Agents	1	-
Treasury Management	-	2

Source: Financial Services Commission, Mauritius

INSURANCE

During the year under review, the FSC Mauritius has granted licence and/or registered the following:

Table 15: Number of Licences

Categories of Licence	Jul 2018 - Jun 2019	Jul 2017 - Jun 2018
Long Term Insurance Business	-	-
Long Term Insurance Business (PCC)	-	2
General Insurance Business	-	-
General Insurance Business (PCC)	-	-
External Insurance Business	-	-
External Insurance Business (PCC)	-	4
Professional Reinsurer	-	-
Professional Reinsurer (PCC)	1	3
Insurance Manager	-	1
Insurance Agent (Company)	5	9
Insurance Agent (Individual)	3	1
Insurance Broker	3	6
Insurance Salesperson (Registration)	96	236
Pure Captive Insurance Business	-	1
Captive Insurance Agent	-	-
Funeral Scheme Management	-	-
Actuarial Services	-	-
Representative Office	-	-

Source: Financial Services Commission, Mauritius

PENSION

The FSC Mauritius received the following new applications:

Table 16: Number of Applications for Private Pension Schemes and Pension Scheme Administrators

Applications for private pension schemes and pension scheme administrators	2018 - 2019
Pension Schemes	2
External Pension Schemes	1
Pension Scheme Administrators	1

Source: Financial Services Commission, Mauritius

Out of the four applications received, one application was rejected whilst the remaining three applications were still under process at 30 June 2019.

GLOBAL BUSINESS

The Global Business Authorisation contributes to the objectives of the FSC Mauritius by issuing licences and granting approvals under the FSA in conformity with international norms and regulations. The licences falling under the purview of Global Business Authorisation are Global Business Companies (GBC) and AC. There is also the contribution to the non-banking financial services sector, with Global Business Authorisation responsible to issue licences such as Global Headquarters Administrations, Global Legal Advisory, Global Treasury Activities and MCs.

The number of licences issued by FSC Mauritius during the year under review are shown in the tables below:

Table 17: Number of licences issued (Global Business)

	Jul 2018 – Jun 2019	Jul 2017 – Jun 2018
GBC1 / GBL	1,246	1,208
GBC2	261*	1,068
AC	1,086	N/A

* for the period July 2018 to December 2018
Source: Financial Services Commission, Mauritius

The number of GBC1 licensed during the year under review has steadied, thus documenting the steady growth of the Global Business sector. The number of AC licensed stood at 1,086 during the year under review. Moreover, following the amendments to the Finance Act 2018 and FSA, there was a total of 1,018 GBC2s which were to lapse as from 1 January 2019, out of which 902 changed the legal regime to operate as an AC.

Furthermore, the following table shows the breakdown of the different types of activity licences and approvals issued by the FSC Mauritius.

Table 18: Breakdown of licences and approvals issued

Enabling laws	Categorisation as per the FSC Rules	Jul 2018 - Jun 2019	Jul 2017 - Jun 2018
FSA	Global Legal Advisory	0	3
	Global Headquarters Administration	4	2
	Global Treasury Management	1	1
	Management Companies	5	9
Trust Act 2001	Qualified Trustee (other than an MC)	5	2
	Enforcer (purpose trust created by a Mauritian national only)	2	0

Source: Financial Services Commission, Mauritius

FINTECH

The Fintech cluster has been supported in its deliverables by an international consultant on Fintech matters. The Fintech cluster has in fact contributed in the fulfilment of the following key deliverables, during the year under review:

- meeting with promoters (both local and international) to discuss their business models and provide regulatory guidance, accordingly, during the pre-licensing stage of their applications;
- reviewing and further streamlining the licensing processes and criteria of Fintech related activities;
- setting of new Memorandum of Understanding ('MoUs') for a greater and more conducive Fintech collaboration with other international regulators; and
- making proposals for licensing frameworks of new Fintech related activities namely Custodian services (digital assets), in accordance with sound international standards and best practices.

New Applications

During the year under review, the FSC Mauritius received 18 new applications for PIS and Custodian services (digital assets) respectively, as shown in table below:

Table 19: New Fintech Applications

Fintech Activities	Jul 2018 - Jun 2019	Jul 2017 - Jun 2018
Payment Intermediary Services	17	4
Custodian services (digital assets)	1	-
Total	18	4

Source: Financial Services Commission, Mauritius

Number of Licensees (as at end of June)

The number of PIS (both domestic and GBC) licensed by the FSC Mauritius as at 30 June 2019 stood at 20. The FSC Mauritius granted 5 new licences for PIS during the year under review.

Table 20: Number of licensees

Fintech Activities	As at 30 June 2019	As at 30 June 2018
Payment Intermediary Services	20	15

Source: Financial Services Commission, Mauritius

Onsite Supervision

Onsite supervision is an important constituent of the supervisory deliverables for the FSC Mauritius. It involves supervisory visits and inspections at licensees' place of operation. This is key for understanding a licensee's business operations, risk management and internal controls, and for assessing compliance with its regulatory and licensing obligations. These inspections can be either full scope, or may be limited to particular areas of the licensee's operations. Onsite inspection enables the FSC Mauritius to comprehensively assess whether its licensees and their approved officers have acted with due skill, care and diligence and adopted proper business conduct, procedures and practices.

Offsite Supervision

Offsite supervision forms an integral part of the FSC Mauritius' supervisory process in ensuring that licensees are complying with applicable laws and regulations. Examination of statutory returns and AFS of licensees continue to be an important feature of offsite supervision in ascertaining licensees' compliance with regulatory and prudential requirements. Ongoing assessment of licensees' officers also forms a major part of the offsite supervision process.

CAPITAL MARKETS

Onsite Inspection

During the year under review, the FSC Mauritius carried out onsite inspections at the premises of 17 licensees falling under capital markets. These inspections related to both domestic companies and GBCs in the following business activities:

Investment Dealers – in the categories of:

- Full Service Dealer (including Underwriting)
- Full Service Dealer (excluding Underwriting)

Investment Advisers – in the categories of:

- Unrestricted
- Restricted
- Corporate Finance Advisory
- Investment Banking
- Securities Exchange
- Clearing & Settlement Facility

The FSC Mauritius carried out visits on the new applicants' premises for a Securities Exchange and Clearing & Settlement Facility under sections 9 and 10 of the SA prior to the granting of new licences to ensure compliance with section 18(2)(d) of the FSA.

The objectives of the inspections were to ascertain that these entities are operating within the scope of the licences granted to them and are complying with the requirements of the laws. They were further assessed on different parameters such as:

- corporate governance;
- market and business conduct;
- prudential aspects including fairness and transparency;

- adherence to anti-money laundering legislation; and
- evaluation of the financial soundness/controls (risk management, systems /mechanisms).

During the year under review, the FSC Mauritius conducted an inspection at the SEM and at the Central Depository & Settlement Co. Ltd ('CDS'). This was the third inspection carried out at the licensees and the focus was on risk management, business continuation plan, anti-money laundering, trading and listing aspects, and compliance with the principles of the Committee on Payment and Settlement Systems of the IOSCO.

Offsite Supervision and Monitoring

The FSC Mauritius monitors and supervises the following licensees:

- Market Infrastructure licensed under sections 9, 10 and 11 of the SA consisting of Securities Exchanges, Clearing & Settlement facilities and Securities trading systems;
- Market Intermediaries: Investment Dealers, Investment Advisers and their representatives;
- Reporting Issuers as defined under section 86 of the SA and registered under Rule 3 of the Securities (Disclosure Obligations of the Reporting Issuers) Rules 2007; and
- Investment Banking licensees falling under the purview of capital markets.

Monitoring of Securities Exchanges/Clearing & Settlement Facilities

Pursuant to section 6(f) of the SA, the FSC Mauritius, is mandated to '*monitor and regulate the operation of securities exchanges and the activities of persons providing clearing and settlement services and trading systems for securities*'.

In this respect, as part of its routine offsite supervision functions, the FSC Mauritius continuously monitors the trading, clearing and settlement activities of the SEM and the CDS to ensure that they are operating in a fair, efficient and transparent manner. The daily performance of securities listed on the SEM are monitored online through the Automated Trading System ('ATS'). Any unusual trends in traded volumes, share price movements and other indicators are investigated. Press releases, publications and press reports in relation to listed entities are reviewed as part of the ongoing surveillance of the capital markets. The SEM and CDS are required to submit reports on the trading and clearing and settlement activities. The periodic reports submitted by the CDS in terms of trading of operations were analysed and no failed trades were noted.

Statutory Filings, Notifications and Request for approvals

In line with its mandate, the FSC Mauritius ensures that its licensees properly discharge their statutory and regulatory obligations.

During the year under review, the FSC Mauritius monitored the submission of the following statutory filings by licensees:

- Annual Reports for the Securities Exchange, Clearing and Settlement Facility, Investment Dealers, Investment Advisers and Reporting Issuers (including Quarterly Accounts) as per the SA;
- AFS for the licensed entities under the Second Schedule of the FSA; and
- Register of interests regarding the disclosure of dealings of Directors and staff of investment dealers as prescribed under the Stock Exchange (Register of Interests) Rules 1994.

The FSC Mauritius also monitored the submission of the following notifications:

- Insiders' interests and Periodical disclosures (Communiqués) by RIs under the Securities (Disclosure of Reporting Issuers) Rules 2007;
- For new licensees, post-licensing requirements such as the submission of final internal manuals,

contracts/agreements entered with third parties amongst others. The FSC Mauritius sent reminders to those new licensees who failed to comply with their post-licensing requirements within one month obtaining of their licences; and

- Removal or resignation of officer as per section 24(6) of the FSA.

The FSC Mauritius, during the year under review, discharged its regulatory obligations by attending to the following requests:

- Approval of controllers and beneficial owners under section 23 of the FSA;
- Approval of the officers under section 24 of the FSA;
- Assessment of request for Waivers and Exemptions in terms of Takeovers by RIs under the Rules 34 and 43 of the Securities (Takeovers) Rules 2010;
- Review of Takeover Offer documents and dealt with issues relating to takeovers;
- Registration of prospectus under part V of the SA for offer of Securities to the public. This included rights issue by listed companies as well;
- Registration of Listed Companies and other entities as RIs under section 86 of the SA and Rule 3 of the Securities (Disclosure for Reporting Issuers) Rules 2007;
- Amendments to SEM Rules or new rules under section 13 (3) of the SA;
- Assessment of request for waivers under the SEM's ATS Schedules of Procedures;
- Dealing with winding up and surrendering of licences;
- Assessment for Certificate of Good Standing of licensees;
- Review of application for TRC; and
- Review of advertising materials of licensees.

FSC Mauritius/SEM/CDS - Surveillance Sub- Committee

The Surveillance Sub-Committee ('SSC') is a committee regrouping the FSC Mauritius as the regulator and its licensees namely the SEM and CDS. The objectives of the SSC are to address the barriers to the development of the Securities Market through joint supervisory coordination and the promotion of mutual collaboration between the FSC Mauritius, SEM and CDS.

The mandate involves, but is not limited to:

- Exchange of information on request or on voluntary basis in respect of regulatory and supervisory collaboration;
- Propose initiatives and programmes for regulated entities in the form of rules/guidelines to be applicable to the market;
- Prepare a plan of action on researches and studies of common interest as identified by SSC;
- Prepare papers on areas of common interest, for example, crisis management;
- Discuss on market developmental matters; and
- Identify potential problem areas and decide upon common aspects on intervention amongst others.

The SSC met during the year under review and discussions were focused, *inter alia*, on:

Issues relating to filing of the quarterly financial statements by RIs with the FSC Mauritius;

- Green finance;
- Listing rules; and
- Status of listed companies not complying with public float.

INVESTMENT FUNDS

Onsite Supervision

The onsite inspection cycle during the year under review consisted of nine entities related to domestic companies and holders of a GBL as per table below:

Table 21: Number of onsite inspections

Licensees	Jul 2018 - Jun 2019	Jul 2017 - Jun 2018
CIS	2	8
CEFs	2	-
CIS Manager	3	2
Custodian (CIS)	1	1
Custodian (Non-CIS)	1	-
Total	9	11

Source: Financial Services Commission, Mauritius

The areas of focus for the onsite inspections were to:

- Assess the market conduct of licensees for fairness and transparency;
- Ascertain the licensees' level of compliance with the provisions of the SA and the CIS Regulations;
- Evaluate the internal control procedures and key processes established by licensees key processes pertaining to the operation of the licensees; and
- Check compliance of licensees to the Code on the Prevention of Money Laundering and Terrorist Financing.

Offsite Supervision

Offsite reviews remain an important tool to effectively deal with the potential risks posed by regulated entities. During the year under review, the FSC Mauritius attended to requests relating to Investment Funds and Intermediaries which, *inter alia*, included the following:

- Issue and transfer of shares under section 23 of the FSA;
- Appointment of officers under section 24 of the FSA;
- Departures from the provisions of the SA, CIS Regulations or Securities (Disclosure Obligations of Reporting issuers) Rules 2007;
- Creation of additional share classes/sub-funds/cells;
- Re-classification and change in investment objectives/constitutive documents;
- Extension in business activities/services;
- Issuance of Certificate of Good Standing and Fund Manager Certificate;
- Winding up;
- Advertisement;
- Appointment of auditors under section 103 of the SA; and
- Review of applications for TRC.

Desk-based reviews have revealed the following non-compliance issues by licensees:

- Breach of section 23 of the FSA for not seeking the prior approval of the FSC Mauritius for change in shareholding structure;
- Breach of section 24 of the FSA for failure to seek the prior approval of the FSC Mauritius for appointment of officers. The licensees were informed that these appointments were of no effect; and
- Non-compliance with section 2 of the SA with respect to diversification of risk required for the collective investment of funds.

The non-compliant licensees were required to take the necessary remedial measures.

Review of Financial Statements and Annual Reports

During the year under review, the FSC Mauritius reviewed a sample of AFS of licensees for Investment Funds and Intermediaries. The following deficiencies were noted:

- Licensees have not yet started its business activities after 6 months as from the date they were licensed;
- Qualified audit opinion pertaining to unsatisfactory valuation of investments;
- Non-compliance with the requirements of the Sixth Schedule of the CIS Regulations by licensees categorised as a Global Scheme or Retail Scheme;
- Failure by holders of CIS Manager Licence to maintain a minimum stated unimpaired capital of at least MUR 1 million or an equivalent amount as required under Regulation 38(1) of the CIS Regulations; and
- Non-compliance with section 5 of Circular Letter CL16042010 dated 16 April 2010.

The non-compliant licensees were directed to take remedial measures.

INSURANCE

Onsite inspection

Onsite inspections enable the FSC Mauritius to inspect the affairs or any part of the affairs of an insurer and verify whether the insurer is conducting business in accordance with sound insurance principles. The objectives of the onsite inspection are to:

- ascertain compliance with relevant laws and regulations;
- determine whether dealings with policyholders and public are fair and transparent;
- provide assurance that corporate governance was sound;
- check adherence to anti-money laundering laws, regulations and codes and
- identify any other deficiencies.

During the year under review, a total of seven onsite inspections were carried out and are as per table below:

Table 22: Onsite inspections carried out

	Jul 2018-Jun 2019	
	Number of Licensees	Number of inspections
Long-term insurance	8	-
General Insurance	15	3
Insurance Brokers (Domestic only)	40**	4
Global Business companies carrying on insurance business	57	-

Source: Financial Services Commission, Mauritius

** As per Public register

The inspections findings were discussed with the management of the companies and recorded in inspection reports, which were then communicated to the companies.

Following the onsite inspections, the main issues identified were as follows:

- non-compliance with the IA, FSA and Insurance Brokers Rules 2008;
- non-compliance with the Code of Corporate Governance;
- non-compliance with AML/CFT code;
- delay in claim settlement;
- inadequate record keeping; and
- unfair practice on cash settlement of claims.

Offsite supervision of insurance companies and intermediaries

During the year under review, a number of audited financial statements were reviewed and the following issues were revealed:

- failure to comply with the prescribed time frame pertaining to statutory reporting obligations;
- non-compliance with IA, FSA, AML/CFT Code, Insurance (Long Term Insurance Business Solvency) Rules 2007;
- non-submission of corporate governance report;

- statutory forms as per Insurance (Insurance Brokers) Rules 2008 were not properly filled and signed;
- non-submission of Risk Management Framework;
- non-compliance with Competency Standards of the FSC Mauritius;
- failure to comply with the Insurance (Risk) Management Rules 2016; and
- non-adherence to the Insurance (Insurance Brokers) Rules 2008.

Company under close monitoring

During the year under review, two insurance companies were closely monitored. The life insurance company had solvency issues while the non-life company had corporate governance issues. The FSC Mauritius requested both the companies to take remedial actions. The companies have since complied with the relevant provisions with the IA.

Referral to Enforcement

Following allegations made by a whistle blower, an inspection was conducted at the premises of two insurance brokers. During the inspection, some irregularities were identified and the matter was referred to Enforcement Directorate for further actions.

PENSION

Onsite Inspection

Onsite inspections shed light on the level of compliance with the requirements set forth in relevant laws and regulations. The inspections also evaluate various risks to members who rely on receiving benefits from pension schemes when they retire. The primary objective of the private pension schemes inspection process is to improve the compliance of these schemes with the PPSA and other relevant Acts. This process is achieved by detecting violations and deficiencies, bringing such findings to the attention of the licensees in order to be addressed, and referring serious instances of violations for appropriate enforcement action.

During the year under review, no onsite visit was conducted with regard to licensees under this sector owing to focus being given to the offsite supervision and monitoring of the on-boarding process of the DB schemes into a legally compliant entity.

Offsite Supervision

As part of its offsite supervision, the FSC Mauritius attended to several complex issues which can be categorised *inter alia* as follows:

- Conversion from DB to Defined Contribution ('DC');
- Transfer between pension schemes;
- Amendment to constitutive documents, including proposed change in benefits; and
- Winding up of under-funded private pension schemes.

During the year under review, FSC Mauritius monitored the filing of AFS, Schedule Forms and Actuarial Reports and the timely issuance of benefit statements to beneficiaries of private pension schemes under its purview. The FSC Mauritius also ensured that the governing bodies and pension scheme administrators of private pension schemes have not deviated from the statutory responsibilities as spelt out under the PPSA, Rules made thereunder and constitutive documents with regard to administration, management or investment of assets of the private pension schemes.

Furthermore, prior to 01 March 2019 before the setting up of the office of Ombudsperson for Financial Services, the number of complaints lodged by pensioners and members of private pension schemes with the FSC Mauritius has reduced substantially compared with the previous financial year. The nature of complaints received can be categorised as follows:

- Transfer value and portability option for a deferred member;
- Computation of pension benefits not aligned with Scheme Rules; and
- Non-payment of pension benefits.

Governing bodies and pension scheme administrators were informed of areas of non-compliance for them to take necessary measures in order to comply with respective private pension scheme rules and the provisions of the law.

Referral to Enforcement

During the year under review, the FSC Mauritius has continued to scrutinise the medium to high risk private pension schemes in line with its objects and functions as spelt out under section 6 of the PPSA. In this context, two private pension schemes were referred to its Enforcement Directorate for appropriate regulatory actions. In order to maintain a fair, safe, stable and efficient private pension industry for the benefit and protection of beneficiaries, the FSC Mauritius has been closely monitoring other private pension schemes and relevant actions shall be undertaken for repeated non-compliance.

Review of AFS, Actuarial Valuation Reports (Defined Benefit schemes) and Actuarial Reports (Defined Contribution schemes)

The review of AFS and returns of private pension schemes for the year under review has revealed, *inter alia*, the following:

- accounts for some private pension schemes were not prepared in accordance with IFRS;
- non-compliance with investment restriction limits; and
- several late submissions.

Pursuant to the PPSA and rules made thereunder, the governing body and pension scheme administrators are responsible for any non-compliance and they have therefore been requested to remedy the matters identified and comply with timely submission of all statutory filings.

Furthermore, the thematic review of actuarial (valuation) reports which includes monitoring submission, ensuring compliance with the technical funding requirements and checking for any adverse opinion of actuary, has contributed to enhanced compliance for defined benefit schemes. The FSC Mauritius also carried out communication exercises with relevant stakeholders of private pension schemes to address issues of underfunding and submission of contingency plans.

For DC schemes, the review focused mainly on trends in pension contributions, performance of investments and compliance with the provisions of the Private Pension Schemes (Investment) Rules 2013.

Resolution framework including consultant's visit

In September 2018, the FSC Mauritius appointed an external pension consultant to advise on the current challenges in the private pensions sector. This special assignment includes determining a macro approach to dealing with underfunded pension schemes and voluntary shifts from defined benefit to defined contribution. A consultative meeting among the consultant, the FSC Mauritius and representatives of the private pensions industry was held in November 2018 and the outcome being a resolution framework for the best interest of all parties concerned. The draft guidelines is being finalised for public consultation.

GLOBAL BUSINESS

Onsite inspection

Inspections of Management Companies

During the year under review, 24 MCs were inspected. The onsite inspections conducted were mainly routine inspections focusing on:

- Anti-money laundering principles;
- Risk Management;
- Corporate Governance standards;
- Business Conduct; and
- Internal Controls.

Following the onsite inspections, the main issues identified were:

- Poor checks carried out to ascertain the sources of funds/ wealth of funds of clients;
- Limited enhanced due diligence in cases of higher risk clients such as Politically Exposed Persons ('PEPs');
- Inadequacy of risk management framework in place to mitigate the risks relating to MCs' exposure to cyber-attacks; and
- Board of Directors not in accordance with the Code of Corporate Governance.

During the year under review, the FSC Mauritius issued 'show cause' letters to two MCs which resulted into the revocation of their Management Licences. Furthermore two other MCs surrendered their Management Licences out of voluntary discontinuation of their businesses.

Inspections of Foundations by the Corporate and Business Registration Department

During the year under review, the FSC Mauritius assisted the CBRD for the inspection of 33 Foundations.

Offsite Supervision

Review of Accounts

During the year under review, 160 AFS for MCs/ Corporate Trustees ('CT') were received. The Total Income as per the AFS received, amounted to USD 275 million and profit before tax amounted to USD 61 million whilst total assets stood at USD 257 million.

Filing of Financial Summaries

With the ultimate objective of becoming a paperless office, new procedures for filing of financial summaries for GBL2 and AC have been implemented such that financial summaries are filed only through e-filing.

Administrative Penalty for late filing of Accounts

During the year under review, licensees that have accrued administrative penalties for late filing of AFS/FS were reminded of their statutory obligations and their liabilities to the FSC Mauritius.

Complaints against Management Companies/Corporate Trustees

During the year under review, the FSC Mauritius received some complaints against MCs/CTs. Most of these complaints pertained to unsatisfactory services being provided and/or related to disputes of a commercial nature between the MCs and their clients.

Tax Residence Certificate

An application for a Tax Residence Certificate ('TRC') with the Mauritius Revenue Authority ('MRA') requires FSC Mauritius clearance. Factors like good standing of the company holding a GBL in terms of its fees and reporting obligations, adherence to substance requirements, amongst others are taken into account prior to the FSC Mauritius providing its clearance to the MRA.

During the year under review, the FSC Mauritius provided a good standing report to some 7,047 TRC applications out of which 6,194 were renewals and 853 were new applications. With a view to easing and speeding the service, the MRA has embarked on a project for the implementation of an online platform for submission of TRC in a more structured, user-friendly, and efficient manner through secured log in credentials. The FSC Mauritius has been working in close collaboration with the MRA for the setting up of the online platform for TRC submission.

ENHANCING THE GLOBAL BUSINESS FRAMEWORK

Practice Notes for Qualified Trustees and MCs engaged in the provision of trusteeship services

In August 2018, the FSC Mauritius issued Practice Notes regarding provision of trusteeship services in a view to better regulate the conduct of Qualified Trustees ('QTs') and MCs when providing corporate trusteeship services. The Practice Notes provide for the implementation of a common set of standards for QTs and MCs. The issuance of such Practice Notes would address issues relating to exit fees and transfer of trust files amongst others, which have been the subject matter of various complaints received by the FSC Mauritius in the past.

Consultation Papers

Following the diversification of its product base, the FSC Mauritius issued on 08 April 2019 a Consultation Paper on regulatory framework for Overseas Family Office whereby views and comments were invited from the industry, relevant professionals and the public on the proposed regulatory standards/requirements for Overseas Family Office. On 03 May 2019, the FSC Mauritius issued another Consultation Paper on the introduction of a regulatory framework for Global Shared Services and comments from industry professionals and public were invited.

MCs: Managing exposures relating to Cyber Security Risk

MCs operate in a sector where cyber-attacks pose a real risk to them and affect the reputation of Mauritius. During the year under review, a few MCs have been subject to cyber-attacks. MCs were reminded, during inspection visits, of their obligations to comply with the guiding principles of the Code of Business Conduct issued by the FSC Mauritius. MCs should also be aware of their degree of risk exposure and take appropriate measures including carrying out IT audits and conduct penetration testing at regular intervals to ensure that their systems are not vulnerable and prone to cyber-attacks. In order to mitigate the cyber risk inherent in the global business sector, MCs were requested to undertake a review of their existing cyber risk management framework and reinforce their existing cyber security measures in a view to shield their operations against any type of cyber-attacks.

FINTECH

The FSC Mauritius supervises its licensees by, *inter alia*, focusing on their conduct of business and financial risks, and how they ensure compliance with the prevailing legislations, rules and regulations.

The supervisory framework of Fintech related activities is risk-based, and responsive to both domestic and international challenges. The objectives of the FSC Mauritius are to promote robust regulation of these licensees, safeguard public interest, foster investors' confidence and ensure an effective enforcement regime. The FSC Mauritius generally brings changes to the supervisory framework of Fintech related activities after consultation or dialogue with the industry associations and stakeholders.

Onsite Supervision

For the 2019 cycle, the Fintech cluster focused on a number of essential parameters during the preparation of its onsite inspections. These parameters encompassed adherence to corporate governance principles, market conduct, prudential aspects (including fairness and transparency), compliance with prevailing legislations, anti-money laundering legislations and codes and evaluation of financial soundness and controls respectively.

Offsite Supervision

The offsite supervisory reviews of the PIS licensees during the year under review enabled the FSC Mauritius to identify several compliance gaps, namely:

- Failure to comply with prescribed time limit in respect of certain statutory reporting obligations;
- Failure to conduct activities within the scope of licence;
- Qualified report made by external auditors in AFS;
- Failure to disclose as per International Financial Reporting Standards; and
- Failure to ensure compliance with the National Code of Corporate Governance as required by the Circular Letter CL010705.

The FSC Mauritius has closely followed up with the licensees to initiate timely and appropriate remedial actions to address these gaps.

LEGAL AND REGULATORY DEVELOPMENT

LEGAL AND REGULATORY DEVELOPMENT

The Legal cluster, headed by the General Counsel, carries out a broad range of functions including advising the FSC Mauritius on legal matters and assisting in the consolidation of the regulatory framework for the non-bank financial services and Global Business sectors.

This includes the following:

- providing legal assistance and advice in all areas of activities of the FSC Mauritius;
- participating in the development of financial regulations and the consolidation of the current regulatory regime in line with the FSC Mauritius' mission and statutory objectives; and
- drafting and vetting organisational documents, laws, rules and regulations and other legal instruments including practice notes, codes, circulars and guidelines.

The General Counsel and Legal cluster also conduct litigation and provide legal advice to the FSC Mauritius on matters before the Courts and the Financial Services Review Panel ('FSRP'). The General Counsel and qualified Law Practitioners from the Legal cluster represent the FSC Mauritius before the Courts of Mauritius as and when required.

The General Counsel manages and supervises the Legal cluster and is also responsible for advising the Chief Executive and the Board of the FSC Mauritius and its committees on legal and governance issues.

CHANGES TO LEGISLATIONS

Following the budgetary measures announced in the Budget Speech 2018/19, various amendments were brought to the following legislations falling under the purview of the FSC Mauritius:

The Financial Services Act 2007

The FSA was amended to, *inter alia*, include the following:

Sections	Purpose
Section 7(1)(b)	allows the FSC Mauritius, in discharge of its functions, to give directions to any person, to ensure compliance with licensing conditions.
Section 18(3)	ensures that licensees maintain at all times the requirements needed for the grant of a licence.
Section 19	extends the scope of the offence with respect to licensees who provide false and misleading information.
Section 45	extends the scope of the offence with respect to a person who destroys, falsifies, conceals or disposes of, or causes or permits the destruction, falsification, concealment or disposal of any document, information stored on a computer or other device where such information is relevant to the FSC Mauritius.
Section 46(1)(a)	allows the FSC Mauritius to take actions against a licensee which fails to comply with section 52 or section 52A of the BoM Act 2004.
Section 48 (10)	allows the FSC Mauritius to appoint an administrator in relation to the business activities of a person whose authorisation has been withdrawn
Section 53(4)	clarifies that the Financial Services Review Panel needs to receive the application for review from a licensee within 21 days of the issue of the written notification.
Section 66(7)	allows for any determination of the Financial Services Review Panel to be published except that any information which the Financial Services Review Panel considers to be sensitive shall be omitted.
Section 94(2)	allows the FSC Mauritius to make Regulations for the authorisation of Compliance Services and Global Shared Services.

Sections	Purpose
Sections 2, 30, 71, 72, 73(1), 74, 83 and 96	the FSC Mauritius will no longer issue GBL2.
	Renames the GBL1 as GBL.
	Removes all restrictions applicable to dealings in Mauritius.
	provides that all resident corporations incorporated/registered under the laws of Mauritius whose majority shareholdings/parts are held by non-citizen and which conduct business principally outside Mauritius will be required to seek a GBL or an authorisation from the FSC Mauritius, through a duly appointed MC. The latter will be responsible for ensuring compliance with AML/CFT, Legal, Regulatory and Corporate Governance compliance of these companies / partnerships.
	provides for enhanced substance requirements for entities holding a GBL.
Sections 2, 16, and 83	to meet international standards on AML/CFT and proliferation, and with a view to addressing threats to international peace and security.
Sections 2, 15, 17(1), 25(3), 29, 71A	caters for the new Authorised Company regime.
Section 16 (1)(b), 42	realigns the FSA with the amendments brought in the Financial Intelligence and Anti-Money Laundering Act in order to comply with the FATF Standards on Customer Due Diligence.
Second Schedule	allows the FSC Mauritius to regulate Custodian services (digital assets) and Digital Asset Marketplace.

In addition, consequential amendments have been brought to other legislations relating to companies holding a GBL1 or GBL2, namely, the Companies Act, Foundations Act, IA, Limited Liability Partnership Act, Limited Partnerships Act, PPSA, Non-Citizens (Property Restriction) Act, Protected Cell Companies Act, SA, and Trusts Act.

The Securities Act 2005

The SA was amended to allow the FSC Mauritius to make Rules to cater for any new market participants for Derivatives and Commodities Market and to be consistent with the new Global Business regime.

The Insurance Act 2005

Section 2 of the IA was amended to allow an insurance manager to manage domestic insurance business and at sections 2,131, 133 and the Fourth Schedule to be consistent with the new Global Business regime.

The Captive Insurance Act 2015

The Captive Insurance Act was amended at section 6 and a new section 8A was introduced to be in conformity with the substance requirements of the OECD. In addition, sections 2 and 13 was amended to be consistent with the Global Business reform.

The Private Pension Schemes Act 2012

Sections 2, 12(1) and 58 of the PPSA were amended to be consistent with the new Global Business Regime.

Trusts Act 2001

The Trusts Act 2001 was amended by the Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation (Miscellaneous Provisions) Act 2019 on 29 May 2019 with a view to meeting international standards on anti-money laundering and combating the financing of terrorism and proliferation, and addressing

threats to international peace and security. In addition, the Trusts Act 2001 was amended to be in line with the new Global Business reform.

Ombudsperson for Financial Services Act 2018

The Ombudsperson for Financial Services Act 2018 was passed by the National Assembly on 04 December 2018 to provide for an Ombudsperson for Financial Services, an Office of Ombudsperson for Financial Services, and for matters related thereto. Pursuant to the aforesaid Act, consequential amendments were brought to sections 2, 32 and 83 of the FSA to provide for the obligations of every licensee to furnish information to the Ombudsperson for Financial Services.

AMENDMENT TO RULES

Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2018

The Financial Services (Consolidated Licensing and Fees) Rules 2008 was amended on 01 October 2018 to provide for the application procedures for Authorised Company and the applicable fees and charges. The fees that are applicable to AC are as follows:

Application Fees - USD 150

Annual Fees - USD 350 (flat irrespective on month of application)

Captive Insurance (Pure Captive Insurance Business) (Amendment) Rules 2018

The Captive Insurance (Pure Captive Insurance Business) Rules 2016 was amended on 01 October 2018 by introducing the following new Rule: –

“23A. Substance requirements

A captive insurer shall at all times for the conduct of its core income generating activities

- (a) *employ an adequate number of suitably qualified people either through direct employment or indirectly through an insurance manager hired to manage its captive insurance business; and*
- (b) *have a minimum expenditure proportionate to its level of activities; for the conduct of its core income generating activities.”*

The rationale is to ensure that the captive insurance business is conducted in accordance with the best international standards.

Financial Services (Authorised Company) Rules 2018

The Financial Services (Authorised Company) Rules 2018, which came into operation on 01 October 2018, provides that companies will need to seek an authorisation from FSC Mauritius if they meet the following criteria:

- the majority of shares or voting rights or the legal or beneficial interest in a company held by a person who is not a citizen of Mauritius;
- proposes to conduct or conducts business principally outside Mauritius or with such category of persons as may be specified in FSC Rules; and
- has its place of effective management outside Mauritius.

An AC is required to have an MC as registered agent. The latter will have all the responsibility for record keeping, AML/CFT verifications and filing requirements with respect to the AC.

Financial Services (Consolidated Licensing and Fees) (Amendment No. 2) Rules 2018

Further amendments were brought to the Financial Services (Consolidated Licensing and Fees) Rules 2008 ('the Fees Rules') following the termination of the respective licences of Bourse Africa Ltd ('BAL') and Bourse Africa Clear Ltd ('BACL'). It is to be noted that BAL was previously known as Global Board of Trade ('GBOT') and BACL as GBOT Clear Ltd. These fees were related to the conduct of activities on BAL.

The FSC Mauritius had set fees exclusively applicable to the different categories of investment dealers trading on BAL under the table of Fees '*Investment Dealers trading on GBOT*'. These types of investment dealers are (i) the Commodity Derivatives Segment, (ii) the Currency Derivatives Segment and (iii) the Equity Segment. The same table indicates the Fixed Annual fees to be paid depending on the number of licences an entity holds with BAL. In order to avoid any confusion and for transparency purposes and given that BAL is no longer a licensee of the FSC Mauritius, the Table Fees (Investment Dealers trading on GBOT) has been removed from the Fees Rules.

Financial Services (Consolidated Licensing and Fees) (Amendment No. 3) Rules 2018

The Financial Services (Consolidated Licensing and Fees) (Amendment No. 3) Rules 2018 amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to provide for the:

- fees and charges to be paid by GBCs;
- variable fees to be paid by MCs with respect to the number of GBCs under their administration;
- variable fees to be paid by MCs with respect to the number of ACs they are servicing.

These Rules came into operation on 01 January 2019.

Financial Services (Global Business Corporations) Rules 2019

The Financial Services (Global Business Corporations) Rules 2019 came into operation on 01 January 2019 and specifies those entities which are not required to apply for a Global Business Licence.

Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2019

The Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2019 which came into operation on 01 March 2019 prescribes the applicable processing and annual fees to be paid for the Custodian Services (digital assets) licence.

Financial Services (Custodian services (digital asset)) Rules 2019

The Second Schedule to the FSA was amended by the Finance (Miscellaneous Provisions) Act 2018 to empower the FSC Mauritius to issue two new licences, namely the Custodian services (digital assets) licence and the Digital Asset marketplace licence.

The Financial Services (Custodian services (digital asset)) Rules 2019 which came into operation on 01 March 2019 provides for the regulatory framework for the Custodian services (digital assets) licence under which an entity will provide custody and safekeeping services to its clients specifically for digital assets.

AMENDMENT BY REGULATIONS

Financial Services (Amendment of Schedule) Regulations 2018

The Financial Services (Amendment of Schedule) Regulations 2018 has amended the FSA on 30 November 2018 to cater for several activities licensed by the FSC Mauritius under section 14 of the FSA.

Insurance (Industry Compensation Fund) (Amendment) Regulations 2018

The Insurance (Industry Compensation Fund) Regulations 2015 was amended in October 2018 to introduce the insolvency sub-funds.

THE FINTECH AND INNOVATION-DRIVEN FINANCIAL SERVICES REGULATORY COMMITTEE

The Fintech and Innovation-driven Financial Services Regulatory Committee ('Fintech Committee') was set up under the aegis of the FSC Mauritius in January 2018. The Fintech Committee was composed of the following members:

- Lord Meghnad Desai, House of Lords, United Kingdom;
- Lord Anthony St. John of Bletso, House of Lords, United Kingdom;
- Ms Loretta Joseph, Chair of the Australian Digital Currency and Commerce Association;
- Mr. Nishith Desai, Founder of the Nishith Desai Associates Law Firm;
- Mr. Yandraduth Googoolye, Governor of the Bank of Mauritius;
- Mr. Harvesh Seegolam, Chief Executive of the FSC Mauritius; and
- Mr. Rajeshsharma Ramlooll S.C., Deputy Solicitor General, Attorney General's Office, Mauritius.

The Fintech Committee identified three priority areas within the space of Fintech activities for regulation in Mauritius, namely:

- Initial Token Offerings;
- Custody services in relation to digital assets; and
- Trading of digital assets.

The Fintech Committee report entitled "Mauritius: Roadmap for a Regional Fintech Hub" included recommendations on the need to introduce new sets of regulations for Fintech and innovation. These recommendations were announced in the Budget Speech 2018/19 and are being implemented by the FSC Mauritius.

THE NATIONAL REGULATORY SANDBOX LICENCE COMMITTEE

The NRSL Committee, under the Chairmanship of Lord Meghnad Desai, was established following the recommendations of the Regulatory Committee on Fintech and Innovation-Driven Financial Services.

Composition

For the period under review, the NRSL Committee was composed of the following members:

- Lord Meghnad Desai, House of Lords, UK;
- Dr Renganaden Padayachy, First Deputy Governor, Bank of Mauritius;
- Mr. Harvesh Seegolam, Chief Executive, FSC Mauritius;
- Mr. Guillaume Ollivry, Director, Financial Intelligence Unit, Mauritius;
- Mr. François Guibert, Chief Executive Officer of the Economic Development Board;
- Mr. Yvan Jean Louis, Principal State Counsel;
- Mr. Dhanunjaye Gaoneadry, Permanent Secretary of the Ministry of Financial Services and Good Governance; and
- Mr. Mahen Rawoteea, Lead Analyst of the Ministry of Finance and Economic Development.

Mandate

The NRSL Committee, under the administrative charge of the FSC Mauritius, operated as:

- an independent committee to consider and make recommendations on all (Regulatory Sandbox Licence) RSL applications made to the Economic Development Board in relation to Fintech;
- the focal point for assessing:
 - all Fintech-related RSL applications; and
 - all Fintech-related applications announced in the National Budget.

Depending on the nature of the proposed Fintech activity, the supervision of the holder of the Fintech RSL was assigned to either the Bank of Mauritius or the FSC Mauritius.

During the period under review, the NRSL Committee held six meetings.

INNOVATION, DEVELOPMENT AND INTERNATIONAL RELATIONS

INNOVATION, DEVELOPMENT AND INTERNATIONAL RELATIONS

The Innovation, Development and International Relations ('Innovation') Cluster was set up in October 2018 to spearhead the FSC Mauritius' innovation and Fintech initiatives. The Innovation Cluster is the focal point for the development of regulatory frameworks for new licensable activities supervised by the FSC Mauritius.

During the period under review, the key deliverables of the Innovation Cluster included:

- The issue of a Guidance Note on the Recognition of Digital Assets as an asset-class for investment by Sophisticated and Expert Investors and a Guidance Note on Securities Token Offerings;
- The engineering of the supervisory landscape for the Custody of Digital Assets, making Mauritius the first jurisdiction to offer a dedicated regulatory ecosystem for this activity;
- Fostering new avenues of cooperation for the FSC Mauritius with local, regional and international counterparts specifically in the field of Fintech and innovation-driven financial services; and
- Providing secretarial services to the NRSL Committee and the Working Group on Blueprint for the Financial Services Sector.

**PROJECT
OFFICE**

PROJECT OFFICE

Implementation of the Blueprint Report

The Blueprint report entitled '*Innovating and transforming the Mauritius IFC of 2030: a blueprint for success*' ('Blueprint'), was facilitated by a Consultant in collaboration with the IFC Core Working Group - Working Group 3 ('WG3'). The WG3 has met five times since its inception and has submitted its first report to the Steering Committee, Prime Minister's Office on 15 May 2019.

The 10-year Blueprint represents the Mauritian Government's Vision 2030 for a reformed financial services sector for the Mauritius IFC, and targets to double the size of the financial sector and its contribution to Gross Domestic Product ('GDP') in real terms, that is, to USD 1.9 billion. This will increase the IFC related employment by 1.5 times to approximately 17, 000 jobs and increase tax revenue to around USD 0.3 billion in real terms.

On 05 October 2018, the Cabinet was apprised of a decision of the Prime Minister's Office to constitute a Steering Committee under the chairmanship of the Secretary to Cabinet and Head of the Civil Service to oversee the implementation of the budget measures. The WG3 was constituted to ensure the timely and effective implementation of the recommendations of the Blueprint for the Financial Services Sector. Led by Dr Renganaden Padayachy, Chairperson of the FSC Mauritius, the WG3 is composed of Mr. Harvesh Seegolam, Chief Executive of the FSC Mauritius as well as other relevant stakeholders.

The Project Office was subsequently set up by the FSC Mauritius to ensure an overall successful delivery of the Blueprint objectives and reports to the WG3. Under the direction of the WG3, this special unit is designed to unite a set of government industry association, private sector and regulatory bodies around common objectives.

Progress on Blueprint recommendations

For the Mauritius IFC to achieve sustainable growth and meet its targets, the Blueprint provides for six imperatives based on three pillars.

The six imperatives of the Blueprint are:

- Future-proof Mauritius' regulatory and tax regimes;
- Create quick, simple, user-friendly processes to serve financial institutions, corporate and High Net Worth Individuals;
- Build the image of Mauritius as a world class specialist IFC underpinned by deep institutional and government to government relationships;
- Attract, develop and retain world class global talent;
- Attract more high calibre corporates and financial institutions to create depth and more breadth in the Mauritius IFC; and
- Enhance liveability and transport options for expatriates and locals.

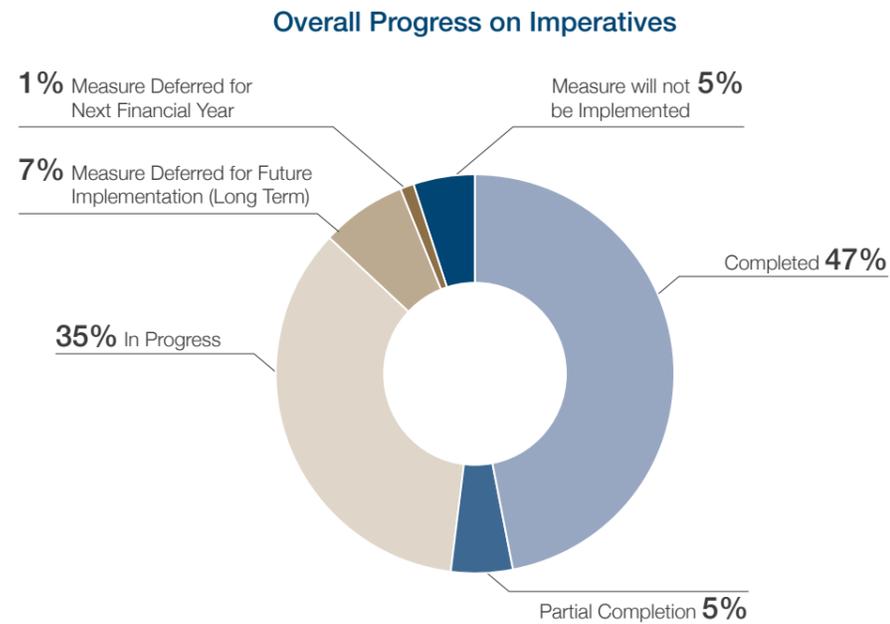
The three pillars are:

- Cross-border investment;
- Cross-border corporate banking & private banking; and
- Wealth management.

The implementation of a considerable number of action points, as recommended in the Blueprint, have already been initiated at the level of the FSC Mauritius, the BoM, the EDB and the relevant Ministries.

The figure below illustrates overall progress on the implementation on all action points falling under the six imperatives.

Figure 2: Overall Progress on Imperatives



Source: Project Office, 2019

In many cases, the implementation of the action points has been completed but requires an ongoing monitoring. The promotion of the Mauritius IFC remains a process that even after initial completion, would necessitate consistency and recurrence. Many of the measures will require a prolonged period for either implementation or completion and the WG3 will be monitoring the implementation of these measures by the Project Office.

Members of the WG3 also came to a collective opinion that five percent of the action points cannot be implemented for the following reasons:

- Unfair advantage and competitiveness with respect to existing operators,
- The commitments of Mauritius towards the OECD and the EU, and
- Non-applicability to the Mauritius IFC.

The Project Office is continuing its work on several projects which impact on the Blueprint implementation both directly and indirectly.

Task Forces

Eight task forces were set up by the FSC Mauritius to ensure sharing of information and experiences on key topics. The recommendations of the task forces shall feed into the work of the WG3.

The task forces are listed below:

1. Cross border Investment, Global Business and Tax;
2. Capital Markets;
3. Corporate Finance;
4. Insurance and Pensions;
5. Funds;
6. AML/CFT Practices;
7. Digital Finance; and
8. Wealth Management.

REGIONAL CENTRE OF EXCELLENCE

REGIONAL CENTRE OF EXCELLENCE

The FSC Mauritius launched the FSC Regional Centre of Excellence ('FSC RCE') in collaboration with the OECD on 15 March 2019 in Ebene. This landmark initiative is aimed at increasing the visibility of Mauritius as a strategic country for capacity building in the region and at enhancing the good repute of the country internationally.

This launch gave effect to the announcement in the Budget speech 2018-2019 whereby it was announced that the FSC Mauritius will, in collaboration with the OECD, host a Regional Centre for capacity building and best practices in Mauritius in line with Mauritius and OECD's mutual combat against financial malpractices and promotion of fair and efficient financial markets.

This collaboration which transcends borders will help to promote regional cooperation and the involvement of the OECD will help to bring the Southern and Eastern African countries on a level playing field. The targeted audience are the financial services regulators and law enforcement agencies from the Southern and Eastern African countries. The aim of this collaboration is to endeavour to bring consistency and regularity in the financial sectors of the countries involved, thus, raising capacity building of African regulators to an unprecedented level, as well as improving the enforcement of laws regulating the financial sector.

The OECD's regular presence in this part of the world will help this organisation engage with specific issues facing financial services sectors of the different African countries, and highlight the policy frameworks, standards and best practices used by OECD countries which could be used as a reference point to better align regional financial services sector with international standards. In addition, the strategic location of Mauritius in the Indian Ocean coupled by the bilingual capacity of its population position the island as a convenient platform for both Anglophone and Francophone Africans and experts of the OECD.

The Regional Centre of Excellence cluster was set up in November 2018 for the administration and the coordination of events at the FSC RCE.

Inauguration of the FSC Regional Centre of Excellence

The FSC RCE was inaugurated by the Minister of Financial Services and Good Governance in the presence of the Chairperson and Chief Executive of the FSC Mauritius and eminent personalities including Lord Meghnad Desai and Mr. Greg Medcraft. The event was also attended by heads of African regulators and heads of local institutions such as the Financial Intelligence Unit, the Competition Commission of Mauritius, and the Independent Commission Against Corruption.

The inauguration was followed by a conference entitled "*Building Linkages for Financial Markets in Africa*" and two Masterclasses on "*Regulation of Capital Markets*" and "*Financial Malpractices - A new Perspective on Policy and Practices*," respectively. This conference saw the participation of representatives of more than 20 African regulators.

The Chief Executive of the FSC Mauritius, in his speech, stated that the '*Centre of Excellence is yet another landmark initiative in the Regulatory and Law Enforcement space undertaken by the FSC Mauritius and it comes at an opportune time when regulators and law enforcement agencies across the globe are faced with more intricate situations in relation to Financial Services and Financial Markets.*'

The collaboration with the OECD primarily focusses on but is not restricted to the following fields:

- financial services, including capital markets, investments, insurance and pensions and combating financial misconduct and malpractices;
- financial literacy and financial inclusion;
- corporate governance and competition;
- anti-bribery and anti-corruption; and
- blockchain policies.

The support of other international standard setting bodies including but not limited to the FATF, the ESAAMLG, the IAIS, the IOPS, the Official Monetary and Financial Institutions Forum ('OMFIF'), the Islamic Financial Services Board ('IFSB') and the IOSCO will also be enlisted.

Moreover, the FSC Mauritius was honoured by the presence of Lord Meghnad Desai who stated that *'Mauritius has the potential to be a regional leader in matters of financial regulation and this Centre is going to help in doing it with rapidity.'*

The Chairperson of FSC Mauritius stated that the setting up of the FSC RCE clearly shows *'the enthusiasm of Mauritius to bring financial services to the next level. He added that the vision of the Government of Mauritius is to work jointly with the OECD in the Southern and Eastern African region to deliver capacity building programmes, conduct research and draft policy papers and reflect on the best practices and potential standards at the regional level.'*

Mr. Greg Medcraft stated that the OECD has collaborated with the Mauritian authorities to develop a programme for training and capacity building, which will be implemented over the coming months and years. The aim of the OECD is to promote policies that will improve the economic and social well-being of people around the world and its motto is *"better policies for better lives"*.

Mr. Medcraft highlighted that OECD supports fair and efficient markets and the achievement of a worldwide level field with three core activities namely:

- research, standard setting and advice;
- providing platforms for discussion, cooperation and collaboration between countries; and
- technical assistance and capacity building.

Mr. Medcraft noted that application of the OECD's standards and best practices may need to be adapted to meet the needs of economies of African countries which are at different stages of development. He further stated that this sharing activity has already been applied in priority areas like anti-bribery and State-Owned Enterprise ('SOE') governance, through the OECD/African Development Bank Joint Initiative to Support Business Integrity and Anti-Bribery Efforts in Africa and the OECD-Southern Africa Network on the Governance of SOEs in partnership with the SADC. These activities do not seek to implement OECD standards, but to create good policy in reference to those standards, reflecting local conditions.

Mr. Medcraft emphasised on fostering cooperation between countries as it is a precondition for establishing and maintaining a level playing field and is clearly a priority for the region.

Further to the launch in March 2019, the FSC RCE is working closely with the OECD on a calendar of activities. The RCE is also liaising with other international standard setters for the organisation of trainings in various fields.

ENFORCEMENT

ENFORCEMENT DIRECTORATE

The Enforcement Directorate supports the statutory objectives of the FSC Mauritius, its vision and mission, through the timely, effective and proportionate use of its enforcement powers. In doing so, the Enforcement Directorate has due regard to the relevant laws as well as international standards.

The Enforcement Directorate

The FSC Mauritius has during the year under review strengthened its enforcement function through the setting up of an Enforcement Directorate which delivers credible, robust, timely and proportionate outcomes. The FSC Mauritius made a commitment to reinforcing the human capital and structures within the Enforcement Directorate in order to increase its effectiveness as a respected investigative arm and to portray the Mauritius IFC as an efficient centre of excellence for investigations and actions. Thus, the FSC Mauritius continues to leverage on both local and international industry and law enforcement expertise in order to create a dynamic environment. The FSC Mauritius entered into an agreement with the Financial Conduct Authority, United Kingdom for the secondment of Mrs. Francesca Omobola Harte as Director of the Enforcement Directorate.

The Enforcement Directorate was further tasked with strengthening its investigative capabilities. During the year under review, the FSC Mauritius collaborated with several international regulators and the IOSCO to develop its Enforcement Manual. Moreover, staff benefited from a number of training courses on forensic investigations.

The approach of the FSC Mauritius to enforcement

The FSC Mauritius adopts a pro-active approach to enforcement. The Enforcement Directorate is dynamic and committed to ensuring that licensees demonstrate compliance with relevant laws and standards. The FSC Mauritius' enforcement powers are wide ranging. Enforcement actions are decided on a case by case basis and are commensurate with the circumstances and severity of breaches. Credible deterrence is a key feature of enforcement actions. It relies on clear messages being sent to the industry that misconduct will not be tolerated.

The credible deterrence approach is central to the FSC Mauritius' enforcement strategy since 2012. The FSC Mauritius acknowledges that severe sanctions on their own are not sufficient to deter regulatory misconduct. As such, the FSC Mauritius embraces a forward-looking and pre-emptive approach for better detection of regulatory misconducts and efficient investigations. In addition, there is greater alignment and collaboration between all supervision clusters and Enforcement Directorate to:

- increase the detection of possible issues that could otherwise give rise to misconduct;
- prevent harm before it occurs; and
- achieve better regulatory outcomes.

Additionally, the FSC Mauritius credible deterrence strategy considers publicity as an effective enforcement tool. The publication of enforcement outcomes plays a key role in achieving the FSC Mauritius' objectives. These publications enable transparency, accountability in the decision making process as well as showcasing the FSC Mauritius low tolerance of misconduct. The FSC Mauritius, however, reserves the right not to publish information, if in its opinion, such publication would be detrimental or prejudicial to the interests of consumers of the financial products and services.

Information sharing and regulatory cooperation is pivotal to the integrity and effectiveness of any regulatory system. The Enforcement Directorate works closely with international regulators to ensure that there is a coordinated approach to tackling cross border misconducts. On the local front, the Enforcement Directorate collaborates with law enforcement agencies and judicial authorities with respect to key issues.

Key Enforcement Projects

The Enforcement Directorate has, during the year under review, embarked on a number of key projects, such as:

The Administrative Penalties Regulatory Framework ('Framework') which sets out the approach that the FSC Mauritius has adopted regarding the imposition of administrative penalties on a licensee for breaches of relevant laws which are dealt with in the enforcement space. The FSC Mauritius through the Enforcement Directorate benchmarked its approach against practices adopted by several international financial regulators while ensuring that due regard has been given to the domestic context. Following a consultation process to seek the views of the industry and the public and to take into consideration the useful feedback received, the Framework was finalised;

The Enforcement Manual which will serve as a reference tool to ensure openness and transparency in the use of the enforcement powers of the FSC Mauritius; and

The Enforcement Directorate also recognises that an agreed regulatory outcome by way of settlement may lead to a proportionate and swifter outcome than a contested enforcement action and thus, it is intended that a settlement protocol will be implemented shortly.

Enforcement Actions

The FSC Mauritius enforcement powers are wide ranging and vary in severity. Appropriate enforcement action is therefore decided on a case by case basis and is commensurate with the severity of the breach.

During the year under review, following the identification of circumstances suggesting that there may have been breaches of the relevant laws, 18 cases were referred to the Enforcement Directorate.

The table below provides the number of enforcement actions taken by the FSC Mauritius during the year under review.

Table 23: Number of Enforcement actions

Type of Enforcement Action	Jul 2018 – Jun 2019	Jul 2017 – Jun 2018
Suspension of Licence	-	10*
Revocation of Licence	4	-
Withdrawal of Authorisation to act as Collective Investment Scheme	-	-
Cease Trade Order	-	-
Investor Alerts - Unauthorised	13	6
Directions Issued	2	1

Source: Financial Services Commission, Mauritius

* During the period 12 months ended 30 June 2019, 7 suspensions of licence were cancelled.

In addition to the matters set out in the above table, the Enforcement Directorate has provided assistance on a number of investigations which were led by supervision clusters and has issued 13 show cause letters.

Referral of matters to the Enforcement Committee

The EC is mandated to exercise the disciplinary powers of the FSC Mauritius under section 7(1) (c) of the FSA in the determination of cases referred to it by the Chief Executive. In this respect, the EC may impose the following administrative sanctions:

- issue a private warning;
- issue a public censure;
- disqualify a licensee from holding a licence or a licence of a specified kind for a specified period;
- in the case of an officer of a licensee, disqualify the officer from a specified office or position in a licensee for a specified period;
- impose an administrative penalty; and
- revoke a licence.

The table below shows the administrative sanctions taken by the EC.

Table 24: Number of administrative sanctions taken by the Enforcement Committee

Types of administrative sanctions taken by the EC	Jul 2018 – Jun 2019	Jul 2017 – Jun 2018
Revocation of Licences	2	2
Disqualification of Officers	2	7*
Private Warning	-	2
Public Censure	-	1**

Source: Financial Services Commission, Mauritius

* During the period ended 30 June 2019, the FSRP has amended 2 decisions and cancelled 1 decision of the EC.

** During the period ended 30 June 2019, the FSRP has amended 1 decision of the EC.

**ANTI-MONEY LAUNDERING &
COMBATING THE FINANCING
OF TERRORISM**

ANTI-MONEY LAUNDERING / COMBATING THE FINANCING OF TERRORISM

The FSC Mauritius is the licensing and supervisory authority, as well as the competent Anti-Money Laundering/Combating the Financing of Terrorism ('AML/CFT') Supervisor for the non-banking financial services and Global Business sector. Strong anti-money laundering and combating the financing of terrorism and proliferation measures are imperative in protecting Mauritius as a leading IFC, recognised for its socio-economic stability, good governance and strong institutions. During the year under review, the FSC Mauritius has taken numerous initiatives to enhance the effectiveness of the AML/CFT measures applicable to its licensees. One of the initiatives was to set up a unit dedicated to matters related to AML/CFT. One of the key mandates of the AML/CFT Unit is to ensure the timely implementation of the actions set out in the Mauritius AML/CFT National Action Plan 2019-2022.

The AML/CFT Unit, which acts as the focal point and provides specialized expertise on AML/CFT matters, is supported by the Authorisation & Supervision Directorate and the Enforcement Directorate. The AML/CFT Unit is leading the implementation of the FSC's revamped AML/CFT Risk-Based Supervision ('RBS') Framework and conducts all AML/CFT specific offsite monitoring.

Mutual Evaluation Report

Mauritius underwent a second round of mutual evaluation of its AML/CFT framework under the 2013 Assessment Methodology of the FATF. The Mutual Evaluation Report ('MER') of Mauritius, published in September 2018, analyses Mauritius's level of compliance with the FATF Forty recommendations and the level of effectiveness of its AML/CFT system.

Following the adoption of the MER of Mauritius, numerous amendments were made to the national AML/CFT framework through the Finance (Miscellaneous Provisions) Act 2018, aiming at strengthening the framework. Furthermore, a new set of Regulations, namely the Financial Intelligence and Anti Money Laundering Regulations 2018, was promulgated effective as from 01 October 2018, to address the FATF requirements regarding customer due diligence, PEPs, correspondent banking, money or value transfer services, new technologies, wire transfers, reliance on third parties, internal controls and foreign branches and subsidiaries, amongst others. The adoption in May 2019 of the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019 is testament to Mauritius's commitment to implement targeted sanctions, including financial sanctions, arms embargo and travel ban, and other measures imposed by the United Nations Security Council under Chapter VII of the Charter of the United Nations, with a view to addressing threats to international peace and security, including terrorism, the financing of terrorism and proliferation of weapons of mass destruction.

On the basis of the significant progress made, Mauritius was successful in obtaining technical compliance re-rating on 11 Recommendations in May 2019. At the ESAAMLG Council of Ministers Meeting held in September 2019, Mauritius was successful in obtaining technical compliance re-rating on a further 19 Recommendations. As of date, Mauritius is either Largely Compliant or Compliant to 35 of the 40 FATF Recommendations, including the Big Six Recommendations.

The FSC Mauritius' AML/CFT Unit worked closely with the Ministry of Financial Services and Good Governance on the legislative amendments and application for the re-rating.

National Risk Assessment

In line with Recommendation 1 of the FATF Recommendations, Mauritius conducted, through a collaborative process involving key stakeholders including the FSC Mauritius, its National Risk Assessment ('NRA') exercise with the aim to identify, understand and assess the money laundering and terrorist financing risks faced by Mauritius. The NRA was carried out using the NRA Tool developed and provided by the World Bank. The NRA results provide valuable guidance to articulate policies and strategies to address the risks identified and to allocate our resources to areas that have the greatest impact in the fight against financial crime.

National Strategy for Combating Money Laundering and the Financing of Terrorism and Proliferation 2019-2022

The National Strategy 2019-2022, which is based on the findings of the NRA and the gaps identified in the MER of Mauritius, sets out the approach which Mauritius has adopted to tackle money laundering, terrorist financing and proliferation financing threats over the next three years. In addition, it describes the priorities and objectives in addressing financial crime, and assists Mauritius in meeting international obligations set out by the FATF.

Risk-Based Supervision

During the year under review, Mauritius has made considerable progress to implement the various recommendations and amend legislations and regulations to meet international standards. Notably, the completion of the NRA exercise has led to the revamping of the FSC Mauritius AML/CFT supervisory framework. A risk-based approach is central to the effective implementation of the FATF Recommendations.

The FSC Mauritius RBS Framework aims to set out the AML/CFT supervision policy for the application of the preventive measures for the non-bank financial services and global business sector. It represents a clear shift from a compliance-based (*rules-based*) model to a more rigorous and extensive RBS model.

Capacity Building

One of the strategic themes, as set out in the National AML/CFT Strategy 2019-2022, focusses on the need to consolidate capacity building through training and awareness raising programs, so as to ensure that all stakeholders in the public and private sectors understand and are fully capable of fulfilling their AML/CFT obligations. In this respect, the FSC has been at the forefront.

The Mauritius IFC conference, hosted by the FSC Mauritius in September 2018, not only cemented its commitment to raise awareness about ML/TF threats, but also showcased the on-going initiatives to reshape the AML landscape. During the year under review, the FSC Mauritius conducted various capacity building and outreach programmes to promote development of skills in the AML/CFT sphere, such as:

- Regional workshop on RBS for Securities and Insurance/Pensions Supervisors' in collaboration with the ESAAMLG Secretariat from 19 to 22 November 2018;
- Capacity Building Seminar on Risk Based approach to AML/CFT Supervision, organised by Africa Regional Technical Assistance Center ('AFRITAC') South (one of the International Monetary Fund's ('IMF') five Regional Technical Assistance Centres) in collaboration with the Ministry of Financial Services and Good Governance in April 2019;
- Workshops on Risk Based approach to AML/CFT conducted by AML consultants appointed by the FSC Mauritius; and
- Working sessions on the use of GoAML targeting Money Laundering Reporting Officers/Deputy Money Laundering Reporting Officers of MCs in collaboration with the FIU.

Other Developments

During the year under review, the AML/CFT Unit has also been involved in various working groups, with the following responsibilities:

- act as focal point on all AML/CFT matters, including providing status updates in connecting with the ESAAMLG's Post Evaluation Implementation process;
- represent the FSC Mauritius on the Technical Legal Working Group, established by the National AML/CFT Committee, to spearhead and coordinate AML/CFT legislative amendments; and
- represent the FSC Mauritius on the Immediate Outcome Sub-Committees. The National AML/CFT Committee has set up 11 Immediate Outcome Sub-Committees to enhance institutional coordination at

the technical and operational levels to ensure that Mauritius implements an effective AML/CFT system which meets international standards. The Immediate Outcome Sub-committees report regularly to the Ministry of Financial Services and Good Governance on the implementation of the Mauritius AML/CFT National Action Plan 2019/2022.

As part of its initiatives to assist the financial institutions in applying the measures to combat money laundering and terrorist financing, the FSC Mauritius has also established an AML Practices Task Force in April 2019, comprising the FSC Mauritius, the Director of FIU (Chairperson), industry representatives from the Global Business, insurance and banking sector, namely, the Global Finance Mauritius, Association of Trusts and Management Companies, Mauritius Bankers' Association Limited and the Insurers' Association of Mauritius.

**FINANCIAL LITERACY
AND
CONSUMER PROTECTION**

FINANCIAL LITERACY AND CONSUMER PROTECTION

The FSC Mauritius is mandated under section 6 of the FSA to take measures for the better protection of consumers of financial services and to promote public understanding of the financial system including awareness of the benefits and risks associated with different types of investment.

In addition, section 68 of the FSA provides for the setting up of the Financial Services Fund ('FSF'). The law also provides, *inter alia*, for the funds of the FSF to be used to promote the education of consumers of financial services.

The FSC Mauritius aims at developing a financially literate population capable of understanding the functioning of the financial services sector and the use of financial products and services. It is committed to creating investor awareness and promoting financial education thereby empowering people to take informed investment decisions.

Through financial literacy, consumers of financial services are able to practice financial planning, adopt the habit of saving and investing for their prosperity and economic wellbeing and choose the appropriate financial products to suit their priorities and goals.

The 'Reflexes' Campaign

'Reflexes' is an information and education campaign, on financial products and services that has been launched in October 2018 by the Ministry of Financial Services and Good Governance, the FSC Mauritius and the FSF. The campaign is an important component of the 'Creating a Nation of Investors' initiative of the Ministry of Financial Services and Good Governance.

The campaign aims at sensitising various target audiences including consumers, entrepreneurs, investors, employees, students and retired people on the need to adopt the right reflexes while taking financial decisions.

Its objective is to disseminate information and educate the public on financial products and services including insurance, private pension plans, investment funds, leasing and credit finance amongst others. The 'Reflexes' campaign is run through various information platforms and media including radio, television, press and social media. During the year under review, various activities and events were scheduled in Mauritius.

Information Kiosk

An information kiosk was set up at the Atal Bihari Vajpayee Tower (ex Cyber Tower) in Ebene in November 2018. The objective of the information kiosk was to inform the public on financial products and services available on the market and to make available official lists of registered entities and service providers operating in the financial services sector. The information kiosk was also used to attend to queries from members of the public in relation to non-banking financial services.

MEDIA CAMPAIGNS

Radio

Informative radio clips were broadcasted on all radio stations of Mauritius during peak hours during the year under review. The 'Reflexes' Radio Campaign ran from 14 November 2018 to 10 December 2018 with short messages in Creole. The radio clips were in very simple and plain language to enable a thorough understanding of financial products, services and the sector by the general public. The objective was to reach out to a maximum number of consumers of financial products and services through practical information on the financial sector, forms of investments as well as topics in financial literacy.

Through this initiative, knowledge of the financial sector for the adult population in Mauritius was broadened. In addition, consumers were better informed on financial products and services.

Television

A number of TV clips was broadcasted during peak hours to provide useful information on money management and investments. The first TV clip was launched on 25 January 2019. A total of five TV clips have been broadcasted on the Mauritius Broadcasting Corporation (MBC).

A family of six 3D characters has been developed for the purpose of these TV clips. The purpose of these TV clips is to portray the Mauritian family in situations where they are called upon to manage and invest their money.

A vox-pop campaign was broadcasted on TV from 22 January to 1 February 2019. A number of bumper adverts have also been created and broadcasted on TV from 4 February to 15 February 2019. TV programmes on the Reflexes campaign were also broadcasted on National television on 9 April 2019 (focus roundtable in creole language) and 24 June 2019 (Charcha programme in Hindi language).

Print Media

The 'Reflexes' Newspaper campaign aims at marketing the various initiatives in line with the Reflexes campaign, including the information kiosk and the Creative Art Competition in newspapers of wide circulation.

Advertising and Billboards

Advertisements were displayed at the back of buses and billboards in strategic locations on the Motorway (Soreze and Terre Rouge) since 01 February 2019 on the 'Reflexes' campaign and the information kiosk.

Electronic Media

A dedicated page for the 'Reflexes' campaign was created on Facebook. There are also plans for creation of a website and a mobile application on financial literacy.

The social media page, the website and mobile application will include information on financial literacy, reports of ongoing and forthcoming events and news alerts amongst others.

A number of info-graphics were also produced to create awareness amongst the public. In line with the proposed development of its website, mobile application and presence in social media, there are also plans for the introduction of an informative e-booklet on financial literacy.

Creative Art Competition

The 'Reflexes' Creative Art Competition was launched in December 2018. The objective of the competition was to encourage participants to come up with cartoon strips and video clips on the theme 'Adopting the right financial reflexes'.

The following two categories were devised for the competition:

Category A: Cartoon strips (Participants of age 12 and above) - 38 entries were received; and

Category B: Video clips of not more than 90 seconds (Participants of age 18 and above) - 37 entries were received.

The award ceremony was held on 21 June 2019. Cash prizes were awarded to the winners and the assessment was done over a period of two months by jury members with specialised knowledge on the subject matter.

The Young Talent Competition for secondary schools

The Promoting Financial Literacy and Young Talent Competition ('YTC') was launched in 2011. The Sixth Edition of the competition was held during the year under review. The YTC consists of a quiz competition

for Grades 10 and 11 students and an essay competition for students in Grades 12 and 13. The quiz final is broadcasted on National Television since 2014.

The objectives of YTC are as follows:

- promote financial literacy and a better understanding of the financial services sector among students in Mauritius;
- practise financial planning, inculcate the habit of investing and saving for the future;
- facilitate the selection of suitable investment projects to match one's objectives and priorities;
- to choose a field of professional education and explore future employment opportunities; and
- understand risk-return matrix to make informed investment decisions.

The theme of the quiz competition that was organised during the year under review was '*Mauritius, a Nation of Investors*' and the title of the essay was '*Promoting a Nation of Investors*'.

Details of the competition are as follows:

Category 1: Quiz Competition

There were 93 teams composed of three students who participated in the quiz competition, that is, a total of 279 students of Grades 10 and 11. Questions were based on the financial sector and the theme of the competition.

Category 2: Essay Competition

There were 101 teams composed of two students who participated in the essay competition, that is, a total of 202 students of Grades 12 and 13. The teams had to submit an essay of 2,500 – 3,000 words and an executive summary of 300 words. Finalist teams were called for a presentation of their essays in front of a jury panel.

A total of 481 students participated from around 60 schools for the two categories. The award ceremony was held on 19 July 2019.

Consumer outreach sessions

The 'Reflexes' Outreach Campaign was launched in March 2019. The target audience is the general public, including senior citizens, women associations, entrepreneurs, officers, students amongst others.

The Outreach Campaign is carried out at identified venues (offices, social welfare centres, and recreational centres) with earmarked audiences.

Different outreach sessions organised to promote financial literacy are as follows:

Location	Date	Audience
Ministry of Financial Services and Good Governance, Ebene	13 March 2019	Staff of the Ministry of Financial Services and Good Governance
National Productivity and Competitiveness Council ('NPCC'), Ebene	29 March 2019	Staff of the National Productivity and Competitiveness Council
Competition Commission of Mauritius, Port-Louis	09 April 2019	Staff of the Competition Commission of Mauritius
GyanAsha venue Sebastopol	18 April 2019	Women entrepreneurs and associations

Location	Date	Audience
Financial Reporting Council (FRC), Port-Louis	22 April 2019	Staff of the Financial Reporting Council (FRC)
Ministry of Housing and Lands, Ebene	29 May 2019	Staff of the Ministry of Housing and Lands
Domaine Izi, Bambous	12 June 2019	General Public – Western Region

The audience present at these events were explained the importance of money management (Budgeting, saving and managing credit amongst others) and investment, particularly in financial products and services (Insurance, pensions and securities amongst others). Informative materials such as brochures and financial literacy games were distributed at these events and videos were shown.

Complaints Handling

The FSC Mauritius received complaints via, *inter alia*, phone, “walk-in” and written complaints. As part of its offsite monitoring, the FSC Mauritius handles complaints received from aggrieved consumers of financial products and services. Consumer complaints and feedbacks are key indicators of the conduct of market participants. Complaints are also a triggering factor for onsite inspections/investigations. During the year under review, the supervision clusters of the FSC Mauritius attended to 315 complaints; 14 complaints related to investment funds and intermediaries, 68 complaints with respect to capital markets issues, 22 for Global Business and 211 for insurance.

The Ombudsperson for Financial Services Act 2018 was also proclaimed during the year under review and provides for the setting up of an Office of the Ombudsperson for Financial Services. Accordingly, effective 01 March 2019, all complaints of the public pertaining to financial services were directed to the Office of the Ombudsperson for Financial Services. However, complaints received especially those in relation to Global Business entities are still handled by the FSC Mauritius in an efficient manner.

Breakdown of complaints handled by Insurance cluster during the year under review:

Location	Jul 2018 - Jun 19
Total Complaints Received	211
No action required from the FSC Mauritius	84
Action taken	
Matter Resolved	58
Referrals for action by other authorities/Institutions/Entities to:	
Motor Vehicle Insurance Arbitration Committee ('MVIAC')	13
Complaints Coordinator of Insurance Companies	29
Liquidator	1
Judicial Review and Legal Advice	12
Matters referred to Ombudsperson for Financial Services	14

FINANCIAL STABILITY

FINANCIAL STABILITY

As per section 5(e) of the FSA, one of the objects of the FSC Mauritius is to ensure the soundness and stability of the financial system in Mauritius with the collaboration of the BoM. Risk Management and Financial Stability has been identified as one of the main pillars in the Strategic Plan 2017 – 2020 of the FSC Mauritius.

Collaboration on the Bank of Mauritius Monetary Policy and Financial Stability Reports

The financial system plays a critical role in the economy by facilitating the intermediation process of flow of funds between savers and borrowers thus ensuring that financial resources are allocated efficiently and financial stability is maintained. In this respect, the BoM and the FSC Mauritius collaborate and cooperate together through a Joint Coordination Committee to oversee the safety and soundness of the whole financial system. The FSC Mauritius provided its contribution to the Financial Stability Report ('FSR') for 2019, covering the period June 2018 to June 2019. The FSR detailed out an assessment of potential risks to the stability of financial system and the measures taken by the regulatory bodies to mitigate these risks and also enhance awareness of the soundness of the Mauritian financial system. The salient points of the FSR for the non-bank financial sector and Global Business are hereunder summarised:

With a view to adhering to international initiatives to combat misalignment of economic activity and taxation, the Global Business sector has recently undergone substantial reforms. The FSC Mauritius and the BoM worked closely to evaluate the potential spill over risk on the banking system in the event of significant withdrawal of deposits (GBC) from local banks. The FSC Mauritius devised a methodology to risk-rate the deposits on the probability of a GBC exiting the jurisdiction. The exposure of each local bank to the Global Business sector was evaluated and their liquidity position was subject to a stress test. All the 20 local banks passed this test on the assumption that the High-Risk-High-Impact deposit being withdrawn, indicating that the banking system would be able to sustain such a shock whilst remaining liquid.

The local long-term insurance industry consisted of seven life insurers and three general insurers servicing their run-off long-term policies. It is noted that the value of assets of Life insurers rose by five percent to reach MUR 74 billion in 2018 compared to MUR 71 billion in 2017, which was driven by the investment in debt securities. The debt securities investment in 2018 accounted for the largest share of the life insurers' assets, representing 33 percent, followed by 25 percent of local equity investment, and 12 percent of overseas equity investment. During the same period, the number of policies and the gross premiums under the long-term insurers witnessed a growth of seven percent to reach 343,486 policies and 22 percent to reach MUR 12.7 billion in 2018 respectively. The interconnectedness of the Long-term insurance industry with the other sectors of the economy was also analysed in the FSR. At 30 percent of the financial assets of life insurers, the largest exposure was the Central Government sector with an investment in debt securities valued of MUR 23 billion as at 31 March 2019. The second and third largest exposures were with non-financial corporations and other depository corporations with respectively a gross claims of MUR 16 billion and MUR 12 billion. All life insurers which have submitted their accounts had a solvency position above the minimum required level.

At the start of 2019, the local general insurance sector consisted of 15 companies. The total assets of these companies rose by six percent to reach MUR 18.6 billion in 2018 compared to 2017. Loans and receivables represented the largest share of financial assets, that is, 42 percent, followed by cash and deposits at 16 percent and debt securities at 12 percent. In 2018, the gross premiums and the gross claims grew at four percent and 12 percent respectively. There was a drop of five percent in the number of policies in force to 547,728 in 2018. It is to be noted that all the General insurers had a solvency position above the minimum required level.

STATISTICS

FSC Mauritius Annual Statistical Bulletin 2018

The FSC Annual Statistical Bulletin is published pursuant to section 6(j) of the FSA, which states that one of the functions of the FSC Mauritius is to "collect, compile, publish and disseminate statistics in respect of the financial services and Global Business sectors". The aim of the Statistical Bulletin is to provide an overview on the financial performance and position of the non-bank financial services sector. The statistics presented in this report were sourced mainly from the AFS, administrative data, survey results and secondary sources.

Implementation of Surveys

A number of surveys are implemented by the FSC Mauritius annually in line with international data standards namely, the IMF Special Data Dissemination Standards (SDDS) and the SDDS Plus. These data dissemination standards are important as they assist in enhancing the availability of timely and comprehensive statistics, which results in the sound monitoring and functioning of financial markets. It also allows Mauritius to be part of a league of countries producing the highest standard of statistical data dissemination.

During the year under review, the FSC Mauritius conducted quarterly, bi-annual and annual surveys under the powers conferred by the section 7(2) of the FSA. The major challenge encountered during the implementation of surveys was the large population of the respondents that falls under the purview of the FSC Mauritius (approx. 15,000). The FSC Mauritius received around 80,000 submissions from its licensees during the reporting period and around 50 consistency checks were carried out before validation to ensure that the data was of highest quality, timely and complete. The surveys conducted by the FSC Mauritius has been summarised in the table below:

Survey	Details
IMF Monetary and Financial Statistics	<p>In light of the preparation of Mauritius' adherence to SDDS Plus, one of the requirements is to collect the Monetary and financial statistics from the other financial corporations falling under the purview of the FSC Mauritius.</p> <p>The aim of this survey is to cover the stock positions and flows of the assets and liabilities of the resident financial corporations sector with respect to all other resident institutional sectors and non-residents.</p> <p>In order to improve the quality and clarity of data, significant amendments were made to the survey form to address issues highlighted from the data received in previous exercises. The survey was enhanced to capture domestic companies, and to request licensees to provide a breakdown of assets and liabilities relating to their respective industries. During the year under review, around 30,000 submissions have been received via the Online Data Capture System ('ODCS').</p>
External Sector Statistics and National Accounts Survey 2019 and IMF Bi-Annual Coordinated Portfolio Investment Survey 2018	<p>The External Sector Statistics and National Accounts Survey aims at collecting financial data from GBC1s for the compilation of various macro-economic statistics namely the Balance of Payments, International Investment Position, Foreign Portfolio, Foreign Direct Investment and National Accounts. This exercise is conducted in collaboration with the BoM and Statistics Mauritius.</p> <p>Owing to the complexity of this harmonised survey, previously only GBC1s under the management of relatively large MCs (representing over 90% of GBC1 assets) were required to participate in this survey. The introduction of the ODCS has enabled the extension of coverage to the whole population, as from 2018.</p>
Employment Survey 2019	<p>The FSC Mauritius carries out the Employment Survey on an annual basis amongst all domestic licensees under its purview. The aim of this exercise is to collect data on the number of direct employment categorised by gender, local or expatriate and job families namely managerial, technical and support. The movement within the period is also collected notably in terms of the number of new recruits, retired employees and employees who have resigned during the year 2018.</p>

Dissemination of Statistics

The FSC Mauritius conducts several surveys to capture up-to-date data from its licensees. The statistics obtained from these surveys are then analysed in-depth in view to depict market trends, evaluate risk and to allow informed decision-making. Dissemination of data in a timely manner to relevant stakeholders is equally important. In this regard, the FSC Mauritius makes use of several media sources to disseminate statistics notably on its website, statistical bulletin, newsletter or workshops and seminars. Specific provision of statistics often takes place in the form of direct request for information. During the year under review, the FSC Mauritius attended to more than 100 requests pertaining to statistical information from external stakeholders.

STAKEHOLDER RELATIONS

STAKEHOLDERS RELATIONS

STRENGTHENING STAKEHOLDER RELATIONS

With a strong advocacy to transform the Mauritius IFC into a globally recognised, substance-based and innovative jurisdiction, the FSC Mauritius actively interacts with its respective counterparts on the local, regional and international level.

Both on the regional and international front, the FSC Mauritius brings its valuable contribution through a range of forums held with international standard setting bodies such as the IOSCO, IAIS and IOPS and participates in meetings with its counterparts.

The FSC Mauritius brings additional impetus to its collaborative initiatives via the mutual exchange of information, attachment programmes in the form of study groups with international regulators, the organisation and hosting of conferences and workshops.

The FSC Mauritius in its pursuit of its regulatory functions also engages with local stakeholders such as ministries, authorities, institutions, organisations and licensees.

Membership

During the year under review, the FSC Mauritius became member of the following:

Title	Date
Global Financial Innovation Network	25 June 2019
Islamic Financial Services Board	06 December 2018
Admitted to the Monitoring Group Steering Committee of the IOSCO Africa Middle East Regional sub-Committee	18 September 2018

Effective Cross-Border Supervision through Exchange of Information

Effective cooperation, exchange of information as well as robust working relationship between regulators are key to preserving financial stability. The FSC Mauritius has signed several Memoranda of Understanding ('MoUs) with its local, regional and international counterparts which aim at:

- consolidating supervision of cross-border operations of financial institutions;
- defining mechanisms to share information in accordance with international standards; and
- reinforcing collaboration amongst institutions in the fight against crime, money laundering and the financing of terrorism.

The FSC Mauritius is also committed to adhere to international best practices on transparency and disclosure of information.

During the year under review, the FSC Mauritius has signed MoUs as follows:

MoUs with Foreign Authorities

Date	Authorities	Purpose
15 March 2019	FSC Mauritius and the Securities and Exchange Commission, Ghana	Cooperation, consultation, capacity building and exchange of information.
15 March 2019	FSC Mauritius and the Malta Financial Services Authority	Amendment to MoU for cooperation in Fintech related activities.

Date	Authorities	Purpose
18 July 2018	FSC Mauritius and Insurance Regulatory Authority of Uganda	Mutual Assistance and exchange of information.

Tripartite MoUs with local authorities

Date	Authorities	Purpose
19 September 2018	FSC Mauritius, the BoM and the FIU	Enhanced cooperation and collaboration amongst the three authorities for more efficiency and to avoid duplication.
19 September 2018	FSC Mauritius, the ICAC and the FIU	Ensure more efficient cooperation and coordination amongst the three authorities in different areas where they need to collaborate with one another.

Collaboration with Autorité des Marchés Financiers, France

- Signature of a co-operation Agreement between the FSC Mauritius and the Autorité des Marchés Financiers ('AMF').

The FSC Mauritius and the AMF signed a cooperation agreement on 05 September 2018 in the field of Fintech. The agreement aims at promoting innovation of financial services in their respective markets.

- Letter of cooperation in technical exchange between the FSC Mauritius and the AMF

On 05 September 2018, the FSC Mauritius and the AMF expressed, in a letter of cooperation, their intention to reinforce mutual collaboration in technical exchanges to strengthen their knowledge and understanding of the financial regulation of both countries.

Attachment Programmes/Study Visits

The FSC Mauritius collaborates with its counterparts for attachment programmes and study visits, within the Multilateral Memorandum of Understanding ('MMoU') and MoUs signed with international organisations, in order to reinforce its commitment for effective cross border, cooperation, sharing of information and capacity building. The attachment programmes/study visits conducted by the FSC Mauritius during the year under review are as per table below:

Table 25: Attachment Programmes/Study Visits conducted in 2018/2019

Date	Institutions	No. of Delegates	Purpose
19 June 2019	Non-Bank Financial Institutions Regulatory Authority Botswana ('NBFIRA')	2	The main themes were business continuity planning, business impact analysis and risk management.
14 March 2019	Non-Bank Financial Institutions Regulatory Authority Botswana ('NBFIRA')	2	The focus was on international affairs and communication.

26-30 November 2018	Capital Markets and Securities Authority, Tanzania ('CMSA')	14 (2 officers of CMSA and 12 winners of the Capital Markets Universities and Higher Learning Institutions Challenge 2018 of Tanzania)	An overview of the licensing process, supervisory approach, legal and regulatory framework.
19-20 July 2018	Financial Services Authority, Seychelles ('FSA')	3	The focus was on Mauritian insurance and pensions sector, understanding the licensing process and supervision approach of both sectors, as well as, provisions under the PPSA.

Presence of the FSC Mauritius on the international front

Given the increase interdependence of cross-border investments and with a view to fight global malpractices, international collaboration between financial regulators is of paramount importance in the development of effective policies for regulating and supervising financial markets. During the year under review, the FSC Mauritius attended to various surveys from, *inter alia*, IOPS, OECD, CISNA, African Development Bank and Comprehensive Economic Cooperation and Partnership Agreement. The FSC Mauritius was actively engaged with its foreign counterparts and participated in several conferences and meetings as follows:

- Islamic Financial Services Board Executive Forum on Islamic Finance: Effective Risk Management Oversight and Governance of Islamic Banks, October 2018, Malaysia*

The FSC Mauritius participated in the IFSB Executive Forum on *Islamic Finance: Effective Risk Management Oversight and Governance of Islamic Banks* from 29 to 30 October 2018 in Malaysia. The two-day forum was dedicated to risk oversight, governance issues for effective risk management of Islamic banks through shared industry experiences and best practices and the application of relevant IFSB Standards.

- IFSB 17th General Assembly and Side Events, May 2019, Malaysia*

The FSC Mauritius participated in the IFSB 17th General Assembly and side events held on 28 April 2019 to 01 May 2019 in Malaysia. The conference revolved around industry engagement and Islamic Finance for market players on risk management and *Shari'ah* governance.

- Group of International Finance Centre Supervisors Plenary Meetings, November 2018, Dubai and April 2019, UK*

The FSC Mauritius participated to the Group of International Finance Centre Supervisors ('GIFCS') plenary meeting on 27 November 2018 in Dubai. The topics covered during the event are namely developments in AML/CFT requirements and practices and supervisory issues arising from Fintech.

The FSC Mauritius also attended the GIFCS Plenary meeting which was held in the UK on 24 and 25 April 2019. The focus of this meeting was on the global economy, financial inclusion, augmented intelligence in financial services and sustainable finance; a prudential approach.

- AMERC Annual Meeting and Public Conference, January 2019, Kuwait*

The FSC Mauritius took part in the 42nd AMERC Annual Meeting and Public Conference from 22 to 23 January 2019 in Kuwait. The meeting built upon advancing key deliberations on sustainability financing, the opportunities and risks arising from Fintech, supporting economic growth through long

term finance including listings and harnessing appropriate solutions to address SME financing.

- *IOSCO Annual Meeting, May 2019, Sydney*

The 44th IOSCO Annual meeting was held in Sydney from 13 to 17 May 2019. The FSC Mauritius participated at the plenary sessions which focused on the following themes: The future of financial services – global regulatory perspectives, global risks, local solutions and coming clean on climate change risks.

- *IOPS Committee Meetings, Annual General Meeting and Annual OECD/IOPS/China Banking and Insurance Regulatory Commission Global Forum on Private Pensions, October 2018, Beijing*

The FSC Mauritius participated in the IOPS Committee Meetings, Annual General Meeting and Annual OECD/IOPS/China Banking and Insurance Regulatory Commission Global Forum on Private Pensions from 24 to 26 October 2018 in Beijing. The theme of the Global Forum was ‘*Designing pension systems to cope with the ageing challenge*’. The different discussions held during the forum revolved around the pension reform and future reform plans in building the sustainable and inclusive pension system in China.

- *IOPS Committee Meetings, Extraordinary Annual General Meeting and International Conference on Private Pensions, March 2019, India*

The FSC Mauritius participated in the IOPS Committee Meetings, Extraordinary Annual General Meeting and International Conference on Private Pensions from 06 to 07 March 2019 in India. The theme of the conference was ‘Options for creating sustainable pension systems in emerging markets.’

- *Joint Meeting of IOPS Technical Committee and OECD Working Party on Private Pensions Meeting, and the International Pension Research Association Conference, June 2019, Paris*

The FSC Mauritius attended the Joint Working Party on Private Pensions (‘WPPP’) Meeting and the International Pension Research Association Conference themed ‘*Pensions for an Evolving Economy*’ from 03 to 05 June 2019 in Paris. The meetings were devoted to the discussion of the selected IOPS projects and the WPPP projects. The International Pension Research Association Conference addressed three key themes: Implications of morbidity and mortality forecasts for pension programs, Non-standard work arrangements and retirement income and clean pensions and Factors impeding effective delivery of retirement income.

- *Third Pension Funds and Alternative Investments Conference, March 2019, Mauritius*

The FSC Mauritius participated in the 3rd Pension Funds and Alternative Investments Conference from 20 to 21 March 2019. The purpose of this event was to better inform the global community of pension funds and assist African experts, leaders and professionals to leverage in the context of the latest developments, reforms and challenges across various jurisdictions.

- *Financial Stability Board Regional Consultative Group for Sub Saharan Africa, December 2018, Johannesburg*

The 14th meeting of the Financial Stability Board Regional Consultative Group (‘FSB RCG’) for Sub Saharan Africa to which FSC Mauritius participated was held from 10 to 11 December 2018 in Johannesburg, South Africa. Topics covering the assessment of global and regional financial vulnerabilities, financial sector resilience and the use of Regtech and Suptech in sub-Saharan Africa were discussed during the meeting.

EXCHANGE OF INFORMATION

International Stakeholders

The FSC Mauritius recognises the importance of international cooperation in furthering its regulatory, supervisory, enforcement duties and functions. In this respect, the FSC Mauritius fully cooperates with international counterparts to share information. Multilateral sharing mechanisms are set out in the MMoU between member countries of IOSCO, IAIS and CISNA. Furthermore, bilateral MoUs detail the scope and terms of information sharing among regulators and provide a cooperation framework.

Statistics on Exchange of information with International Counterparts

The FSC Mauritius attended to requests for information to and from overseas counterparts as per below:

Table 26: Statistics on Exchange of information with Overseas Counterparts

International RFIs	Jul 2018 – Jun 2019	Jul 2017 – Jun 2018
Request made	317	64
Request received	121	95

Source: Financial Services Commission, Mauritius

Local Stakeholders

The FSC Mauritius was engaged in the effective exchange of information with various local authorities and has entertained 378 formal requests for assistance from its local authorities. The FSC Mauritius made 72 formal requests for assistance to its counterparts during the same period.

Table 27: Statistics on Exchange of information with Local Authorities

Local RFIs	Jul 2018 – Jun 2019	Jul 2017 – Jun 2018
Request made	378	575
Request received	72	61

Source: Financial Services Commission, Mauritius

COMMITTEE OF INSURANCE, SECURITIES AND NON-BANKING FINANCIAL AUTHORITIES

The Committee of Insurance, Securities and Non-banking financial Authorities ('CISNA') is a sub-structure of the SADC which was set up in 1998 under the Protocol on Finance and Investment. It brings together non-bank financial services authorities in the SADC Member States with the main objective to harmonise the non-bank financial services regulatory and supervisory framework in the region to comply with standards and principles set by the relevant international standard setting bodies. The current membership stands at 26 authorities from 14 SADC Member States, including the FSC Mauritius.

The FSC Mauritius hosted the 42nd Bi-annual CISNA meeting from 14 to 17 April 2019 at Le Méridien, Ile Maurice, which was attended by more than 100 delegates from 15 countries.

The year 2019 marked a key milestone for FSC-CISNA relationship given that the FSC Mauritius was approved as the host for the CISNA Secretariat, following a bidding exercise. After receiving necessary approvals from the Government of Mauritius, the FSC Mauritius submitted its bid in March 2019. Under the guidance of a representative from the SADC Secretariat, the bid evaluation was conducted on 14 April 2019 in Mauritius by the Executive Committee of CISNA, comprising Lesotho, Namibia, South Africa, Zambia and Zimbabwe.

The meeting approved the setting up of the CISNA Secretariat as a Foundation under the laws of Mauritius and delegated the function to establish the Foundation and matters related thereto to the Chief Executive of the FSC Mauritius. The meeting also approved a new structure for CISNA with a General Council, a Governance Council to implement and oversee the decisions of the General Council, Subcommittees, and the Secretariat. Moreover, the first budget and the institutional form of the Secretariat were also approved.

COMMUNICATIONS

COMMUNICATIONS

The FSC Mauritius was actively engaged in the implementation of its communications plan and strategy. Appropriate and relevant information were channelled to stakeholders in a timely manner to ensure effective communication and transparency.

The FSC Mauritius communicates with its stakeholders and the public in general through, *inter alia*, Communiqués, Circulars, Alerts, Public Notices and Reports. These are posted on the website and published in newspapers, where appropriate or whenever required by law. Appendix 5 provides a list of publications issued for the year under review. Corporate information published in local and international business directories were also updated on a regular basis to ensure a factual reporting on the FSC Mauritius.

The visibility of the FSC Mauritius was upheld through regular media coverage during the year under review. Moreover, local and international news pertaining to the financial services sector, as well as, social media platforms were closely monitored to ensure that the FSC Mauritius remains abreast of all developments.

The FSC Mauritius also maintained ongoing interaction with media representatives, and requests from the press representatives were attended promptly and effectively, within the parameters set under the law.

Table 28: Number of Requests

	Jul 2018 – Jun 2019	Jul 2017 – Jun 2018
Local	41	54
International	7	23

Source: Financial Services Commission, Mauritius

Newsletters

The FSC Mauritius reinforced its visibility through effective communication of its ongoing regulatory actions and organisational initiatives through its monthly E-Newsletter.

Website

The FSC Mauritius is committed to maintain its online presence, and to communicate effectively with its licensees, industry stakeholders, the media and the public. In this respect, the website of the FSC Mauritius is updated in a timely manner to provide stakeholders with hands-on and precise information.

Social Media

Social media is today gaining more prominence in the communication's strategy of many organisations to reach out to a more diverse audience. The FSC Mauritius, as a forward-looking regulator, reinforced its online presence on social media platforms through its dedicated corporate pages on LinkedIn and Twitter. In addition, the FSC Mauritius also launched a new mobile application for instant communication of regulatory updates, actions and better proximity with its stakeholders.

CORPORATE SERVICES

CORPORATE SERVICES

ADMINISTRATION AND ENTERPRISE RISK

The Administration and Enterprise Risk is responsible for managing the daily operational services and processes supporting the core activities of the FSC Mauritius. Projects are regularly initiated to ensure that staff are provided with a conducive work environment so as to achieve high productivity, efficient usage of resources while embracing green technology. The Enterprise Risk Management plays a crucial role in ensuring that risks, which can impact on the FSC's ability to deliver on its strategic objectives, are identified and holistically managed and monitored through reviewing security procedure, improving building infrastructure and implementing the Business Continuity Programme, amongst others.

Assets of the FSC Mauritius are maintained on a fixed asset register through a systematised approach for efficient usage over the life cycle of the assets. In line with our established assets management process, during the year under review, the FSC Mauritius ensured that outdated assets or those which no longer complied with workplace health and safety standards are disposed following established procedures and at the same time eliminated unnecessary costs to maintain the assets.

The FSC Mauritius conducts its procurement process in line with the Public Procurement Act 2006 and related regulations and directives issued by the Procurement Policy Office ('PPO'). The responsibility for implementing and administering procurement related provisions is centralised at the Procurement Unit, which is subject to both internal and external audit.

During the year under review, the FSC Mauritius, in relation to procurement process, has complied with disclosure requirements and ensured transparency in the following ways:

- Submission of annual procurement plan to the PPO;
- Submission of return on procurement activities to the PPO;
- Notification of award of contract; and
- Timely response to queries and debriefing request.

Over the last year, FSC Mauritius rented an office space in the vicinity of the FSC House to accommodate the new recruits who joined the Commission. The two storey facility also house the FSC Regional Centre of Excellence set up in collaboration with OECD, and the CISNA Secretariat.

During the year under review, the FSC Mauritius undertook various feasibility studies to improve its facilities management while keeping abreast with new engineering and building technologies. The focus extends beyond a safe and sound working environment to an optimum use of the building and utilities. The Facilities Management Unit manages building efficiency, environmental friendliness, security services, fire safety, health and safety and planned maintenance to meet statutory compliance requirements. These core duties are also undertaken in an attempt to keep costs down both for daily practices and building upgrade projects.

INFORMATION TECHNOLOGY

Information Technology ('IT') plays a crucial role in the strategic dimension of the FSC Mauritius. Increasingly interwoven with the day-to-day activities, the IT cluster has made considerable efforts to *inter alia*:

- Enhance its existing IT services;
- Revamp the different IT systems;
- Promote the efficient use of technology; and
- Foster innovation using technology.

With a view to improving its operational and supervisory capabilities, the FSC Mauritius embarked on a number of innovative projects such as boosting of an online presence of the FSC Mauritius, bolstering its security systems, internal controls and business continuity planning.

Online Submissions Platform

In order to enhance the competitiveness of Mauritius as an IFC, the FSC Mauritius introduced an Online Submissions Platform ('OSP') to digitise much of its current paper-based application processes.

Phase 1 of the OSP was geared towards the application for GBC Licence and payment of fees through Electronic Payment Instructions via commercial banks went live on 01 December 2016. As a secure web-based application, the OSP allows current registered users of CBRD to apply for a GBL electronically and submit payments online.

Prior to officially launching the Phase 2 of the project which focuses on the online renewal of fees for licensees, an independent software quality assurance exercise was conducted to determine its robustness through extended simulation and load tests. In so doing, a preventive and proactive approach was adopted to harden the security aspects of the OSP.

New Emerging Requirements to FSC Licensee and Online Submission Platform Systems

Further to amendments brought to the FSA for the introduction of the 'Global Business Corporation' and 'Authorised Company', changes have been made to the existing functionalities of the OSP to cater for the recording and processing of these new applications as well as for their post-licensing transactions. Similarly, enhancements were brought to the OSP system and the integration components of the OSP with the Enterprise Resource Planning ('ERP') system and the FSC Mauritius licensee systems.

Enterprise Resource Planning System

In line with changes in IFRS, related amendments have been brought up in the ERP System, whereby no foreign exchange gains/losses shall be recognised when applying only those invoices for which advance consideration has been received.

Moreover, aiming at improving the efficiency and effectiveness of the daily operations of the Finance department, further fine-tunings to specific financial processes have been progressively made through the ERP system as well as the provision of additional reports for enhanced and timely reporting needs.

Website

Backed by latest tools and technologies with greater accessibility and readability, the FSC Mauritius spurred innovation by redesigning its website to provide for a more user-friendly navigation.

With a view to aiming at providing a consistent user experience for viewers as well as a fluid design adapted

to smart phones, tablets and desktop screens, the FSC Mauritius has ensured an online presence through the use of a cutting edge responsive design.

As an effective tool of communication, the website paves the way for consolidating the FSC Mauritius' reputation as a clean and transparent jurisdiction.

Enhancements to Documents Processing

With a view to enhancing the efficiency of the processing of AFS and Financial Summaries ('FS') documents of GBC1 and GBC2 respectively, submitted through the ODCS, a new mechanism has been devised for bulk uploading of these documents into the HP Records Management ('HPRM') system. This has extensively simplified the time-intensive tasks of downloading and saving the documents individually and then inputting the metadata manually into HPRM.

Additionally, new procedures have been enforced requiring the scanning of hard-copies of AFS and FS documents received into the HPRM. Hence, easing accessibility of these documents on the same common platform, eliminating data entry errors and allowing instant generation of reports, altogether facilitating end-users to dedicate more focus and quality time on their supervisory processes and operations.

The bulk uploading mechanism has been further extended for the optimisation of the processing of administrative penalties. In this respect, a new functionality in the administrative penalties system has been designed and implemented, whereby AFS and FS submissions from the HPRM system are uploaded in bulk into the administrative penalties system for GBC1 and GBC2 categories with automatic computation of applicable charges.

IT Infrastructure, Security and Availability

Business services at the FSC Mauritius consist of a complex mesh of multiple applications running across disparate hardware environments. As an enabler for quality and quick delivery of IT services, the FSC Mauritius hosted a number of critical internal applications as well as external solutions. Hence, the substantial improvement in IT service performance, security, scalability and availability is continuously felt. In order to heighten security and cause minimal disruptions to operations, the FSC Mauritius is currently hosting a number of internal applications and online solutions which are used by both internal and external stakeholders, for example, OSP, ODCS and FSC Online Public Register amongst others.

It is also expected that the number of connections to these online systems will increase exponentially with new functionalities and platforms that will be proposed to our stakeholders. In this respect, with a view to ensuring enhanced security and minimal disruptions in cases of performance issues, the FSC Mauritius has implemented a number of enhancements to its network security infrastructure in terms of cyber-attack prevention and load balancing of services.

New FSC Mauritius Office - NEX Tower

During the year under review, the FSC Mauritius completed the installation of fibre optics cabling system at its offices at the Nex Tower.

HUMAN RESOURCES

As a regulator, the FSC Mauritius is aware that its capacity to regulate and supervise effectively fundamentally rests on the quality of its people. The FSC Mauritius understands that the essence of becoming a great place to work is to create and foster a conducive professional work culture across the organisation whilst unleashing the potential of each and every staff.

Attracting Talent

The FSC Mauritius relies on its people's talent, enthusiasm, engagement and commitment to maintain the good repute of the Mauritius IFC.

During the year under review, the FSC Mauritius undertook a major recruitment and selection exercise to consolidate its pool of talent in order to be adequately manned to meet its statutory objectives and deliver in respect of the high level and wide ranging expectations from the various stakeholders in the financial services sector.

During the year under review, staff were promoted at different levels. The FSC Mauritius also recruited a total of 35 employees to reinforce its operations. With a view to consolidating the Leadership Team, recruitment was conducted at the level of Directors and Assistant Directors.

The workforce of the FSC Mauritius as at 30 June 2019 stood at 214 employees.

The movement of employees for the period 01 July 2018 to 30 June 2019 is provided as per the table below:

Table 29: Movement of employees

Job Family	New Recruits ¹		Leavers ¹		Number of Officers	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Executive	15	4	3	4	29	17
Technical	28	1	10	4	147	129
Administrative	4	2	5	1	18	19
Support	0	1	2	-	20	22
Total	47	8	20	9	214	187

¹ Including movement in Job Family

Performance Management System

A Performance Management System ('PMS') is in place which aims at reinforcing a performance culture in order to achieve the desired results. The FSC Mauritius is currently in the process of reviewing and re-engineering the current PMS.

Building Expertise

During the year under review, the FSC Mauritius continued to enhance the development and the potential of its staff to the fullest through training and development opportunities and exposure both locally and internationally. The knowledge, skills, competencies and capabilities required at the FSC Mauritius are of an expert nature and are relatively specialised which can only be acquired through experience, training, development and exposure. In this respect, staff had the opportunity to attend to various training programmes.

In order to ensure the smooth integration of new recruits, a structured and comprehensive induction training programme was organised.

A summary of training sessions conducted during the year under review and the contact hours are provided below:

Table 30: Summary of Training Sessions and Contact Hours

Types of Training	Number of Training Sessions	Contact Hours
In-House	17	4057 hr 30
Local	45	1564 hr 30
Overseas	38	1307 hr 00
Total	92	7164 hr 00

Training on Forensic Investigation Techniques

During the year under review, the FSC Mauritius in collaboration with the firm Chetan Dalal Investigation and Management Services Pvt. Ltd organised a specialised training programme on 'Forensic Investigation Techniques' for staff involved in investigation at the FSC Mauritius. This 8-day intensive and interactive training programme was spread over two phases of four days each in July and September 2018. The specific objectives of the training were to enhance participants' knowledge about the basic to advanced functions and procedures in Excel for facilitation in their day to day tasks. The training also helped participants to develop a forensic eye to enhance their skill sets by identifying risks in their routine work, as well as learn about Audit/IT/Forensic tools and its application. The aim was to reinforce our investigation team so that they are well equipped and trained to be able to face the challenges posed by the financial sector.

Training on Forensic Financial Investigation

The FSC Mauritius organised a 5-day training programme from 27 to 31 August 2018 on 'Forensic Financial Investigation' in collaboration with the National Institute of Securities Markets. The training was focused on giving an overall view of financial fraud and investigative techniques and effective enforcement. It also laid emphasis on achieving prevention through policy making. This 5-day intensive training program consisted of case studies, interactive sessions and presentations by participants.

Eastern and Southern Africa Anti-Money Laundering Group Regional Workshop on 'Risk Based Supervision for Securities and Insurance/Pensions Supervisors'

The FSC Mauritius hosted the ESAAMLG Regional Workshop on 'Risk Based Supervision for Securities and Insurance/Pensions Supervisors' from 19 to 22 November 2018. This workshop aimed to assist supervisors of insurance, securities and pension sectors in enhancing their understanding and application of risk based supervision for AML/CFT in line with the FATF requirements. The workshop also intended to improve supervisors' skills in risk identification, prioritisation, development of RBS frameworks, resource allocation at the same time enabling them to assess the AML/CFT internal control and risk management of reporting entities.

IOSCO Technical Assistance Programme for Developing Enforcement Manuals

The IOSCO 'Technical Assistance Programme for Developing Enforcement Manuals (Phase 1)' was hosted by the FSC Mauritius from 03 to 05 December 2018. The objective of this programme was to develop enforcement manuals for the IOSCO - AMERC members to be used during the enforcement process in their specific jurisdictions. Representatives of securities regulator from the following countries namely Ghana,

Kenya, Rwanda, Swaziland, Tanzania, Uganda, Zambia and Mauritius participated in the three-day discussion.

IAIS-Access to Insurance Initiative Capacity Building for Insurance Supervisors ‘Leveraging Actuarial Skills’

The FSC Mauritius hosted the IAIS-Access to Insurance Initiative Regional Capacity Building for Insurance Supervisors on ‘*Leveraging Actuarial Skills*’ from 11 to 15 February 2019. The objective of the training was to strengthen understanding and application of the actuarial concepts and tools needed to support effective insurance supervision and regulation. The training was focus on Insurance Core Principles, Risk Based Supervision, Actuarial Work and Developing Capabilities.

Young Graduate Development Programme

The FSC Mauritius continued in its endeavour to ensure availability of qualified and trained manpower to meet the forthcoming needs of the FSC Mauritius as well as the sector through its Young Graduate Development Programme (‘YGDP’).

A new batch of 25 young graduates joined the FSC Mauritius under the 2018-2019 YGDP scheme. The aim of this training programme is to offer young graduates a unique opportunity to gain exposure as well as help them prepare for future employment in the financial services sector.

Engaging Employees – With Our People

Employee Welfare, Wellness and Work-Life Balance

The FSC Mauritius features an employee centered environment providing a wide range of initiatives pertaining to staff welfare, wellness and work life balance, including family friendly policies, with a view to improving the quality of work life of its employees. Such initiatives enable employee to harmonise work and personal commitments and responsibilities.

With a view to promoting and encouraging a healthy lifestyle habit of regular exercising, the FSC Mauritius continues to provide its staff with a well-equipped and fully subsidised in-house gym with a qualified fitness trainer and daily distribution of fruits. Staff also have the opportunity to take advantage of other activities such as weekly in-house zumba sessions by a professional instructor and football matches organised by the FSC Mauritius’ Football Club.

Celebration of Women’s Day

To mark the Women’s Day celebrated on 08 March 2019, the FSC Mauritius provided a token of recognition to all female staff for their contribution and accomplishments.

Celebration of Independence Day

The 51st Anniversary of the Independence of Mauritius and the 27th Anniversary of the Republic of Mauritius were celebrated on the 11 March 2019 at the FSC House. Several competitions were organised for staff, such as quiz competition, talent competition and poster competition on the theme ‘*Les Jeux des îles de l’Océan Indien*’.

Engaging Employees – With the Local Community

Corporate Social Responsibility

Corporate Social Responsibility is another aspect of our positive workplace environment which demonstrates our engagement towards the community. The FSC Mauritius organises various activities annually to demonstrate its engagement towards the community.

**HIGHLIGHTS
FOR THE YEAR
2018/19**

HIGHLIGHTS FOR THE YEAR 2018/19

STATISTICS – YEAR HIGHLIGHTS

Table 31: Contribution and Growth of the Financial and Insurance Activities

	2017		2018		2019 ¹	
	GVA	GR	GVA	GR	GVA	GR
Financial and Insurance Activities	12.0	5.5	11.7	5.4	11.6	5.2
Monetary Intermediation	7.1	6.0	7.1	5.7	7.3	5.5
Financial Leasing and other credit granting	0.7	6.5	0.7	6.5	0.7	6.3
Insurance, reinsurance and pension	2.9	4.9	2.6	4.8	2.5	4.8
Other	1.3	3.8	1.3	4.5	1.3	4.0

Source: Statistical Mauritius National Accounts June 2019 issue

¹ Forecast

Gross Value Added ('GVA')

Growth Rate ('GR')

The GDP in 2019 has been forecasted to grow by 3.9 percent, higher than the 3.8 percent growth in 2018, which is spurred by sectors such as construction, financial and insurance activities and retail trade. According to the Statistics Mauritius, the contribution of the financial and insurance activities have been steady since 2017 till June 2019, averaging around 11.8 percent with a growth rate revolving around 5.4 percent.

Table 32: Contribution and Growth of the Global Business Sector

	2017		2018		2019 ¹	
	GVA	GR	GVA	GR	GVA	GR
Financial and Insurance Activities						
Global Business Sector	5.7	4.3	5.7	3.9	5.7	3.8

Source: Statistical Mauritius National Accounts June 2019 issue

¹ Forecast

Gross Value Added ('GVA')

Growth Rate ('GR')

The Global Business sector includes activities of GBCs and services purchased by GBCs from local enterprises (e.g. management, accounting, auditing, legal, advertising, real estate, banking, etc.). It is observed that the contribution of the Global Business sector to the GDP of Mauritius is estimated at 5.7 percent till June 2019 and has produced a year-on-year growth of 3.8 percent.

Table 33: Employment in Financial and Insurance Activities, March 2018 – March 2019

Industrial Group	March 2018 ¹			March 2019 ²		
	Male	Female	Both	Male	Female	Both
Financial and insurance activities	6,115	7,318	13,433	6,304	7,538	13,842
of which monetary intermediation	4,036	4,473	8,509	4,209	4,633	8,842
financial leasing and other credit granting	324	626	950	326	631	957
insurance, reinsurance and pension funding	1,098	1,457	2,555	1,089	1,469	2,558

Source: Statistics Mauritius, Survey of Employment and Earnings in Large Establishments (March 2019)

¹ Revised

² Provisional

Table 34: Direct Employment Level by FSC Mauritius Licensees

Direct Employment Level by FSC Licensees				
Licence Category	As at 31 Dec 2018	%	As at 31 Dec 2017	%
DOMESTIC				
Pension Scheme Administrator	72	1%	63	1%
Registrar and Transfer Agent	45	1%	28	0%
Treasury Management	34	0%	31	0%
Credit Finance & Factoring	66	1%	60	1%
Leasing	807	10%	638	9%
Long Term Insurance Business	928	11%	938	13%
General Insurance Business	1522	19%	1463	20%
Insurance Broker	303	4%	269	4%
Investment Dealer	78	1%	60	1%
Investment Adviser	69	1%	64	1%
Custodian	127	2%	71	1%
CIS Manager	141	2%	113	2%
Payment Intermediary Services	56	1%		
Total	4248	52%	3,798	51%
TRUST AND CORPORATE SERVICE PROVIDERS				
Management Company and Corporate Trustees	3919	48%	3664	49%
Overall Total	8167	48%	7462	

Source: Financial Services Commission, Mauritius

Note: Employment figures pertaining to entities holding multiple licences have been assigned to core business only.

The above table highlights the employment level in the various categories under the purview of the FSC Mauritius. It is observed that 48 percent of the employment was generated by Trust and Corporate Service

Providers (that is holder of Management Licence) while the remaining 52 percent was from domestic sector.

Table 35: Employment movement in 2018

Category	Local		Expatriate		TOTAL
	Managerial	Technical	Managerial	Technical	
Permanent Staff	Male	Female	Male	Female	
	774	471	73	14	7,791
Temporary Staff	Male	Female	Male	Female	
	19	9	3	4	472
Employment as at 1 Jan 18	Male	Female	Male	Female	
	62	32	8	2	1,021
New recruits from outside financial services sector	Male	Female	Male	Female	
	3	1	-	-	291
New recruits within financial service sector	Male	Female	Male	Female	
	113	69	16	1	1,503
Resignation/ retirement/ termination of contract/ decease	Male	Female	Male	Female	
	29	24	-	1	102
Other / closure of company	Male	Female	Male	Female	
	774	468	68	20	8,174
Employment as at 31 Dec 18	Male	Female	Male	Female	
	774	468	68	20	8,174
No. of temporary staff with a contract of 1 year or less as at 31 Dec 18	Male	Female	Male	Female	
	1	0	0	0	96
No. of temporary staff with a contract of more than 1 year	Male	Female	Male	Female	
	13	1	1	0	54
Total	Male	Female	Male	Female	
	14	1	1	1	150

It is noted that a total of 1,784 persons were recruited by licensees falling under the purview of the FSC Mauritius for the year 2018. Out of this number, 291 persons were previously unemployed and the remaining 1,493 related to employment movement both within companies of the financial services sector and from other sectors. The employment market in this sector, especially in MCs, therefore proves to be highly dynamic.

FINANCIAL HIGHLIGHTS

Below is an analysis of the financial performance of the Commission for the financial year ended 30 June 2019 as compared to the previous period.

	2019	2018
	MUR m	MUR m
Income	1,228	1,252
Fees, late charges and other income	1,158	1,144
Administrative Penalties (net of provisions and write offs)	70	108
Operating expenses	(461)	(357)
Finance costs	(6)	-
Surplus of income over operating expenses	761	895
Exchange fluctuation gain	27	7
Surplus for the period	788	902
Other comprehensive income	9	10
Surplus and other comprehensive income for the period	797	912

During the year 2019, surplus and other comprehensive income amounted to MUR 797 million representing a drop of 12.61 percent as compared to 2018 (MUR 912 million).

In line with the requirements of the FSA, the Commission has provided MUR 1,360 million as contribution to the Consolidated Fund.

Income Review

Income constitutes of 'Fees, late charges, and other income', and 'Administrative Penalties (net of provisions and write offs)'.

Fees, late charges, and other income for 2019 amounted to MUR 1.16 billion, representing an increase of MUR 14 million as compared to 2018. Fees from Global Business increased marginally in 2019 driven by a slight increase in the number of GBC 1 from 11,475 in 2018 to 11,809 in 2019, the introduction of Authorised Companies whereby payments from 277 entities were received, mitigated by a decrease in the number of GBC 2 from 8,833 to 8,677, and a decrease in average exchange rate of USD to MUR from MUR 34.25 during 2018 to MUR 33.98 in 2019.

On the other hand, the fall in Administrative Penalties points towards improved compliance from the licensees as far as submission of Accounts and Returns are concerned.

Interest income reached MUR 57 million which is higher by MUR 5 million mainly on account of change in mix from lower to higher yielding investments. The currency-wise mix of investment currencies is in line with the risk management policies set by the Investment Committee.

Expenses Review

Operating expenses (Provision for credit losses and write-offs of Administrative Penalties excluded) for 2019 amounted to MUR 461 million comprising mainly of staff-related costs. Operating expenses increased by MUR

104 million compared to 2018, owing to increase in staff related costs, provision for non-vesting paid leaves, Board and Committee fees, overseas conferences and seminars, local events, training and seminars costs, administrative expenses, and depreciation charges, and mitigated by decrease in legal and professional fees.

Re-measurement of defined benefit obligation

In line with the requirements of International Accounting Standards ('IAS') 19 for Employee Benefits, an amount of MUR 9.36 million was credited as re-measurement of defined benefit obligation for 2019 compared to MUR 10.12 million for 2018. The fund is presently fully funded, and is, in line with the latest actuarial valuation, recognized as an asset in the Commission's books.

Contribution to Consolidated Fund

In line with the requirements of the FSA, the FSC Mauritius has provided MUR 1,360 million as contribution towards the Consolidated Fund.

Total contribution (paid and provided for) to the Consolidated Fund amounted to MUR 9,084 million from 2001 to 2019 is as follows:

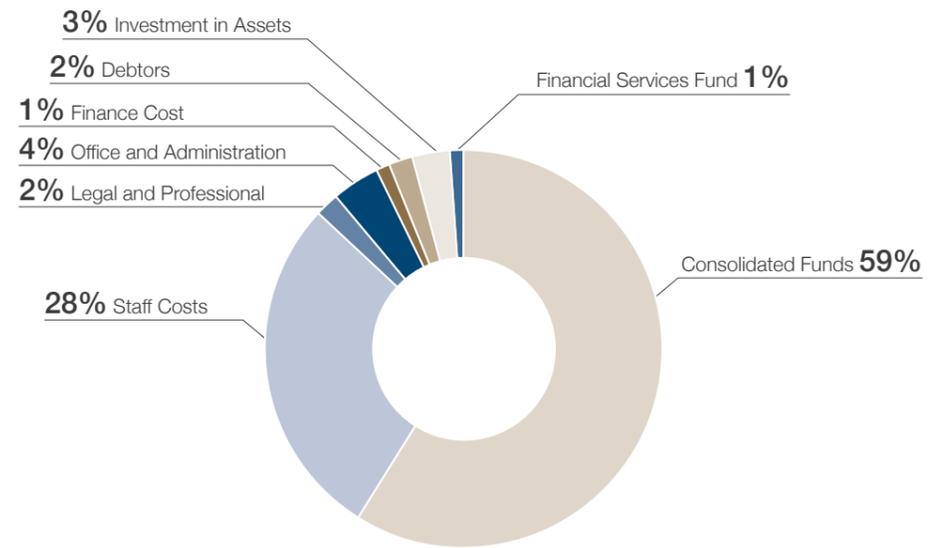
Table 36: Contribution to Consolidated Fund

Year	MUR Million
2001	N/A
2002	0
2003	100
2004	60
2005	70
2006	90
2007	90
2008	120
2009	140
2010	1,166
2011	496
2012	844
2013	979
2014	598
2015	715
2017	1,407
2018	849
2019	1,360
TOTAL	9,084

* Contribution to the Consolidated Fund for 2010 and 2017 were on an 18-month basis

The following pie chart provides an indication of the apportionment on income into value adding expenditure/contribution.

Figure 3: Value Added Pie chart for 2019



STATUTORY REPORTING

REPORT OF THE AUDIT AND RISK COMMITTEE

TO THE BOARD OF THE FINANCIAL SERVICES COMMISSION

Preamble

The Audit and Risk Committee presents its report for the financial year ended 30 June 2019. The Audit and Risk Committee is a sub-committee of the Board, whose responsibilities are delegated to the Committee by the Board. The Committee conducted its affairs in compliance with the Board's approved terms of reference and has discharged its responsibilities as contained therein.

Composition of the Audit and Risk Committee

During the financial year ended 30 June 2019, the independent non-executive Board members who served the Committee are:

Mr. Premchand Mungar	- Chairperson
Mr. Sarwansingh Purmessur	- Member
Late Mr. Hervé Lassemillante	- Member (up to 24 July 2019)

As from 24 July 2019, the Audit and Risk committee was reconstituted and composed of the following members as hereunder:

Mr. Premchand Mungar	- Chairperson
Mr. Sarwansingh Purmessur	- Member
Mr. Mahess Rawoteea	- Member

Mr. Ramanaidoo Sokappadu, Secretary to the Board, also acts as secretary to the Committee.

Terms of Reference

The responsibilities of the Audit and Risk Committee, *inter alia*, include:

- Monitoring and reviewing the integrity of the FSC Mauritius' financial statements and accounting policies;
- Making recommendations for approval of FSC Mauritius' AFS;
- Reviewing with Management and the External auditor, the adequacy and compliance of internal control systems;
- Monitoring and reviewing the internal audit function and considering regular reports from internal audit on internal financial controls, operations and risk management;
- Considering the appointment of the external auditors, overseeing the process for their selection and making recommendations to the Board in relation to their appointment;
- Monitoring and reviewing the external auditor's independence, objectivity and effectiveness;
- Overseeing the operation of the policies on conflicts of interest; and
- Ensuring that recommendations from the External and Internal auditors, as approved by the Audit and Risk Committee and the Board are followed upon and implemented.

Meetings

In carrying out its responsibilities the Audit and Risk Committee met on six occasions during the reporting period. The Internal auditor attended all the meetings held during the reporting period. The Committee also met with the external auditor and representatives of Management who attended the meeting upon invitation.

The agenda for the meetings is prepared by the Secretary in consultation with the Chairperson of the Committee. The Secretary is responsible for taking minutes of the meetings and circulating the minutes to all members of the Committee as well as ensuring that the minutes are tabled for the subsequent Board meeting.

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

ACTIVITIES OF THE AUDIT AND RISK COMMITTEE

A. Internal audit

The Audit and Risk Committee received and deliberated on 15 internal audit reports submitted by the Internal auditor covering the following areas as per the approved internal audit plan:

- a) Financial management and reporting;
- b) Internal control and risk management assurance;
- c) Authorisation and Supervision regulatory process reviews; and
- d) Corporate activities.

B. External auditor

Following a tender exercise conducted in April 2019, Messr Chokshi & Chokshi LLP, Chartered Accountants, from India was appointed as FSC Mauritius' statutory auditor for three financial years ending 30 June 2021. No non-audit services were provided by the external auditor during the financial year 2018/19.

C. Other Key Activities

The Committee also considered and deliberated on the following key items during the reporting year:

- a) Deliberated and approved the 2019 annual internal audit plan;
- b) Considered the appointment of FSC Mauritius' statutory auditor, overseen their selection process and made recommendation to the Board in relation to the appointment;
- c) Deliberated on the FSC Mauritius budget for the period 2019/20; and
- d) Deliberated on the licence fees increase proposal put by Management.

D. Subsequent events

- a) New and revised IFRS
The Audit and Risk committee deliberated on the new and revised accounting standards that the FSC Mauritius has applied and effective for accounting periods beginning on 1 July 2018.
- b) Statutory reporting for the year financial year ended June 2019
The Committee considered the external auditor's report and the AFS for the year ended 30 June 2019 prepared using appropriate accounting policies, estimates and judgements in accordance with the IFRS and relevant legal and regulatory requirements.

Following discussion with the external auditor, the Committee recommended the AFS to the Board for approval. The Board subsequently approved the AFS.



Premchand Mungar
Chairperson

Date: 23rd September 2019

1.0 Preamble

Statutory bodies are amongst the entities designated under the National Code of Corporate Governance for Mauritius 2016 (the "Code") to apply the principles of the Code. In addition, the Code recommends that the Board of all statutory bodies consider the establishment of a Corporate Governance Committee and formally approves its terms of reference.

To the extent that the Code is not in conflict with the provisions of the law, the Commission shall follow the Code.

2.0 The Committee

The Financial Services Commission's Corporate Governance Committee (the "Committee") was first set up in 12 September 2006 and was last reconstituted on 11 October 2018. During the reporting period ending 30 June 2019, the Committee consisted of three members of the Board, namely:

1. Mrs. Yotsna Lalji-Venketasawmy, as Chairperson;
2. Mr. Premchand Mungar, appointed as member; and
3. Mr. Mahess Rawoteea, appointed as member.

The Secretary of the Board, Mr. Ramanaidoo Sokappadu acts as a Secretary to the Committee. Staff from the legal cluster of the Commission also attends and supports the meetings of the Committee.

2.1 Role of the Corporate Governance Committee

The role of the Committee is to ensure that the Commission complies, as far as is applicable, with the Code. The Committee also ensures that necessary disclosures regarding conflicts of interests are made.

During the period under review, the Committee met on four occasions.

2.2 Committee attendance:

Members	Corporate Governance Committee
Mrs. Yotsna Lalji-Venketasawmy	4/4
Mr. Premchand Mungar	4/4
Mr. Mahess Rawoteea	3/4

3.0 Explanation on the application of the principles of the Code

Throughout the reporting period ending 30 June 2019, the Commission applied the principles set out in the Code as illustrated in the table on the following page:

Principles of Corporate Governance	Explanation of application
Principle 1: Governance structure	<p>(a) The Commission is a statutory body set up under the Financial Services Act 2007 (the "FSA") and the functions of its Board, Chairperson and Chief Executive are defined thereunder.</p> <p>(b) The Board is responsible for administering and managing the Commission.</p> <p>(c) The Commission is in the process of adopting its Board Charter which will provide guidance to Board members on their functions and methods of evaluation of the Board. A Code of Ethics for the Commission is also being developed.</p> <p>(d) The organisational chart of the Commission is publicly disclosed on its website.</p>
Principle 2: The composition of the Board and its Committees	<p>(a) As provided under section 4 of the FSA, the Board of the Commission (the "Board") consists of a Chairperson</p> <p>(b) a Vice-Chairperson and not more than 7 other members.</p> <p>(c) By virtue of section 9 of the FSA, the Chief Executive attends Board meetings unless otherwise directed by the Board and may take part in deliberations. However, the Chief Executive does not have the right to vote on any matter before the Board.</p> <p>(d) During the reporting period, the Chairperson and six of the Board members were independent from the parent Ministry.</p> <p>(e) The Secretary of the Board is a senior Civil Servant who has been acting as secretary for more than 18 years.</p> <p>(f) Several committees have been set up by the Board, namely –</p> <p>(i) The Audit & Risk Committee;</p> <p>(ii) The Staff Committee;</p> <p>(iii) The Corporate Governance Committee;</p> <p>(g) The Board reconstituted the Audit and Risk Committee and the Corporate Governance Committee as from 11 October 2018 and during the reporting period, both Committees consisted of only Board members other than the Chairperson of the Board.</p> <p>(h) The Enforcement Committee, established under section 52 of the FSA, is an internal committee set up by the Board.</p> <p>(i) In compliance with the guidance of the Code, the Chief Executive is not a member of the Audit and Risk Committee.</p>
Principle 3: Appointment of Board members	<p>(a) Members of the Board members are appointed in accordance with section 4 of the FSA and are, inter alia, persons suitably qualified in business, finance or law. They are appointed for a period of three years and are eligible for re-appointment.</p> <p>(b) During the reporting period there were two vacancies on the Board until the appointment of two members on 26 April 2019. The position of Vice-Chairperson was vacant until 26 April 2019, and Mr. Rajeshsharma Ramloll, SC was appointed Vice-Chairperson on 26 April 2019.</p> <p>(c) The Board Charter referred to in Principle 1 would provide for succession planning, as well as a statement regarding assumption of responsibility for succession planning. In the absence of a structured induction and professional development training, new Board members are informed of all laws which govern the Commission and laws which it administers as well as the guidelines/codes issued by the Commission.</p> <p>(d) Board members attend from time to time seminars and conferences pertaining to the regulation of financial services.</p>

Principles of Corporate Governance	Explanation of application
Principle 4: Duties, remuneration and performance of Board members	<p>(a) Board members are well versed on financial and legal matters and they are conversant with the laws administered by the Commission.</p> <p>(b) The declaration of interests of Board members (if any) as required under section 84 of the FSA are documented.</p> <p>(c) The Commission is an independent regulator with no commercial objectives and therefore there is no mechanism for Board evaluation. However, attendance to Board meetings by Board members are published in the Corporate Governance Report.</p> <p>(d) Every Board member is paid by the Commission such fees as the Board may, with the approval of the Minister, determine, in line with section 4(4) of the FSA.</p>
Principle 5: Risk governance and internal control	<p>(a) The Commission has a risk management mechanism to identify and mitigate risks as described in paragraph 10.0 of this report. The internal audit report to the Audit and Risk Committee on the internal control process of the Commission are available in the Annual Report (more details are available at page 151 of the Annual Report).</p>
Principle 6: Reporting with integrity	<p>(a) After the close of every financial year, the Commission publishes its activities together with its audited accounts in respect of the previous financial year. In addition, in compliance with section 85 of the FSA, the Commission publishes its Annual Report on its website.</p> <p>(b) The Annual Report includes the Audited Financial Statements of the reporting year, a Corporate Governance Report and details of activities of the Commission such as its financial and governance positions, as well as, how it has fulfilled its functions.</p> <p>(c) The social and environmental reporting of the Commission is provided at paragraph 9.0 of this report.</p>
Principle 7: Audit	<p>(a) The Commission has an internal audit unit which reports functionally to the Commission's Audit and Risk Committee.</p> <p>(b) The Commission's Audit and Risk Committee:</p> <p>(i) monitors and reviews the integrity of the Commission's Financial Statements and accounting policies;</p> <p>(ii) makes recommendations for the approval of the Commission's financial statements;</p> <p>(iii) reviews the adequacy and compliance of internal control systems with management and the external auditors;</p> <p>(iv) monitors and reviews the internal audit function and considering regular reports from internal audit on internal financial controls, operations and risk management;</p> <p>(v) considers the appointment of external auditors, overseeing the process for their selection and making recommendations to the Board in relation to their appointment;</p> <p>(vi) monitors and reviews the external auditor's independence, objectivity and effectiveness;</p> <p>(vii) oversees the operation of the policies on conflicts of interest; and</p> <p>(viii) ensures that recommendations from external and internal audit, as approved by the Audit and Risk Committee and the Board, are followed upon and implemented.</p> <p>(c) The internal audit unit reports regularly to the Commission's Audit and Risk Committee and has full access to the records, management and staff of the Commission. The Audit and Risk Committee Report is published at page 151 of the Annual Report.</p> <p>(d) The internal audit unit is managed by a member of the Association of Chartered Certified Accountants who also holds a master degree with specialisation in Financial Management.</p>

Principles of Corporate Governance	Explanation of application
Principle 8: Relations with shareholders and other key stakeholders	<p>(a) The Commission is a statutory body and as such, has no shareholder. It maintains a working relationship with its parent Ministry through regular meetings chaired by the Minister or its Permanent Secretary to discuss policy and provide updates on matters relating to the financial services sector;</p> <p>(b) Monthly industry meetings are held with industry representatives namely the ATMC and the GFM to discuss about industry- related issues and initiatives;</p> <p>(c) Task forces have been set up by the Commission to ensure a quasi-permanent sharing of information and experiences on key topics of relevance to concerned stakeholders and to support the implementation of the Blueprint recommendations;</p> <p>(d) Regular interaction with the Bank of Mauritius are held through the Joint Coordination Committee;</p> <p>(e) The Commission maintains relations with its international counterparts through membership with international standard setting bodies such as IOSCO, IAIS, IOPS, IFSB, GIFCS and CISNA. The Commission engages with both local and international counterparts to promote cooperation for effective supervision, exchange of information and reinforce capacity building through established MoUs;</p> <p>(f) The Commission is a member of the Financial Stability Committee.</p>

4.0 Management

Pursuant to section 9 (2) of the FSA, the Chief Executive is responsible for the execution of the policy of the Board and for the control and management of the day to-day business of the Commission.

5.0 Board of the Commission

Pursuant to section 4 of the FSA, the Board is responsible for the management and administration of the Commission, and as such, has the responsibility to ensure that the Commission meets its statutory objectives.

5.1 Appointment to the Board

Pursuant to section 4 of the FSA, the Board consists of:

- (i) a Chairperson appointed by the Prime Minister on such terms and conditions determined by him; and
- (ii) a Vice-Chairperson and not more than seven other members appointed by the Minister of Financial Services and Good Governance (the 'Minister') on such terms and conditions as determined by him.

5.2 Board Composition

Pursuant to the provisions of the Code, a Board should normally have at least two independent members. An independent member's presence on the Board should commensurate with the sophistication, scale and sector of the organisation. The Board should determine whether a member is independent in character and judgment and whether there are relationships or circumstances likely to affect, or appear to affect, the member's judgment on an annual basis.

The Code provides a list of criteria that should be considered when assessing independence. However, a Board can have its own definition of independence, but if the Board allows any material divergence from any of the criteria identified in the Code, it should be fully explained in the corporate governance section of the Annual Report and on the website.

An explanation should be provided if a Board has less than two independent board members. Organisations should not sacrifice knowledge and industry experience in favour of independence.

The Board of the Commission consists of a Chairperson, a Vice-Chairperson and seven independent non-executive directors, all suitably qualified and experienced in the field of business, finance or law. The independence of the directors has been assessed within the parameters of the Code.

During the period under review, the Board of the Commission was constituted as follows:

Members	Corporate Governance Committee
Dr. Renganaden Padayachy, Chairperson	16 January 2018 - 08 October 2019
Mr. Rajeshsharma Ramloll, SC	01 June 2014 to 21 April 2015 (Ag. Chairperson) 22 April 2015 - 25 April 2019 (Member) 26 April 2019 - present (Vice-Chairperson)
Late Mr. Hervé Lassemillante	12 July 2017 - 07 July 2020
Mr. Premchand Mungar	28 December 2017 -
Mrs. Yotsna Lalji-Venketasawmy	3 April 2018 -
Mr. Sarwansingh Purmessur	24 May 2018 -
Mr. Mahess Rawoteea	9 October 2018 -
Mrs. Mariam Rajabally	26 April 2019 -
Ms. Gayle Mary Jane Yerriah	26 April 2019 -
Mr. Visvanaden Soondram	22 April 2015 - 9 October 2018

Pursuant to section 8 of the FSA, Board meetings are held at least once a month and pursuant to section 9 of the FSA, the Chief Executive attends all Board meetings unless otherwise directed by the Board.

All Board members are non-executive members and their profiles can be viewed at page 23 of the Annual Report and on the Commission's website. As at 30 June 2019, there were seven (including the Chairperson and Vice-Chairperson) Board members who were not attached to the Ministry of Financial Services and Good Governance. All Board members are resident in Mauritius. The composition of the Board comprises three women as members. The position of Vice-Chairperson of the Board was vacant until 26 April 2019.

5.3 Board Remuneration

Board members are paid a fixed monthly fee. In addition, Board members who are also members of the board committees of the Commission, were paid specific fees as from October 2018.

The Board members' remunerations for the reporting period 30 June 2019 are provided at page 215 of the Annual Report (Note 33 of the Financial Statements).

6.0 Board Committees

During the reporting period, the Board reconstituted the Corporate Governance Committee, the Audit and Risk Committee, and the Staff Committee².

² On the 24 July 2019, the Board has set up 3 additional Committees namely the Legal Affairs Committee, Application and Approval Committee, Waivers and Exemption Committee.

6.1 Audit and Risk Committee

The Audit and Risk Committee is a committee of the Board.

The main responsibilities of the Audit and Risk Committee include:

- monitoring and reviewing the integrity of the Commission's financial statements and accounting policies;
- making recommendations for approval of the Commission's audited financial statements;
- reviewing with management and the external auditors, the adequacy and compliance of internal control systems;
- monitoring and reviewing the internal audit function and considering regular reports from internal audit on internal financial controls, operations and risk management;
- considering the appointment of the external auditors, overseeing the process for their selection and making recommendations to the Board in relation to their appointment;
- monitoring and reviewing the external auditors' independence, objectivity and effectiveness;
- overseeing the operation of the policies on conflicts of interest; and
- ensuring that recommendations from external and internal audit, as approved by the Audit and Risk Committee and the Board, are followed and implemented.

During the period under review, the Audit and Risk Committee consisted of the following members:

Members	Date
Mr. Premchand Mungar (Chairperson)	04 October 2018 -
Late Mr. Hervé Lassemillante	1 July 2018 - 07 July 2020
Mr. Sarwansingh Purmessur	04 October 2018 -
Mr. Visvanaden Soondram	1 July 2018 to 9 October 2018

6.2 Staff Committee

The Staff Committee is a committee of the Board and ensures that the human capital remains the most valuable resource that drives the achievement of the Commission's strategic objectives and performance. In furtherance, the Commission fosters consistent, fair and equitable employee relations in the workplace, defines and monitors activities which positively influence the effectiveness (competency, motivation, productivity, amongst others) of staff as they work towards the achievement of the Commission's goals and objectives.

On 20 June 2018, the Board constituted a Committee on Recruitment and Promotion with the following members:

- Mr. Sarwansingh Purmessur (Chairperson)
- Mr. Rajeshsharma Ramloll, SC
- Mr. Premchand Mungar
- The Chief Executive

On 04 October 2018, the Committee on Recruitment and Promotion was converted into the Commission Staff Committee with the following members:

- Mr. Sarwansingh Purmessur (Chairperson)
- Mr. Rajeshsharma Ramloll, SC
- Mr. Premchand Mungar

On 11 October 2018, late Mr. Hervé Lassemillante replaced Mr. Premchand Mungar as member on the Staff Committee.

7.0 Board Attendance

Members	Board	Corporate Governance Committee	Audit & Risk Committee	Staff Committee	Committee on Recruitment and Promotion
Dr Renganaden Padayachy, Chairperson	23/23	-	-	-	-
Mr. Rajeshsharma Ramloll, SC	20/23	-	-	9/10	3/3
Late Mr. Hervé Lassemillante	20/23	-	4/5	9/10	-
Mr. Premchand Mungar	19/23	4/4	5/5	-	3/3
Mrs. Yotsna Lalji-Venketasawmy	19/23	4/4	-	-	-
Mr. Sarwansingh Purmessur	21/23	-	5/5	10/10	3/3
Mr. Mahess Rawotteea	18/18	3/4	-	-	-
Mrs. Mariam Rajabally	4/5	-	-	-	-
Ms Gayle Mary Jane Yerriah	5/5	-	-	-	-
Mr. Visvanaden Soondram	2/5	-	1/1	-	-

8.0 Disclosures of interests for the reporting period

Section 84 of the FSA makes it compulsory for any member of the Board to disclose any direct or indirect interest in relation to any matter. Such disclosure must be made before the meeting convened to discuss that matter and must be recorded in the minutes of the Board or committee, as the case may be.

9.0 Integrated Sustainability Reporting

Social issues

Pursuant to section 5 of the FSA, the objects of the Commission as the regulator of the non-bank financial services sector and global business concern the protection of investors and consumers of financial services as well as the sound development of the financial services sector in Mauritius. The Annual Report 2018/19 has explained the Commission's activities in view of fulfilling its objectives.

Environmental issues

The Commission promotes an eco-friendly culture which takes into consideration the environmental aspect and sustainable development practices. In this respect, the Commission has undertaken the following initiatives and measures:

- tube lights have been replaced by automatic sensor led lights;
- installation of solar water system;
- processing of new applications digitally using the Online Submission Platform;
- promoting paperless office by scanning of all incoming documents;
- re-utilisation used envelopes; and
- encourage printing on both sides of paper.

It is to be noted that the nature of the Commission's operation has minimal negative impact on the environment.

Health & Safety issues

In compliance with the Occupational Safety and Health Act 2005, the Commission developed an Occupational Safety and Health manual which includes a Safety and Health Policy statement. It ensures that the work environment contributes to the health, safety and welfare of the staff. The developed Occupational Safety and Health manual, is being processed and will be implemented and approved by the Board.

10.0 Risk Management and Internal Control

The Board is responsible for risk management mechanisms at the Commission. A risk register is kept and each cluster is required to report on risks matters. The assurance of risk management (including operational risks, strategic risks, financial risks, IT risks and compliance risks) is carrying out through internal audit unit who reports to the Audit & Risk Committee.

10.1 Reputational risk

Key risk

Negative perceptions of the Commission's conduct or practices may adversely impact the vision of the Commission *"to be an internationally recognised Financial Supervisor committed to the sustained development of Mauritius as a sound and competitive Financial Services Centre"*.

Reputational risk arises from failure to meet stakeholders' expectations as a result of any action, event or situation caused by the Commission or its employees that can adversely impact the Commission's reputation.

Mitigation of risk

To mitigate the risk, the Commission has a Code of Conduct which focuses on integrity and honesty of staff and also provides for a compliance mechanism. In addition, regular management meetings are held with various stakeholders with respect to their expectations and any complaint they may have.

10.2 Strategic risk

Key risk

Strategic risks are the risks of failing to achieve the Commission's statutory objectives. They result from incorrect assumptions on external or internal factors, inappropriate strategic plan, ineffective strategic execution or failure to respond in a timely manner to changes in the environment regulated by the Commission.

Mitigation of risk

To mitigate the risks, the Commission has set up a strategic plan approved by the Board as well, as a Key Performance Indicators ("KPIs") system at organisational, cluster and individual levels to assess and report on achievement of key objectives. The ratings of the KPIs at all levels are used as a basis for the payment of performance bonuses.

10.3 Compliance risk

Key risk

Compliance risks are risks related to exposure to legal penalties, material financial loss or loss of reputation that the Commission may suffer by failing to act in accordance with its legal obligations. Compliance risk arises from the legal and regulatory requirements under which the Commission operates as a statutory body.

Mitigation of risk

To mitigate the risk, the Commission has a specific Legal cluster which provides advice and assistance to all clusters on legal and compliance matters. It is to be noted that the Commission was not subject to any fines or adverse court judgments during the period ending 30 June 2019.

10.4 Operational risk

Key risk

Operational risks are risks of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk arises from human error, inappropriate conduct, and failures in systems, processes and controls. It is inherent in all activities, processes and systems and generated from all operational areas.

Mitigation

To mitigate risks of disruption of operations, the Commission has established a conducive control environment with operational risk policies, processes, systems, as well as, appropriate risk culture within the Commission. For example, Business Continuity Management policy to ensure the key operations continue regardless of any disruption (example fire and flooding). In addition, at cluster level risk policies, processes, systems, as well as, an appropriate risk management culture have been implemented.

10.5 IT and Business Continuity Risk

Key Risk

Exposure to technological threats and business interruptions due to technology transformation and operation alignment. IT and Business Continuity risk arises as a result of technology dependency as a key enabler for achieving the Commission's statutory objectives.

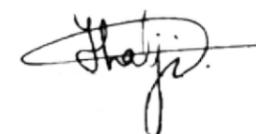
Mitigation

To mitigate technological risks, the Commission has an information technology policy which includes back up of all electronic information in a Disaster Recovery Centre, as well as, ongoing assessment and testing supported by embedded in-built controls and resilience against threats are tested. The Board monitors IT risks on a regular basis through an IT audit on a yearly basis. The latter is reported to the Board through the Audit & Risk Committee.

In addition, there is a policy for safeguarding security of information at the Commission. In accordance, to section 83 of the FSA, all information kept at the Commission cannot be disclosed to third parties except for the purposes of administering the relevant Acts or where it is authorised to do so by the Commission.

11.0 Protection from Liability

Under section 88 of the FSA, any member of the Board, technical committee or of the Enforcement Committee is protected from liability for anything done or omitted to be done by the member in the performance of his duties in good faith.



.....
Mrs. Y Lalji-Venkatasawmy

Chairperson of the Corporate Governance Committee

BOARD'S REPORT 2019

Review of activities

The FSC is an independent regulatory authority deemed to be established under the FSA to regulate the financial services sector other than banking, and Global Business. The FSC licenses, regulates, monitors and supervises the conduct of business activities in the said sectors.

Statement of Board's responsibilities in respect to the financial statements

The Board of the FSC is responsible for the preparation of the financial statements for each financial year, which gives a true and fair view of the state of affairs of the FSC, its income and expenditure, and its cash flows for the period.

In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards i.e. the International Financial Reporting Standards ('IFRS') have been followed, and explained in the financial statements;
- prepare the financial statements on the going concern basis; and
- prepare the financial statements in accordance with the Financial Services Act 2007 and the Statutory Bodies (Accounts and Audit) Act 1972.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the FSC. The Board is also responsible for safeguarding the assets of the FSC, designing, implementing and maintaining effective internal controls relevant for the preparation and presentation of financial statements that are free from material misstatements.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the FSC will not be a going concern in the year ahead based on forecasts and available cash resources. These financial statements support the viability of the Commission.

The Board confirms that the Board has complied with the above requirements and the relevant statutes in so far as they relate to the preparation of the financial statements.



Rajeshsharma Ramloll
Vice-Chairperson



Premchand Mungar
Member

Approved by the Board of the FSC on 13 December 2019.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE CHAIRMAN OF THE BOARD OF THE FINANCIAL SERVICES COMMISSION

Opinion

We have audited the annual financial statements of the Financial Services Commission ("the Commission") set out on pages 163 to 212 of the Annual Report 2018-19, which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, the statement of changes in funds, the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory notes (hereinafter collectively referred to as "financial statements").

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 30 June 2019, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA) and other independence requirements applicable to performing audits of financial statements in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The comparative financial information of the Commission for the year 2017-18 included in these financial statements, are based on the previously issued statutory financial statements, prepared in accordance with the relevant IFRS and International Accounting Standards (IAS), audited by the then auditors whose report for the year ended 30 June 2018 dated 18 December 2018 expressed unmodified opinion on these financial statements.

Other Information

The Board of the Commission is responsible for the other information. The other information comprises the Board's Report, the Corporate Governance Report and Report of the Audit and Risk Committee. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. Our reporting responsibilities regarding the Corporate Governance Report is dealt with in the "Report on Other Legal and Regulatory Requirements" section of this report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Commission's Responsibilities for the financial statements

The Commission is responsible for the preparation of the financial statements in accordance with the IFRS; the Financial Services Act, 2007; the Statutory Bodies (Accounts and Audit) Act, 1972 and the Financial Reporting Act, 2004, and for such internal control as the Board of the Commission determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of the Commission is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of the Commission either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

The Board of the Commission is also responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

We performed procedures to obtain audit evidence that the Commission had complied with the Financial Services Act, 2007; the Statutory Bodies (Accounts and Audit) Act, 1972; the Financial Reporting Act, 2004; the Public Procurement Act, 2006; and the National Code of Corporate Governance for Mauritius (2016), in so far as these related to financial matters, financial management and other related matters during the year under audit. We performed procedures to identify findings in so far as these related to financial matters, financial management and other related matters but not to gather evidence to express assurance on overall compliance with the above mentioned laws and regulations.

Responsibility of the Board of the Commission

In addition to the responsibility for the preparation and fair presentation of the financial statements described above, the Board of the Commission is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and regulations which govern the Commission.

Reporting on Compliance with the Financial Services Act, 2007

We have obtained information and explanations which to the best of our knowledge and belief were necessary for the purpose of our procedures and in our assessment, proper accounting records have been maintained.

Based on our procedures, we have not come across any instances of non-compliance with the provisions of the Financial Services Act, 2007 in so far as they relate to the financial statements.

Reporting on compliance with Statutory Bodies (Accounts and Audit) Act, 1972

We have obtained information and explanations which to the best of our knowledge and belief were necessary for the purpose of our procedures.

Based on our procedures, we have not come across any instances of non-compliance with the Statutory Bodies (Accounts and Audit) Act, 1972 in regard to extravagant or wasteful nature of expenditure incurred, the application of resources, and the carrying out of the operations fairly and economically. No directions have been received from the Ministry of Financial Services and Good Governance during the year under audit as far as they relate to the financial statements.

Reporting on compliance with the National Code of Corporate Governance for Mauritius, 2016

The Board of the Commission is responsible for preparing the Corporate Governance Report. Our responsibility is to report on extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the principles of the Code. *The Board of the Commission has given satisfactory explanations on the principles of the Code which have not been complied with.* In our opinion, the disclosure in the annual report is consistent with the principles of the Code.

Reporting on compliance with the Public Procurement Act, 2006

The Board of the Commission is responsible for the planning and conduct of its procurement. It is also responsible for defining and selecting the appropriate method of procurement and contract type in accordance with the provisions of the Act and relevant Regulations. Our responsibility is to report on whether the provisions of Part V of the Act regarding the Bidding Process have been complied with. Our procedures in this regard were based on test checks as considered appropriate by us.

Based on our procedures performed, nothing came to our attention to indicate that the provisions of Part V of the Act regarding the Bidding Process have not been complied with.



.....
Mitil Chokshi

Partner

M.No.47745

Chokshi & Chokshi LLP

FRN - 101872W / W100045

Licensed by the FRC

Kemps Corner,

Mumbai, India

UDIN - 19047745AAAAAA5130

Date: 18th December 2019

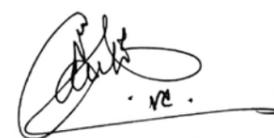
FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	NOTE	2019 Rs	2018 Rs
ASSETS			
Non-Current Assets			
Property plant and equipment	6(a)	133,804,190	135,668,531
Intangible assets	6(b)	5,760,931	8,841,960
Right-of use assets	6(c)	149,729,348	-
Assets held to maturity	7	99,867,991	537,203,367
Retirement benefit asset	8	19,278,837	7,969,728
Other financial assets	9	5,492,298	6,333,585
		413,933,595	696,017,171
Current Assets			
Assets held to maturity	7	485,901,632	126,115,953
Other financial assets	9	853,684	1,391,366
Receivables	10	210,043,734	198,612,791
Cash and bank balances	11	504,837,903	634,800,969
Bank deposits	12	1,113,308,249	875,258,405
		2,314,945,202	1,836,179,484
		2,728,878,797	2,532,196,655
TOTAL ASSETS			
LIABILITIES			
Non-Current Liabilities			
Lease liabilities	15	141,084,814	-
		141,084,814	-
Current Liabilities			
Payables	13	961,165,948	935,896,950
Provisions	14	95,280,920	61,618,996
Lease liabilities	15	12,615,537	-
Amount Payable to the Financial Services Fund	16	19,082,733	20,229,808
Amount Payable to the Consolidated Fund	17	1,359,792,774	954,464,913
		2,447,937,912	1,972,210,667
		2,589,022,726	1,972,210,667
TOTAL LIABILITIES			
NET ASSETS			
REPRESENTED BY:			
General Fund		-	-
General Reserve Fund	18	139,856,071	559,985,988
		139,856,071	559,985,988

Approved by the Board of the Commission on 13 December 2019.
Signed on their behalf



R. Ramloll
Vice-Chairperson



P. Mungar
Board Member



H. Seegolam
Chief Executive

The accounting policies on pages 169 to 188 and the notes on pages 189 to 212 form an integral part of these financial statements.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	NOTE	Rs	Rs
INCOME			
Fees from licensees	19	1,080,082,739	1,070,606,710
Penalties and charges	20	117,540,987	332,413,234
Interest	21	57,244,151	52,095,067
Other income	22	3,778,122	1,207,780
		1,258,645,999	1,456,322,791
OPERATING EXPENSES			
Staff related costs	23	324,105,619	256,778,344
Training and seminars	24	31,312,321	15,800,253
Legal and professional expenses	25	23,860,078	25,404,823
Office and administrative expenses	26	49,171,973	37,163,023
Depreciation & amortisation of property and equipment	6(a), 6(b)	19,029,048	21,654,422
Depreciation of right-of-use assets	6(c)	13,329,237	-
Provision for credit losses		30,609,265	166,998,388
Write-off of Administrative Penalties		-	37,263,373
		491,417,541	561,062,626
FINANCE COSTS			
Interest on leasing		6,553,084	-
SURPLUS OF INCOME OVER OPERATING EXPENSES			
Exchange fluctuation gain		27,085,484	7,150,028
SURPLUS FOR THE YEAR			
		787,760,858	902,410,193
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to surplus or deficit			
Remeasurement of defined benefit obligation	8	9,360,564	10,125,215
SURPLUS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR			
		797,121,422	912,535,408

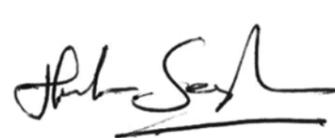
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STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 30 JUNE 2019

At 1 July 2017

Surplus for the year

Other Comprehensive Income for the period

Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The Financial Services Act, 2007.

Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.

Payment to the Consolidated Fund during the year

Amount payable to the Consolidated Fund

At 1 July 2018

As restated upon adoption of IFRS 9 - Financial Instruments

Transitional reserve in relation to existing operating lease obligations recognised as lease under IFRS 16 - Leases

Transfer from General Reserve Fund to the Consolidated Fund as per Section 82A(2A) of The Financial Services Act, 2007.

Surplus for the year

Adjustment as per Section 82A(3) of the Financial Services Act, 2007

Other Comprehensive Income for the year

Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The Financial Services Act, 2007.

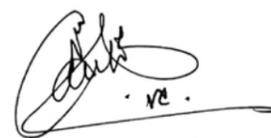
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.

Amount payable to the Consolidated Fund

At 30 June 2019

General Reserve Fund	General Fund	TOTAL
Rs	Rs	Rs
514,359,218	-	514,359,218
-	902,410,193	902,410,193
-	10,125,215	10,125,215
45,626,770	(45,626,770)	-
-	(18,250,708)	(18,250,708)
-	-	-
-	(848,657,930)	(848,657,930)
559,985,988	-	559,985,988
-	(1,228,981)	(1,228,981)
-	(361,152)	(361,152)
(459,985,988)		(459,985,988)
-	787,760,858	787,760,858
-	-	-
-	9,360,564	9,360,564
39,856,071	(39,856,071)	-
-	(15,942,428)	(15,942,428)
-	(739,732,790)	(739,732,790)
139,856,071	-	139,856,071

Approved by the Board of the Commission on 13 December 2019.
Signed on their behalf



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Chief Executive

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	NOTE	Rs	Rs
Cash generated by operations	27	824,765,151	881,800,363
Interest received	31.2	50,278,214	42,996,451
Payment of Retirement Benefit Obligation		-	(110,404,429)
Net cash generated from operating activities		875,043,365	814,392,385
Cash flow from investing activities			
Acquisition of property and equipment		(12,309,978)	(19,046,458)
Acquisition of intangible assets		(5,348,703)	(6,522,790)
Acquisition of Right-of-use assets		(222,220)	-
Proceeds from disposal of property and equipment		1,200,000	46,767
Investment in bank deposits		(869,434,486)	(1,267,362,857)
Proceeds from maturity of investments in bank deposits		630,558,125	1,374,629,817
Purchases of held-to-maturity financial assets		(50,493,500)	(132,227,200)
Proceeds from maturity of held-to-maturity financial assets		125,000,000	170,000,000
Net cash (used in) / generated from investing activities		(181,050,762)	119,517,279
Cash flow from financing activities			
Lease repayments		(5,922,165)	-
Interest on lease repaid		(6,553,084)	-
Payment to the Financial Services Fund		(17,089,503)	(8,125,233)
Payment to the Consolidated Fund	17	(794,390,917)	(857,828,630)
Net cash used in financing activities		(823,955,669)	(865,953,863)
Net (decrease) / increase in cash and cash equivalents		(129,963,066)	67,955,801
Cash and cash equivalents at the beginning of the year		634,800,969	566,845,168
Cash and cash equivalents at end of the year		504,837,903	634,800,969

Cash and cash equivalents consist of cash in hand, balances with the bank in savings accounts and investments in fixed deposits.

Cash and cash equivalents included in the Cash Flow Statement comprise of

Cash and bank balances	11	504,837,903	634,800,969
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Approved by the Board of the Commission on 13 December 2019.

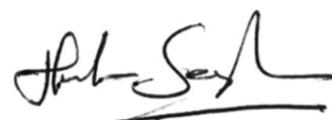
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION

1.1 Corporate information

The financial statements of the Financial Services Commission ('FSC/the Commission') for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Board on 13 December 2019. The Financial Services Commission was established in Mauritius under the Financial Services Development Act 2001 on 1 August 2001 as an independent regulatory authority to regulate the non-banking financial services sector and the global business sector. With the enactment of the Financial Services Act 2007, the Commission is deemed to have been established under this Act.

The office of the Commission is located at FSC House, 54, Cybercity, Ebene, Republic of Mauritius.

1.2 Contribution to the Consolidated Fund of the Government of Mauritius

FSC, being an independent regulatory authority, in terms of amendments to the Financial Services Act 2007 (FSA), is required to maintain its General Reserve Fund of stipulated amount (Rs.100 million represented by assets net of liabilities) to attain its objectives under Section 82 and Section 82A of the FSA:

- FSC has created a General Fund into which all money received by the Commission has been accumulated, and out of which all payments required to be made including future charges and commitments, have been adjusted.
- FSC allocates 2% from the audited surplus for the year determined in accordance with Section 82(6) of the FSA, from the General Fund to the Financial Services Fund (2018: 2%)
- FSC allocates 5% from the audited surplus for the year determined in accordance with Section 82A(2)(a) of the FSA, from the General Fund to the General Reserve Fund (2018: 5%)
- In accordance with Section 82A(3) of the FSA, FSC has, after the allocations to the Financial Services Fund and General Reserve Fund, provided for transfer of the remaining balance in the General Fund to the Consolidated Fund of the Government of Mauritius as soon as practicable.
- For the year, FSC has made provisions of Rs 1,199,718,778 (2018: Rs 848,657,930) towards the Consolidated Fund of the Government of Mauritius.

2. BASIS OF PREPARATION AND NEW ACCOUNTING STANDARDS

2.1 Basis of preparation

FSC has been excluded from Part I of the Second Schedule to the Statutory Bodies (Accounts and Audit) Act, in terms of the Government Notice number 210 of 2011 and hence is not required to prepare its financial statements in accordance with the International Public Sector Accounting Standards ("IPSAS"). Accordingly, the Commission has prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS") and the interpretation of these standards as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements. These statements have been prepared on historical cost basis, apart from financial assets and liabilities (which are recognized at fair value) and the valuation of the Retirement benefit obligation. These financial statements are presented in Mauritian Rupees, being the reporting and functional currency, and rounded off wherever appropriate.

The accounting policies adopted for the current year are consistent with those of the previous financial period except that FSC has adopted new/revised standards and mandatory interpretations for the financial years beginning on or after 1 January, 2018. The effects of these are stated below:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in Note 3.2 provided below.

2.2 Going Concern

FSC's forecasts and projections show that the Commission should be able to operate within their current funding levels in the foreseeable future. The directors have a reasonable expectation that the Commission has adequate resources to continue in operational existence for the foreseeable future. The financial statements therefore have been prepared on a going concern basis.

2.3 Adoption of New and Revised International Financial Reporting Standards

In the current period, the Commission has applied all the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for the accounting period beginning on or after 1 January 2018.

2.4 New standards and amendments

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2018 and are applicable to the Commission:

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with permissible early application. IFRS 9 is not applicable to items that have already been derecognized as at 1 January 2018 i.e. the date of initial application.

In the current year, the Commission has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity to not restate comparatives.

IFRS 9 introduced new requirements for:

- The classification and measurement of financial assets and liabilities
- Impairment of financial assets
- General hedge accounting

The Commission has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

a) Classification and measurement of financial assets

The Commission has applied the requirements of IFRS 9 to instruments that continue to be recognized as at 1 July 2018 and has not applied the requirements that have already been derecognized as at 1 July 2018. All recognized financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or at fair value on the basis of the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments will continue to be measured at amortised cost under IFRS 9.

b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Commission to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Based on the analysis of the Commission's financial assets, fees receivables may have impact of impairment.

c) Classification and measurement of financial liabilities

IFRS 9 requires that changes in fair value of the financial liability that are attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of such changes in the credit risk liability under other comprehensive income would create or enlarge the accounting mismatch in profit or loss. Changes in fair value attributable to a financial credit risk liability are not subsequently reclassified to income statement, but are instead transferred to retained earnings when the financial liability is derecognized.

The classification of financial liabilities under IFRS 9 will remain broadly the same as under IAS 39.

d) Hedge Accounting

The Commission has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9, as it does not have hedge instruments and hedging relationships currently.

Impact of adoption of IFRS 9

The Commission has adopted IFRS 9 retrospectively as on the date of initial application i.e. 1 January 2018. However, it took advantage of the option to not restate comparatives, and therefore, the figures as on 30 June 2018 have not been re-instated. The Commission has recognized the cumulative effect of initially applying this standard as an adjustment to the opening balance of the General Fund for the financial year 2018-19. The following tables shows the impact of adoption of IFRS 9, and reconciliation thereof:

Impact on Transition:

Financial Assets	IAS 39 Classification	IFRS 9 Classification	Impact of IFRS 9 (Amounts in Rs.)
Treasury Notes & Bills	Assets held to maturity	Amortised Cost	(417,858)
Staff Loans	Financial assets at fair value through P&L	Financial assets at fair value through P&L	-
Receivables	Loans and receivables	Amortised Cost	-
Cash and bank balances	Loans and receivables	Amortised Cost	-
Bank deposits	Loans and receivables	Amortised Cost	(811,123)
Payables	Financial liabilities at Amortised Cost	Amortised Cost	-

Transition disclosures -

The Standard requires a reconciliation to specify the Expected Credit Loss (ECL) and amortization impact to the General Fund as at 01 July 2018 (applying IFRS 9) thereto, which is as under:

Reconciliation

Particulars	Assets held to maturity	Bank deposits
	Rs	Rs
Closing Balance as per Audited Financials as on 30.06.2018	663,319,320	875,258,405
Less: ECL as on 01.07.2018 adjusted in General Fund	(417,858)	(811,123)
Add: Addition during the year 2018-19	50,493,500	1,503,589,846
Less: Matured during the year 2018-19	(125,000,000)	(1,264,713,484)
Less: Amortisation adjustments	(2,526,529)	-
Less: ECL for the year 2018-19	(98,810)	(15,395)
Closing Balance as on 30.06.2019	585,769,623	1,113,308,249

IFRS 15 Revenue from Contracts with Customers

In the current year, the Commission has applied IFRS 15- Revenue from Contracts with Customers, effective for the annual period that begins on or after 01 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Details of the new requirements as well as their impact on the Commission's financial statements are described below.

The Commission has applied IFRS 15 in accordance with the modified retrospective approach by recognising the cumulative effect of initially applying this Standard as an adjustment to the opening balance of the General Fund for the Financial Year 2018-19.

The Commission's accounting policies for its revenue streams are disclosed in detail in note 3.1(a) below. Apart from providing more extensive disclosures for the Commission's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Commission.

IFRS 16 Leases

IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019. However, the Commission has adopted IFRS 16 with effect from 1 July 2018 itself.

IFRS 16 provides a comprehensive model for identification of lease arrangements and their treatment in the financial statements for lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 on Leases and the related interpretations when it becomes effective.

On initial application of IFRS 16, for all leases, the Commission will:

- Recognise the right-of-use assets (ROU) and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of financial performance;
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Impact on Transition -

Given the significance of the effect of this new standard on accounting, the Commission has early adopted IFRS 16 with effect from 1 July 2018 using modified retrospective approach by recognising the cumulative effect of initially applying this standard as an adjustment to the opening balance of the General Fund for the financial year 2018/19, and applied to all lease contracts existing as on 1 July 2018. The Commission has accounted for ROU assets of Rs. 6,410,125 and related lease liabilities of Rs. 4,095,117 as on the date of transition. After considering the prepayments made, net impact of transition to IFRS 16 is Rs. 361,152.

Transition disclosures -

The standard requires a reconciliation to specify the movements from operating lease commitments disclosed as at 30 June 2018 (applying IAS17) to the liabilities under IFRS 16 as at 1 July 2018, which is as under:

Reconciliation

Particulars	Rs
Operating lease obligation as at 30 June 2018	898,840
Minimum lease payments (notional amount) on lease obligation as at 30 June 2018	8,704,737
Relief option for short-term leases	(2,052,000)
Relief option for leases of low value	(89,700)
Gross lease liability as at 30 June 2018	7,461,877
Discounting	3,366,760
Lease liability as at 01 July 2018	4,095,117
Present value of finance lease liability as at 30 June 2018	-
Additional lease liability as a result of initial application of IFRS 16 as at 01 July 2018	4,095,117

The lease liability was discounted at the borrowing rate of 4.99% as on 1 July 2018.

IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use at the time of initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency, that resulted in the recognition of a non-monetary asset or non-monetary liability.

The Interpretation specifies that the 'date of transaction' is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration. The application of these amendments has had no material impact on the Commission's financial statements.

2.5 New Accounting Pronouncements issued and not yet effective

Standards issued but not yet effective up to the date of issuance of the Commission's financial statements are listed below. The listing of standards and interpretations hereby issued are those that the Commission reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

Except where retrospective application is prescribed, the Commission intends to adopt these standards prospectively when they become effective.

Amendment to IFRS 17 Insurance Contracts – Effective as on 1 January 2021

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4: Insurance Contracts.

The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met, by measuring the liability for the remaining coverage using the Premium Allocation Approach.

The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and to explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees.

The implementation of the Standard is likely to bring significant changes to an entity's processes and systems, and will require much greater co-ordination between many functions of the business, including finance, actuarial and IT.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with permissible early application. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

FSC does not anticipate that the application of the Standard in the future will have any material impact on its financial statements.

Amendments to IFRS 9: Prepayment Features with Negative Compensation – With effect from 1 January 2019

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail the SPPI criterion.

The amendment applies to annual periods beginning on or after 1 January 2019, with permissible early application. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

FSC does not anticipate that the application of the amendments in future will have any material impact on its financial statements.

Amendments to IAS 28: Long term Interests in Associates and Joint Ventures – With Effect from 1 January 2019

The amendment clarifies that IFRS 9, including its impairment requirements, applies to long term interests. Furthermore, in applying IFRS 9 to long term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2019. Early application of the standard is permitted. Specific transition provisions apply depending on whether the first time application of the amendments coincides with that of IFRS 9.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement: With Effect from 1 January 2019

The amendments clarify that the past service cost (or the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the amendment of the plan (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 now states that the change in the effect of the asset ceiling resulting from the plan amendment (or curtailment or settlement) is determined in a second step and is recognized in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An entity will now be required to use the updated assumptions from this re-measurement to determine the current service cost and net interest for the remainder of the reporting period after the change of the plan. In case of net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as re-measured under IAS 19.99 with the discount rate used in the re-measurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The amendments have been applied prospectively. They apply only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which the amendments to IAS 19 have first been applied. The amendments to IAS 19 must be applied to annual periods beginning on or after 1 January 2019, but they can be applied earlier if an entity elects to do so.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Amendments to IFRS 10: Consolidated Financial Statements and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by IASB; however, earlier application of the amendments is permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Amendments to IFRIC 23: Uncertainty over Income Tax Treatments – Effective 01 January 2019

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
 - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

In December 2017, the IASB finalised Annual Improvements to the IFRS 2015-2017 cycle.

Cycle 2015-17

- IAS 12 Income Taxes
- IAS 23 Borrowing Costs
- IFRS 3 Business Combinations
- IFRS 11 Joint Arrangements,

IAS 12 Income Taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 3 Business Combinations

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements

The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business, obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.

All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Early application is permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Significant Accounting Policies

a) Revenue recognition

(i) Fees from licensees

Annual licensing fees are raised in terms of the Financial Services Act and FSC Rules.

Fees are earned from:

- Licenses issued to applicants for a Category 1 Global Business license or a Category 2 Global Business License or Authorised Company”.
- Licenses issued to applicants to carry out financial services or financial business activities under the relevant Acts.
- Brokerage fees as per Stock Exchange (Brokerage) Regulations.

Recognition

Revenue from fees is recognised on an accrual basis and to the extent that it is highly probable that significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with variable consideration is subsequently resolved.

Revenue arising from processing, annual license, registration fees, late charges and reinstatement fees are recognised when the performance obligation is satisfied on time or over time.

Measurement

Revenue from fees is measured at the fair value of the consideration received or receivable, taking into account terms of payment which may be defined from time to time in the FSC Rules. Waivers of late charges are offset against revenue from late charges.

(ii) Revenue from administrative penalties

Recognition

Revenues arising from administrative penalties pursuant to the issuance of the Financial Services (Administrative Penalties) Rules, 2013, effective from 1 January 2014 are recognised when a licensee fails to comply with a legal obligation specified in the said rules and accounted where there is no significant uncertainty as to its collectability. These penalties are recognised only to the extent that it is highly probable that significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with it is subsequently resolved.

Measurement

Revenue from fees is measured at the fair value of the consideration received or receivable, taking into account terms of payment which may be defined from time to time in the FSC Rules. Waivers of administrative penalties are offset against revenue from administrative penalties. By virtue of amendments in the Financial Services (Administrative Penalties) Rules 2013, w.e.f. 01 January 2018, the administrative penalty payable in respect of each breach of a legal obligation specified in the first column of the Schedule and committed by a licensee after 31 December 2017 has been capped at Rs.150,000 (USD 5,000).

Income	Revenue Recognition
Processing Fees	Recognised at a time of application
Annual Fees	Recognised to the extent of certainty
Re-instatement Fees	Recognised at the time of application for re-instatement
Administrative Penalties	Recognised net of uncertain revenues
Fees from Insurance Companies	Accrued quarterly based on gross premium from policies issued
Fees from Brokerage Companies	Accrued monthly based on value of the transactions undertaken

(iii) Interest income

For all financial instruments which are interest bearing financial assets, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Premium paid or discount received on Treasury Notes and Treasury Bills are amortised using the effective interest rate method over the duration of the instruments.

(iv) Other income

Other income constitutes income derived by the Commission (other than interest income), and includes fees receivable from the Insurance Industry Compensation Fund, in accordance with Section 4(3) of the Insurance (Industry Compensation Fund) Regulations made by the Minister under sections 88 and 92 of the Insurance Act.

Other income is measured at the fair value of the consideration received or receivable, taking into account terms of payment, which may be mutually agreed to with the counterparty.

b) Expenditure

All expenses have been accounted for on accrual basis. The expenditure is classified in accordance with the nature of the expense.

Staff costs

Remuneration to staff in respect of the services rendered during the reporting period is expensed in that reporting period.

Short term Employee Benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leaves and sick leaves in the period the related service is rendered at the undiscounted amount of benefits expected to be paid in exchange for that service.

c) Pensions and other post-employment benefits

Defined Benefit Scheme

FSC contributes to a defined benefit plan for non-contractual employees, the assets of which are held independently and administered by an insurance company, taking account of the recommendations of independent qualified actuaries as per IAS 19: Employee Benefits.

Pension is payable to eligible employees upon retirement / death / termination of employees under provisions of the Statutory Bodies Pension Fund Act 1978 (as amended).

For defined pension benefit plans, the pension costs are assessed using the projected unit credit method. Actuarial gains and losses are charged to Other Comprehensive Income. Current and Past service costs are recognised in the Statement of Financial Performance. Net interest is recognised in the Statement of Financial Performance. The pension obligation is measured at the present value of the estimated future cash outflow using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less unrecognised past service costs and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any unrecognised past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Re-measurements of the net defined benefit liability or asset, the effect of changes in the asset ceiling where applicable, and the return on the plan assets other than interest, are recognised in other comprehensive income in the period in which they arise.

Where the benefits of a plan are amended or curtailed, the change in the present value of the net defined benefit obligation relating to past service by the employees is recognised as gain or loss in the period of the amendment.

FSC recognises gains and losses in the Statement of Financial Performance on the settlement of a defined benefit plan when the settlement occurs.

Defined Contribution Scheme

Pursuant to changes to the Pension legislation, the Commission contributes to a Defined Contribution Scheme for its employees joining the Commission on a substantive post as from 1st January 2013.

A defined contribution plan is a plan under which the Commission pays fixed contributions into a separate entity. The Commission has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plan are recognised as an expense when employees have rendered service that entitles them to the contributions.

d) Foreign currency transactions and balances

Items included in the financial statements are measured using the Commission's functional currency. FSC's financial statements are presented in Mauritian Rupees, which is the functional and presentation currency of the Commission.

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition (date of recording). Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or revaluation of monetary items are taken to the Statement of Financial Performance. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

For income received in advance in foreign currency, the transaction date for the purposes of determining the exchange rate, is the date of initial recognition of the income received in advance.

e) Property, plant and equipment

Property, plant and equipment comprises of motor vehicles, furniture, computer equipment, office equipment, building and fixtures & fittings.

Initial Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date.

Subsequent Measurement

All property and equipment of FSC are shown at historical cost less accumulated depreciation and/or accumulated impairment losses, if any. Property and equipment items are tested for impairment when there is an indicator that the asset or assets should be impaired. Where the carrying amount of an asset is greater than its recoverable amount, it is written down to its recoverable amount. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net realisable value or its value in use.

The carrying amount of an item of property and equipment is de-recognised on disposal or when no future economic benefits are expected to arise from its use. Gains and losses on disposal or de-recognition of items of property and equipment are determined by comparing proceeds, if any, with carrying amounts and are recognised in operating surplus or deficit when the asset is de-recognised. Repairs and maintenance which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is calculated based on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Item	Years
Motor Vehicles	4
Furniture	5
Fixtures & fittings	10
Office Equipment	5
Computer Equipment	3
Building	30

The depreciation charge for each period is recognised in the Statement of Financial Performance.

The Commission reviews residual values and useful lives for all items of property, plant and equipment for the purpose of depreciation calculations, and impairment provisions. In determining residual values, the Commission uses historical sales and management's best estimate based on market prices of similar items. Useful lives of property and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. The useful life for all items of property, plant and equipment is determined as per the Commission's capitalisation policy.

f) Leases

Assets held under leases are recognised as assets of FSC at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the balance amount of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Commission's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Right-of-use assets comprises of office space, building, fitting outs, furniture, parking space, and land.

Initial Measurement of the right-of-use asset

An item of right-of-use asset that qualifies for recognition as an asset is measured at its cost. The cost of an item of a right-of-use asset comprises of the following at the recognition date:

- The present value of lease payments that are not paid at that date;
- Any lease payments associated with the lease made at or before the commencement date, less any payments made by the lessor to FSC;
- The initial direct cost, that is the incremental cost of obtaining the lease; and
- An estimate of costs to be incurred by FSC in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms of the lease.

Initial Measurement of Lease Liability

At the commencement date, the lease payments included in the measurement of the lease liability comprise of the following payments for the right to use the underlying asset during the lease term that are unpaid as on the commencement date:

- Fixed payments less any lease incentives receivable
- Variable lease payments
- Amounts expected to be payable by the Commission under residual guarantees
- The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease

Subsequent Measurement of right-of-use assets

All right-of-use assets of FSC are shown at historical cost less accumulated depreciation and/or accumulated impairment losses, if any, and adjusted for any re-measurement of the corresponding lease liability resulting from revised in-substance fixed lease payments. Right-of-use assets are subject to depreciation requirements as per IAS 16: Property, Plant and Equipment and tested for impairment when there is an indicator that the asset or assets should be impaired as per IAS 36: Impairment of Assets.

Subsequent Measurement of the lease liability

After the commencement date, the lease liability is measured by:

- Increasing the carrying amount to reflect the interest on the lease liability;
- Reducing the carrying amount to reflect the lease payment made; and
- Re-measuring the carrying amount to reflect any re-assessment or lease modification specified or to reflect revised in-substance fixed lease payments.

g) Intangible assets

Intangible assets comprise of computer software.

Initial measurement

Intangible assets acquired separately are measured on the basis of initial recognition at cost.

Subsequent measurement

Intangible assets are carried at historical cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life of the asset and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is set out below. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible assets.

Intangible assets are amortised on a straight-line basis, to their residual values as follows:

Item	Average Useful life
Computer Software	3 years

Gains and losses arising from the de-recognition of items of intangible assets are determined by comparing the proceeds, if any, with the carrying amount and are recognised in surplus or deficit when the asset is de-recognised.

h) Financial instruments – initial recognition and subsequent measurement

(1) Financial assets

Initial recognition and measurement

FSC's financial assets include cash and cash equivalents, short-term deposits, assets held to maturity, fees and penalties receivables, staff loans and other receivables.

The Commission recognizes a financial asset or a financial liability in its statement of financial position only when the Commission becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. For financial assets measured at amortize costs, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Classification of Financial Assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

(i) Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method, of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or

costs that are an integral part of the effective interest rate. The amortization of the discount/premium is included in the Statement of Financial Performance. The losses arising from impairment are recognised in the Statement of Financial Performance.

Investments in treasury notes, treasury bills and bank fixed deposits are classified as financial assets amortised at cost. Interest income is recognized in the statement of financial performance.

(ii) Financial instruments classified at FVTOCI

The Commission does not hold any financial assets classified at fair value through other comprehensive income.

(iii) Financial instruments classified at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

FSC accounts for staff loans at fair value through profit and loss. Staff loans are initially and subsequently recognised at fair value. Fair value is based on discounted cash flows that reflect the market prime lending rate at year end.

De-recognition

FSC derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the Statement of Financial Performance.

Measurement and recognition of expected credit losses

Measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Commission in accordance with the contract and all the cash flows that the Commission expects to receive, discounted at the original effective interest rate.

ECL are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Commission in accordance with the contract and the cash flows that the Commission expects to receive. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Commission measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are a portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if a default occurs within a period of 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

ECL are recognised using a provision for impairment losses in profit and loss.

(2) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified in accordance with the substance of the contractual arrangements.

The Commission's financial liabilities consist of accounts payable.

Subsequent measurement

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Financial liabilities measured subsequently at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

De-recognition

FSC derecognizes financial liabilities when, and only when, the Commission's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Financial Performance.

(3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(4) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined with reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded

in an active market, fair value is determined using appropriate valuation techniques.

i) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise of cash at bank and cash in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank deposits have maturities within 1 year from the end of the relevant reporting period, and constitute held-to-maturity investments.

Cash and cash equivalents are recognised at cost which equates to their fair value.

j) Provisions

Provisions are recognised when FSC has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When FSC expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

k) Taxation

The Commission is exempt from payment of tax as per the provisions of the Income Tax Act 1995 (as amended).

l) Related Parties

Parties are considered related to FSC if they have the ability, directly or indirectly, to exercise significant influence over FSC in making financial and operating decisions, or vice versa. Related parties may be individuals or other entities.

Salaries to key personnel are determined and paid as per the respective terms of appointment, and are expensed in the period of their service.

m) Comparative figures

Comparative figures have been reclassified and restated to conform to the presentation of the current period.

3.2 Significant accounting judgments, estimates and assumptions

The preparation of FSC's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts

of assets and liabilities within the next financial year, have been described below. FSC bases its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of FSC. Such changes are reflected in the assumptions as and when they occur.

As judged by normal commercial practice & prudence, the Commission ensures that no expenditure is incurred of extravagant and wasteful nature. Also, resources are applied and operations are carried out in fairly and economical manner.

3.2.1 Pension benefits

The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined at the minimum using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date and provisions made are higher of the estimates or actuarial valuation made using these assumptions.

3.2.2 Determining Fair Values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. FSC maximizes the use of observable inputs when computing fair values and applies its judgment when estimating non-observable inputs.

3.2.3 Provision for credit losses/ECL –

FSC makes provision for credit losses based on an assessment of the recoverability of receivables. Provisions are applied to receivables where event or changes in circumstances indicate that the carrying amounts may not be recoverable. The Commission specifically analyses licensee concentrations and changes in licensee payment terms when making a judgement to evaluate the adequacy of the provision of credit losses or ECL model, whichever is more, to determine future recoverability prior to accounting revenue. Where the expectation is different from the original estimate, such differences will impact the net carrying value of receivables.

4. CONTINGENT LIABILITIES / COMMITMENTS

4.1 Contingent Liabilities

FSC has pending lawsuits with claims against it. The nature of these claims relate mostly to claims from applicants for revoking their licenses, contractual and employment claims. Management is unable to determine with accuracy the exact timing of any cash outflows due to the long time-frames normally associated with such claims. The amounts claimed from claimants/applicants will not necessarily be the final amounts awarded by the courts, as the amounts claimed by litigants need to be proved. Section 88 of the Financial Services Act provides for immunity for FSC's staff in the performance of their duties in good faith.

The pending lawsuits against FSC with claims are estimated at Rs. 562 million, excluding interests and costs (2018: Rs. 79.16 million). FSC is of the view that there is a high certainty of success in defending all

of the pending lawsuits. In the unlikely event that FSC is unsuccessful, the Commission will bear these costs with no reimbursements expected from insurers, as FSC has no insurance cover for damages relating to Court cases. The amounts claimed from claimants/applicants will not necessarily be the final amounts awarded by the courts, as the amounts claimed by litigants need to be proved.

4.2 Financial Commitments

FSC has approved, in principle, plans aimed at enhancing the tangible and intangible infrastructure commensurate with the scale of operations. The total amount committed internally and externally as at 30 June 2019 is Rs. 2,949,179 (2018: Rs. 9,457,156). This will be funded out of internal resources.

5. STATUTORY DEPOSITS OF INSURANCE COMPANIES NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

In accordance with the Insurance Act 2005, statutory security deposits of insurance companies, totaling to an amount of Rs. 195,796,374 (2018: Rs. 188,787,454) are lien marked in favour of the Commission, and not included in the Statement of Financial Position.

6(a) PROPERTY AND EQUIPMENT

	MOTOR VEHICLE	FURNITURE	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	BUILDING	FIXTURES & FITTINGS	TOTAL
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COST							
At 1 July 2018	18,777,596	24,939,221	62,515,649	9,623,199	167,775,311	102,170,368	385,801,344
Purchases	6,093,067	569,787	3,863,732	1,112,852	-	670,540	12,309,978
Disposals	(4,928,901)	-	-	-	-	-	(4,928,901)
At 30 June 2019	19,941,762	25,509,008	66,379,381	10,736,051	167,775,311	102,840,908	393,182,421
DEPRECIATION							
At 1 July 2018	16,959,965	24,354,566	58,633,276	8,449,048	58,721,359	83,014,599	250,132,813
Charge for the year	2,400,079	360,648	2,489,651	791,009	5,775,844	2,357,086	14,174,317
Disposals	(4,928,899)	-	-	-	-	-	(4,928,899)
At 30 June 2019	14,431,145	24,715,214	61,122,927	9,240,057	64,497,203	85,371,685	259,378,231
NET BOOK VALUE							
At 30 June 2019	5,510,617	793,794	5,256,454	1,495,994	103,278,108	17,469,223	133,804,190

6(a) PROPERTY AND EQUIPMENT (CONT'D)

	MOTOR VEHICLE	FURNITURE	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	BUILDING	FIXTURES & FITTINGS	TOTAL
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COST							
At 1 July 2017	17,437,846	24,644,307	57,627,886	9,181,592	167,775,311	90,367,037	367,033,979
Purchases	1,339,750	391,512	4,958,718	496,505	-	11,859,973	19,046,458
Disposals	-	(96,598)	(70,955)	(54,898)	-	(56,642)	(279,093)
At 30 June 2018	18,777,596	24,939,221	62,515,649	9,623,199	167,775,311	102,170,368	385,801,344
DEPRECIATION							
At 1 July 2017	16,083,152	23,977,973	56,433,761	7,594,182	53,128,849	76,487,497	233,705,414
Charge for the period	876,813	473,191	2,249,942	883,521	5,592,510	6,572,409	16,648,386
Disposals	-	(96,598)	(50,427)	(28,655)	-	(45,307)	(220,987)
At 30 June 2018	16,959,965	24,354,566	58,633,276	8,449,048	58,721,359	83,014,599	250,132,813
NET BOOK VALUE							
At 30 June 2018	1,817,631	584,655	3,882,373	1,174,151	109,053,952	19,155,769	135,668,531

There are no restrictions on titles on any items of property and equipment and there are no items pledged as security for liabilities. Contractual commitments for acquisition of any items of property and equipment is disclosed in Note 4.2. There have been no impairments of any items of property and equipment during the current period. (2017/18: Nil)

6(b) INTANGIBLE ASSETS

COST

At 1 July 2018

Purchases

Transfer to General Fund as per IFRS 16

At 30 June 2019**AMORTISATION**

At 1 July 2018

Charge for the year

Transfer to General Fund as per IFRS 16

At 30 June 2019**NET BOOK VALUE****At 30 June 2019****COST**

At 1 July 2017

Purchases

At 30 June 2018**AMORTISATION**

At 1 July 2017

Charge for the period

At 30 June 2018**NET BOOK VALUE****At 30 June 2018**

	COMPUTER SOFTWARE	LEASEHOLD RIGHTS	TOTAL
	Rs	Rs	Rs
COST			
At 1 July 2018	68,024,116	5,500,000	73,524,116
Purchases	5,348,703	-	5,348,703
Transfer to General Fund as per IFRS 16	-	(5,500,000)	(5,500,000)
At 30 June 2019	73,372,819	-	73,372,819
AMORTISATION			
At 1 July 2018	62,757,156	1,925,000	64,682,156
Charge for the year	4,854,732	-	4,854,732
Transfer to General Fund as per IFRS 16	-	(1,925,000)	(1,925,000)
At 30 June 2019	67,611,888	-	67,611,888
NET BOOK VALUE			
At 30 June 2019	5,760,931	-	5,760,931
COST			
At 1 July 2017	61,501,326	5,500,000	67,001,326
Purchases	6,522,790	-	6,522,790
At 30 June 2018	68,024,116	5,500,000	73,524,116
AMORTISATION			
At 1 July 2017	57,934,453	1,741,667	59,676,120
Charge for the period	4,822,703	183,333	5,006,036
At 30 June 2018	62,757,156	1,925,000	64,682,156
NET BOOK VALUE			
At 30 June 2018	5,266,960	3,575,000	8,841,960

There have been no impairments of intangible assets during the current and prior periods. There are no intangible assets pledged as security.

6. (c) RIGHT-OF-USE ASSETS

	LAND	OFFICE SPACE	BUILDING	FURNITURE	FITTINGS	PARKING SPACE	TOTAL
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COST							
At 1 July 2018	6,410,125	-	-	-	-	-	6,410,125
Purchases	-	90,935,958	1,119,182	18,722,400	40,208,600	5,662,320	156,648,460
At 30 June 2019	6,410,125	90,935,958	1,119,182	18,722,400	40,208,600	5,662,320	163,058,585
DEPRECIATION							
At 1 July 2018	-	-	-	-	-	-	-
Charge for the year	337,375	7,577,996	31,088	1,560,200	3,350,717	471,860	13,329,237
At 30 June 2019	337,375	7,577,996	31,088	1,560,200	3,350,717	471,860	13,329,237
NET BOOK VALUE							
At 30 June 2019	6,072,750	83,357,961	1,088,093	17,162,200	36,857,884	5,190,460	149,729,348

The cost relating to variable lease payments that do not depend on an index or a rate, amounted to nil for the year ended 30 June 2019. There were no leases with residual value guarantees. Lease not yet commenced to which the Commission is committed amounts to Rs 3,174,000. The expenses relating to leases for which the Commission applied the practical expedient described in paragraph 2.4 of the IFRS 16 (leases with the contract term of less than 12 months) amounted to Rs 2,052,000 for the year ended 30 June 2019.

7. ASSETS HELD TO MATURITY

Within 1 year
 Treasury Notes / Bonds
 Premium on Treasury Notes / Bonds
 Expected Credit Loss

More than 1 year
 Treasury Notes / Bonds
 Premium on Treasury Notes / Bonds
 Expected Credit Loss

	2019	2018
	Rs	Rs
Treasury Notes / Bonds	485,800,000	125,000,000
Premium on Treasury Notes / Bonds	166,724	1,115,953
Expected Credit Loss	(65,092)	-
	485,901,632	126,115,953
Treasury Notes / Bonds	98,400,000	534,200,000
Premium on Treasury Notes / Bonds	1,501,709	3,003,367
Expected Credit Loss	(33,718)	-
	99,867,991	537,203,367
	585,769,623	663,319,320

Reconciliation of assets held to maturity

Opening balance
 Purchases of held-to-maturity financial assets
 Proceeds from maturity of held-to-maturity financial assets
 Interest adjustment
 Expected Credit Loss

Opening balance	662,901,462	702,600,663
Purchases of held-to-maturity financial assets	50,493,500	132,227,200
Proceeds from maturity of held-to-maturity financial assets	(125,000,000)	(170,000,000)
Interest adjustment	(2,526,529)	(1,508,543)
Expected Credit Loss	(98,810)	-
Closing balance	585,769,623	663,319,320

8. RETIREMENT BENEFITS ASSET

The pension scheme is a defined benefit plan. The assets of the funded plan are held independently and administered by SICOM.

The pension scheme has been established by virtue of the Statutory Bodies Pension Funds Act 1978, under which all contributions are made and benefits paid out. The Commission does not intend to bring any amendments or curtailments to the plan. Any deficit on the plan as per annual actuarial valuation is funded by the Commission. It is expected that total contribution to the plan during the next reporting period will be around Rs16.90 million. This excludes contributions by the Commission to make good any deficit as per annual actuarial valuation. There are no other parties responsible for the governance of the defined benefit plan.

An Asset Liability Management (ALM) exercise is frequently performed by SICOM for the plan and its recommendations are considered when setting the optimal investment policies for the plan. The purpose of the ALM exercise is to determine an appropriate investment strategy based on the expected liability profile and the expected development of the financial assets of the funds managed by SICOM Ltd. Our ALM exercise is performed based on projections of liability cash flows in the future and using an asset model calibrated for the Mauritian market.

The amounts recognised in Statement of Financial Performance are as follows:

	2019 Rs	2018 Rs
Current Service Cost	14,431,264	13,961,565
Employee Contributions	(6,539,219)	(6,122,977)
Fund Expenses	408,266	317,010
Interest (income) / expense	(691,511)	2,955,711
Total included in staff costs	7,608,800	11,111,309
Actual return on plan assets/liability	15,798,274	13,935,371

Movements in asset/liability recognised in statement of financial position as determined by the actuarial valuation

Opening balance	(7,969,728)	110,404,429
Total staff costs as above	7,608,800	11,111,309
Special Contribution / Actuarial reserves transferred in	-	(110,404,429)
Contributions paid by the Commission	(9,557,345)	(8,955,822)
Amount Recognised in Other Comprehensive Income	(9,360,564)	(10,125,215)
Asset/liability as at the close of the period	(19,278,837)	(7,969,728)

Reconciliation of the present value of the defined benefit obligation

Present value of obligation at start of period	308,163,850	291,185,221
Current service cost	14,431,264	13,961,565
Interest Cost	20,030,650	18,927,039
Benefits paid	(10,350,511)	(12,187,906)
Liability gain	(12,344,611)	(3,722,069)
Present value of obligation at end of period	319,930,642	308,163,850

Reconciliation of fair value of the plan assets

At start of the period	316,133,578	180,780,792
Restatement of opening balance	-	8,442,788
Expected return on plan assets	20,722,161	15,971,328
Asset loss	(2,984,047)	(2,039,642)
Actuarial reserves transferred in	-	110,404,429
Contributions from the employer	9,557,345	8,955,822
Contributions from the employees	6,539,219	6,122,977
Benefits paid and other outgo	(10,758,777)	(12,504,916)
At close of the period	339,209,479	316,133,578

The major categories of plan assets, and the expected rate of return at the statement of financial position date for each category, are as follows:

	2019 %	2018 %
Government Securities and Cash	58.70	57.70
Loans	3.40	3.80
Local Equities	13.10	15.70
Overseas bonds and equities	24.20	22.20
Property	0.60	0.60
	100	100

Components of the amount recognised in Other Comprehensive Income

	2019 Rs	2018 Rs
Assets experience loss during the year	(2,984,047)	(2,039,642)
Liability experience gain during the year	12,344,611	3,722,069
	9,360,564	1,682,427

Remeasurement

Liability experience (loss) / gain	(4,355,713)	3,722,069
Liability gain due to change in demographic assumptions	16,700,324	-
Asset loss	(2,984,047)	(2,039,642)
	9,360,564	1,682,427

The plan is exposed to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service benefits is re-insured.

The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of the actuarial valuation and sensitivity analysis were as follows:

	2019 %	2018 %
Discount Rate	6.50	6.50
Expected return on plan assets	6.50	6.50
Future Salary increases	5.00	5.00
Future Pension increases	3.50	3.50

The assumptions for mortality before retirement and mortality in retirement are based on A 6770 Ultimate Tables and PA (90) Tables respectively (2018 - PA(90) Tables rated down by 2 years).

The discount rate is determined by reference to market yields on bonds.

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase and mortality.

The sensitivity analysis below have been determined based reasonably on possible changes of the assumptions occurring at the end of the following reporting periods.

At 30 June 2019

Impact on defined benefit obligation

	Change in assumption	Increase in assumption	Decrease in assumption
Discount Rate	100 basis points	Decrease by Rs57.1m	Increase by Rs76.1m
Future Salary increases	100 basis points	Increase by Rs43.7m	Decrease by Rs35.5m
Life expectancy	1 year	Increase by Rs8.7m	Decrease by Rs8.7m

At 30 June 2018

Impact on defined benefit obligation

	Change in assumption	Increase in assumption	Decrease in assumption
Discount Rate	100 basis points	Decrease by Rs56.0m	Increase by Rs75.2m
Future Salary increases	100 basis points	Increase by Rs41.2m	Decrease by Rs33.3m
Life expectancy	1 year	Increase by Rs7.9m	Decrease by Rs7.9m

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depend to a certain extent on expected inflation rates. The analysis above abstracts from this interdependence between the assumptions.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The average age of the active members as at 30 June 2019 is 40 years while that of pensioners is 63 years.

Defined Contribution Scheme

	2019	2018
	Rs	Rs
Contributions	2,902,684	2,900,665

9. OTHER FINANCIAL ASSETS

Other financial assets comprise of staff loans

Staff loans at fair value

Within 1 year
More than 1 year

Total staff loans at amortised cost
Fair value adjustment
Balance at fair value

The staff members of the Commission have been granted loans at preferential rates as per the Commission's Salary Terms and Conditions. Types of staff loans are Housing Loan, Car Loan, Motorcycle / Auto cycle Loan, Computer Loan and Multipurpose Loan.

Staff Loans – Secured

Secured staff loans consist of Housing Loan, Car Loan and Motorcycle / Auto cycle Loan which are secured by way of inscription / lien on the property of the staff.

Staff Loans – Unsecured

Unsecured loans consist of Computer Loan and Multipurpose Loan which are granted under personal guarantees.

An annual assessment for the recoverability of the loans are carried out, and based on such assessment as at 30 June 2019, management is satisfied that none of the loans have suffered impairment.

Following the review of Staff Salary Terms and Conditions in 2013, granting of new staff loans were discontinued with effect from 1 July 2014.

Balances of loans are as follows:

Secured

Total secured staff loans at face value
Fair value adjustment
Balance at fair value

Unsecured

Total Unsecured Staff Loans at face value
Fair value adjustment
Balance at fair value

	2019	2018
	Rs	Rs
Within 1 year	853,684	1,391,366
More than 1 year	5,492,298	6,333,585
	6,345,982	7,724,951
Total staff loans at amortised cost	7,354,449	8,377,311
Fair value adjustment	(1,008,467)	(652,360)
Balance at fair value	6,345,982	7,724,951

	2019	2018
	Rs	Rs
Total secured staff loans at face value	7,354,449	8,250,824
Fair value adjustment	(1,008,467)	(644,721)
Balance at fair value	6,345,982	7,606,103
Total Unsecured Staff Loans at face value	-	126,487
Fair value adjustment	-	(7,639)
Balance at fair value	-	118,848

10. RECEIVABLES

	2019	2018
	Rs	Rs
Fees and penalties receivable	639,382,346	602,564,332
Other receivables	9,467,137	7,733,699
Accrued interest	34,871,234	27,905,297
Prepayments	21,641,260	25,118,440
Provision for credit losses	(495,318,243)	(464,708,977)
	210,043,734	198,612,791

11. CASH AND BANK BALANCES

	2019	2018
	Rs	Rs
Cash on hand	21,818	370,427
Bank balances	504,816,085	634,430,542
	504,837,903	634,800,969

12. BANK DEPOSITS

	2019	2018
	Rs	Rs
US Dollar	1,033,369,767	842,298,405
Mauritian Rupee	80,765,000	32,960,000
Expected Credit Loss	(826,518)	-
	1,113,308,249	875,258,405

13. PAYABLES

	2019	2018
	Rs	Rs
Other creditors and accruals	23,107,808	15,708,781
Operating Lease Liability	-	898,840
Deposit from Management Companies	726,482,621	108,228,813
Prepaid licence fees	211,575,519	811,060,516
	961,165,948	935,896,950

14. PROVISIONS

	2019	2018
	Rs	Rs
Sick Leave	25,073,772	23,112,403
Passage Benefits	14,785,203	12,515,453
Gratuity	4,826,139	1,887,032
Annual Leave	23,434,149	288,848
Bonus	27,161,657	23,815,260
	95,280,920	61,618,996

14. PROVISIONS (cont'd)

	Sick Leave	Passage Benefits	Gratuity	Annual Leave	Bonus	Total
	Rs	Rs	Rs	Rs	Rs	Rs
At 30 June 2019	23,112,403	12,515,453	1,887,032	288,848	23,815,260	61,618,996
Balance at 01 July 2018	5,875,523	7,648,161	5,092,600	23,432,053	35,838,716	77,887,053
Charged to the Statement of Financial Performance	-	-	(11,389)	-	-	(11,389)
Exchange differences	(3,914,154)	(5,378,411)	(2,142,104)	(286,752)	(32,492,319)	(44,213,740)
Paid during the year	25,073,772	14,785,203	4,826,139	23,434,149	27,161,657	95,280,920
Balance at 30 June 2019						
At 30 June 2018						
Balance at 01 July 2017	21,981,908	11,642,827	457,550	100,096	14,301,131	48,483,512
Charged to the Statement of Financial Performance	5,489,534	7,079,258	2,370,960	717,639	38,165,062	53,822,453
Exchange differences	-	-	2,901	-	-	2,901
Paid during the period	(4,359,039)	(6,206,632)	(944,379)	(528,887)	(28,650,933)	(40,689,870)
Balance at 30 June 2018	23,112,403	12,515,453	1,887,032	288,848	23,815,260	61,618,996

Provision for sick leave - Employees are entitled to refundable sick leave days per calendar year. A provision has been raised for all the sick leave that has accrued to employees up to year end.

Provision for passage benefits - Passage benefits are allowances provided to employees for holidays travel.

Provision for gratuity - The Chief Executive and employees holding a contractual position are entitled to a gratuity based on their annual salary and terms of the contract.

Provision for annual leave - Employees working on a contractual basis are entitled to refundable annual leave. A provision has been raised for all the annual leave that has accrued to employees up to year end.

Provision for bonus - Bonuses comprise of end of year bonus (which is a statutory bonus in terms of the Employment Rights Act) and a performance related bonus (which is based and determined on an internal performance management system).

15. LEASE LIABILITIES

With the view of expanding its activities and services, the Commission, during the year, entered into two lease agreements for fully furnished office spaces, consisting of an office at Ebene, and an office in Rodrigues. The first agreement is a lease for a period of 8 years with a monthly rental of Rs. 2,053,944.85 increasing to a maximum of 10% every 2 years. The lease liability for this lease fully reflects the said increases in the rental payments.

The agreement for the office space at Rodrigues constitutes of an agreement for a period of 3 years with monthly rental of Rs. 26,880, subject to an annual increase in line with the Consumer Price Index. These future increases have not been considered in arriving at the lease liability.

Additionally, since the year 2008, the Commission holds rights to use land which constitutes the main place from where it conducts its business. The rights, which will expire in the year 2037 involves an annual lease payment of Rs. 282,316.32 that increases by 9% every 3 years, have been incorporated in the lease liability.

	2019	2018
	Rs	Rs
Opening balance	-	-
Lease liabilities recognised during the year	160,521,356	-
Lease rental payments made during the year	(13,374,089)	-
Interest expense charged to the Income Statement	6,553,084	-
Closing balance	153,700,351	-
Lease liabilities		
Short Term	12,615,537	-
Long Term	141,084,814	-
	153,700,351	-

16. AMOUNT PAYABLE TO THE FINANCIAL SERVICES FUND

	2019	2018
	Rs	Rs
Opening balance	20,229,808	10,104,333
Transfer from General Fund as per Section 82(6) of the Financial Services Act, 2007.	15,942,428	18,250,708
Payment to the Financial Services Fund	(17,089,503)	(8,125,233)
Closing balance	19,082,733	20,229,808

17. AMOUNT PAYABLE TO THE CONSOLIDATED FUND

	2019	2018
	Rs	Rs
Opening balance	954,464,913	963,635,613
Transfer from General Fund as per Sections 82A(2A) and 82A(3) of the Financial Services Act, 2007.	1,199,718,778	848,657,930
Payment to the Consolidated Fund during the period	(794,390,917)	(857,828,630)
Closing balance	1,359,792,774	954,464,913

18. GENERAL RESERVE FUND

	2019	2018
	Rs	Rs
Opening balance	559,985,988	514,359,218
Transfer from General Reserve Fund to the Consolidated Fund as per Section 82A(2A) of The Financial Services Act, 2007.	(459,985,988)	-
Transfer from General Fund as per Section 82A(2) of the Financial Services Act, 2007.	39,856,071	45,626,770
Closing balance	139,856,071	559,985,988

By virtue of amendments in Section 82A(2A) in the Financial Service Act, a provision has been made for the transfer of Rs. 459,693,913 from the General Reserve Fund to the Consolidated Fund.

19. FEES FROM LICENSEES

	2019	2018
	Rs	Rs
Global business and Authorised Companies	994,335,452	987,688,270
Non-banking financial institutions	71,280,686	64,059,098
Brokerage	14,466,601	18,859,342
	1,080,082,739	1,070,606,710

20. PENALTIES AND CHARGES

	2019	2018
	Rs	Rs
Administrative penalties	100,651,460	312,821,191
Late charges	16,889,527	19,592,043
	117,540,987	332,413,234

From the financial year 2018-19, the Administrative Penalties have been recognised in the Financial Statements to the extent that a significant reversal in the amount of revenue therefrom will not occur at the time of related uncertainty is resolved. The Administrative Penalties are thus being recognised net of uncertain revenues.

21. INTEREST

	2019	2018
	Rs	Rs
Treasury Notes	25,816,929	30,415,586
Amortisation of premium on Treasury Notes	(1,952,472)	(2,853,266)
Bank deposits	33,065,975	23,688,849
Other financing income	296,370	228,923
Staff loans	17,349	614,975
	57,244,151	52,095,067

22. OTHER INCOME

	2019	2018
	Rs	Rs
Gain/(loss) on property and equipment scrapped / disposed	1,199,998	(11,339)
Administration fee from the Insurance Industry Compensation Fund	26,462	1,219,119
Recovery against bond	2,248,008	-
Reversal of Expected Credit Loss on investments	303,654	-
	3,778,122	1,207,780

23. STAFF RELATED COSTS

	2019	2018
	Rs	Rs
Staff salaries and allowances	258,548,368	194,225,508
Fair value adjustment to staff loans	356,107	(414,020)
Retirement benefits	16,940,600	20,069,827
Family Protection Scheme	4,935,325	4,648,876
National Savings Fund	1,862,017	1,098,666
Passage benefits	7,648,161	7,079,258
Board and committee fees	5,116,360	2,187,538
Travelling allowances	21,135,647	19,828,266
Staff welfare	7,563,034	8,054,425
	324,105,619	256,778,344

24. TRAINING AND SEMINARS

	2019	2018
	Rs	Rs
Overseas conferences and seminars	14,756,999	8,740,097
Local events	13,267,617	5,746,370
Staff training	3,287,705	1,313,786
	31,312,321	15,800,253

25. LEGAL AND PROFESSIONAL EXPENSES

	2019	2018
	Rs	Rs
Auditors' fees	3,144,445	2,493,394
Legal Fees	11,450,304	3,422,710
Professional advisory fees	7,645,530	19,488,719
National Regulatory Sandbox License Committee costs*	1,619,799	-
	23,860,078	25,404,823

* Being an independent committee to coordinate the processing of all RSL applications made to the Economic Development Board in relation to fintech.

26. OFFICE AND ADMINISTRATIVE EXPENSES

	2019	2018
	Rs	Rs
Maintenance of office premises	10,344,790	6,328,060
Rental expenses	1,275,946	312,974
Insurance of office premises	637,534	613,720
Post, telephone, internet and fax charges	8,497,022	7,971,077
Electricity and water	4,008,160	3,465,135
Stationery	2,059,036	1,683,311
Subscription**	11,764,617	8,196,916
General office expenses	6,372,251	5,930,501
Vehicle expenses	1,926,698	1,571,319
Advertising and publication	2,285,919	1,090,010
	49,171,973	37,163,023

**Includes membership fees for IAIS, IOPS, IOSCO and subscription for software licenses.

27. CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	Rs	Rs
Surplus for the year	787,760,858	902,410,193
Adjustments for:		
Staff loans fair value adjustment	356,107	(414,020)
(Gain)/loss on disposal of property and equipment	(1,199,998)	11,339
Interest income	(57,244,151)	(52,095,067)
Retirement Benefits Obligation	(1,948,545)	2,155,487
Interest on lease	6,553,084	-
Amortisation of premium on Treasury Notes	1,952,472	2,853,266
Other non-cash adjustments	688,262	(1,344,753)
Depreciation and amortisation	32,358,285	21,654,422
Provision for credit losses	30,609,265	166,998,388
Cash flow from operating activities, before working capital changes	799,885,639	1,042,229,255
Decrease/(increase) in fees receivable	(36,818,014)	(190,789,518)
Decrease in staff loans	1,022,862	7,458,789
(Increase) / decrease in other receivables	(1,733,438)	267,347
Decrease/(increase) in prepayments	3,477,180	(5,293,199)
Increase in accrued expenses and other payables	58,930,922	27,927,689
Net cash flow from operating activities	824,765,151	881,800,363

28. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Commission has outstanding commitments under operating leases which fall due as follows:

	2019	2018
	Rs	Rs
Within 1 year	-	282,316
After 1 year and before 5 years	-	1,180,082
After 5 years	-	5,382,955
	-	6,845,353

The present operating lease agreement relates to a land lease effective from 11 February 2008 for an initial period of 30 years, with an option for its renewal for a further period of 30 years over land on which the office building of the Commission is constructed. The terms of the lease is a non-cancellable, with a non-refundable annual advance payment of rental fees amounting to Rs. 200,000 which shall increase by 9% every 3 years. The Commission has early adopted IFRS 16 - Leases with effect from 01 July 2018, and has accordingly reclassified the operating lease commitments under lease liability.

29. CAPITAL RISK MANAGEMENT

The Commission's objectives when managing its funds and reserves are to safeguard the Commission's ability to continue as a going concern. The FSA requires the Commission to maintain certain funds to serve different purposes.

The Commission's capital structure is to a large extent determined by the Financial Services Act 2007 (Refer to note 1.2 which highlights the Funds that have to be maintained by the Commission). There have been no changes to what the entity manages as capital (which the Commission defines as the General Reserve Fund), the strategy for capital maintenance and the requirements imposed by the Financial Services Act.

30. LIQUIDITY RISK

The Commission monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Commission's objective is to maintain a balance between continuity of funding and flexibility by keeping a minimum float and investing any excess in short term deposits. The Commission has no borrowings, nor does it plan to raise funds in the foreseeable future.

The table below shows the Commission's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and excludes prepaid expenses but includes prepayments where cash is expected to be received in future.

30. LIQUIDITY RISK (cont'd)

At 30 June 2019

	Maturity		Total Cash Flows	Total Carrying Amount	Total Fair Value
	0 - 1 Year	> 1 year			
	Rs	Rs	Rs	Rs	Rs
Financial assets					
Assets held to maturity	485,901,632	99,867,991	585,769,624	585,868,433	585,769,623
Other financial assets	853,684	5,492,298	6,345,982	7,354,449	6,345,982
Receivables	188,402,475	-	188,402,475	188,402,475	188,402,475
Cash and bank balances	504,837,903	-	504,837,903	504,837,903	504,837,903
Bank deposits	897,353,551	216,781,217	1,114,134,767	1,114,134,767	1,113,308,249
	2,077,349,245	322,141,506	2,399,490,751	2,400,598,027	2,398,664,232
Financial liabilities					
Payables	749,590,429	-	749,590,429	749,590,429	749,590,429
Lease liability	12,615,537	141,084,814	153,700,351	153,700,351	153,700,351
	762,205,966	141,084,814	903,290,780	903,290,780	903,290,780

At 30 June 2018

Financial assets					
Assets held to maturity	126,115,953	537,203,367	663,319,320	663,319,320	663,319,320
Other financial assets	1,391,366	6,333,585	7,724,951	8,377,311	7,724,951
Receivables	173,494,351	-	173,494,351	173,494,351	173,494,351
Cash and bank balances	634,800,969	-	634,800,969	634,800,969	634,800,969
Bank deposits	629,712,673	245,545,732	875,258,405	875,258,405	875,258,405
	1,565,515,312	789,082,684	2,354,597,996	2,355,250,356	2,354,597,996
Financial liabilities					
Payables	185,556,590	-	185,556,590	185,556,590	185,556,590

For those financial assets not carried at fair value, management estimates carrying amount to approximate fair value.

The Committee monitors the adequacy of cash inflows in terms of the budget estimates on a regular basis.

Fair Value Hierarchy

The Commission uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - unobservable inputs for the asset or liability.

30. LIQUIDITY RISK (cont'd)

Fair Value hierarchy as at 30 June 2019

	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial assets					
Other financial assets	-	6,345,982	-	6,345,982	6,345,982

Fair Value hierarchy as at 30 June 2018

	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial assets					
Other financial assets	-	7,724,951	-	7,724,951	7,724,951

There have been no transfers during the period between levels 1 and 2.

Valuation techniques used

For those investments where there is no active market, these are stated at cost less impairment. However, for the other financial instruments, the Commission determines fair values using the valuation technique as per table below:

Description	Valuation technique	Sensitivity analysis
Staff Loans	Discounted Cash Flow at a discount rate that reflects market prime lending rate at end of the reporting period.	The estimated fair value would increase if the discount rate decreases

The basis of inputs have not changed from prior period.

31. CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a contract, leading to a financial loss. In the normal course of business, the Commission is exposed to the credit risk from accounts receivable, loans to staff and balances with banking institutions. The carrying amounts of these balances represent the maximum credit risk that the commission is exposed to. Prepayments were excluded for the purposes of this note.

The Commission manages its exposure to credit risks as follows:-

- with regards to Accounts Receivable, except Administrative Penalties, credit risk is limited as the Commission is a regulatory body, and fees are charged in terms of the legislation. The majority of fees are received in advance;
- the Commission has put in place internal procedures to promptly identify receivables for Administrative Penalties, and periodic claims are sent to the debtors to ensure recoverability. A provision against irrecoverability is made against debtors based on management judgement including ECL model.
- for staff loans, the Commission maintains control procedures and requests security when loan is granted to staff. For certain types of loans the security involves inscriptions on the property of the staff while for other loans personal guarantees are required;
- for transactions with banking institutions, it holds bank balances and short term deposits with the SBM Bank (Mauritius) Ltd, Barclays Bank Mauritius Ltd, MauBank Ltd, The Mauritius Commercial

Bank and SBI (Mauritius) Ltd. As such, the Commission mitigates the risks related to bank balances and deposits by keeping its funds in a wide spread of banks of a certain level of repute. Management assesses and only invests in banks with a high credit rating; and

- for held to maturity investments, the Commission invests in the Government of Mauritius and Bank of Mauritius T Bills, T Notes and Bonds.

31.1. Fees and administrative penalties receivable

	Past due but not impaired	Past due and impaired	2019	2018
	Rs	Rs	Rs	Rs
Up to 3 months	55,266,167	16,381,562	71,647,729	22,923,439
3 to 6 months	15,647,237	17,143,697	32,790,934	10,690,435
6 months to 1 year	21,078,073	78,535,844	99,613,917	93,052,404
More than 1 year	59,734,501	375,595,265	435,329,766	475,898,054
	151,725,978	487,656,368	639,382,346	602,564,332

31.2. Accrued interest

Balance at the beginning of the year	27,905,297	18,806,681
Interest income	57,244,151	52,095,067
Interest received	(50,278,214)	(42,996,451)
Balance at the end of the year	34,871,234	27,905,297

Accrued interest was raised in accordance with the terms of the contracts for the respective financial instruments.

None on the amounts above were considered to be past due and no impairments were required.

31.3. Staff loans

Within 1 year	853,684	1,391,366
More than 1 year	5,492,298	6,333,585
	6,345,982	7,724,951

31.4. Bank Balances

Bank balances	504,816,085	634,430,542
Bank deposits	1,113,308,249	875,258,405
	1,618,124,334	1,509,688,947

31.5. Assets Held to Maturity

Within 1 year	485,901,632	126,115,953
More than 1 year	99,867,991	537,203,367
	585,769,623	663,319,320

None of these financial assets are granted as collateral or securities. Except for staff loans, there is no collateral held as security (refer to Note 9 for details for collateral held as security).

CATEGORIES OF FINANCIAL INSTRUMENTS

	Receivables and Other financial assets	Financial liabilities at amortised cost	Assets held to Maturity	Financial assets at fair value through P&L	Total
	Rs	Rs	Rs	Rs	Rs
Categories of financial instruments - 2019					
Non-current assets					
Assets held to maturity	-	-	99,867,991	-	99,867,991
Other financial assets	-	-	-	5,492,298	5,492,298
Current assets					
Assets held to maturity	-	-	485,901,632	-	485,901,632
Receivables	188,402,475	-	-	-	188,402,475
Cash and bank balances	504,837,903	-	-	-	504,837,903
Other financial assets	-	-	-	853,684	853,684
Bank deposits	1,113,308,249	-	-	-	1,113,308,249
Total Assets	1,806,548,627	-	585,769,623	6,345,982	2,398,664,232
Non-Current Liabilities					
Lease liability	-	141,084,814	-	-	141,084,814
Current Liabilities					
Payables	-	749,590,429	-	-	749,590,429
Lease liability	-	12,615,537	-	-	12,615,537
Total liabilities	-	903,290,780	-	-	903,290,780
Categories of financial instruments - 2018					
Non-current assets					
Assets held to maturity	-	-	537,203,367	-	537,203,367
Other financial assets	-	-	-	6,333,585	6,333,585
Current assets					
Assets held to maturity	-	-	126,115,953	-	126,115,953
Receivables	189,740,581	-	-	-	189,740,581
Cash and bank balances	634,800,969	-	-	-	634,800,969
Other financial assets	-	-	-	1,391,366	1,391,366
Bank deposits	875,258,405	-	-	-	875,258,405
Total Assets	1,699,799,955	-	663,319,320	7,724,951	2,370,844,226
Current Liabilities					
Payables	-	185,556,590	-	-	185,556,590
Total liabilities	-	185,556,590	-	-	185,556,590

32. CURRENCY AND EXCHANGE RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Commission's exposure to the risk of changes in foreign exchange rates relates primarily to the Commission's operating activities (when revenue or expense is denominated in a different currency from the Commission's functional currency) and holding bank deposits which are denominated in foreign currencies.

The Commission receives licence fees in US Dollars (USD). Consequently, the Commission is exposed to the risk that the exchange rate of the USD relative to the Mauritian Rupees (MUR) may change in a manner which has a material effect on the reported values of the Commission's licence fee income, which are denominated in USD.

The Commission is exposed to currency risk as a result of conversion of foreign currency balances held in USD. These balances were held in USD during the financial period and the exchange fluctuation gain of Rs 27,085,484 (2018: gain of Rs 7,150,028) has occurred mainly due to translation of USD. During the period USD **appreciated** against MUR by 87 basis points. (2018: appreciated by 168 basis points)

The table below shows the carrying amounts of the financial assets and liabilities, denominated in currencies other than the functional currency.

	Assets		Liabilities	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
Euro				
Bank Deposits	-	-	-	-
Receivables	745	-	-	-
Other creditors and accruals	-	-	-	-
US Dollars				
Bank Deposits	1,033,369,767	842,298,405	-	-
Cash and Bank balances	461,015,880	591,613,521	-	-
Receivables	154,038,702	27,189,818	-	-
Deposit from Management Companies	-	-	729,098,615	529,973,495

The assessment of currency fluctuation risks is reviewed by the Investment Committee from time to time.

33(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission's exposure to the risk of changes in market interest rates relates primarily to the Commission's bank balances with floating interest rates.

The Commission manages its interest rate risk by placing its excess funds in term-deposits with fixed interest rates. The Commission has exposure to staff loans which are recognised at fair. The changes in fair value are recognised in the Statement of Financial Performance.

Changes in market interest rates have a direct effect on the contractually determined cash flows

associated with specific financial assets whose interest rates periodically changes as per market rate. The following table demonstrates the sensitivity of the Commission's Surplus to interest rate changes, all other variables held constant:

	Change in Yield (basis point)	Effect on Surplus 2019	Effect on Surplus 2018
		Rs	Rs
Bank balances	+50	1,813,810	3,109,757
	-50	(1,708,426)	(2,931,783)

33(b) Foreign Currency Risk

The following table shows the sensitivity of the Commission's Funds to exchange rate changes, all other variables held constant:

	Change MUR exchange rate	Effect on Funds 2019	Effect on Funds 2018
		Rs	Rs
Financial assets and liabilities	+1 MUR	22,652,227	26,983,981
	-1 MUR	(22,652,227)	(26,983,981)

33(c). Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Commission's performance to developments affecting a particular industry.

The Commission derives 91% (2018:93%) of its regular income (inclusive of administrative penalties) from the Global Business sector and as such the concentration of risk is high around this sector. The Global Business sector is largely dependent on the International climate and Double Tax Avoidance treaties with certain prominent countries.

In line with its strategic plan and the Blueprint for Innovating and Transforming the Mauritius IFC of 2030, the Commission is taking various measures to further diversify the markets within the financial services sector, through increased partnership with emerging markets. The Mauritius IFC is expected to position itself as a specialist regional IFC focused on Africa and India, with deep expertise in these areas. Moreover, the Commission will capitalise on opportunities in both domestic and international capital markets, captive insurance in Africa, cross-border asset management, African fintechs, reinsurance, and cryptocurrency exchange.

33. RELATED PARTY TRANSACTIONS DISCLOSURE

Board fees, salaries and allowances to Key Managerial Persons

Name of Key Management Personnel	Designation		2019	2018
			Rs	Rs
Dr. Renganaden Padayachy (As from 16 January 2018)	Chairperson	Board Fees	778,065	275,806
Mr. Dev Manraj, GOSK (From 22 April 2015 to 15 January 2018)	Former Chairperson	Board Fees	-	274,194
Mr. Yandraduth Googoolye (From 02 June 2017 to 05 January 2018)	Former Vice-Chairperson	Board Fees	-	154,032
Mr. Rajeshsharma Ramlohl (Member from 22 April 2015 to 25 April 2018) (Vice-Chairperson as from 26 April 2018)	Member / Vice Chairperson	Board Fees	416,397	360,000
Late Mr. Hervé Lassemillante (As from 11 July 2017)	Member	Board Fees	498,709	349,355
Mr. Premchand Mungar (As from 28 December 2017)	Member	Board Fees	568,000	122,581
Mrs. Yotsna Lalji-Venketasawmy (As from 03 April 2018)	Member	Board Fees	461,793	58,667
Mr. Sarwansingh Purmessur (As from 24 May 2018)	Member	Board Fees	596,612	25,161
Mr. Mohummad Shamad Ayoob Saab (Up to 23 May 2018)	Former Member	Board Fees	-	207,742
Mr. Visvanaden Soondram (Up to 09 October 2018)	Former Member	Board Fees	65,161	240,000
Mr. Mahess Rawoteea (From 9 October 2018)	Member	Board Fees	355,161	-
Ms. Gayle Mary-Jane Yerriah (From 26 April 2019)	Member	Board Fees	54,167	-
Ms. Mariam Rajabally (From 26 April 2019)	Member	Board Fees	54,167	-
Mr. Harvesh Kumar Seegolam (As from 14 July 2017)	Chief Executive	Salaries Allowances	6,195,345 180,000	5,792,996 173,864
Mr. P. K. Kuriachen (From 20 April 2015 to 13 July 2017)	Former Acting Chief Executive	Salaries Allowances	- -	816,979 64,457
TOTAL			10,223,577	8,915,834

In regard to disclosure of significant financial interest of the Board/Key Management Personnel with respect to their interested entities/immediate family members, a full scope of compliance (inter alia including declaration/information/disclosures) mechanism is being developed for future periods within the Board Charter.

34. EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to 30 June 2019.

APPENDICES

APPENDICES

APPENDIX 1: MARKETS TRENDS IN SECURITIES

Figure 4: Evolution of SEMDEX - 2018/2019 (End Month)

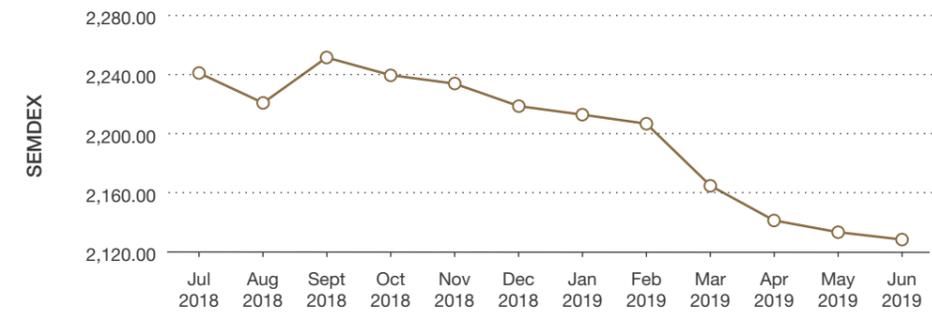


Figure 5: Evolution of SEM-10 - 2018/2019 (End Month)

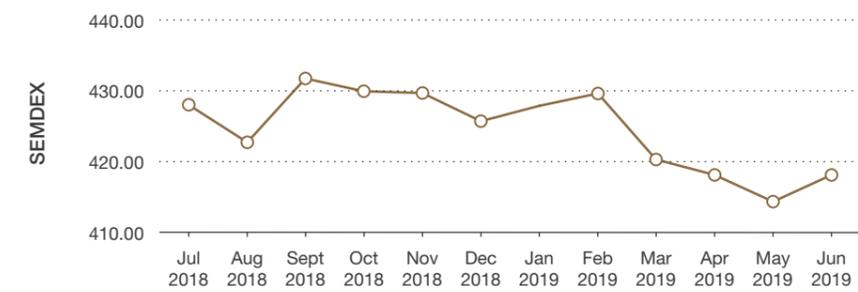


Figure 6: Evolution of SEMTRI (MUR & USD) for 2018 & 2019 (End Month)

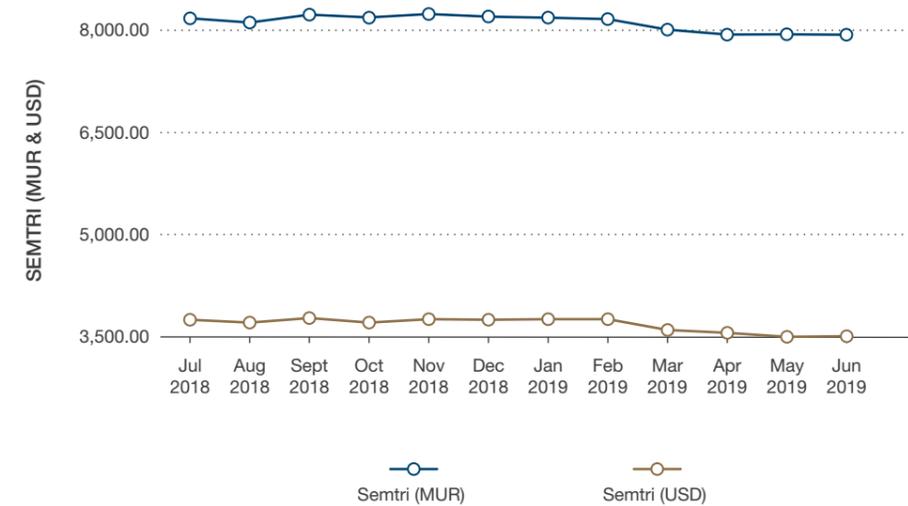


Figure 7: Evolution of SEMSI - 2018/2019 (End Month)

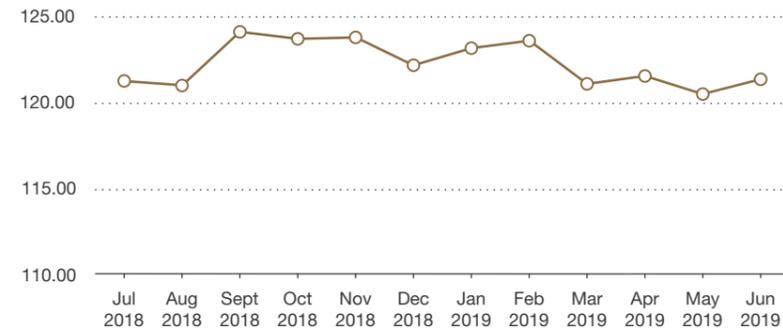


Figure 8: Evolution of DEMEX - 2018/2019 (End Month)

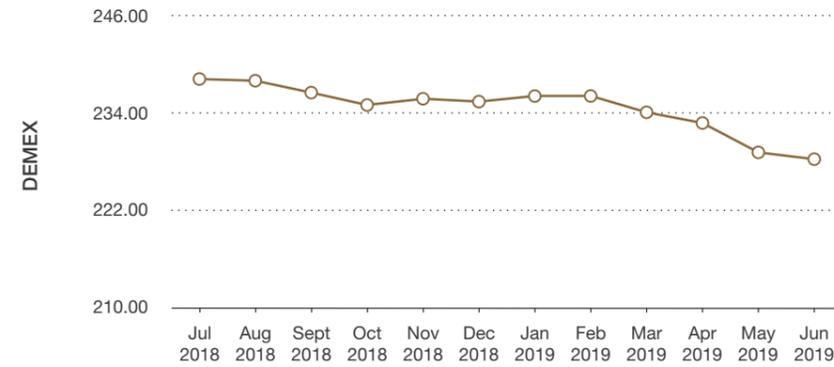


Figure 9: Evolution of DEMTRI (MUR & USD) for 2018 & 2019 (End Month)

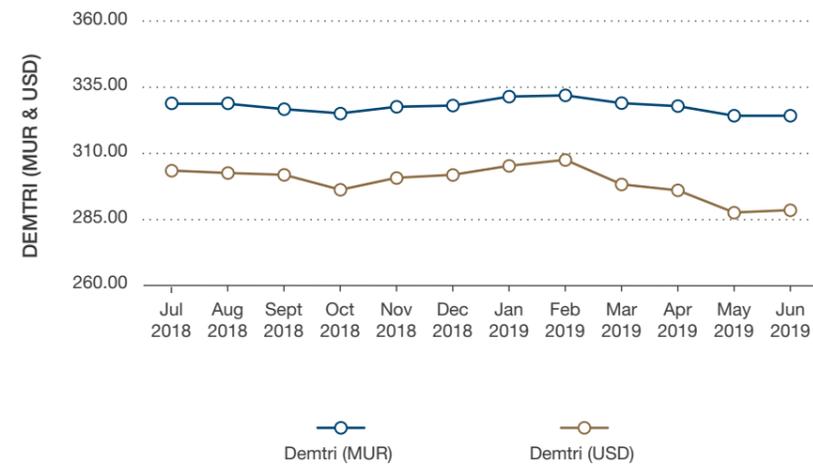


Table 37: International Stock Exchanges Indices (Monthly End) 2018/2019

Year 2018/2019	US Dow Jones Industrial Average	US Nasdaq Composite	Bombay Stock Exchange (BSE) SENSEX	London's FTSE 100 Index	France's CAC 40 Index	Hong Kong's Hang Seng Index
Jul-18	25,415.19	7,671.79	37,606.58	7,748.76	5,511.30	28,583.01
Aug-18	25,964.82	8,109.54	38,645.07	7,432.42	5,406.85	27,888.55
Sep-18	26,458.31	8,046.35	36,227.14	7,510.20	5,493.49	27,788.52
Oct-18	25,115.76	7,305.90	34,442.05	7,128.10	5,093.44	24,979.69
Nov-18	25,538.46	7,330.54	36,194.30	6,980.24	5,003.92	26,506.75
Dec-18	23,327.46	6,635.28	36,068.33	6,728.15	4,730.69	25,845.70
Jan-19	24,999.67	7,281.74	36,256.69	6,968.85	4,992.72	27,942.47
Feb-19	25,916.00	7,532.53	35,867.44	7,074.73	5,240.53	28,633.18
Mar-19	25,928.68	7,729.32	38,672.91	7,279.19	5,350.53	29,051.36
Apr-19	26,592.91	8,095.39	39,031.55	7,418.22	5,586.41	29,699.11
May-19	24,815.04	7,453.15	39,714.20	7,161.71	5,207.63	26,901.09
Jun-19	26,599.96	8,006.24	39,394.64	7,425.63	5,538.97	28,542.62

Sources: <https://www.marketwatch.com/investing/index/1/historical?countrycode=in>
<https://www.sharesmagazine.co.uk/indices/index/UKX/historic-prices>
 (for London FTSE 100 Index)

APPENDIX 2: TRENDS IN INSURANCE

LONG TERM INSURANCE BUSINESS

Table 38: Long Term Insurance Business Figures

	2015	2016	2017	2018
NUMBER OF INSTITUTIONS				
Long Term*	6	6	6	6
NUMBER OF INSURANCE POLICIES				
Long Term	281,884	300,600	320,662	343,486
ASSETS				
Assets (MUR million)	60,557	63,261	70,842	74,115
% Δ in Assets	5%	4%	12%	5%
TECHNICAL RESERVES				
Life Fund (MUR million)	51,630	53,935	61,527	63,684
% Δ in Life Fund	2%	4%	12%	3%
CAPITAL AND RESERVES				
Capital and Reserves (MUR million)	6,027	6,419	6,965	7,950
% Δ in C & R	18%	7%	9%	14%
LONG TERM				
Assets (MUR million)	60,557	63,261	70,842	74,115
Life Fund (MUR million)	51,630	53,935	61,527	63,684
Capital and Reserves (MUR million)	6,027	6,419	6,965	7,950
Other Liabilities** (MUR million)	2,900	2,907	2,350	2,481
% of C&R to Life Fund	12%	12%	11%	12%
LONG TERM				
Net Premiums (MUR million)	8,940	9,319	10,044	12,273
Reinsurance (MUR million)	368	403	385	463
Gross Premiums (MUR million)	9,308	9,722	10,429	12,736
% Δ in Gross Premiums	-43%	4%	7%	22%
Net Claims (MUR million)	7,277	7,937	8,089	8,730
Reinsurance (MUR million)	117	133	100	177
Gross Claims (MUR million)	7,394	8,069	8,189	8,907
% Δ in Gross Claims	-43%	9%	1%	9%

* figures exclude National Insurance Co. Ltd

** Outstanding claims included in other liabilities

Note: the figures revised to exclude assets and liabilities which pertained to private pension schemes under management of Life Insurers

GENERAL INSURANCE BUSINESS

Table 39: General Insurance Business Figures

	2015	2016	2017	2018
NUMBER OF INSTITUTIONS				
General	14	14	14	14
NUMBER OF INSURANCE POLICIES				
General	523,553	553,313	576,886	547,728
ASSETS				
Assets (MUR million)	16,670	15,920	17,525	18,602
% Δ in Assets	11%	-4%	10%	6%
ASSET MIX				
Equities (MUR million)	2,155	3,572	2,417	2,294
% Δ in Equities	0.47%	66%	-32%	-5%
% of Total Assets	13%	22%	14%	12%
Cash Equivalents (MUR million)	3,296	2,978	3,099	2,956
% Δ in Cash Equivalents	-3%	-10%	4%	-5%
% of Total Assets	20%	19%	18%	16%
Govt Bonds (MUR million)	1,012	1,415	1,696	1,874
% Δ in Govt bonds	134%	40%	20%	10%
% of Total Assets	6%	9%	10%	10%
Other Bonds (MUR million)	354	357	328	333
% Δ in Other Bonds	16%	1%	-8%	2%
% of Total Assets	2%	2%	2%	2%
Property (MUR million)	659	739	788	850
% Δ in Property	357%	12%	7%	8%
% of Total Assets	4%	5%	4%	5%
Other Assets (MUR million)	151	6,860	9,197	10,295
% Δ in Other Assets	-98%	4443%	34%	12%
% of Total Assets	1%	43%	52%	55%
	16,670	15,921	17,525	18,602
LIABILITIES				
Capital & Reserves (MUR million)	7,559	7,527	7,846	8,113
% Δ	9%	-0.42%	4%	3%
% of Total Liabilities	48%	47%	45%	44%
Technical Reserves (MUR million)	7,505	6,613	7,259	7,655
% Δ	21%	-12%	10%	5%
% of Total Liabilities	48%	42%	41%	41%

	2015	2016	2017	2018
Other Liabilities (MUR million)	704	1,781	2,420	2,834
% Δ	-63%	153%	36%	17%
% of Total Liabilities	4%	11%	14%	15%
	15,768	15,921	17,525	18,602
TOTAL PREMIUMS				
Net (MUR million)	4,604	5,185	5,717	5,936
Reinsurance (MUR million)	2,944	2,823	3,029	3,199
Gross (MUR million)	7,565	8,007	8,746	9,135
% Δ in Gross Premiums	2%	6%	9%	4%
PREMIUMS - MOTOR				
Net (MUR million)	2,717	2,975	3,198	3,319
Reinsurance (MUR million)	200	163	118	130
Gross (MUR million)	2,916	3,139	3,316	3,449
% Δ in Gross Premiums	3%	8%	6%	4%
PREMIUMS - NON-MOTOR				
Net (MUR million)	1,887	2,209	2,519	2,617
Reinsurance (MUR million)	2,744	2,659	2,911	3,069
Gross (MUR million)	4,649	4,868	5,430	5,686
% Δ in Gross Premiums	1%	5%	12%	5%
TOTAL CLAIMS				
Net (MUR million)	2,632	2,952	3,322	3,891
Reinsurance (MUR million)	1,418	1,501	1,173	1,137
Gross (MUR million)	4,032	4,453	4,495	5,028
% Δ in Gross Claims	3%	10%	1%	12%
CLAIMS - MOTOR				
Net (MUR million)	1,689	1,923	2,129	2,379
Reinsurance (MUR million)	272	1,235	283	65
Gross (MUR million)	1,969	2,264	2,412	2,444
% Δ in Gross Claims	21%	15%	7%	1%
CLAIMS - NON-MOTOR				
Net (MUR million)	943	1,029	1,193	1,512
Reinsurance (MUR million)	1,146	1,235	890	1,072
Gross (MUR million)	2,063	2,264	2,083	2,584
% Δ in Gross Claims	-11%	10%	-8%	24%

	2015	2016	2017	2018
UNDERWRITING PROFIT				
UW profit (MUR million)	279	195	229	234
% Δ in UW profit	-54%	-30%	17%	2%
Investment (MUR million)	450	518	447	477
Operating profit (MUR million)	729	713	676	711
% Δ in Operating profit	-30%	-2%	-5%	5%
NUMBER OF POLICIES				
Motor ('000)	353	373	402	404
% Δ	6%	6%	8%	0%
% of Total	67%	67%	70%	74%
Non-Motor ('000)	185	180	175	144
% Δ	2%	-3%	-3%	-18%
% of Total	35%	33%	30%	26%
Total ('000)	524	553	577	548
% Δ	2%	6%	4%	-5%
NUMBER OF CLAIMS				
Motor ('000)	53	52	57	62
% Δ	12%	-2%	10%	9%
% of Total	24%	20%	22%	21%
Non-Motor ('000)	170	204	202	234
% Δ	-27%	20%	-1%	16%
% of Total	76%	80%	78%	79%
Total ('000)	223	256	259	296
% Δ	-20%	15%	1%	14%

APPENDIX 3: MEMORANDUM OF UNDERSTANDING

1. Multilateral Memorandum of Understanding

SN	Institutions/Standard Setting Body	Secretariat	Date of Signature
1	International Association of Insurance Supervisors (IAIS)	Bank for International Settlements, CH-4002 Basel, Switzerland	23 December 2013
2	International Organization of Securities Commissions (IOSCO)	Madrid, Spain	16 May 2012
3	Southern African Development Community Committee of Insurance, Securities and Non-Banking Financial Authorities (SADC CISNA)	Financial Sector Conduct Authority, South Africa	03 April 2003

2. Regional Memorandum of Understanding

SN	Institutions/Standard Setting Body	Secretariat	Date of Signature
1	IOSCO Africa Middle East Regional Committee	Qatar Financial Markets Authority P.O. Box 25552, QFC Tower (2) Doha, Qatar	18 September 2013
2	South Asian Securities Regulators Forum	Islamabad, Pakistan	13 May 2005

3. Memorandum of Understanding with Foreign Authorities

SN	Authority	Country	Date of Signature
1	Securities and Exchange Board of India	India	12 December 2002
2	Financial Services Board	South Africa	30 October 2003
3	Financial Services Authority	Malta	13 January 2004
	- Amendment to the MoU between the FSC and the Malta Financial Services Authority, for cooperation in Fintech related activities		15 March 2019
4	Securities and Exchange Commission	Zambia	01 April 2004
5	Insurance Supervisory Department	Tanzania	01 April 2004
6	Namibia Financial Institutions Supervisory Authority	Namibia	01 April 2004

SN	Authority	Country	Date of Signature
7	Capital Markets Authority	Uganda	01 April 2004
8	Pensions and Insurance Authority	Zambia	01 April 2004
9	Financial Services Authority	Isle of Man	18 November 2004
10	Reserve Bank of Malawi	Malawi	15 April 2005
11	Central Bank of Lesotho	Lesotho	13 October 2005
12	Financial Services Commission	Jersey	26 December 2005
13	Financial Services Commission	Guernsey	11 November 2009
14	Financial Services Authority	Labuan	23 April 2010
15	Capital Markets Authority	Kenya	23 February 2012
16	Non-Bank Financial Institutions Regulatory Authority	Botswana	19 April 2012
17	Securities and Exchange Commission	Nigeria	19 May 2012
18	Cyprus Securities and Exchange Commission (CySEC)	Cyprus	04 September 2012
19	Capital Market Development Authority	Maldives	16 January 2013
20	Comissão do Mercado de Capitais (CMC)	Angola	29 September 2014
21	The National Stock Exchange of India Limited	India	03 September 2015
22	Financial Services Authority	Dubai	01 October 2015
23	Financial Services Authority	Seychelles	03 March 2016
24	Financial Services Regulatory Authority	Swaziland	31 March 2016
25	Capital Markets & Securities Authority	Tanzania	16 June 2016
26	Financial Services Regulatory Authority	Abu Dhabi	19 December 2016
27	Financial Conduct Authority	United Kingdom	10 April 2018
28	Central Bank of the Russian Federation	Russia	08 June 2018
29	Insurance Regulatory Authority of Uganda	Uganda	18 July 2018
30	Securities and Exchange Commission of Ghana	Ghana	15 March 2019

4. Memorandum of Understanding with Foreign Institutions

SN	Authority	Country	Date of Signature
1	National Institute of Securities Markets	India	27 February 2018

5. Fintech Cooperation Agreement

SN	Authority	Country	Date of Signature
1	Autorité des Marchés Financiers	France	05 September 2018

6. Letter Of Cooperation In Technical Exchanges

SN	Authority	Country	Date of Signature
1	Autorité des Marchés Financiers	France	05 September 2018

7. Bilateral MoUs with Local Authorities

SN	Authority	Date of Signature
1	Bank of Mauritius	05 December 2002
2	Financial Intelligence Unit	18 June 2004
3	Mauritius Revenue Authority	03 June 2010
4	Competition Commission Mauritius	11 November 2011
5	Financial Reporting Council	10 April 2012
6	Statistics Mauritius	09 February 2012
7	Corporate and Business Registration Department	01 December 2016
8	Attorney General's Office	07 August 2017

8. Tripartite MoUs with Local Authorities

SN	Authority	Date of Signature
1	Bank of Mauritius and Financial Intelligence Unit	19 September 2018
2	Independent Commission Against Corruption and Financial Intelligence Unit	19 September 2018

9. MoUs (relating to the supervision of AIFMD entities) with European Union Member States Securities Regulators

SN	Authority	Country	Date of Signature
1	Financial Services and Markets Authority	Belgium	22 July 2013

SN	Authority	Country	Date of Signature
2	Financial Supervision Commission	Bulgaria	22 July 2013
3	Cyprus Securities and Exchange Commission	Cyprus	22 July 2013
4	Czech National Bank	Czech Republic	22 July 2013
5	Finanstilsynet	Denmark	22 July 2013
6	Estonian Financial Supervision Authority	Estonia	22 July 2013
7	Hellenic Capital Market Commission	Greece	22 July 2013
8	Pénzügyi Szervezetek Állami Felügyelete	Hungary	22 July 2013
9	Central Bank of Ireland	Ireland	22 July 2013
10	Finanšu un kapitāla tirgus komisija	Latvia	22 July 2013
11	Bank of Lithuania	Lithuania	22 July 2013
12	Commission de Surveillance du Secteur Financier	Luxembourg	22 July 2013
13	Malta Financial Services Authority	Malta	22 July 2013
14	Authoriteit Financiële Markten	Netherlands	22 July 2013
15	Polish Financial Supervision Authority	Poland	22 July 2013
16	Comissão do Mercado de Valores Mobiliários	Portugal	22 July 2013
17	Romanian Financial Supervisory Authority	Romania	22 July 2013
18	Národná banka Slovenska	Slovak Republic	22 July 2013
19	Finansinspektionen	Sweden	22 July 2013
20	Financial Conduct Authority	United Kingdom	22 July 2013
21	Autorité des Marchés Financiers	France	19 September 2014

10. MoUs (relating to the supervision of AIFMD entities) with European Economic Area (EEA) Securities Regulators

SN	Authority	Country	Date of Signature
1	Fjármálaeftirlitið	Iceland	22 July 2013
2	Finanzmarktaufsicht	Liechtenstein	22 July 2013
3	Finanstilsynet	Norway	22 July 2013

11. MoUs (relating to the supervision of AIFMD entities) with other Securities Regulators

SN	Authority	Country	Date of Signature
1	Financial Services Commission	Gibraltar	22 July 2014

APPENDIX 4: CAPACITY BUILDING

OVERSEAS TRAININGS, CONFERENCES, SEMINARS AND WORKSHOPS

List of Overseas Missions				
SN	Date	Theme	Country	Officer
1	02 – 13 July 2018	Comprehensive Technical Programme in Life Insurance	India	JEELALL Doomatee Lovena
2	02 – 06 July 2018	Workshop on 'Data Analytics for Insurance Intelligence'	India	RAWOOTEAA Rohini
3	16 – 18 July 2018	Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Mutual Evaluation of Seychelles.	Seychelles	JOMADAR Bhushan
4	02 – 08 Sept 2018	36th Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Task Force of Senior Officials Meeting and 4th AML/CFT Public Private Sector Dialogue Meeting	Seychelles	SAHYE Yonesha
5	06 - 07 August 2018	Meeting with Prudential Regulatory Authority of South Africa	South Africa	BALLAM Gamal
6	13 August 2018	Roundtable on 'Beneficial Ownership Rules'	Mumbai	SEEWOSUNKUR Prakash
7	30 August - 07 September 2018	Mutual Evaluation Report of Seychelles and Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) meetings	South Africa	JOMADAR Bhushan
8	04 - 05 September 2018	Organisation for Economic Co-operation and Development (OECD) Blockchain Policy Forum	Paris	JOSEPH Loretta HART-LALANDE Doris
9	04 - 24 September 2018	Seminar on 'Social Governance System and Governance Capacity for Developing Countries'	China	MALHERBE Marie Annie Mirella
10	15 - 19 September 2018	Meeting of the Forum on Harmful Tax Practices (FHTP)	Paris	JOSEPH Loretta
11	26 - 28 September 2018	6th Round of Talks-Comprehensive Economic Cooperation and Partnership Agreement (CECPA) India	Mumbai	COOPOOSAMY Deven
12	24 - 26 October 2018	International Organisation of Pension Supervisors (IOPS) Committee Meetings, AGM & Annual OECD/ IOPS/CBIRC Global Forum on Private Pensions	China	SEEWOSUNKUR Prakash

List of Overseas Missions				
SN	Date	Theme	Country	Officer
13	8 - 9 November 2018	IAIS Annual Conference on "Re-imagining insurance" and Working Group Meetings'	Luxembourg	RAMPERSAD Neetish
14	21 - 23 November 18	Financial Sector Conduct Authority (FSCA) Familiarisation Programme	South Africa	RAMJEET Amit
15	27 November 2018	Group of International Finance Centre Supervisors (GIFCS) Plenary Meeting	Abu Dhabi	SEEWOSUNKUR Prakash
16	3 - 4 December 2018	Indian Family Business Conference 2018	India	COOPOOSAMY Deven
17	6 - 8 December 2018	23rd International Taxation Conference	India	COOPOOSAMY Deven
18	10 - 11 December 2018	14th meeting of the Financial Stability Board Regional Consultative Group (FSB RCG) for Sub Saharan Africa (SSA)	South Africa	RAMASAWMY Deerajen
19	10 - 14 December 2018	Financial Action Task Force (FATF) Standards Training Course	Zambia	SAHYE Yonesha
20	22 - 23 January 19	Organization of Securities Commissions (IOSCO) African Middle East Regional sub-Committee (AMERC) 42nd Meeting and Conference	Kuwait	JANKEE Ghanish
21	5 - 6 February 2019	International Association of Insurance Supervisors (IAIS) -Access to Insurance Initiative (A2ii) Regional Meeting for Sub-Saharan Africa	South Africa	BHOLAH Bharatee
22	6 - 7 March 2019	International Organisation of Pension Supervisors (IOPS) Committee Meetings, Extraordinary AGM & International Conference on Private Pensions	India	MISHRA Akash DULLOO Trisha
23	26 - 28 March 2019	International Organisation of Securities Commissions (IOSCO) Technical Assistance for Enforcement Manuals	Ghana	HARTE Francesca NAMDARKHAN Arzeenah
24	18 - 20 March 2019	Australian Davos Connection (ADC) Global Blockchain Summit	Australia	JOSEPH Loretta
25	28 - 29 March 2019	Overseas Mission to South Africa	South Africa	COOPOOSAMY Deven SEEWOSUNKUR Prakash

List of Overseas Missions				
SN	Date	Theme	Country	Officer
26	07 - 13 April 2019	37th Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Task Force of Senior Official Meeting	Tanzania	SAHYE Yonesha
27	14 - 18 April 2019	Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Assessors Training	Tanzania	SAHYE Yonesha MOHITH Harry
28	02 - 04 April 2019	INSOL Singapore Conference	Singapore	NARAYEN Nirupa
29	24 - 25 April 2019	Group of International Finance Centre Supervisors (GIFCS) Plenary Meeting	London	HARTE Francesca
30	02 - 05 April 2019	International Actuarial Association Colloquium 2019	South Africa	SUMPUTH Sachin
31	28 April - 1 May 2019	Islamic Financial Services Board (IFSB) Annual Meetings 2019	Malaysia	BOOLAKY Saoud
32	08 - 10 May 2019	Conference on 'Building a Fintech Platform for Seychelles – Opportunities and challenges'	Seychelles	SEEWOSUNKUR Prakash
33	13 - 17 May 2019	Organization of Securities Commissions (IOSCO) 2019 Annual Meeting	Australia	HURDOWAR Jasraj
34	27 - 30 May 2019	Seminar on 'AML/CFT RBS for Digital Financial Services and Money Value Transfer Services/Money Remittances and Bureau de Changes'	Seychelles	DOMAN-BRETTE Leena
35	03 - 05 June 2019	Joint Meeting of International Organisation of Pension Supervisors (IOPS) Technical Committee and OECD Working Party on Private Pensions Meeting and Conference	Paris	SEEWOSUNKUR Prakash
36	6 June 2019	FinanceMalta's Annual Conference	Malta	AUDIT Renu
37	19 - 21 June 2019	OECD FHTP (Forum on Harmful Tax Practices) Meeting	Paris	BALLAM Gamal
38	10 - 14 June 2019	World Bank Mission to Madagascar	Madagascar	ARLANDA-LAROY Carine

Number of Overseas Mission

38

Contact Hours

1307hr00

LOCAL CONFERENCES, TRAINING , SEMINARS, WORKSHOPS AND TALKS

Local Conferences, Training, Seminars, Workshops and Talks			
SN	Date	Theme	Number of Participants
1	17 July 2018	Workshop on 'Cloud Security '	2
2	24 July 2018	CPD course on 'Corporate Laws and Practice: Challenges and opportunities in Mauritius'	1
3	27 July 2018	Workshop on 'Blockchain Technology'	2
4	9 August 2018	Seminar on 'General Data Protection Regulation (GDPR)'	2
5	13 - 15 August 2018	Workshop on '3rd Round of Negotiations: Mauritius China Free Trade Agreement'	1
6	20 August 2018	Training on 'the Counter Terrorism Financing (CTF) Intelligence Simulation'	3
7	10 - 21 September 2018	Africa Training Institute (ATI) course on 'Compilation of Balance of Payments Statistics'	2
8	20 September 2018	Workshop on 'Data Protection Act 2017'	1
9	29 October to 9 November 2018	Africa Training Institute (ATI) course on 'Financial Development and Financial Inclusion'	1
10	15 October 2018	Workshop on the 'National Innovation Framework'	1
11	18 - 19 October 2018	Social Media Masterclass	2
12	19 October 2018	FinTech and General Data Protection Regulation (GDPR) Workshop	2
13	22 - 26 October 2018	Bank of Mauritius Orientation programme	4
14	25 October 2018	Seminar on 'The Role of Intellectual Property and Innovation in ICT sector'	1
15	24 October 2018	Forum on 'Mauritius-UAE: Embarking on a new era of economic collaboration'	2
16	26 October 2018	Talk by Mr. Peter Cave FCII on 'The changing face of Lloyd's, London and International Reinsurance'	2
17	29 - 31 October 2018	National Capacity-Building Workshop on 'Countering the Financing of Terrorism for Mauritius'	2
18	08 - 09 November 2018	Conference on 'Corporate Governance of State Owned Enterprises'	2
19	13 November 2018	Workshop on 'Anti Money Laundering, Crypto Currencies and Artificial Intelligence'	4
20	13 November 2018	National Risk Assessment (NRA) AML/CFT Refresher workshop	23

Local Conferences, Training, Seminars, Workshops and Talks			
SN	Date	Theme	Number of Participants
21	24 - 25 January 2019	Crisis Communication Masterclass	2
22	29 - 31 January 2019	National Workshop on 'WTO General Agreement on Trade in Services'	1
23	06 - 08 February 2019	National Capacity-Building Workshop on 'Countering the Financing of Terrorism for Mauritius'	3
24	12 February 2019	Workshop on 'Trustee Knowledge & Understanding'	2
25	05 March 2019	Workshop on 'Disruptive Technologies in Financial Services'	2
26	21 March 2019	Workshop on 'Productivity Survey with Technical Assistance from World Bank'	1
27	20 - 21 March 2019	3rd Pensions Funds and Alternative Investment Africa Conference	3
28	12 April 2019	Cybersecurity and Data Privacy Event	1
29	08 May 2019	African Peer Review Mechanism (APRM) Validation Workshop	2
30	08 May 2019	CPD Course on 'Challenging International Arbitrators '	1
31	09 - 10 May 19	International Fiscal Association (IFA) Mauritius 13th Asia/Africa Conference 2019	9
32	15 May 2019	International Financial Reporting Standards (IFRS) 17 Insurance Seminar	4
33	15 May 2019	Workshop on 'Digital Entrepreneurship Development Models, Digital Ecosystem and digital start up financing'	1
34	15 May 2019	CPD Course on 'Emerging Technologies and the Law Practitioners'	1
35	17 - 24 May 2019	Workshop on 'Gender Mainstreaming'	2
36	22 - 23 May 2019	Workshop on International Financial Reporting Standards (IFRS) 9 and 16	3
37	28 May 2019	CPD course on 'A Comparison of the Ethical Rules Applicable To the 3 Branches of the Legal Profession'	2
38	29 May 2019	GLACY workshop on 'Collection and monitoring of criminal justice statistics on cybercrime and electronic evidence'	1
39	07 - 08 June 2019	National Risk Assessment (NRA) Validation Workshop	17
40	10 - 14 June 2019	Mauritius Arbitration week ' Mauritius : A bridge between Africa and Asia'	1
41	13 June 2019	CPD Course 'Tools for Advancing your Legal Career'	1
42	18 June 2019	CPD Course on 'Enhancing Advocacy skills through the Hampel Method'	1

Local Conferences, Training, Seminars, Workshops and Talks			
SN	Date	Theme	Number of Participants
43	19 June 2019	CPD Course on 'Mergers and acquisitions: ensuring conformity with the Competition Act 2007'	1
44	24 - 28 June 2019	Training Course on 'Anti Money Laundering Enforcement'	1
45	27 June 2019	CPD Course 'Mauritian Constitution: A modified version of the Westminster Model?'	1

Number of Local Conferences, Training, Seminars, Workshops and Talks 45
 Contact Hours 1564hr 30

IN-HOUSE TRAINING

In House Trainings, Seminars, Workshops, Talks, Webinars			
SN	Date	Topic	Number of Participants
1	17 - 20 July 2018	Training on 'Forensic Investigation' - Phase1	35
2	24 July 2018	Workshop on 'Improving Claims and Complaints Handling practices within the Insurance Industry'	15
3	27 - 31 August 2018	National Institute of Securities Markets (NISM) Training programme on 'Forensic Financial Investigation'	50
4	04 - 07 September 2018	Training on 'Forensic Investigation' - Phase 2	35
5	06 August - 05 September 2018	Third E-Learning course on 'Introduction to Official Statistics'	3
6	19 - 20 September 2018	Conference on 'Mauritius International Financial Centre – Forward Looking'.	35
7	25 October 2018	Workshop on 'EU General Data Protection Regulation (GDPR)'	30
8	19 - 22 November 2018	Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Workshop on 'Risk Based Supervision for Securities and Insurance/Pensions Supervisors'	18
9	03 - 05 December 2018	International Organisation of Securities Commissions (IOSCO) Technical Assistance Programme For Developing Enforcement Manuals	9
10	11 - 12 January 2019	Workshop on 'National Risk Assessment (NRA)- Action Plan'	12
11	27 February 2019	Presentation on 'Updates on Global Business and Tax Implications'	50
12	21 March 2019	International Association of Insurance Supervisors (IAIS) - Access to Insurance Initiative (A2ii) Consultation call on 'RegTech and SupTech'	8
13	11 - 15 February 19	International Association of Insurance Supervisors (IAIS) -Access to Insurance Initiative (A2ii) 'Capacity Building for Insurance Supervisors - Leveraging Actuarial Skills'	3
14	15 - 16 February 2019	MUA Supervisory Colleges	5
15	19 April 2019	Training Session on 'Reg Flags'	50
16	22 - 26 April 19	AFRITAC Seminar on 'Risk Based Approach to AML/CFT '	10
17	20 May 2019	Seminar on Blockchain	50

Number of In House Trainings, Seminars, Workshops, Talks, Webinars 17
 Contact Hours 4057hr 30

APPENDIX 5: COMMUNIQUÉS & PRESS RELEASES

COMMUNIQUÉS & PRESS RELEASES ISSUED FOR THE PERIOD 01 JULY 2018 TO 30 JUNE 2019

No.	Title	Date of Issue
1.	Communiqué – High level discussions between the Financial Services Commission (FSC) and the Securities and Exchange Board of India (SEBI)	19 July 2018
2.	Communiqué – Accord de coopération entre la FSC et l'Autorité des marchés financiers de France	05 September 2018
3.	Communiqué – New Application Forms for Authorised Companies	01 October 2018
4.	Press Release – Admission of FSC Mauritius to the Monitoring Group Steering Committee of IOSCO AMERC	03 October 2018
5.	Press Release – Appointment at senior level positions to consolidate FSC's strategic team	09 October 2018
6.	Press Release – Participation of Mauritius delegation at the OECD Forum on Harmful Tax Practices	19 October 2018
7.	Joint FSC and EDB Communiqué – Mauritius IFC remains a committed development partner for Africa	28 October 2018
8.	Press Release – Appointment of Ms Francesca Omobola Harte as Director of Enforcement	29 October 2018
9.	Press Release – Mauritius: A Proven Investment Centre for Africa	30 October 2018
10.	Communiqué on phishing and scam emails	02 November 2018
11.	Press Release: OECD latest report on Peer Review Results on Preferential Regimes – Mauritius Tax Regimes NOT HARMFUL	16 November 2018
12.	Press Release – Admission of FSC Mauritius to the Council of the Islamic Financial Services Board	07 December 2018
13.	Press Release – FSC Mauritius releases its Annual Statistical Bulletin 2018	28 December 2018
14.	Press Release – Appointment of Mr. Kamalsing Burun as Assistant Director	10 January 2019
15.	Communiqué in relation to the Regulatory Framework for the Custodian Services (Digital Asset) Licence	08 February 2019
16.	Communiqué – The FSC Mauritius warns its licensees against phishing and scam emails	12 February 2019
17.	Press Release – Appointment of Director of Authorisation and Supervision	02 April 2019
18.	Press Release: FSC Mauritius – the new host of the Permanent Office of the CISNA Secretariat	17 April 2019
19.	Communiqué – Amendments to the Financial Services (Consolidated Licensing and Fees) Rules 2008	15 June 2019

PRACTICE/GUIDANCE NOTES AND OTHER DOCUMENTS ISSUED FOR THE PERIOD 01 JULY 2018 TO 30 JUNE 2019

No.	Title	Date of Issue
1.	Practice Notes regarding Corporate Trusteeship Services	24 August 2018
2.	Guidance Note on the Recognition of Digital Assets as an asset-class for investment by Sophisticated and Expert Investors	17 September 2018
3.	Innovating and Transforming the Mauritius IFC of 2030: A Blueprint for Success (Highlights)	28 September 2018
4.	Guidance Note on Securities Token Offerings	08 April 2019

CONSULTATION PAPERS ISSUED FOR THE PERIOD 01 JULY 2018 TO 30 JUNE 2019

No.	Title	Date of Issue
1.	Consultation Paper in relation to the Custodian Services (Digital Asset) Licence	05 November 2018
2.	Consultation Paper on Regulatory Framework for Overseas Family Office	08 April 2019
3.	Consultation Paper on Global Shared Services	03 May 2019
4.	Consultation Paper on Administrative Penalties	10 May 2019

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LIST OF ACRONYMS AND ABBREVIATIONS

AFS	Audited Financial Statements
AFRITAC	Africa Regional Technical Assistance Center
AIF	Alternative Investment Funds
AIFMD	Alternative Investment Fund Managers Directive
AMERC	Africa / Middle-East Regional Committee
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
BCM	Business Continuity Management
BEPS	Base Erosion and Profit Shifting
CDS	Central Depository & Settlement Co. Ltd
CEF	Closed-End Funds
CIS	Collective Investment Schemes
CISNA	Committee of Insurance, Securities and Non-banking financial Authorities
CT	Corporate Trustees
DEM	Development & Enterprise Market
EC	Enforcement Committee
ERP	Enterprise Resource Planning
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FIAMLA	Financial Intelligence and Anti-Money Laundering Act
FSA	Financial Services Act 2007
FSB	Financial Stability Board
FSC Mauritius	Financial Services Commission, Mauritius
FSF	Financial Services Fund
FSR	Financial Stability Report
GBC	Global Business Category
GBC1	Category 1 Global Business Company
GDP	Gross Domestic Product
HPRM	HP Records Management
IA	Insurance Act 2005
IAIS	International Association of Insurance Supervisors
IAM	Insurers' Association of Mauritius
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFC	International Financial Centre
IFRS	International Financial Reporting Standards
IFSB	Islamic Financial Services Board
IMF	International Monetary Fund
IOPS	International Organisation of Pension Supervisors
IOSCO	International Organization of Securities Commissions
ISO	International Standards Organisation
IT	Information Technology
MC	Management Companies
MMoU	Multilateral Memorandum of Understanding
MoU	Memorandum of Understanding
MUR	Mauritian Rupees

MVIAC	Motor Vehicle Insurance Arbitration Committee
OECD	Organisation for Economic Co-operation and Development
OMFIF	Official Monetary and Financial Institutions Forum
OSP	Online Submission Platform
ODCS	Online Data Capture System
PPO	Procurement Policy Office
PPSA	Private Pension Schemes Act 2012
RCE	Regional Centre of Excellence
RFI	Request for Information
RBS	Risk-Based Supervision
RIs	Reporting Issuers
SA	Securities Act 2005
SADC	Southern African Development Community
SDDS	Special Data Dissemination Standard
SEM	Stock Exchange of Mauritius Ltd.
SME	Small and medium-sized enterprises
SSC	Surveillance Sub-Committee
TRC	Tax Residence Certificate
USD	United States Dollars
YGDP	Young Graduate Development Programme

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