



Annual Report **2020/21**

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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.



STATEMENT OF THE CHAIRPERSON





STATEMENT OF THE CHAIRPERSON

*Things do not happen. Things are made to happen.
John Fitzgerald Kennedy*

On behalf of the Board of Directors, it is with great pleasure that I present, for the second year of my chairmanship, the Annual Report of the Financial Services Commission (FSC) for the year ended 30 June 2021.

Me Hervé Lassémillante

It has been a long journey. On the way we lost one of our Board members, the late Me Hervé Lassémillante. He was an excellent Board member. He had great commitment, dedication and loyalty to the FSC. I pay a special tribute to him.

FSC fully operational despite COVID-19

2020/2021 was a challenging year for us all. It ended as it started with a lockdown. This was no deterrence for the FSC to continue to work. The FSC was fully operational with its business continuity plans rolled out. We made it a must to deliver on our strategic objectives. The responsibility on the FSC was enormous and the challenge huge. The FATF Greylist was looming over our heads.

Delisting from the FATF Greylist

Today, with a surge of patriotism and hardwork, we managed to have the jurisdiction delisted from the FATF Greylist. I consider this a great achievement for the FSC as it is generally perceived that, in such reviews, it is the GBC sector which is the most targeted. The FSC has been instrumental in having Mauritius removed from the list.

I would here wish to take the opportunity to again reiterate the unflinching commitment of the FSC in the fight against money laundering, terrorism financing and proliferation financing.

Most importantly, we have to endeavour not to again experience the plight that we went through. A scalded cat fears cold water.

Now that the Core Group has been entrenched in law, I am confident that matters will fare better overall with respect to AML/CFT.

Sustainability of Risk-Based Supervision

With a view to ensuring that the systems and procedures put in place to complete the action items under the FATF are sustainable, the FSC has:

1. issued an Enforcement Manual for our licensees to allow them to better understand our process; and
2. set up a permanent secretariat of the Settlement Committee to ensure that disputes are resolved in a timely manner.

Contribution to the Consolidated Fund

Incentivised by the FSC, investors still showed confidence in our international financial centre. Amidst the COVID-19 pandemic, the FSC came out with a very good financial performance. The FSC will contribute approximately MUR1.1 billion to the Consolidated Fund.

Discontinuance of GBC2 licences, amongst others

The global business sector underwent significant changes. GBC1s were recognised as Global Business Corporations. Existing GBC2s were granted till end-June 2021 to convert into Global Business Corporations or an Authorised Company, or otherwise have their licences lapsed. By the end of the transitory period, the majority of existing GBC2s had converted to either Authorised Companies or Global Business Corporations.

The FSC One Platform

There were several complaints that the FSC was taking time to process applications. To address this problem, we decided to have recourse to an electronic platform for that purpose.

The FSC One Platform was launched by the Honourable Prime Minister, Mr Pravind Kumar Jugnauth. In his keynote address, the Honourable Prime Minister highlighted that *'the FSC One Platform marks a significant milestone in our transformation... The FSC has demonstrated, with the introduction of the FSC One Platform, its commitment to comply with the guidance of international standard-setting bodies.'*

This online system ensures the smooth and timely processing of applications.

This platform has been fully developed in-house demonstrating the internal expertise and know-how to develop innovative systems. The platform is entirely paperless and thus aligned with the FSC's green initiative.

The National Insurance Centralised Database

The FSC has also, during the year under review, taken decisive steps to act coherently with the Government's policy to digitalise the financial services sector and encourage innovation to address enduring issues in the insurance sector. The Budget Speech 2021/2022 announced the implementation of a digital centralised database to facilitate motor insurance claim recoveries. The FSC took the lead to implement the National Insurance Centralised Database (NICD), thus allowing the operationalisation of the Bonus Malus System.

A Steering Committee comprising members of the insurers' association, the regulator, members of the Ministry of Financial Services and Good Governance as well as representatives of the National Land Transport Authority has been set up to work on specifications and rules governing the NICD.

Financial Services Crowdfunding Rules 2021

Following the successful launch of the Peer-to-Peer Lending Rules, the FSC embarked on the review of the investment-based Crowdfunding Rules. We recently launched those rules. The FSC is confident that this new product will further diversify the product base of Mauritius by improving access to finance for both individuals and entrepreneurs, while boosting an entrepreneurial spirit in the country.

Sustainable finance

The FSC is currently working on the issue of Guidelines of Corporate and Green Bonds. The objective is to reinforce the legal and supervisory framework, provide clarification to issuers of corporate and green bonds with respect to their obligations, and promote the development of the debt market in Mauritius.

Capacity-building

The FSC continues to invest in its human capital through training programmes as well as reinforcing its workforce. The FSC renews yearly its FSC Young Graduate Development Programme. It is a one-year training programme, intended to create a pool of talented young graduates to serve the financial services sector.

A Young Talent Competition having as theme '*Artificial Intelligence: Its impact on the Financial Services Sector*' was also launched to spur an innovative culture amongst our youngsters.

Together with the Bank of Mauritius, a one-year AML/CFT Graduate Programme 2021/2022, open to Mauritian nationals only, was launched. This programme aims at providing graduates with a unique development opportunity as well as insights on AML/CFT and related regulatory and industry matters.

Creation of a Subcommittee of the Board on Fintech

The vision of the Board is to foster a culture of innovation so that the FSC keeps pace with the changing environment by modernising regulation through the use of new technology.

In that respect, I created a Subcommittee of the Board on Fintech to act as a think tank and advise the Board on Fintech matters.

On-going projects

The FSC continues to carry out its mandate for the capital markets sector. To ensure that its regulatory framework is aligned with international standards, the Securities Act (2005) is being reviewed.

With the view to address the sustainability of pension schemes against the backdrop of an ageing population, the FSC has introduced guidelines to enable the 'conversion or shift' of defined benefit pension schemes to defined contribution schemes.

Some strides on the international arena

The FSC is now a signatory of the Group of International Finance Centre Supervisors. As a member of the Africa/Middle-East Regional Committee (AMERC) International Organization of Securities Commissions (IOSCO), the FSC was admitted to the Monitoring Group Steering Committee of the IOSCO as the AMERC representative for 2021/2022.

The FSC entered into cooperation agreements with various international regulators to establish the framework required for mutual assistance and the exchange of information. These include:

- a Memorandum of Understanding with the Qatar Financial Centre Regulatory Authority;
- an Innovation Functions Cooperation Agreement with members of the Canadian Securities Administrators;
- a Letter of Cooperation with the Capital Markets Authority of Kenya; and
- a Letter of Cooperation with the Autorité de Régulation et de Contrôle des Assurances of the Democratic Republic of Congo.

Looking ahead

The Board recently came up with its Strategic Plan 2021-2023 which lays down nine key themes to enable the FSC to charter its way out of the challenges that await us, while maintaining the jurisdiction as an International Financial Centre of repute.

I invite you to take cognizance of the nine themes which have been elaborated in this report.

Concluding remarks

The year under review was a challenging one and the year ahead will undoubtedly bring new challenges. However, the FSC remains committed to operate both responsibly and sustainably.

I would like to thank all those who have contributed to the FSC's strengths during testing times.

I thank the Chief Executive and the FSC's staff who have worked so hard. I thank my fellow Board Directors, who have shown resolute commitment to ensure that the FSC is well positioned for the future.

I also thank the Honourable Prime Minister for having lent an attentive ear to our problems and his advice, and the Honourable Minister of Financial Services and Good Governance for his continued support and trust in the FSC.



Mardayah Kona Yerukunondu
Chairperson



STATEMENT OF THE CHIEF EXECUTIVE





STATEMENT OF THE CHIEF EXECUTIVE

Introduction

The 2020/21 financial year has been far from normal in many ways. We started the year ready to take the challenge of completing our actions items to exit the Financial Action Taskforce (FATF) grey list whilst not compromising on our statutory obligations. Little did we know that another lockdown due to the COVID-19 pandemic was looming on the horizon and we had to deal with the added challenge of uncertain workforce.

With the pandemic dominating half of the period under review and beyond, we are conscious that change in the financial services is coming fast and there is a need to respond accordingly. In this respect, I am grateful to the FSC team for its commitment and hard-work to maintain the continuity of our operations, our engagement with businesses and their overall support. Mindful of our responsibilities to deliver at pace, we devised new ways of engaging with stakeholders through the use of technology to achieve our objectives.

Looking back at the whole period, I must say, with satisfaction, relief and pride, that while we completed our actions items recommended by the FATF successfully and ahead of time, we also maintained our licensee base, launched a number of new products and developed a strategy to stay competitive as a jurisdiction post the FATF grey list exit.

FATF List of Jurisdictions under Increased Monitoring

The listing of Mauritius as a jurisdiction under increased monitoring by the FATF, dominated our agenda for the period under review. Mauritius made a high level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT framework. As part of its action plan, the FSC, had to develop a framework to carry out Risk Based Supervision (RBS) for the global business sector and for the financial institutions under its purview, demonstrate its effectiveness by taking proportionate and dissuasive sanctions and ensure sustainability of the whole process.

With over 19,000 entities under its purview, the completion of this action item required the FSC to come up with a well-articulated plan that effectively directs supervisory focus to areas of higher money laundering and terrorist financing risks by targeting higher risk entities for onsite inspections. In this respect, the FSC conducted 364 onsite inspections and 407 offsite policy reviews during the financial year 2020/21. In this process, a total of 110 cases were referred for enforcement actions, which resulted in showcause letters issued, sanctions and monetary penalties imposed.

The 8 Key Performance Indicators set out in the RBS framework showed positive and satisfactory outcomes and demonstrated the effectiveness of the implementation of our RBS.

Interaction with the industry and fostering a culture of compliance were among the aims of the RBS framework. To assist the licensees, the FSC updated its AML/CFT Handbook in March 2021. In addition, the FSC updated and published the proliferation financing guidance in accordance with the National Guidelines on Proliferation Financing in August 2020, which is in line with Recommendation 7 of the FATF on Targeted Financial Sanctions related to Proliferation.

In addition to the various initiatives undertaken, the FSC continuously ensured that the Mauritius IFC is not used by criminals to launder proceeds of crime and for terrorism financing. In furtherance, the FSC conducted various outreach sessions to promote the understanding of money laundering and, terrorist financing risks and obligations. In March 2021, for instance, the FSC, in collaboration with the Financial Intelligence Unit (FIU), conducted a joint targeted outreach on Suspicious Transaction Reporting (STR) to apprise reporting persons on their STR obligations through the goAML platform. Along the same line, the FSC and the Bank of Mauritius conducted joint onsite inspections for financial institutions jointly regulated by them.

As a demonstration of sustainability of our process, the FSC set-up the Settlement Committee to consider the substance of all proposals for settlement within 60 days and expeditiously resolve any disputes. Moreover, to ensure that the FSC has enough resources to maintain the level of regulatory actions, further 66 staff at the level of analyst were recruited.

As a result of all these initiatives and results-driven actions, the FATF Africa Middle East Joint Group welcomed the substantial developments which Mauritius made in addressing the strategic deficiencies and by completing its action plan well ahead of the agreed timeline. The FATF consequently conducted an onsite inspection in September 2021 and resolved at their plenary meeting of October 2021 to remove Mauritius from its list of 'Jurisdictions Under Increased Monitoring'.

Budgetary Measures

The 2020/2021 National Budget laid down the markers to further enhance competitiveness of the financial services sector. In this respect, a number of financial products such as Structured Investment-Linked Insurance Business (SILIB) and the introduction of the Variable Capital Companies were earmarked for development.

Furthermore, in the 2021/2022 Budget Speech, an announcement was made that a digital centralised information exchange system facilitating motor insurance claim and insurance recoveries would be implemented. The Insurance Act was amended, in that regard, for the establishment of a National Insurance Claims Database for the purpose of promoting confidence in the insurance industry and ensuring fair treatment of policy holders. Moreover, the Insurance Act was further amended to allow individuals and insurance agents categorised as small private companies to file their financial summaries in a specific format.

Initiatives and Developments

Funds

Notwithstanding the current challenges, the Mauritian funds industry remained robust with 1,049 investment funds as at 30 June 2021. The FSC reviewed the existing framework for Special Purpose Funds (SPFs) in March 2021, to ensure that the jurisdiction maintained its position as a preferred investment hub. New criteria have been included in the SPF Rules to allow for flexibility and more attractiveness for industry players, whilst at the same time ensuring that it meets international best practices and standards. In addition, in line with its commitment to enhance the development of the financial services sector and broaden its offering to investors, the FSC issued a draft rule on Real Estate Investments Trusts (REITs) for public consultation in October 2020.

Capital Markets

With a view to promoting Mauritius as a capital markets destination, the FSC has proposed several changes to the Securities Act. The first phase was debated in Parliament to align with changes in the international financial landscape. The second phase will consist of recruiting a consultant to review and overhaul the Act. Another key development in the capital market space is the development of a new securitisation legislative framework.

One important lesson that can be learnt from the 2020 COVID-19 pandemic is that Environmental, Social, and Governance (ESG) factors, sustainability and resilience are very important, both for markets and economies. Sustainable Bonds are therefore more relevant than ever to help channel sustainable finance towards recovery and long-term resilience in a post-COVID-19 world. In this respect, the FSC is working on its guidelines for sustainable bonds.

Moreover, as more and more companies are raising capital by way of issuing corporate bonds, the FSC is working on guidelines to consolidate the legal and supervisory framework surrounding the issuance of corporate bonds with a view to making the market more vibrant and transparent.

FinTech

The pandemic has led to an unprecedented adoption of digitalised tools and solutions by stakeholders of the financial services industry. The last two years have indeed witnessed a remarkable growth in the usage of online payment services by customers, as well as, merchants.

The FSC capitalised on these notable trends with the objective to promote Mauritius as a FinTech Hub. As an agile and innovative regulator, the FSC has issued the following new frameworks for (1) Peer to Peer Lending, (2) Securities Token Offerings, (3) Robotic and Artificial Intelligence-Enabled Advisory services and (4) Crowdfunding. The FSC will continue to engage with its stakeholders to promote the development of other FinTech-related services.

Insurance and Pensions

In order to implement the measures announced in the budget, the FSC has appointed a consultant for the drafting of a framework of SILIB. A project team is monitoring the deliverables.

In addition, a dedicated section is being included in the Insurance Act requiring an insurer to ensure that its insurance agents are at all times in good standing in terms of fees and reporting obligations with the FSC. This will ensure proper conduct.

On the Pensions side, many sponsoring employers of Defined Benefit (DB) schemes are seeking different ways to manage costs with regard to their pension obligations and liabilities under the current DB arrangements. In this respect, these sponsoring employers are considering to change their DB schemes to Defined Contribution (DC) schemes with different options offered to members.

In order to assist the relevant stakeholders with such transitions and after consultations with the private pensions' industry experts, the FSC has, on 23 April 2021, issued a set of Guidelines in relation to the conversion or shift of DB schemes to DC schemes. The Guidelines set out the proposed regulatory and supervisory approach in relation to the conversion or shift of DB schemes to DC schemes in Mauritius.

Global Business Sector

Pursuant to section 96A(1) (c) (i) of the Financial Services Act, a corporation that was licensed as a Category 2 Global Business Licence (GBC2) on or before 16 October 2017 was grandfathered till 30 June 2021. As from that date, the GBC2s were deemed to have lapsed. Holders of these licences therefore had until 30 June 2021 to opt for a change in the legal regime to either an Authorised Company or a Global Business Corporation to remain a licensee of the FSC. In order to ensure a smooth transition, the FSC put in place a simplified process for Management Companies to submit applications. In

addition, from 01 April 2021 up to 30 June 2021, all the processing and annual fees were waived for applications submitted for an Authorised Company. However, normal fees were applicable for the conversion to a Global Business Corporation.

Following the data collection exercise in 2020 for the monitoring of economic substance, onsite inspections were conducted during the period under review. The monitoring concerned all GBCs licensed after the 16 October 2017, as those licensed prior were still under the grandfathering conditions at that time.

As a result of the risk assessment, a total of 283 Global Business Companies were inspected.

Authorisation

In line with the budget measure 2021/2022, the FSC One Platform, as an online licensing portal was launched in August 2021 by Honourable Pravind Kumar Jugnauth, Prime Minister of the Republic of Mauritius. The platform enables licencees to track the authorisation process and provide more visibility on applications submitted to the FSC without foregoing on any safeguards. The platform was fully developed in-house by internal talent demonstrating that we have the know-how and vision to develop our own innovative system. The platform was also showcased during the Fintech week organised by Autorité des Marchés Financiers, Québec.

International Cooperation and External Relations

The FSC signed the Group of International Finance Centre Supervisors (GIFCS) MMoU on 20 October 2020. This MMoU provides a framework to facilitate exchange of information among authorities and promotes integrity, efficiency and financial soundness by improving regulation and enhancing supervision of cross-border transactions.

As a member of the IOSCO AMERC, the FSC was admitted to the Monitoring Group Steering Committee (MG-SC) of the IOSCO as the Africa/Middle – East Regional Committee (AMERC) representative for the term 2021 to 2022. The FSC is an Ordinary Member of the IOSCO and has been recognised amongst the largest users of the IOSCO MMoU for the AMERC region for 2015, 2017 and 2020. The FSC held a seat on the IOSCO MG-SC as a representative of AMERC's largest user of the MMoU since 18 September 2018, and has been re-elected to hold this seat for the term 2021/2022.

The FSC signed a MoU with the Qatar Financial Centre Regulatory Authority in May 2021. The MoU establishes a mechanism for mutual assistance and facilitating exchange of information between both regulatory authorities. In the same breath, an innovation functions co-operation agreement with members of the Canadian Securities Administrators (CSA) was signed, as well as, a letter of Cooperation with the Capital Markets Authority,

Kenya.

To continue enhancing international cooperation, the MoU between the Government of Mauritius and the Organisation for Economic Co-operation and Development (OECD) which covers the activities of the Regional Centre of Excellence (RCE) of the FSC, was extended for a further period of five years until September 2025. This MoU will promote best practices for regulators in the African region.

On the local front, the FSC entered into a Memorandum of Cooperation (MoC) with the local AML/CFT Supervisors on 26 August 2020. The MoC facilitates policy formulation, exchange of information and operational coordination to effectively combat money laundering and the financing of terrorism and proliferation. The MoC also establishes the framework for an Interagency Coordination Committee for effective implementation of the AML/CFT regime.

Looking Forward

No doubt that our biggest achievement of 2021 remains the exit of our jurisdiction from the FATF grey list. With this milestone completed, we will now sustain our AML/CFT agenda to ensure that the reputé of our jurisdiction is maintained at all times. We will continue on our actions to protect the integrity of our financial system including the Global Business Sector.

We will carry on our journey of investing in and helping our people grow as we embark on the next phase of our development and strategy. I am confident, but equally mindful of our responsibilities, that the FSC will rise to the challenges in these uncertain times. The need to stay focused is more critical than ever.

On this note, I would like to express my sincere gratitude to the Chairman and the Board of FSC for their trust and invaluable support during the period under review, and last but not least, I would like to thank the staff for their commitment in meeting the goals set for the FSC while maintaining focus and diligence, especially in these challenging times.



Dhanesswurnath Thakoor
Chief Executive





MAJOR EVENTS





KEY EVENTS FOR THE YEAR 2020/21

The FSC Mauritius was actively engaged in pursuing its statutory objectives during the period under the review. The years 2020 and 2021 were marked by major developments and several regulatory initiatives were implemented.

12 August 2021: Launching of the FSC One Platform

The FSC One Platform was officially launched on 12 August 2021 by the Honourable Pravind Kumar Jugnauth, Prime Minister of the Republic of Mauritius. The digital platform is in line with the green initiative of the FSC Mauritius. The Commission is committed to foster a culture of innovation and to keep pace with the changing environment by modernising regulation through the use of new technology. The FSC One Platform will ensure that applications are processed in a smooth and timely manner.

The Honourable Prime Minister highlighted that the launch of the FSC One Platform “marks a significant milestone in our digital journey. With this tool, the FSC will deliver international financial services through cutting-edge technological solutions and I am glad that the financial services sector has found the right answer to our quest for innovation and modernity. Technological solutions like the FSC One Platform will help build resilience in the face of modern day challenges”.



From Left to Right: Mr Mardayah Kona Yerukunondu, the Honourable Pravind Kumar Jugnauth, the Honourable Mahen Kumar Seeruttun and Mr Dhanesswurnath Thakoor taking a souvenir photo following the launch of FSC One Platform



The Honourable Pravind Kumar Jugnauth delivering the Keynote address



The Honourable Mahen Kumar Seeruttun addressing the audience on how the FSC One platform is a landmark in our digital journey and in line with Government's agenda for transformation.



The Chairperson of FSC Mauritius, Mr Mardayah Kona Yerukunondu remitting a Token of Appreciation to the Honourable Prime Minister, Pravind Kumar Jugnauth



Mr Dhanesswurnath Thakoor during his Opening Address gave an overview of the salient features of the digital Platform and informing how FSC One Platform was fully developed in-house



The Honourable Pravind Kumar Jugnauth is launching the FSC One platform which was virtually attended by more than 250 participants

21 October 2021: Exit of Mauritius from the FATF Grey list

Mauritius is no longer subject to increased monitoring by the FATF following the plenary meeting held on 21st October 2021.

“The FATF welcomes Mauritius’ significant progress in improving its AML/CFT regime. Mauritius has strengthened the effectiveness of its AML/CFT regime and addressed related technical deficiencies to meet the commitments in its action plan regarding the strategic deficiencies that the FATF identified in February 2020.”



Members of Mauritius delegation during the FATF Plenary meetings at the seat of the FSC



The Honourable Mahen Kumar Seeruttun, delivering his speech

17 September 2020: Launching Ceremony of the Peer to Peer Lending Rules

The FSC Mauritius in collaboration with the Ministry of Financial Services and Good Governance (MFSGG) and the Financial Services Fund (FSF) launched the Peer to Peer Lending Rules on 17 September 2020. This platform comes into the category of a disruptive service that allows non-traditional players to compete into the lending market. The event was followed by the launching of a video clip explaining the modalities of the Peer to Peer Lending.

Commenting on the Peer to Peer Lending platform, the Minister of Financial Services and Good Governance stated that *“this innovative service is being launched at the most appropriate and opportune time, especially for small and medium enterprises and the self-employed who are facing major financial challenges at such difficult times, in the wake of the COVID-19 pandemic”*.

29 October 2020: Awareness Session on the Regulatory Framework for Security Token Offerings

The FSC Mauritius in collaboration with the MFSGG and the FSF organised an awareness session on the Regulatory Framework for Security Token Offerings (STOs). The awareness session was also marked by the launching of an informative clip on STOs followed by a panel discussion.



Panel Discussion on STOs



Mr Dhanesswurnath Thakoor in his welcome address stated

"The new framework for STOs aims at creating the proper environment to attract issuers but also to safeguard the interests of investors and the reputation of the jurisdiction, in line with international standards"

09 June 2021: Launch of the New Special Purpose Fund

The FSC Mauritius in collaboration with the MFSGG launched the New Special Purpose Fund (SPF) on 09 June 2021. These new Rules have replaced the Financial Services (SPF) Rules 2013. The FSC Mauritius ensured that the new rules are in accordance with international standards and aim to protect the interests of investors, as well as, safeguard the good reputation of the Mauritius IFC. The event was followed by the launching of a video clip.

07 September 2021:

Mr Mardayah Kona Yerukunondu, delivering his message to the audience on the importance of enhancing the competitiveness of the Funds industry which is one of the most important activities of the financial services sector.



The Honourable Mahen Kumar Seeruttun is launching the video clip on the salient features of the new SPF regime.

Awareness Session on the National Insurance Claims Database

The FSC Mauritius in collaboration with the MFSGG hosted an awareness session on the National Insurance Claims Database (NICD) on 7 September 2021. This digital centralised database will facilitate motor insurance claim recoveries and allows the operationalisation of the Bonus Malus System. The event was followed by the launching of a video clip on the salient features of the NICD.



Mr Mardayah Kona Yerukunondu, during his speech highlighted that “The Bonus Malus System will be a premier in the history of the insurance sector in Mauritius. With the collaboration of all insurers, we will soon have a system which balances the rights of all parties” and “as the regulator and supervisor for the insurance business, the FSC will keep a watchful eye on the insurance market”

04 September 2020: Extension of the MoU between the Republic of Mauritius and the OECD

The MOU was extended for a period of five years until September 2025 to reinforce the bilateral cooperation between Mauritius and the OECD.

27 November 2020: Hybrid workshop on ‘Best practices in Privatisation’ organised by the Regional Centre of Excellence (RCE) in collaboration with the OECD.

It introduced the main trends in privatisation, the changing ownership landscape for listed companies around the world and the key trends in capital markets development. It was attended by over 95 participants.

17 May 2021: Virtual workshop on ‘Foreign Investment Frameworks’ organised by the RCE in collaboration with the OECD.

It covered regional applications for two major international policy instruments to address the challenges of investment attraction and ensuring it contributes fully to the achievement of host country national economic objectives and international aims, including the United Nations Sustainable Development Goals (SDGs). It was attended by over 250 participants.

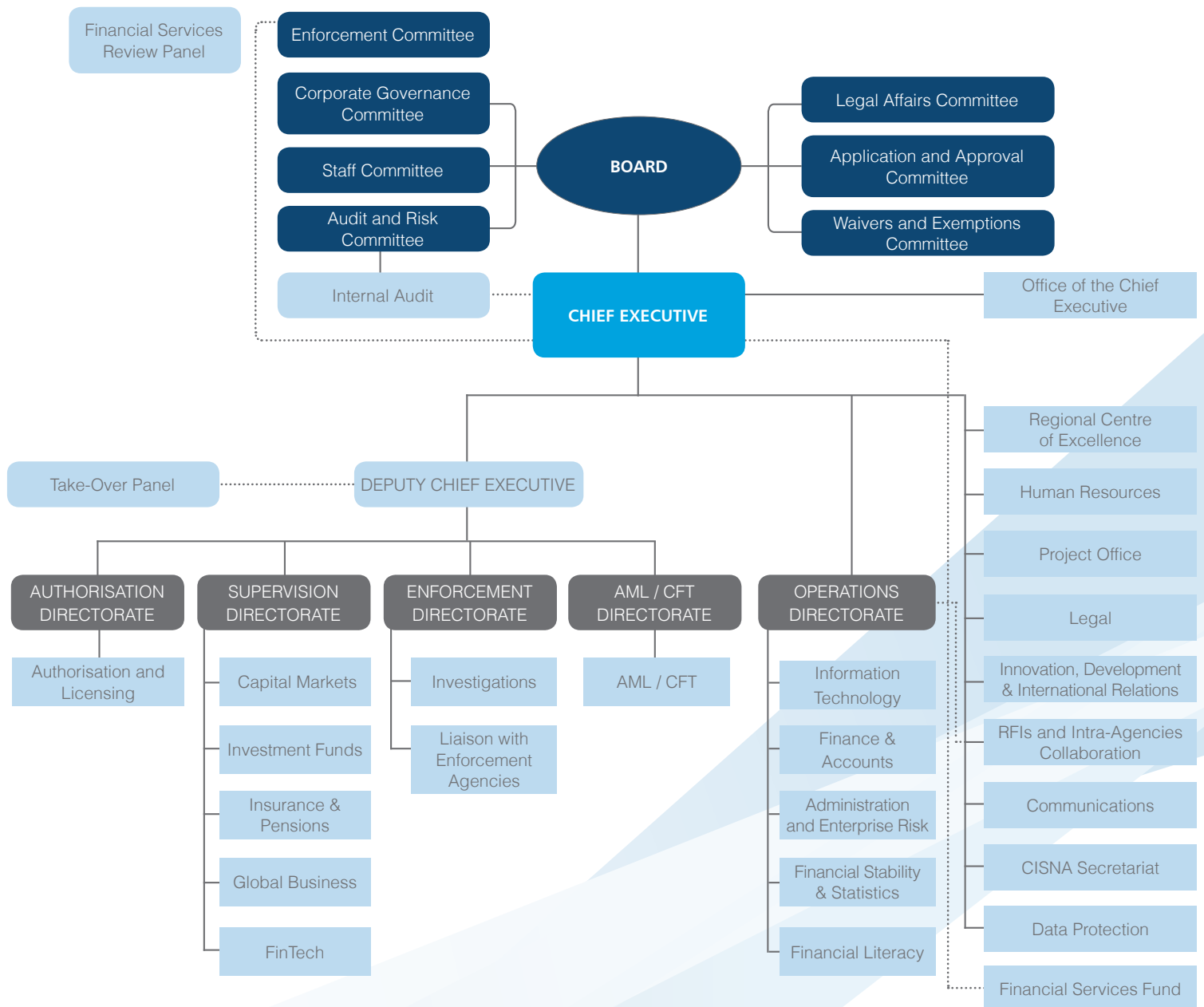


**THE FINANCIAL
SERVICES COMMISSION,
MAURITIUS**





ORGANISATION STRUCTURE



THE BOARD OF THE FSC MAURITIUS

As at 22 November 2021, the date of the approval of the Audited Financial Statements (AFS) for the year ended 30 June 2021 and Annual Report 2020/21, the Board of the FSC Mauritius comprised:

Chairperson

Mr. Mardayah Kona Yerukunondu

Vice Chairperson

Mr. Rajeshsharma Ramloil, SC

Board Members

Mr. Premchand Mungar

Mr. Sarwansingh Purmessur

Mr. Mahess Rawoteea

Mrs. Mariam Rajabally

Ms. Gayle Mary Jane Yerriah

Mr. Loveneesh Beedasy

Mr. Azaad Aumeerally

Secretary to the Board

Mr. Ramanaidoo Sokappadu

Members of the Board who left during the period 2020/21 and up to the date of the approval of the AFS for the year ended 30 June 2021 and Annual Report 2020/21:

Members

Mr. Georges Yves Hervé Lassemillante (passed away on 7 July 2020)

Mrs. Yotsna Lalji-Venketasawmy (appointment lapsed on 21 December 2020)

BOARD MEMBERS PROFILES



MR. MARDAYAH KONA YERUKUNONDU

Chairperson

Mr. Mardayah Kona Yerukunondu was appointed, with effect from 12 May 2020, as Chairperson of the Board of the Financial Services Commission, Mauritius.

He is currently the First Deputy Governor of the Bank of Mauritius (BoM). Mr Yerukunondu sits on the Monetary Policy Committee. He is also a member of the COVID-19 Projects Development Committee. Prior to his appointment as First Deputy Governor, Mr Yerukunondu was the country's first Ombudsperson for Financial Services.

Mr. Yerukunondu is a seasoned central banker. He joined the BoM in 1977 and acquired expertise in areas ranging from central bank administration, supervision, regulation, policy and compliance. He has played a pivotal role in the modernisation of the country's banking and financial services framework.

Mr. Yerukunondu has been an ardent defender of the image and repute of the Mauritius jurisdiction. He has played a key role as official delegate in several country missions focusing on anti-money laundering and combating the financing of terrorism. Mr Yerukunondu has also formed part of national delegations of the ESAAMLG Task Force of Senior Officials. He is currently a member of the Statutory Core Group for Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation.

Mr. Yerukunondu has participated in discussions in high-level fora including the International Monetary Fund, the Bank for International Settlements, the World Bank Treasury and Reserves Advisory & Management Partnership, the European Monetary Union and the Islamic Financial Services Board Summit.

Mr. Yerukunondu was the Chairperson of the Steering Committee set up by Government to study the social and legal aspects of Islamic financial services. He was equally the Chairperson of the Committee set up by the BoM which saw the implementation of the Credit Information Bureau in Mauritius.

Mr. Yerukunondu is a sworn barrister. He holds a LLB (Honours) from the University of London as well as, qualifications from the Institute of Statisticians. He has written academic papers on Islamic Finance published in March 2010 in the chronicle of the Bar Council and a manual on Banking for the Open University of Mauritius.



MR. RAJESHSHARMA RAMLOOLL, SC

Vice-Chairperson

Mr. Rajeshsharma Ramlooll, 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 Solicitor-General at the Attorney-General's Office. Mr. Ramlooll is a barrister at Law and holds a specialist LLM in taxation and finance from the Centre for Commercial law Studies, Queen Mary, London.

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

Mr. Ramlooll is a fellow of the Hon. Society of Advanced Legal Studies (London) and is a member of the General Council of the International Fiscal Association. He has been the treasurer of the Bar Council for three consecutive years.

He regularly advises the Government on legal aspects of financial matters and is a tax assessor of the OECD's Global Forum and is an author of the International Bureau of Fiscal Documentation (Netherlands).

He has written widely in international tax journals and is on the editorial boards of Global Taxation, International Taxation and Foundation of international Taxation journals. Mr. Ramlooll has contributed book chapters to the Offshore World Survey (1998, Sweet and Maxwell) and GAAR General Tax – Anti Avoidance Rules (2021, Thomson Reuters Legal). He is a regular speaker at international conferences and conducts Masterclasses in international Taxation at University faculties abroad (including the University of Lausanne).

Mr. Ramlooll took silk in 2016 and was made Senior Counsel (SC) by Letters Patent on commendation by the Chief Justice.



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 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 the 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.



MR. SARWANSINGH PURMESSUR

Mr. Sarwansingh Purmessur has been appointed as Board Member of the FSC Mauritius since May 2018. Currently, Mr. Purmessur holds the position of Permanent Secretary and is posted to the Ministry of Financial Services and Good Governance.

He has a very long career in the Civil Service, having served nearly 40 years in various Ministries/Departments, namely, 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 National Development Unit of the Ministry of National Infrastructure and Community Development. Amongst his various responsibilities, he has also served as the Supervising Officer of the Beach Authority.

Mr. Purmessur holds an MBA in Human Resource Management from the Indira Gandhi National Open University (IGNOU), India, an MSc IT in Business Information Systems from the Keele University, 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, the National Environment Fund Committee, the Heritage City Co. Ltd and the SBM Holdings Ltd.

He is currently the Chairman of the Land Drainage Authority, a Director at the Mauritius Housing Company Ltd and a member of the Financial Reporting Council.



MR. MAHESS RAWOTEEA

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 Governmental institutions and has represented the 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 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 in Financial Strategy 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 the 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 of the Chartered Institute of Arbitrators UK (CI Arb).

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.



MR. LOVENEESH BEEDASY

Mr. Loveneesh Beedasy has been appointed as Board Member of the FSC Mauritius since December 2020. He currently holds the position of Legal Officer at the Mauritius Telecom Ltd.

He is also a Part Time Lecturer in Law with the Open University of Mauritius since 2018. He has been involved in start-up set ups and advises private clients on business opportunities in Mauritius. He has also acted as Consultant for Mauritian companies and has experience in Compliance and Trust.

Furthermore, Mr Loveneesh Beedasy holds an LLB from the University of London, an LLM with specialisation in International Business Law from the University of Central Lancashire and is an Arbitrator of the Chartered Institute of Arbitrators UK (CIArb).



MR. AZAAD AUMEERALLY

Mr Azaad Aumeerally, a Fellow Actuary from the Institute of Actuaries Australia, has been appointed as Board Member of the FSC since December 2020. Over the last 30 years, he has developed valuable insight and core competencies, which include strategic planning, executive stewardship and technical soundness, from having held wide-ranging positions within the financial services sector. He is also a successful entrepreneur, with a healthy dose of divergent thinking coupled with a solutions-oriented focus.

Mr Aumeerally has a distinguished career with several senior positions (in Mauritius), namely:

- Independent Board Director of MHC Ltd;
- Trustee of SBM Group Defined Contribution Fund;
- Chairperson of Air Mauritius Technical Pension Committee; and
- External resource person collaborating with the Ministry of Financial Services and Good Governance on AML/CFT matters.

Mr Aumeerally had previously worked in the UK and Australia.

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 2021 is published at page 199 of the current Annual Report.

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.

ENFORCEMENT COMMITTEE

Establishment

The Enforcement Committee (EC) is an internal independent committee of the FSC Mauritius set up by the Board pursuant to section 52 of the Financial Services Act 2007 (FSA). The purpose of the EC is to exercise the disciplinary powers of the FSC 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 period under review, the constitution of the EC was as follows:

- Mr. Rajesh Ramlohl (Chairperson)
- Ms. Gayle Yerriah
- Mr. Deerajen Ramasawmy
- Mr. Rajhans Pusram

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 Acts for the grant of a licence;
- no longer carries out the business activity for which it is licensed;
- has failed to commence business within 6 months from the date on which it is licensed; or
- is not a fit and proper person.

THE CHIEF EXECUTIVE

MR. DHANESSWURNATH THAKOOR



Chief Executive

Mr. Dhanesswurnath Thakoor is the Chief Executive of the FSC Mauritius since 18 May 2020.

He holds a Masters' Degree in Information Technology, Electronics and Systems Automation from Polytech Lille - France (Ex Ecole Universitaire d'Ingénieurs de Lille) and an MBA with Specialisation in Finance. He has over 25 years of Central Banking experience.

Mr Thakoor has been at the forefront in the establishment of a modern regulatory framework of a spectrum of innovative financial products and services such as peer-to-peer lending, SPFs and robotic and artificial intelligence-enabled advisory services, amongst others. He also spearheaded, in his capacity as Chief Executive, a number of digitalisation-driven projects amongst which the FSC One platform and now driving the NICD project.

Prior to joining the FSC Mauritius, he held the post of Assistant Director - Payments Systems and the Mauritius Credit Information Bureau (MCIB) at the Bank of Mauritius (BoM). He was also a member of the internal Fintech Committee and a member of the National Regulatory Sandbox License technical committee at the BoM.

In his capacity as Chief Executive, Mr Thakoor represents the FSC Mauritius in a number of international regulatory bodies and committees including the International Organisation of Securities Commissions, the International Association of Insurers Supervisors, the International Organisation of Pension Supervisors and the Southern African Development Community (SADC) and Committee of Insurance, Securities and Non-Banking Financial Authorities.

Mr Thakoor is a member of the Core Group for AML/CFT, the National AML/CFT Committee, the Interagency Coordination Committee, the National Regulatory Sandbox Licence Committee, the National Sanctions Committee, the National Committee on Corporate Governance, the FSC Regional Centre of Excellence Governing Board and the Financial Reporting Council.

INTERNAL STRUCTURE

Directorates

The Directorates of the FSC Mauritius are:

- Authorisation;
- Supervision;
- Enforcement;
- AML/CFT; and
- Operations.

The Authorisation Directorate

The Authorisation Directorate is responsible for the issuance of licences for business activities in the non-banking financial services and Global Business (GB) sectors.

The Supervision Directorate

The Supervision Directorate consists of Capital Markets, Investment Funds, Insurance & Pensions, GB and FinTech clusters. The Directorate ensures that all licensed firms and intermediaries comply with the regulatory and disclosure requirements. It is responsible for overseeing the conduct of licensed market infrastructures and intermediaries. The Directorate also monitors markets from a prudential and conduct perspective.

The Enforcement Directorate

The Enforcement Directorate supports the Commission in meeting its statutory objectives, vision and mission through the timely and effective use of the Commission's enforcement powers with due regards to international standards. Enforcement investigates where it appears that licensees or persons who ought to be licensed, have contravened or are contravening or likely to contravene the provisions of any of the relevant laws, licensing conditions or any directions issued by the Commission. Enforcement also investigates the possible breach (es) of the provisions of the Financial Intelligence and Anti-Money Laundering Act 2002 ('FIAMLA') by its licensees and/or where the activities of the licensees may cause prejudice to the soundness and stability of the financial system or the reputation of Mauritius or may threaten the integrity of the financial system.

The AML/CFT Directorate

The primary purpose of the AML/CFT Directorate is to ensure that entities licensed by the FSC Mauritius are abiding by their AML/CFT obligations. The main responsibilities of the directorate include:

- designing the yearly Risk-Based Supervision (RBS) cycle and update the risk rating of licensees;
- ensuring that AML/CFT legislative updates are effectively disseminated to licensees through outreach programmes as well as to FSC Mauritius' staff;
- conducting of offsite policy reviews; and
- to assisting supervision Directorate on onsite inspection for high risk sectors.

The deliverables of the AML/CFT Directorate, together with those of the Supervision Directorate, allow the FSC Mauritius to take necessary actions against non-compliance of licensees.

The Operations Directorate

The Operations Directorate comprises of the Information Technology, Finance and Accounts, Administration and Enterprise Risk, Financial Stability & Statistics and Financial Literacy clusters.

Information Technology Cluster

The Information Technology cluster is responsible for enhancing the technology-based working environment to meet the evolving needs of FSC Mauritius with respect to operational and supervisory capabilities.

Finance & Accounts Cluster

The Finance & Accounts cluster is responsible for the collection of fees from licensees, debtors' management, budget resource allocation, payroll processing and related matters, accounts payable and treasury management. It also ensures financial control and is responsible for the reporting of the FSC Mauritius' financial affairs, both statutory and non-statutory.

Administration and Enterprise Risk Cluster

The Administration and Enterprise Risk cluster is *inter alia* responsible for procurement, facilities management, enterprise risk management and Business Continuity Management (BCM).

Financial Stability & Statistics Cluster

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

Financial Literacy Cluster

The Financial Literacy cluster works towards the development of 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. This cluster also handles complaints, liaises with Ministries and local stakeholders, and carries out financial literacy initiatives.

Other Clusters Reporting to the Chief Executive

The following clusters/units report directly/administratively to the Chief Executive:

Office of the Chief Executive

The Office of the Chief Executive ensures liaison with the Board and monitors the implementation of decisions of the Board. It comprises the Chief Executive's secretariat and coordinates the submission of timely, accurate and relevant information to the Chief Executive. It also ensures the dissemination of incoming correspondences throughout the organisation, as well as, manages stakeholders' communications and meetings.

Regional Centre of Excellence

The RCE works in collaboration with the OECD to develop regional capacity building programmes for the Southern and Eastern African regions and it aims at conducting research and drafting policy papers.

Human Resources

The Human Resources cluster is responsible for capacity building and ensures that the FSC Mauritius has the right mix of people to meet its statutory objectives in both an effective and efficient manner. It fosters to maintain a conducive environment for its people to continuously learn, grow and add value to the Commission.

Project Office

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

Legal

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

Innovation, Development and International Relations

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

Request for Information (RFI) and Intra-Agencies Collaboration

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

Communications

The Communications cluster is responsible for developing effective communications to enhance transparency.

Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA) Secretariat

The CISNA Support Office was set up (in Jul 2019) following the selection of FSC Mauritius as the host of the CISNA Secretariat. This unit has been providing full support to CISNA with the ultimate aim of operationalising the CISNA Secretariat.

Data Protection

The Data Protection unit is responsible for data protection compliance.

Internal Audit

The Internal Audit unit assists the Audit and Risk committee in discharging its governance responsibilities and administratively reports to the Chief Executive.

Financial Services Fund

The FSF is a provision of section 68 of the FSA. The funds of the FSF are used to promote the education of financial services consumers and to meet the expenses of the Financial Services Review Panel. The Fund is administered by a Managing Committee as designated by the Minister.

Rodrigues Office

The Rodrigues Office was set up to deliver in line with the regulatory and supervisory functions of the Commission.

LEADERSHIP TEAM

In carrying out the mission of the FSC Mauritius, the leadership team is guided by the Code of conduct for FSC Mauritius' staff, the senior management business conduct chart and the core values of the organisation namely:

- Ethical Behaviour;
- Team Work;
- Professionalism; and
- Compliance with Rules.

The leadership team, comprising of the Chief Executive and the Directors, enables the FSC Mauritius to meet its statutory objectives, to coordinate the activities of the various directorates and to provide direction and guidance to the clusters.

The Chief Executive and Directors are assisted by the Assistant Directors, Senior Managers and Supervising Officers 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 they ensure that the decisions and directions provided by the leadership team are implemented.



PRAKASH SEEWOO SUNKUR

Chief Operating Officer

Prakash 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 also has an MBA in Financial Management. He has attended several courses and training programmes on accounting, finance, law and project management.

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

Prakash currently holds the position of Treasurer at the International Organisation of Pension Supervisors (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, Renu has actively been involved in leadership roles and participated in various senior level delegations, national committees and international forums. She represents FSC in Co-Regulatory forums

and has actively contributed in industry initiatives, governmental taskforce, regularly spoken at conferences.

Renu is admitted to Mauritius and Indian Bar. Additionally she also holds a LL.M, Foundation 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 and 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.

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.

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.

**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 senior level positions in the Corporate Services.

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 (MloD).

**DEERAJEN RAMASAWMY****Assistant Director**

Deerajen oversees two keys functions at the Commission, namely financial stability and statistics. In addition, he is involved in strategic cross-functional projects such as risk management, risk-based supervision and supervision of financial conglomerates. His key expertise includes data analytics for management decisions and he serves on several committees and boards. He deals extensively with international agencies including the International Monetary Fund (IMF) and World Bank on technical 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 an Executive Programme by the Small

Countries Financial Management Centre – Isle of Man, a Leadership Development Programme by TowerStone and a Certificate in External Quality Assurance from UNESCO.

Prior to joining the Commission, Deerajen was an academic in research methods at the University of Mauritius, and a former director and head of biostatistics and data management in a clinical research organisation.

**NIRUPA NARAYEN****Assistant Director**

Nirupa holds the post of Assistant Director, Legal at the FSC Mauritius. She joined the FSC Mauritius in September 2018.

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

She is 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 since October 2018. He reckons over 30 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 Sciences and an MBA from Faculty of Management Studies, Delhi University. He is a Fellow, Life Management Institute (FLMI) of LOMA, an Associate of Toronto Centre and a Licentiate of Insurance Institute of India. Throughout a First class, he has also been a scholarship holder of the prestigious National Talent Search Examination (NTSE), Government of India. He has been a past President of Insurers Association of Mauritius from 2014 to 2016.

Aakash has represented the FSC Mauritius in various international forums and conferences held under the aegis of IAIS and IOPS. He has recently presented papers in Africa Pensions Supervisor Forum (APSF), September 2020, in Annual Pensions and Retirement Summit, December 2020 and also in Africa Pensions and Alternative Investments summit, held in March 2021.

**LUXSMI V DUSORUTH****Assistant Director**

Luxsmi (Vijee) is a professional in the field of communication strategies, law and financial services with over 19 years of considerable international experience in the Ministry of Justice UK and the financial services sector in Mauritius. She has undertaken a number of duties including operational management, finance management, project managing in policy and program planning, communication and stakeholder management, development of solutions to compliance and regulatory risk for AML/CFT, and development and promotion of the financial services sector.

She has an LLB from the University of London, an LLM in International Trade Law from the University of Wales and a Legal Practitioners Course (LPC) in Company Law Practice and Client Care skills from the Chartered Institute of Legal Executives UK.



STRATEGIC PLAN





STRATEGIC PLAN 2021-2023

A. Develop Mauritius into a Centre of Excellence for cross border Finance, Trade and Investment

OBJECTIVE

1. Provide for a conducive business environment for Africa-centric investors.

Actions

- i. Reinforce the position of Mauritius as a strategic partner for infrastructure and regional economic development.
- ii. Leverage on the African Continental Free Trade Area for stronger economic ties with key African investment destinations.
- iii. Offer development finance institutions a sophisticated and stable financial centre for their investments in Africa.
- iv. Support the Africa strategy of Government.
- v. Develop enhanced awareness of the demand factors in terms of products and financial business activities that are best suited for the African markets.
- vi. Leverage on the CEEPA and position Mauritius as a platform of choice for businesses to invest in Africa.

STRATEGIC OBJECTIVE

2. Consolidate the reputation of Mauritius as a premier jurisdiction for fund administration and investment into India.

Actions

- i. Introduce measures to incentivise the setting up of fund structures as investment pooling vehicles targeting a diversified range of geographies.
- ii. Develop the fund advisory potential of Mauritius.
- iii. Develop an image as a financial centre specialising in fund administration and fund advisory services, as recommended by the Blueprint for Financial Services.

A. Develop Mauritius into a Centre of Excellence for cross border Finance, Trade and Investment

STRATEGIC OBJECTIVE

3. Encourage the setting up and re-domiciliation of funds and investment businesses, with embedded Environmental, Social and Governance (ESG) strategies or with objectives aligned with the United Nations Sustainable Development Goals (SDGs).

Actions

- i. Authorise funds to relocate from other jurisdictions through well communicated re-domiciliation pathways.
- ii. Develop purpose-built regulations and a package to welcome prominent funds, in particular impact investment funds which aim to pursue noble and profitable strategies.
- iii. Introduce recognisable impact investment certifications (ESG and SDG) for investment criterion, structuring and strategies.
- iv. Develop frameworks for the recognition of investment in Green bonds to address climate change (related to SDG13), the promotion or adoption of investment in clean energy (related to SDG7) and action leading to sustainability for cities and communities (related to SDG11).

STRATEGIC OBJECTIVE

4. Improve the attractiveness, the position and image of Mauritius in international indices and global reports.

Actions

- i. Enhance the participation of Mauritius as a member of the FSB Regional Consultative Groups (RCGs) for the Sub-Saharan African region.
- ii. Seek continuous improvement in the position and competitiveness of Mauritius in the aspect of ease of doing business and in the Ibrahim Index of African Governance.
- iii. Take measures with a direct impact to improve the position of Mauritius in the Global Financial Centres Index.
- iv. Attract high-profile Development Finance Institutions and their Special Purpose Vehicles to Mauritius.
- v. Identify opportunities in new emerging investment corridors arising from new trends in global trade and economic activity.

B. Develop enabling legislation and regulatory frameworks

STRATEGIC OBJECTIVE

1. Provide Mauritius with a defined competitive edge and for continuous innovation in cross-border business facilitation.

Actions

- i. Monitor and refine legal and regulatory frameworks to improve the level of legal certainty and offer the protection of the law to international investors.
- ii. Strengthen the engagement with stakeholders in the industry to gauge demand factors prior to formulating policy refinements for the legal and regulatory framework.
- iii. Support the Government policy of combatting financial crime and of protecting the reputation of Mauritius as a financial centre.
- iv. Explore new financial business activities for investors to safely match-make their intended business goals with the wide offering of the jurisdiction with sufficient clarity.

STRATEGIC OBJECTIVE

2. Develop enabling regulations to promote emerging technologies for niche and innovative segments of financial services.

Actions

- i. Identify niche markets and ensure financial business activities are in alignment with trends in international financial services that are powered by prominent emerging technologies.
- ii. Future proof our legal frameworks to welcome technology companies in the financial services sector and support the national project of Cote d'Or Technology Park.
- iii. Adapt to the offering of competitors of supporting the development of technology and finance concurrently.
- iv. Ensure that legal frameworks are keeping pace with change and still fit for purpose.

STRATEGIC OBJECTIVE

3. Establish FinTech bridges to foster for enhanced cooperation, innovation and improved market access.

Actions

- i. Enter into Memoranda of Understanding and Cooperation agreements with well-established FinTech hubs.
- ii. Maintain a competitive edge by exploring regulatory frameworks beyond its existing parameters, seek cross border and cross agency support.
- iii. Provide applicants for business with market access under safe but conducive conditions.

B. Develop enabling legislation and regulatory frameworks

STRATEGIC OBJECTIVE

4. Cater for new patterns in investor behaviour, sectorial trends and global demand.

Actions

- i. Adapt our offering according to new patterns in investor behaviour, sectorial trends and global demand.
- ii. Attract multinational corporations and financial services conglomerates to adopt Mauritius as their regional Headquarters for Africa and the Indian Ocean.
- iii. Showcase the potential of Mauritius to attract investment and to leverage on its safety and stability as an investment hub for the World.
- iv. Demonstrate regulatory efficiency by intervening in contexts of product mis-selling, cyber security breaches, dissatisfaction in materially sensitive disclosures and overall ML/TF deficiencies in business models.

STRATEGIC OBJECTIVE

5. Improve shareholder value through cross-border outsourcing, optimised business costs and an affordable talent pool.

Actions

- i. Develop high-level principles on insourcing business across banking, insurance and securities sectors.
- ii. Allow licensees to serve a wider range of clients in different time-zones and geographies, and to provide investors with a talent pool of professionals in accountancy, law, IT and business operations.

STRATEGIC OBJECTIVE

6. Foster for innovation and progressive development of our capital markets sector.

Actions

- i. Enable the implementation of fully automated, multi-currency and multi-asset trading platforms for the listing and trading of securities in Mauritius.
- ii. Take measures to provide a spectrum of sophisticated investment products on local exchanges for Investment funds, asset management firms and investment banks.
- iii. Cater for an improved combination of domestic and international instruments as part of their asset allocations and diversified risk portfolio construction strategies.

C. Optimising Organisational Performance

STRATEGIC OBJECTIVE

1. Enhance risk-based supervisory approach of the Commission.

Actions

- i. Implementation of SupTech & RegTech, in line with FATF recommended good practice.
- ii. Adopt technologies for a more efficient use of resources, to achieve greater efficiency and effectiveness.
- iii. Take measures for the quality of regulatory data to undergo standardisation, making it more accurate and easier to undergo a manual or automated analytical process.
- iv. Improve decision making by relying on more qualitative data and be more accurate in the risk-based supervisory approach.

STRATEGIC OBJECTIVE

2. Introduce supervision dashboards and improvements in application turn-around times.

Actions

- i. Develop supervisory dashboards for a consolidated view on supervision across clusters under the Supervision directorate.
- ii. Support Senior Management with information and tools to analyse data, monitor performance and generate actionable insights.
- iii. Take concrete steps to improve application turnaround times.
- iv. Support Government's vision for continuous improvement in the field of business facilitation and ease of doing business.

STRATEGIC OBJECTIVE

3. Streamline standard operating processes at the Commission.

Actions

- i. Introduce automated processes, work flow management tools and digitalised interfaces.
- ii. Standardise processes within directorates and build organisational resilience.
- iii. Foster for transparent processes within operations at the FSC.

C. Optimising Organisational Performance

STRATEGIC OBJECTIVE

4. Develop a Technology and Cyber Risk Supervision team for the Commission.

Actions

- i. Identify and monitor the risk management performance by licensees of the IT risks within their financial services and products.
- ii. Develop a Technology and Cyber Risk Supervision team to monitor changes in business practice, in light of the increased dependency on emerging technologies and international best practice adopted by Regulators.

STRATEGIC OBJECTIVE

5. Develop advanced capabilities in data analytics and support regulatory reporting.

Actions

- i. Provide Senior Management and supervising officers with a more complete picture of licensees, have rapid access to information and develop greater abilities to observe patterns of behaviour.
- ii. Invest in data visualization resources for decision makers to better appreciate the key insights being flagged in analysis reports.

D. Enforcement

STRATEGIC OBJECTIVE

1. Foster a pro-compliance culture in the financial services sector and adopt fair intervention strategies.

Actions

- i. Maintain on-site presence and off-site vigilance to supervise the business conduct of licensees.
- ii. Consistently apply the Enforcement Manual for increased transparency in the enforcement approach of the Commission.
- iii. Support the Enforcement Directorate and the Enforcement Committee for an effective, fair and proportionate approach to regulatory enforcement.

STRATEGIC OBJECTIVE

2. Encouraging adequate disclosure and the endorsement of corporate governance principles.

Actions

- i. Encourage ethical behaviour, accountability, transparency and strong performance by the boards and their officers of listed companies and relevant licensees of the Commission.
- ii. Undertake a review of the Securities Act to provide for new opportunities and additional safeguards.

STRATEGIC OBJECTIVE

3. Align the Enhanced Memorandum of Understanding of the IOSCO.

Actions

- i. Complete the process of becoming a signatory to the IOSCO EMMoU, and cooperate with its international counterparts under well-established and mutually beneficial frameworks.

E. Risk Management and Financial Stability

STRATEGIC OBJECTIVE

1. Complete the implementation of the 2019-2022 National Strategy of Mauritius to combat money laundering and the financing of terrorism and proliferation.

Actions

- i. Extend the full collaboration of the Commission to all governmental agencies and support the National AML/CFT Committee and its Secretariat throughout the process of implementing the National Strategy 2019-2022 to tackle money laundering (ML), terrorist financing (TF) and proliferation financing (PF).

STRATEGIC OBJECTIVE

2. Collaborate with foreign regulators to adequately identify and assess systemic risks posed by multinational corporations holding significant market segments within the regional landscape.

Actions

- i. Participate in supervisory colleges for the Commission to improve its appreciation of risk exposures, owing to the cross-border nature of businesses conducted by Multi-National Corporations.
- ii. Broaden the visibility on systemically important businesses and consider prudential action where necessary.

STRATEGIC OBJECTIVE

3. Facilitate the sharing of information and cooperate with the Bank of Mauritius and law enforcement agencies.

Actions

- i. Develop dynamic models for intra-agency collaboration with the Bank of Mauritius and law enforcement agencies.

STRATEGIC OBJECTIVE

4. Identify and monitor the vulnerabilities of the financial system with respect to the global economy and collaborate with the Bank of Mauritius to ensure soundness and stability.

Actions

- i. Support the economic function of Mauritius by collaborating with the Bank of Mauritius on financial stability and for monetary policy to thrive.

F. Looking to the future: recruitment & capacity building

STRATEGIC OBJECTIVE

1. Ensure the hiring of talent with appealing profiles and demonstrated competencies, for the Commission to adapt to the evolving trends and modern business practices.

Actions

- i. Introduce methodologies for the screening of profiles and the hiring of talent to help the Commission achieve its statutory objectives and the strategic goals.

STRATEGIC OBJECTIVE

2. Consistently provide bespoke training programmes to staff of the Commission, based on their respective job families.

Actions

- i. Explore smart capacity building frameworks and leverage on the technological overhaul at the Commission to identify efficient ways to up skill the labour force.
- ii. Prioritise capacity building programmes on a needs-basis for the respective job families.

STRATEGIC OBJECTIVE

3. Reinforce core corporate values and upscale the overall quality of service at the Commission through capacity building initiatives.

Actions

- i. Foster a culture of sound corporate, strong ethics and quality of service.
- ii. Deploy work-flow management tools and performance metrics.

G. Capitalising on new technologies

STRATEGIC OBJECTIVE

1. Consolidate and strengthen the IT security infrastructure to protect the organisation against cyber risks and for optimum data protection.

Actions

- i. Implement an effective cyber security risk management framework to ensure confidentiality, integrity and availability of data.
- ii. Implement a fully operational administrative, technical, and physical controls. A robust and comprehensive security management programme.

STRATEGIC OBJECTIVE

2. Leverage on effective IT infrastructure and data management tools for qualitative improvements to AML/CFT surveillance, sanctions monitoring and facilitate the timely identification of financial crime risk areas.

Actions

- i. Introduce data collection and aggregation capabilities to improve its monitoring and reporting.
- ii. Invest in screening solutions for Red Flags to be identified with pace and accuracy.

STRATEGIC OBJECTIVE

3. Achieve ISO 27001 compliance and migrate the IT infrastructure to a Tier 4 data centre, to mitigate operational risks and safeguard business continuity.

Actions

- i. Implement an effective ISO 27001 Information Security Management System (ISMS).
- ii. Provide the Commission with a management framework of policies, procedures and controls that would store data securely.

H. International Cooperation & Sharing of Expertise

STRATEGIC OBJECTIVE

1. Expand the presence and involvement of the Commission through memberships and associations with international standard setting bodies.

Actions

- i. Improve the visibility of Mauritius and the participation of the Commission in international fora.
- ii. Increase the memberships of the Commission in international associations and standard setting bodies.
- iii. Apply for technical assistance from experts recognised by the international standard setting bodies, and from capacity building programmes to ensure that best practice is applied in the development of regulatory frameworks.

STRATEGIC OBJECTIVE

2. Position the Commission as an important stakeholder for professional development of talent in Africa and the Indian Ocean.

Actions

- i. Consider opportunities to host capacity building programmes on a regular basis to maintain the good relations forged with foreign supervisory authorities.

STRATEGIC OBJECTIVE

3. Develop a virtual capacity building platform to dispense tailored Massive Open Online Courses, host conferences and hold technical workshops through the Regional Centre of Excellence of the FSC.

Actions

- i. Serve as a resourceful partner for our international stakeholders.
- ii. Build improved relations with international counterparts, and governmental agencies.

I. Rethinking Communications and Financial Literacy

STRATEGIC OBJECTIVE

1. Develop enriched digital content and apply frequent, clear and timely communication strategies for effective stakeholder management.
2. Reach out to a diversified audience of the population through social media marketing to educate a variety of age groups on risks and benefits in both conventional and modern financial services.

Actions

- i. Participate in the IOSCO World Investor Week.
- ii. Adjust communication and financial literacy efforts of the Commission to ensure that the relevance of our strategies.



GLOBAL BUSINESS





GLOBAL BUSINESS

OVERVIEW OF SECTOR

The importance of the GB sector in terms of its contribution to the national Gross Domestic Product (GDP) and job creation cannot be underestimated.

Following the placing of Mauritius on the list of “Jurisdictions under Increased Monitoring” by the FATF, the FSC Mauritius spared no effort to translate the high level political commitment into bold actions by working in close collaboration with the FATF and Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). Despite the COVID-19 pandemic and its repercussions, Mauritius has accordingly strengthened the effectiveness of the AML/CFT regime and aligned its framework with international best practice. To that end, insofar as the GB sector is concerned, the FSC Mauritius successfully implemented an AML/CFT RBS framework and completed a comprehensive AML/CFT onsite inspections schedule for the Trust and Corporate Service Provider (TCSP) sector.

During the virtual plenary session held between the 21 and 23 October 2020, Mauritius was commended for the tremendous progress made with respect to putting its jurisdiction at par with best practice norms for the fight against Money Laundering (ML), Terrorist Financing (TF) and proliferation financing. Having acknowledged the substantial progress made by Mauritius well ahead of the timelines included in the FATF Action Plan, Mauritian authorities were strongly encouraged to maintain their focus and engage with the FATF with respect to completing the remaining action items.

During the year under review, the FSC Mauritius signed a Multilateral Memorandum of Understanding (MMoU) with the Group of International Finance Centre Supervisors (GIFCS). Established in 1980, the GIFCS is recognised as a leading authority on the regulation of TCSP and the interface of these intermediaries with AML/CFT standards.

In October 2020, the OECD Forum on Harmful Tax Practices undertook the third annual monitoring of substantial activities in non-Intellectual Property regimes (non-IP regimes) for Mauritius. It was highlighted that the monitoring process was strengthened over the course of the last year. It was concluded that for this monitoring year, there were no more additional questions for this monitoring process.

AUTHORISATION

Introduction

The ongoing COVID-19 pandemic and the inclusion of Mauritius on the European Union’s (EU) blacklist caused a considerable hindrance to the period under review.

Despite the double challenges faced by the Mauritius jurisdiction, GB Authorisation has nonetheless succeeded in contributing to the objectives of the FSC Mauritius, by continuously issuing licences and approvals under the FSA in conformity with international norms and regulations.

The GB Authorisation cluster issues licences for GBCs and Authorised Companies. Moreover, it contributes to the non-banking financial services sector, whereby licences such as global headquarters administrations, global legal advisory, global treasury activities, Management Companies (MCs) and family offices, fall under its purview.

The number of licences issued by GB Authorisation for the year 2020/21 is illustrated in Table 1 and Table 2.

New Amendments

There has been a number of changes in the GB sector during the financial year 2020/21. This consequently led to amendments being made in the FSA:

FSC Rules for Family Office

The FSC Mauritius amended the terminology of overseas family office (single) licence and overseas family office (multiple) licence to family office (single) licence and to family office (multiple) licence to eliminate the restriction identified in the title of the product and to enable established families in the local jurisdiction to apply for those licences.

The FSC Mauritius, in line with its objective to enhance the reputation of Mauritius as an IFC and to ensure sound conduct of business in the financial services sector, the Commission issued the Financial Services (Family Office) Rules in March 2020 in order to regulate the activity of family offices in Mauritius.

Compliance Services Licence

As announced in the previous Budget 2018/2019, the FSA had been amended to allow the FSC Mauritius to regulate compliance services with the potential to service its licensees and other domestic clients, including but not limited to, Designated Non-Financial Business and Professions.

Mauritius, as an IFC and with a view to enhance the current compliance culture in place, wishes to ensure that domestic players involved in both financial and non-financial services can rely on a regulated corporate entity to carry out compliance functions on their behalf. The complex nature of business activities, the risks associated in performing those activities, and the lack of knowledge and expertise in complying with laws, rules, regulations and directives issued, may certainly require the delegation of some functions to entities providing compliance services.

The licensing framework is being finalised for consultations prior to its forthcoming enactment.

End of Grandfathering Provisions

Pursuant to section 96A (1)(c)(i) of the FSA, a corporation that was licensed as a Category 2 Global Business Company (GBC2) on or before 16 October 2017 was grandfathered till 30 June 2021. As at that date, the GBC2s were deemed to be lapsed. Holders of these licences therefore had until 30 June 2021 to opt for a change in legal regime to either an AC or a Global Business Corporation (GBC), to remain a licensee of the FSC Mauritius.

In order to ensure a smooth transition during the lockdown period (from March 2021 to April 2021), the FSC Mauritius put in place a simplified process for MCs to have a smooth transition and prompt service. In addition, from 01 April 2021 up to 30 June 2021, all the processing and annual fees were waived for applications submitted for an AC. However, normal fees were applicable for the conversion to a GBC.

Also, the FSC Mauritius has set up a dedicated team to work on the conversion of these GBC 2s to Authorised Companies, and GBCs and it covered 4,061 applications in total.

Engaging with stakeholders

GB Authorisation has continuously been engaging with industry operators with the principle aim of improving the overall turnaround time in issuing licences.

Several meetings were held with participants of the industry to enhance the quality and the process of submission of applications.

Lockdown for the period March 2021 to April 2021

Due to the ongoing COVID-19 pandemic, Mauritius underwent a second lockdown as from March to April 2021, and the FSC Mauritius adopted a work from home policy. The GB Authorisation cluster nonetheless effectively contributed to the Commission's objectives by processing applications on a daily basis and issuing authorisation emails for the relevant licences despite numerous constraints faced.

Licences and approvals issued for the period 01 July 2020 to 30 June 2021

Table 1 below shows the number of applications that have been licensed by GB Authorisation for the financial period 01 July 2020 to 30 June 2021.

Table 1: Number of licences issued for GBC1/GBC, GBC2 and AC

	July 2020 to June 2021	July 2019 to June 2020
GBC	1,038	1,148
AC	1,743	632

Furthermore, Table 2 below shows a breakdown of the different types of activity licences and approvals issued by GB Authorisation.

Table 2: Breakdown of licences and approvals issued

Enabling Laws	Categorisation as per the FSC Rules	July 2020 to June 2021	July 2019 to June 2020
Financial Services Act 2007	Global Legal Advisory	-	-
	Global Headquarters Administration	2	3
	Global Treasury Management	1	2
	MCs	8	9
Trusts Act 2001	Qualified Trustee (other than a Management Company)	1	1
	Enforcer (purpose trust created by a Mauritian national only)	-	1
	Successor to Enforcer (purpose trust created by a Mauritian national only)	-	1

SUPERVISION

Onsite Inspection

Inspections of MCs

In line with the FATF Action Plan, 55 inspections had been earmarked for the TCSP sector for the 2020/21 AML/CFT Inspection Cycle 1. At close of the year under review, despite the COVID-19 pandemic, all the 55 MCs were inspected. To enable the proper and smooth conduct of the AML/CFT onsite inspections, the FSC Mauritius developed and implemented an online Onsite Inspection Model.

The onsite inspections focused on the following areas of AML/CFT amongst others, and involved “walk-through” verifications:

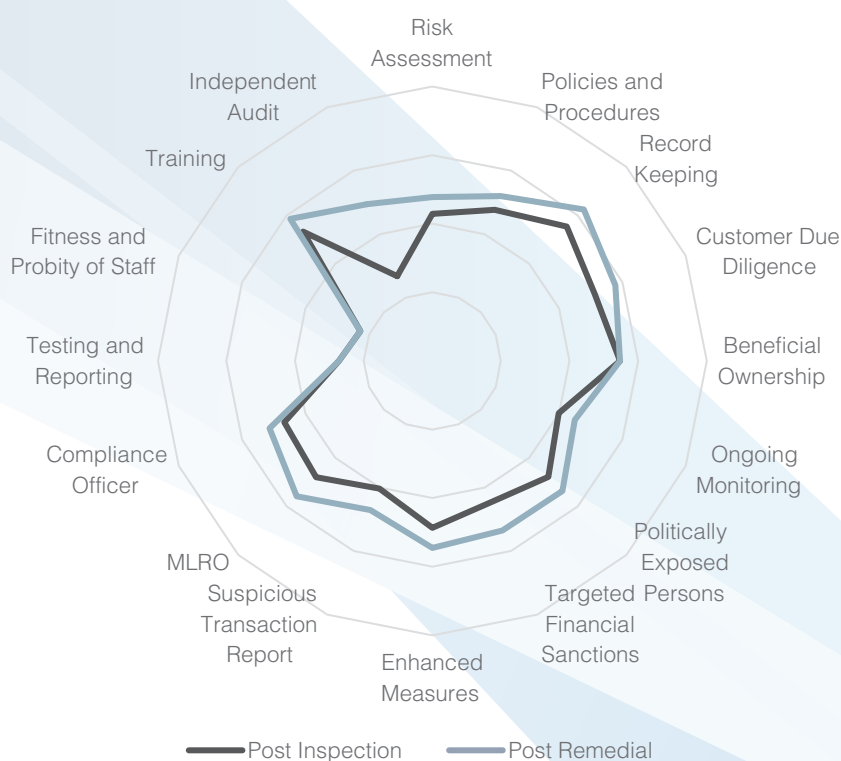
- The Enterprise Risk Assessment and Client Risk Assessment;
- Policies and Procedures pertaining to AML/CFT, proper risk rating of clients, ongoing monitoring of clients and their transactions;
- Proper record keeping of Customer Due Diligence (CDD) documentations and client transactions;
- Independent CDD and reliance on third parties for CDD;
- Beneficial Owner;
- Ongoing Monitoring;
- Politically Exposed Persons;
- Targeted Financial Sanctions (TFS) including sanctions screening tools and assets freezing;

- Enhanced Measures;
- Suspicious Transactions Reporting process and internal disclosure mechanism and use of new technologies;
- Money Laundering Reporting Officer (MLRO);
- Compliance Officer and adequacy of resources;
- Board of Directors/Senior Management oversight;
- AML/CFT Training;
- AML/CFT Audit; and
- Client file reviews.

Based on the findings following the inspections, certain gaps were identified. Accordingly, MCs were tasked to adopt a remedial plan. The FSC Mauritius ensured that these remedial plans submitted by licensees were effectively implemented. From the remedial plans received during the year under review, it was noted that MCs understood the scope and rationale for the AML/CFT inspections conducted. The remedial plans were comprehensive and time-barred. Subsequently, after 2 months, MCs provided a Status Report backed by appropriate documentary evidence of actions taken (e.g. Business Risk Assessment (BRA) and AML/CFT Audit reports).

Figure 1: TCSP level of compliance

Post Onsite Compliance Strengths v/s Post Remedial Compliance Strengths (Per Parameter)



The above diagram illustrates the level of AML/CFT compliance achieved by TCSP post inspections and follow-ups where it can be noted that significant improvement has been achieved on risk assessment, independent audit amongst others.

In a few instances, the FSC Mauritius also met with the representatives of the MCs where the remedial plans submitted were not aligned with the required standards.

Moreover, 7 MCs which had serious deficiencies and breaches in their AML/CFT framework were referred to Enforcement Directorate for relevant enforcement/follow-up actions and one of those MCs was targeted for a follow-up inspection.

Offsite Supervision

Extension for filing of Accounts

During the year under review, due to the challenges brought on by the pandemic, many licensees were not able to file their financial statements within the prescribed statutory requirements. The FSC Mauritius, in its continuous efforts to support licensees in these very hard times, had, on four occasions, issued communiqués to their attention with respect to exemption of administrative penalties as a result of late filing of financial statements.

Substance requirements monitoring

Following its first survey launched in January 2020 on the economic substance monitoring, onsite inspections were conducted, based on a risk-based approach, to determine whether applicable licensees were carrying out their Core Income Generating Activities in, or from, Mauritius, by:

- employing, directly or indirectly, an adequate number of suitably qualified persons to conduct its Core Income Generating Activities; and
- incurring a minimum expenditure proportionate to its level of activities.

As a result of the risk assessment, a total of 283 GBCs were inspected.

The onsite inspection also focused on MCs to ensure that the economic substance of MCs as service providers, where applicable, were not counted several times by various companies when evidencing their own substance in Mauritius.

Following the onsite inspection, the Core Income Generating Activities compliance outcome with regard to GBCs is then shared with the Mauritius Revenue Authority (MRA) under the joint FSC/MRA MoU.

Complaints against MCs/Corporate Trustees

During the year under review, the FSC Mauritius received some complaints against MCs/Corporate Trustees. 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

Any application for a Tax Residence Certificate (TRC) by a holder of a Global Business Licence with the MRA requires clearance from the FSC Mauritius. The good standing of the company holding a Global Business Licence in terms of its annual licence fees, reporting obligations and adherence to substance requirements, amongst others is 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 7,722 TRC applications.

In view of easing the issuance of TRCs, the MRA in close collaboration with the FSC Mauritius, has implemented an electronic platform for the application of TRCs in a more structured, user-friendly, efficient and organised manner as well as through secured login credentials. The electronic platform was live as from 02 February 2021. In view of the aforementioned, the FSC Mauritius issued a Circular entitled "Revised Procedures for Online Application of Tax Residence Certificate" on 02 February 2021.

MCs have been requested to apply for renewal of TRC electronically at least 30 days prior to the expiry of the current TRC.

Enhancing the Global Business Supervisory Framework

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

The FSC Mauritius issued Practice Notes regarding provision of trusteeship services with a view to better regulate the conduct of Qualified Trustees and MCs when providing corporate trusteeship services. The Practice Notes provide for the implementation of a common set of standards for Qualified Trustees and MCs. The issuance of such Practice Notes addresses 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.

On 31 August 2020, the FSC Mauritius brought amendments to the Practice Notes in order to provide for the maintenance of adequate beneficial ownership information and enhance the transparency of such legal arrangements.



INVESTMENT FUNDS





INVESTMENT FUNDS

OVERVIEW OF SECTOR

The investment funds industry in Mauritius has over the years built a strong track record to serve the needs of development finance institutions, sovereign wealth funds as well as international investors.

Despite the unprecedented challenges faced by the COVID-19 pandemic and the listing of Mauritius in the grey list of the FATF, the investment funds sector has shown its resilience.

Investment Funds

As at 30 June 2021, the number of investment funds authorised by the FSC Mauritius was 1,049, showing a slight decrease of 1.5 per cent as compared to the previous period.

Table 3: Number of investment funds authorised as at 30 June

Categories of investment funds	2021	2020*
CIS (Single fund)	275	285
CIS (having more than 1 fund)	177	180
CIS (Protected Cell Company)	41	44
Closed-end fund (Single fund)	527	525
Closed-end fund (having more than 1 fund)	12	12
Closed-end fund (Protected Cell Company)	17	19
Total	1,049	1,065

**Revised Figures*

Investment Funds Intermediaries

The number of investment funds intermediaries was 462 as at 30 June 2021, witnessing a decrease of 2.1 per cent.

Table 4: Number of investment funds intermediaries as at 30 June

Types of investment funds intermediaries	2021	2020*
CIS Managers	441	452
CIS Administrators	10	10
Custodians	11	10
Total	462	472

**Revised Figures*

Other Non-Bank Financial Institutions

The table below provides the number of licensees holding Assets Management licences, Custodian Services (non-CIS) licences and Distribution of Financial Products licences, issued under section 14 of the FSA.

Table 5: Number of Other Non-Bank Financial Institutions as at 30 June

Other Non-Bank Financial Institutions	2021	2020*
Assets Management	8	8
Custodian (non-CIS)	10	10
Distribution of Financial Products	21	24
Total	39	42

*Revised Figures

AUTHORISATION

The Investment Funds - Authorisation cluster is responsible for the authorisation of investment funds (Collective Investment Schemes and Closed-End Funds) and the licensing/approval of their intermediaries (CIS Managers, CIS Administrators, Custodian, Assets Managers, etc).

The Investment Funds - Authorisation cluster ensures adherence to IOSCO standards and best practices, as well as, good governance of the investment funds and their intermediaries. In addition, it actively engages with stakeholders to ensure quality and completeness of applications submitted to the FSC Mauritius. For instance, the Investment Funds - Authorisation regularly meets with applicants to discuss poor applications and provides guidance to improve the quality of their applications.

The statistics were as follows:

Table 6: Number of applications received for the relevant period

Category of Licence	July 2020 to June 2021	July 2019 to June 2020
Collective Investment Schemes	25	36
Closed-end Funds	34	55
CIS Managers	19	38
Custodians	-	1
Custodian (non-CIS)	-	-
CIS Administrators	2	-
Asset Management	4	3
Distribution of Financial Products	-	1
Total	84	134

Table 7: Number of licences granted for the relevant period

Category of Licence	July 2020 to June 2021	July 2019 to June 2020
Collective Investment Schemes	20	34
Closed-end Funds	34	47
CIS Managers	22	42
Custodian	1	-
Custodian (non-CIS)	-	-
CIS Administrators	-	-
Asset Management	2	1
Distribution of Financial Products	-	1
Total	79	125

During the year under review, the funds industry in Mauritius witnessed a number of changes as a result of the AML/CFT assessment of the jurisdiction. During this period, there was a reduction in the number of applications submitted to Investment Funds - Authorisation cluster. Whilst some promoters have adopted a wait-and-see approach, others continued to place their trust in the Mauritius IFC. These include development finance institutions, sovereign wealth funds, high net worth and ultra-high net worth individuals, endowments, expert and sophisticated investors.

SUPERVISION

As part of its supervisory mandate, the FSC Mauritius is responsible for ensuring compliance with the enabling laws in Mauritius and adherence to the IOSCO Principles, standards and best practices, as well as, good governance of investment funds and their intermediaries. This is verified through onsite inspections and offsite monitoring.

Onsite Inspection

For the year under review, FSC Mauritius has conducted 187 onsite inspections for GBCs authorised as investment funds and licensed as CIS Managers.

The focus of the onsite inspections was on assessing compliance with the FIAMLA and Financial Intelligence and Anti-Money Laundering Regulations 2018 (FIAML Regulations).

Offsite Monitoring

The FSC Mauritius has during the year, attended to approximately 3,262 requests relating to investment funds and intermediaries which, *inter alia*, include regulatory approvals for the appointment of directors, issue and transfer of shares, appointment of auditors, creation of additional share classes, sub-funds or cells and departures from the provisions of the Securities Act 2005 (SA), the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 or the Securities (Disclosure Obligations of Reporting issuers) Rules 2007.

TRC Application

As part of the offsite monitoring, the FSC Mauritius has, during the year 2020/21, attended to 803 applications for TRC for investment funds and CIS Managers.

Complaints

During the year 2020/21, the FSC Mauritius has attended to 26 complaints related to investment funds and intermediaries operating in the GB sector.

Requests for Information (RFIs)

The FSC Mauritius has attended to 169 RFIs for the year 2020/21, as per table below.

Table 8: Number of RFIs

Types of RFIs	July 2020 to June 2021
Private requests	29
Regulators	140
Total	169

Regulatory Developments

Securities (Real Estate Investment Trust) Rules

The FSC Mauritius has, on 15 October 2020, issued a Consultation Paper for the setting up of a new regulatory framework to promote the development of Real Estate Investment Trusts in Mauritius as announced in the National Budget 2019/2020. The Rules have been drafted.

The Financial Services (Special Purpose Fund) Rules 2021

Further to the 2019/2020 National Budget announcement, the FSC Mauritius has, on 06 March 2021, published The Financial Services (Special Purpose Fund) Rules 2021, thereby revoking the former Financial Services (Special Purpose Fund) Rules 2013. The purpose was to bring more flexibility on the eligibility criteria to increase its attractiveness.

The FSC Mauritius has also, on 10 June 2021, issued a Frequently Asked Questions on the new SPF framework to provide further guidance to the industry players.

Regulatory Framework on Variable Capital Company

Further to the 2020/2021 National Budget announcement, the FSC Mauritius has conducted consultation with the representatives of the industry to introduce the concept of Variable Capital Company. The FSC Mauritius also held discussion with the MRA and the CBRD and recommendations were made to the MFSGG. A bill has been drafted.



CAPITAL MARKETS





CAPITAL MARKETS

OVERVIEW OF SECTOR

International Overview

For the year 2020/21, securities markets worldwide evolved amidst mixed sentiments marked by circumstantial events resulting into both occasional upwards and downwards trends. For the second half of 2020, despite several millions of deaths registered globally and economies suffering downturns, stocks remarkably soared back to record level.

The COVID-19 pandemic continuously forced policy makers and governments to take unprecedented stimulus measures to mitigate the devastating effects of this sanitary challenge on their economies. This rebound of capital markets could be justified by the impact of events such as the COVID-19 vaccine breakthroughs, the US elections and the final agreement between the UK and the EU regarding the Brexit, amongst others.

These seemed to have boosted the confidence of investors and issuers, driving markets to end the year on a high note. Extract from The World Federation of Exchanges stated in the '2020 Market Highlights' that: *"In November 2020, markets added 10.90 USD trillion, surpassing the 100 USD trillion mark for the first time. At the end of 2020, market capitalisation was up by 19.7% when compared to the end of 2019, reaching 109.21 USD trillion. Quarter 4 of 2020 witnessed an increase in new listings through Initial Public Offerings (IPOs) of 12.2% (to 543) compared with the previous quarter. In the last five years, only Q4 2017 witnessed a slightly higher number of IPOs (544). In 2020, IPOs were concentrated in the second half of the year. December 2020 witnessed an exceptional 137% increase in the number of IPOs compared with the previous month".*

Another contributing factor is the fresh wave of retail investors to the market in 2020. The technology titans of FAANG - Facebook, Apple, Amazon, Netflix and Google-owner Alphabet helped the Stock Market Nasdaq jump more than 40 per cent this year. Overall, it was observed that Tech companies were the clear early winners, registering significant gains due to the rapid move towards digitisation, video-conferencing and online shopping. This was an ongoing trend for the first half of 2021 for this sector.

The reopening of many frontiers, coupled with rapid technological changes and massive vaccination programmes worldwide, marked the first half of 2021 as another period contributing to the gradual good performance of the world securities markets. Furthermore, it was noted that investor interest in companies with a strong Environmental, Social, and Governance (ESG) background received an additional boost when the pandemic struck. These companies met their objectives, showing that their responsible business practices made them more resilient in a suddenly worsening business environment.

On the international front, securities markets showed a general positive trend as highlighted in the World Federation of Exchanges 2020 Market Highlights report¹ and market statistics published for the first half of 2021.

Domestic Trends

The SEM, after experiencing a rather good performance in January 2020, was impacted by the COVID-19 pandemic. Since then, the market lost momentum and slipped into negative territory with the adverse effects of the sanitary conundrum on the Mauritian economy, the closure of borders and on listed companies, in particular, the hotel sector and related activities.

Investors backed away from the market, preferring to sell under pressure. Between February and October 2020, the SEMDEX witnessed a significant drop. However, following announcements of a vaccine, investors' confidence was boosted and the SEMDEX pulled up in November and December 2020.

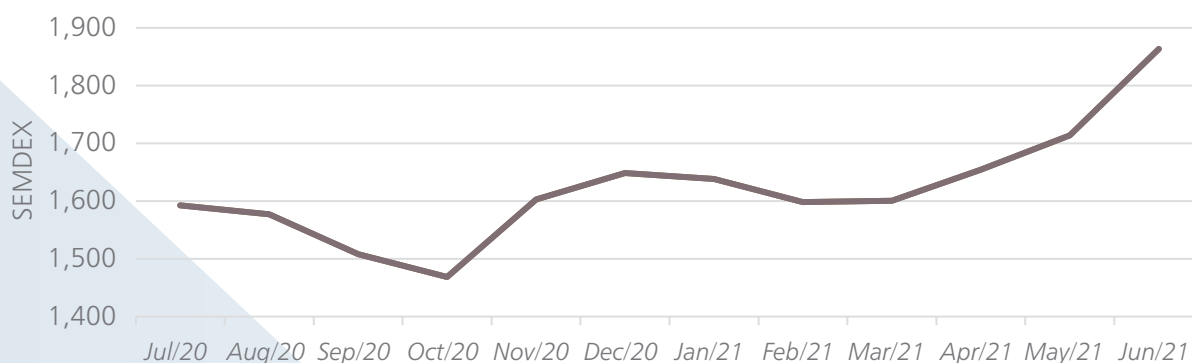
During the first quarter of 2021, the market performance remained volatile. A reverse of the situation was seen in the second quarter of 2021 when the market rebounded and the SEMDEX was seen to take a gradual upward trend with the engagement of the Government to vaccinate a majority of the population and the announcement of the reopening of the border in October 2021. Whilst many sectors awaited the resumption of activities, certain companies activated several

¹ <https://www.world-exchanges.org/our-work/articles/fy-2020-market-highlights>

projects expecting to support the rebound of their operations. These include rebranding processes, digitalisation strategies, productivity initiatives and other development projects such as property development, amongst others.

The trend of the SEMDEX is reflected in the graph below.

Figure 2: Evolution of SEMDEX as at 30 June 2021 (Month End)



The trend on the market indices are illustrated graphically in the Appendix 1.

Market Performance

The SEM operates two markets - the Official Market and the Development and Enterprise Market (DEM) respectively. At the end of June 2021, the total market capitalisation for both markets on SEM amounted to MUR 384.95 billion as compared to MUR 340.05 billion at the end of June 2020. This represented 89.9 per cent of GDP. (Source given by SEM: GDP = MUR 428.17 billion as per December 2020 National Accounting figures).

The total value of shares stood at MUR 16.6 billion for the year 2019/20 with an overall volume of 963.6 million shares exchanged. Comparatively, for the year 2020/21, the total value of shares was MUR 13.7 billion and the volume of shares exchanged stood at 542.3 million.

The table below shows the opening and closing of indices on the SEM:

Official Market

Table 9: Figures for SEM Indices - Official Market

Particulars	Start (Opening) July 2019	End (Closing) June 2020	Start (Opening) July 2020	End (Closing) June 2021
SEMDEX	2,128.40	1,662.61	1,662.61	1,863.22
SEM-10	7,932.36	6,390.70	6,390.70	7,274.51
SEMTRI (MUR)	3,507.84	2,505.53	2,505.53	2,683.07
SEMTRI (USD)	418.07	313.84	313.84	346.69
SEMSI	121.40	91.49	91.49	100.83

Source: Stock Exchange of Mauritius Ltd

DEM

Table 10: Figures for SEM Indices - DEM

Particulars	Start (Opening) July 2019	End (Closing) June 2020	Start (Opening) July 2020	End (Closing) June 2021
DEMEX	228.27	206.85	206.85	284.38
DEMTRI (MUR)	324.32	301.26	301.26	422.72
DEMTRI (USD)	288.53	237.61	237.61	313.66

Source: Stock Exchange of Mauritius Ltd

CAPITAL MARKETS STRUCTURE

As per the SA, the capital markets structure comprises the following types of licensees:

- Market infrastructure licensed under sections 9, 10 and 11 of the SA which include Securities Exchanges, Clearing & Settlement Facilities and Securities Trading Systems;
- Market intermediaries including Investment Dealers and Investment Advisers which are licensed respectively as per sections 29 and 30 of the SA; and
- 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.

Further to the above, there is the investment banking licensed under section 79A of the FSA. This is an 'umbrella' licence which consists of the following activities:

- Investment Dealer (Full Service Dealer, Including Underwriting),
- Investment Adviser (Unrestricted),
- Investment Adviser (Corporate Finance Advisory),
- Asset Management; and
- Distribution of Financial Products.

Market Intermediaries

Pursuant to sections 29 and 30 of the SA (under Part III - 'Financial Markets Regulation'), there are two types of market intermediaries namely: investment dealer and investment adviser and their representatives respectively.

The core activity of the investment dealer is to execute trade orders regarding securities on behalf of clients and that of the investment adviser is to provide advice on securities transactions to clients and manage portfolio of securities transactions in the case of investment adviser (unrestricted) category.

The FSC Mauritius may also authorise foreign investment dealers (who are licensed, regulated, approved, recognised or otherwise authorised to perform the functions of an investment dealer in a foreign jurisdiction) to trade on a securities exchange licensed by the Commission.

Amendments to Legal Framework

The Securities (Amendment) Act 2021 (Amendment Act)

The Commission initiated certain amendments to be brought to the SA and the Securities (Amendment) Act was enacted on 30 June 2021. These amendments are in line with the key recommendations of the Innovation and transforming the Mauritius IFC of 2030, issued in 2018 to uplift the capital markets sector. It is aimed at adopting international best practices and ensuring that Mauritius is aligned with developments in the financial sector.

The key changes are as follows:

- The introduction of 'retail investors', being investors other than sophisticated investors, and thereby recognising foreign funds whose securities are marketed to retail investors in or from Mauritius; and
- Carving out the need for foreign reporting issuers to be registered with the Commission.

FSC Rules and Regulations made under the SA

With a view to promoting Mauritius as an IFC and capital markets destination of choice, the Commission has amended its Rules made under the SA to align with international best practices in the last quarter of 2020/21. The underlying objective of these amendments is to adjust to new developments and promote the growth of the capital markets in Mauritius. Being a member of the IOSCO, the Commission shares the core objectives of protecting investors, maintaining fair, efficient and transparent markets and as well as reducing systemic risk.

The Commission has, in accordance with section 155(3) of the SA, carried out a public consultation exercise in March 2021 on the following rules and regulations:

- The Securities (Preferential Offer) Rules 2017;
- The Securities (Public Offers) Rules 2007;
- The Securities (Authorisation of Foreign Investment Dealers) Rules 2010;
- The Securities (Brokerage Fees for Turnaround Trades) Rules 2013;
- The Securities (Brokerage Fees for Government of Mauritius Securities and Bank of Mauritius Securities) Rules 2011;
- The Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings) Rules 2013; and
- The Stock Exchange (Brokerage) Regulations 1989.

The amendments were aimed at further leveraging Mauritius as an attractive jurisdiction for issuers seeking to raise capital and for companies intending to be listed in Mauritius. The potential benefits of these amendments include streamlined regulatory compliance, as well as, competitive costs to issuers and investors alike.

Further to the above, the FSC Mauritius also issued a Circular Letter on local Generally Accepted Accounting Principles (GAAP) on 08 April 2021. The purpose of this Circular Letter is to allow foreign issuers to submit AFS prepared in accordance with the issuer's national accounting standards (local GAAP). These accounting standards will be accepted for the purpose of listing securities on securities exchanges licensed by the Commission, and for their ongoing disclosures as required under section 88 of the SA and the Securities (Disclosure Obligation of Reporting Issuers) Rules. This practice is aligned with the one adopted by other IFCs. This will allow further development of the market with foreign companies adopting their national accounting standards seeking a listing on local securities exchanges.

Approval of the FSC Mauritius for the Securities (Venture Market) Rules 2020 and proposed amendments to the Automated Trading System (ATS) Schedule of Procedures to cater for the Venture Market on the SEM

In line with the Budget 2020/21, the Venture Market was established on the SEM. The objectives for the setting up of such a platform on the SEM are:

- to facilitate secondary trading of securities issued by start-ups and SMEs;
- to enhance trading liquidity in their underlying securities; and
- to facilitate capital raising by those entities.

It also aims at acting as a feeder market for the DEM and Official Market. The Venture Market offers a number of advantages as follows:

- shareholders of unlisted companies will benefit from the facilities of an organised market to trade their securities in a transparent manner with price discovery.

- companies whose securities will be traded on the Venture Market will benefit from easier access to capital to fund their future growth.

Following extensive discussion with the SEM and the Central Depository and Settlement Co. Ltd, the Commission granted its approval pursuant to section 13(3) of the SA in respect of the legal framework which will govern this market, namely the proposed rules for the Venture Market and amendments to the ATS Schedule of Procedures.

Sustainable Finance Initiatives

The Commission is in the process of drafting guidelines on sustainable finance in line with the concept of ESG. By sustainable finance, the Commission is considering not only green bonds but other types of bonds such as blue bonds, social-impact bonds, renewable energy investments and sustainable debt securities.

The guidelines will facilitate the tasks of investors and issuers when submitting an application regarding sustainable debt instruments either through a public issue or preferential offer.

Consequently, the guidelines will provide for the following:

- The criteria requirement for a Debt Securities to be considered as 'green';
- Disclosures in Offer Document/ Disclosure Document and other requirements;
- Continuous disclosure requirements;
- Responsibilities of the issuer; and
- Concept reviewer/certifier.

In April 2021, the Commission participated in the IOSCO AMERC webinar on sustainable finance. The objectives of the webinar, *inter alia*, were to provide:

- an update on IOSCO efforts on sustainable finance and update on the work of its Sustainability Task Force;
- an overview of the state of sustainable finance in the world, global efforts and initiatives;
- a brief exposé on the members' experiences on key trends, opportunities and challenges from a regulatory and supervisory perspective; and
- insights and perspectives relevant for developing sustainable finance in the region, particularly in the context of recovery from the COVID-19 pandemic.

AUTHORISATION

Engagement with stakeholders

In July 2019, the FSC Mauritius hosted a workshop with the industry to present the updated licensing criteria for the categories of Investment Dealers and Investment Advisers respectively. The FSC Mauritius communicated its commitment to grant licences for investment dealers and investment advisers within 60 working days of receipt of an application, subject to all licensing criteria being fulfilled and detailed information about the business models being submitted.

In line with the above, the Commission has been constantly engaging with the industry at large to enhance the quality of applications submitted for these categories of licensees and ensure that the applications are in conformity with the requirements of the relevant Acts, Rules and Regulations.

Market Intermediaries

During the period under review, the number of authorisations granted to market intermediaries is displayed in the table hereunder:

Table 11: Investment Dealers and Advisers

Activity	July 2020 to June 2021	July 2019 to June 2020
Investment Dealer	54	23
Investment Adviser	37	35
Representative of Investment Dealer	3	7
Representative of Investment Adviser	19	21

Other Non-Bank Financial Institutions

The Second Schedule of the FSA includes entities which carry out financial business activities such as Credit Finance, Factoring, Leasing, Registrar and Transfer Agent, Treasury Management, Credit Rating Agencies/Rating Agencies among others.

For the year under review, Credit Finance, Leasing and Factoring activities continued to receive sustained interest from the industry bearing testimony to the industry's appetite to seek alternative sources of finance for consumers, including the SME segment.

Table 12: Number of licensees (Second Schedule of the FSA) as at 30 June

Activity	2021	2020
Credit Finance	10	11
Credit Rating Agency	2	2
Factoring	7	8
Leasing	12	17
Registrar & Transfer Agent	7	8
Treasury Management	13	17

SUPERVISION

Monitoring of Securities Exchanges / Clearing & Settlement Facilities

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

As part of its routine offsite surveillance functions, the Commission continuously monitors the trading, clearing and settlement activities of its licensed entities to ensure that they are operating in a fair, efficient and transparent manner. The daily performance of listed securities are monitored online electronically through the ATS in terms of their volume, share price and any corporate actions.

The Commission also engages with the SEM on a regular basis to discuss any exceptions or developments on market trading sessions. Additionally, the SEM and Central Depository & Settlement Co. Ltd have to submit statutory returns and requirements as per the prescribed laws.

Submission of statutory requirements, notifications and request for approvals

For 2020/21, the licensees submitted statutory requirements as per relevant Acts which included filing of:

- Annual reports for the securities exchanges, clearing & settlement facility, investment dealers, investment advisers and reporting issuers (including quarterly accounts) as per the SA;
- AFS for the licensed entities under 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 ensured that the licensees submitted notifications in terms of:

- Insiders' interests and periodical disclosures (Communiqués) by reporting issuers under the Securities (Disclosure of Reporting Issuers) Rules 2007;
- Submission of final internal manuals, for new licensees, post-licensing requirements such as: contracts/agreements entered with third parties among others; and
- Removal or resignation of officers as per section 24(6) of the FSA.

The FSC Mauritius granted its approval for the following regulatory obligations:

- Approval of controllers and beneficial owners under section 23 of the FSA;
- Approval of the officers under section 24 of the FSA;
- Request for waivers and exemptions in terms of takeovers by reporting issuers under the Rules 34 and 43 of the Securities (Takeovers) Rules 2010;
- Review of takeover offer documents and dealing with issues relating to takeovers;
- Registration of prospectus under part V of the SA for offer of securities to the public including rights issues by listed companies;
- Registration of listed companies and other entities as reporting issuers 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;
- Request for waivers under the SEM's ATS Schedules of Procedures;
- Request for certificate of good standing;
- Dealing with winding up issues;
- Surrender of licences;
- Recommendation of TRC; and
- Issues regarding advertisements.

Market Intermediaries

The table below indicates the number of entities, including GBCs, which have been granted Investment Dealer and Investment Adviser licences for the years 2019/20 and 2020/21 respectively.

Table 13: Investment Dealers and Advisers

Activity	July 2020 to June 2021	July 2019 to June 2020
Investment Dealer	127	75
Investment Adviser	355	352
Representative of Investment Dealer	55	49
Representative of Investment Adviser	129	115

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 products and such other activities as may be specified in the FSC Rules. As at 30 June 2021, there were eight investment banking licence holders.

Reporting Issuers

During the period under review, the Commission granted registration to 8 entities as Reporting Issuers pursuant to section 86 of the SA. The majority of the Reporting Issuer population consists of listed companies on the SEM. As at 30 June 2021, there was a total number of 191 Reporting Issuers which were registered with the FSC Mauritius. During the period under review, RIs, which conducted corporate actions, were subject to on-going disclosure requirements as per the SA and the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.

AML/CFT Onsite Inspections

In line with the RBS plan for the first cycle of 2020/21, as at 30 March 2021, Capital Markets had completed 73 AML/CFT focused inspections. The onsite inspections were focused on risks identified both at the national level through the National Risk Assessment (NRA) and at the sectorial and entity level.

The onsite inspections conducted on the premises of entities licensed under the SA and FSA were focused mainly on the following parameters:

- Enterprise risk assessment and its application to clients;
- AML/CFT policies and procedures;
- IT systems, software and transaction, Politically Exposed Persons and TFS screening tools;
- Record keeping;
- CDD including beneficial ownership;
- Enhanced due diligence including Politically Exposed Persons;
- TFS and asset freezing;
- Suspicious transaction reporting process, STRs and internal disclosures;
- Compliance Officer, MLRO, Board of Directors and Senior Management Oversight;
- AML/CFT training of Compliance Officer, MLRO, Board Directors and employees; and
- Effectiveness of the Internal Audit regarding AML/CFT.

A high level of compliance with AML/CFT legislation was noted in the sector with some areas requiring remediation, such as enterprise risk assessment and independent audit. These were communicated to licensees through deficiency letters which have been largely addressed.

Capital Markets cluster has also embarked on the second cycle as from April 2021 and as at end of June 2021, 18 onsite inspections were conducted.



INSURANCE





INSURANCE

OVERVIEW OF SECTOR

International Trends

The COVID-19 pandemic is continuing to spread around the world and has been consequential to the insurance industry given its contractual coverage of health and mortality risk. Since the pandemic was excluded in certain insurance policies, some regulators had to intervene and ask insurers, as good faith, to ensure the coverage of COVID-19. In some jurisdictions, general insurance companies provided a discount on the renewal premiums or partial premium refunds of motor insurance as a result of lower claims volumes experience due to COVID-19 restrictions.

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 14: Trends in Long Term Insurance Business

Parameters	2020	2019	2018
Number of Insurers	7	7	7
Value of Assets (MUR billion)	87.6	85.0	77.6
Gross Premiums* (MUR billion)	10.5	10.7	10.0
Termination (death, maturity, surrenders, lapse)	63,098	54,904	47,150
Value of Claims* (MUR billion)	8.1	7.7	7.5
Number of Policies	525,065	501,328	472,556

* Excludes the figures for managed pension schemes

Please refer to Appendix 2 for detailed statistics.

The total value of assets, excluding managed pension, stood at MUR 87.6 billion in 2020, as compared to the value of assets in 2019 which amounted to MUR 85 billion (excluding managed pension). Gross premium decreased by 2 per cent in 2020 to reach MUR 10.5 billion compared to MUR 10.7 billion in 2019 and the number of policies increased by 5 per cent from 501,328 in 2019 to 525,065 in 2020.

General Insurance Business

In 2020, there were 15 insurers licensed to conduct general insurance business. The value of assets increased by 6 per cent in 2020 to reach MUR 21.2 billion compared to MUR 20.1 billion in 2019. Capital and reserves increased by 3 per cent to reach MUR 8.2 billion as compared to MUR 7.9 billion in 2019.

Gross premiums for motor business amounted to MUR 3.9 billion in 2020 compared to MUR 3.8 billion in 2019, rising by 4 per cent. Gross premiums for non-motor business stood at MUR 7.1 billion in 2020 compared to MUR 6.5 billion in 2019.

Underwriting profits stood at MUR 0.4 billion in 2020, higher than the figure of MUR 0.19 billion in 2019, representing an increase of 122 per cent. It was also noted that technical reserves decreased by 7 per cent over the same period. Operating profits amounted to MUR 0.88 billion in 2020 compared to MUR 0.73 billion in 2019, representing an increase of 20 per cent over the previous year.

The number of motor claims stood at 56,994 for 2020, which is lower than the figure of 73,140 in 2019. In the same line, the number of non-motor claims amounted to 261,942 in 2020 and 301,103 in 2019. The number of policies increased from 563,019 in 2019 to 564,783 in 2020.

Table 15: Trends in General Insurance Business

Parameters	2020	2019	2018
Number of Insurers	15	15	15
Value of Assets (MUR billion)	21.2	20.1	18.8
Gross Premiums (MUR billion)	11.1	10.3	9.4
Number of Claims	318,936	374,243	334,680
Value of Claims (MUR billion)	6.0	5.8	5.2
Number of Policies	564,783	563,019	555,713

Please refer to Appendix 2 for detailed statistics.

Insurance Intermediaries

The number of insurance intermediaries licensed as at 30 June was as follows:

Table 16: Number of Insurance Intermediaries as at 30 June

Activity	Domestic		Global		Total	
	2021	2020	2020	2020	2021	2020
INS-2.1 Insurance Manager	-	-	7	6	7	6
INS-2.2A Insurance Agent (Company)	177	182	4	2	181	184
INS-2.2B Insurance Agent (Individual)	58	48	-	-	58	48
INS-2.3 Insurance Broker	40	40	30	29	70	69
INS-2.4 Insurance Salesperson (Registration)	1,019	1,173	-	-	1,019	1,173

Developments in the Insurance Sector

Guidelines for mortgage underwriting practices and procedures

The FSC Mauritius has issued, on 13 May 2021, the 'Guidelines for Mortgage Underwriting Practices and Procedures' pursuant to section 7(1) (a) of the FSA and section 130(2) of the Insurance Act 2005 (IA).

The Guidelines laid the foundation for sound and prudent mortgage underwriting. One of the principles requires an insurer to determine whether a borrower (applicant/client) can be granted a mortgage loan by undertaking an in-depth analysis of the risk of lending money to a borrower/client.

These Guidelines will also enable the Commission to take appropriate measures for the better protection of consumers of financial services and for establishing proper market conduct with respect to mortgage underwriting by insurance companies.

The Guidelines set out the Commission's expectations for prudent mortgage underwriting and is applicable to all insurers engaged in mortgage underwriting and/or the acquisition of mortgage loan assets.

Bonus-Malus

As part of Government's national strategy on road safety, through the MFSGG, a technical committee has been set up for the reform of vehicle and driver insurance system through the introduction of the Bonus-Malus system. The FSC Mauritius was invited to be part of the technical committee, which comprised various stakeholders. A road map with the timelines for the implementation of the aforementioned system has also been devised.

The Bonus-Malus rests on a system of incentives and penalties. It aims to incentivise the insured by rewarding financially 'good drivers' who take all the necessary precautions on the road and avoiding accidents. The system also penalises 'bad drivers', that is, the ones who drive recklessly. This system will help in the grounding of a speed driving culture while also aiding in reducing the number of accidents.

By participating in such initiative, the FSC Mauritius has demonstrated its commitment towards the society as a whole and not just limited its actions towards the protection of policyholders only. The FSC Mauritius is actively engaging with the Ministry of Land Transport and Light Rail to discuss and finalise the modalities of the Bonus-Malus system.

Insurance Technical Committee

In November 2020, the FSC Mauritius has set up a technical committee comprising members of the Commission and the insurance industry.

Its main objectives are to devise solutions for a more efficient motor insurance industry and to work towards digitisation of the entire value chain in the claims settlement process. The number of complaints from stakeholders such as policyholders and insurers is subsequently expected to be reduced. During the year under review, the technical committee met five times.

In line with the above objective, the National Budget 2021/2022 has announced, among the key measures, the implementation of a digital centralised information exchange system to facilitate motor insurance claim recoveries. The IA will thus be amended for the establishment of a NICD for the purpose of promoting confidence in the insurance industry and ensuring the fair treatment of policyholders.

Structured Investment-Linked Insurance Business

The National Budget 2020/2021 has announced the introduction of insurance wrapper in line with the recommendations of the ten-year blueprint.

The FSC Mauritius has appointed a consultant in March 2021 to work on the implementation of the product including the relevant amendments to be made in the IA and Regulations, Rules and Guidelines made thereunder.

The FSC Mauritius issued a consultation paper on the proposal of establishing a regulatory framework for insurance wrappers. Through this consultation paper, the FSC Mauritius has proposed to use the term Structured Investment-Linked Insurance Business instead of the term insurance wrapper.

A virtual workshop was held with stakeholders to gather additional feedback on the proposed legal framework.

Guidelines on stress test requirement for long term insurers

The FSC Mauritius has issued a circular letter on 15 January 2021 following amendments to the worst return capital adequacy requirement of the guidelines on stress test requirement for long term insurers.

The worse investment return scenario has been amended to allow a relative reduction of 20% in future investment returns (previously 15%), subject to a minimum reduction of 1% (previously 2%).

The objective of the guidelines on stress test requirement for long term insurers is to assist long term insurers in calculating the stress test requirement, as required under the Insurance (Long Term Insurance Business Solvency) Rules 2007.

Insurance (Risk Management) (Amendment) Rules 2020

The Insurance (Risk Management) (Amendment) Rules 2020 was issued on 24 October 2020. All insurance companies are now required to submit their Risk Management Framework within six months after each balance sheet date instead of three months.

The objective of this amendment was to provide additional time to insurers for the preparation and submission of the Risk Management Framework which is done after the finalisation of the AFS.

Insurance Agents

The National Budget 2021/2022 also provides for individuals and insurance agents categorised as small private companies to file their financial summaries in a specific format. The IA will be amended accordingly to require insurers to ensure that their insurance agents are at all, times in good standing in terms of fees and reporting obligations.

AUTHORISATION

During the year 2020/21, the FSC Mauritius has granted licences to and/or registered the following:

Table 17: Number of Licences granted

Categories of Licences	July 2020 to June 2021	July 2019 to June 2020
Long Term Insurance Business	-	-
Long Term Insurance Business (PCC)	-	-
General Insurance Business	-	-
General Insurance Business (PCC)	-	-
External Insurance Business	-	-
External Insurance Business (PCC)	-	-
Professional Reinsurer	1	1
Professional Reinsurer (PCC)	-	-
Insurance Manager	1	1
Insurance Agent (Company)	4	8
Insurance Agent (Individual)	12	4
Insurance Broker	1	4
Insurance Salesperson (Registration)	132	84
Pure Captive Insurance Business	-	-
Captive Insurance Agent	-	-
Funeral Scheme Management	-	-
Actuarial Services	1	-
Representative Office	-	-
Total	152	102

Pursuant to section 11 of the IA, the FSC Mauritius has granted licence to one Professional Reinsurer and pursuant to section 70 of the IA, the Commission has granted licence to one Insurance Broker, one Insurance Manager, four Insurance Agent (Company) including one extension of licence, 12 Insurance Agent (Individual) and registered 132 insurance salespersons including 11 extensions of registration. The FSC Mauritius has also granted one Actuarial Services licence under section 14 of the FSA.

SUPERVISION

Onsite Inspection

Onsite inspections are conducted by the FSC Mauritius to verify whether licensees are 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 16 onsite inspections were carried out and are as per the table below:

Table 18: Onsite inspections carried out

	Licenses	Number of Inspections
Long Term Insurance	7	-
General Insurance	15	3
Insurance Brokers (Domestic only)	40**	5
Global Business Companies carrying on insurance business	56**	8

** As per Public register

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

Following the onsite inspections, the main issues identified were non-compliance with the:

- IA, the FSA and Insurance (Insurance Brokers) Rules 2008;
- National Code of Corporate Governance; and
- FIAMLA and FIAML Regulations.

Offsite supervision of insurers and intermediaries

During the year under review, a number of returns were reviewed and the following issues were identified:

- failure to comply with the prescribed time frame pertaining to statutory reporting obligations;
- non-compliance with the IA, the FSA, the Insurance (Long Term Insurance Business Solvency) Rules 2007;
- non-submission of corporate governance report;
- non-submission of statutory forms as prescribed by the Insurance (Insurance Brokers) Rules 2008;
- statutory forms as per Insurance (Insurance Brokers) Rules 2008 were not properly filled and signed;
- non-compliance with the competency standards of the FSC Mauritius; and
- failure to comply with the Insurance (Risk) Management Rules 2016.

Company under close monitoring

During the year under review, one long term insurer was closely monitored since it had solvency issues. The FSC Mauritius requested the insurer to take remedial actions to restore its solvency.





PENSIONS





PENSIONS

OVERVIEW OF SECTOR

Overview of Pensions Industry in Mauritius

Mauritius is faced with the challenge of an ageing population. The pensions system of Mauritius is best described using the World Bank five-pillar classification. It includes the Basic Retirement Pension, the National Pensions Fund which has been abolished, the 'Contribution Sociale Généralisée' which has been recently introduced, the National Savings Fund, voluntary private pension schemes, and the last pillar being public services, family support and personal assets.

Following the implementation in January 2020 of the provisions relating to the Portable Retirement Gratuity Fund under the Workers' Rights Act, private sector employers are now required to contribute to the Portable Retirement Gratuity Fund if they do not have a private pension scheme licensed by FSC Mauritius under the Private Pension Schemes Act 2012 (PPSA).

Moreover, there have been some important changes to the Mauritian pensions landscape which have impacted the existing pillars. In August 2020, the National Pensions Act has been amended through the Finance (Miscellaneous Provisions) Act 2020 whereby a new regime, the Contribution Sociale Généralisée, has been introduced and the National Pensions Fund which was introduced in 1978, has been abolished.

The PPSA which came into force in 2012, governs the regulation and supervision of private pension schemes in Mauritius. Under the PPSA, the FSC Mauritius has been designated as the single regulator and supervisor of the private pensions industry in Mauritius. The FSC Mauritius is mandated to ensure that private pension schemes operating in Mauritius comply with the relevant laws in order to maintain a fair, safe, stable and efficient private pensions industry.

The categories of private pension schemes falling under the purview of the FSC Mauritius include pension schemes that are mostly sponsored by employers, external pension schemes, and foreign pension schemes.

As at June 2021, 76 private pension schemes have been licensed by the FSC Mauritius, which cover approximately 1,700 sponsoring employers. Private pension schemes in Mauritius are either Defined Benefit (DB) schemes, Defined Contribution (DC) schemes or a mix of both. The FSC Mauritius carries out both onsite and offsite supervisions in order to ensure that the private pension schemes in Mauritius are effectively managed and operate in accordance with the PPSA and FSC Rules made thereunder. To monitor and ensure compliance in the private pensions industry, the FSC Mauritius is also conducting AML/CFT focused onsite inspections at the seat of pension scheme administrators to ensure that they are adhering to the relevant provisions of the regulatory and supervisory framework including the FIAMLA.

Pursuant to section 8 of the PPSA, a private pension scheme can be structured as a trust, a foundation or any such body of persons as may be specified in FSC Rules. Pension schemes in the form of superannuation funds, previously registered under the repealed Employees Superannuation Fund Act, continue to exist and fall under the purview of the PPSA. Moreover, private pension schemes which have been in contractual form, are currently being structured as trusts or foundations in order to comply with the requirements of the PPSA. The FSC Mauritius is monitoring this transition.

In addition, the cost of running a DB scheme has been increasing annually leading to a big impact on the annual expenses of the employers. This has resulted in employers opting to shift or convert their DB schemes to DC schemes. To address this transition, the FSC Mauritius has, on 23 April 2021, issued a set of guidelines for the conversion or shift of DB pension schemes to DC pension schemes.

Private Pension Schemes

Table 19: Number of Private Pension Schemes licensed as at 30 June

Categories of Private Pension Schemes	2021	2020
Pension Schemes	70	69
Foreign Pension Schemes	-	-
External Pension Schemes	6	5
Total	76	74

During the year under review, the FSC Mauritius has licensed one pension scheme and one external pension scheme. Moreover, there has not been any termination of licence with respect to private pension schemes.

Table 20: Total assets of Private Pension Schemes for the financial year ending 30 June

	2020 (MUR billion)	2019 (MUR billion)
Total Assets	52.72	53.55

Pension Scheme Administrators

Table 21: Number of licensed Pension Scheme Administrators and authorised Long Term Insurers as at 30 June

Categories of Pension Scheme Administrators	2021	2020
Pension Scheme Administrators	9	9
Long term insurers authorised to administer a private pension scheme	5	5

AUTHORISATION

The FSC Mauritius received the following new applications for which respective licences were granted during the year under review.

Table 22: Number of Applications for Private Pension Schemes and Pension Scheme Administrators

Applications for private pension schemes and pension scheme administrators	July 2020 to June 2021
Pension Schemes	1
External Pension Schemes	1
Pension Scheme Administrators	-

SUPERVISION

Onsite Inspection

Onsite inspections are aimed at assessing the degree of compliance in respect of relevant laws. 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, other relevant Acts and AML/CFT laws. This process is achieved by detecting breaches and deficiencies, bringing such findings to the attention of the licensees in order to be addressed in a timely manner (with a robust remedial plan) and referring serious instances of breaches for appropriate enforcement actions.

During the year under review, one onsite inspection was carried out. The inspection focused on AML/CFT requirements and the main issues identified were as follows:

- No board approval for BRA;
- No implementation of customer risk assessment;
- All relevant AML/CFT elements were not incorporated in the compliance manual;
- Inadequate CDD checks and documentations;
- No ongoing monitoring exercises on clients; and
- No independent AML/CFT audit carried out.

Offsite Supervision

As part of its offsite supervision, the FSC Mauritius focused on matters which can be categorised, inter alia, as follows:

- Conversions and shifts from DB to DC;
- On-boarding of DB schemes (contractual form) under pension schemes structured as trusts;
- Transfers between pension schemes;
- Amendments to constitutive documents, including proposed changes to contribution rates;
- Appointments of new administrators;
- Appointments of MLROs and Deputy MLROs;
- Appointments of actuaries and auditors; and
- Approvals of members of governing bodies of private pension schemes.

During the year under review, the FSC Mauritius monitored the filing of AFS, Statutory Returns, Schedule Forms, AVR and Actuarial Reports (AR). The FSC Mauritius also ensured that governing bodies and pension scheme administrators have not deviated from their respective statutory responsibilities as specified in the PPSA, FSC Rules made thereunder and constitutive documents of private pension schemes with regard to, inter alia, licensing and authorisation, governance, disclosure, administration and management of assets of private pension schemes. The FSC Mauritius has been receiving and processing applications for deemed to be licensed DB schemes, in contractual form, to have a legal structure which is compliant with the PPSA.

Moreover, the FSC Mauritius has carried out an exercise of updating its records in respect of the number of employers sponsoring private pension schemes, as well as their respective rates of contributions to the schemes.

Referral to Enforcement

During the year under review, regulatory measures and sanctions have been taken against one private pension scheme, whereby the matter has been referred to the Enforcement Directorate of the FSC Mauritius.

With regard to its objects, functions and powers pursuant to the PPSA and FSC Rules made thereunder, the FSC Mauritius has been closely monitoring other private pension schemes such that prompt referral may be made to its Enforcement Directorate in the event of repeated consequential non-compliances and deficiencies.

Review of AFS, AVR and AR

During the year under review, the FSC Mauritius reviewed the AFS, Statutory Returns, AVR and AR of private pension schemes under its purview. The monitoring of these statutory submissions revealed administrative oversights and serious non-compliance issues as follows:

- Statutory returns that accompany the AFS were unsigned;
- Actuary's certificates that accompany the AVR were unsigned;

Serious Non-Compliance Issues

- Non-compliance with the Private Pension Schemes (Technical Funding Requirement) Rules in terms of nonsubmission of actuary's certificates and sponsoring employer's certificate;
- Large deficits in some DB schemes;
- No clear and prompt action taken by the sponsoring employers upon the recommendations from the actuary, with regard to investment strategy, proposed contribution rates and addressing shortfalls;
- Non-submission of contingency plans, where required;
- Non-submission of AFS, statutory returns, AVR and AR on the Online Data Capture System platform within the prescribed deadlines;
- The accounts of some private pension schemes were not prepared in accordance with the International Financial Reporting Standards (IFRS); and
- The accounts of some private pension schemes were not prepared in accordance with the PPSA.

Pursuant to the PPSA and FSC Rules made thereunder, the governing bodies of private pension schemes, which are ultimately responsible for the administration and management of assets of the schemes, were requested to remedy the matters identified and to ensure on the timely submissions of the relevant statutory documents.

Furthermore, the thematic reviews of AVR and AR, that include monitoring of timely submissions, ensuring compliance with the technical funding requirements and verifying for any adverse opinion of the actuary, have contributed to enhance the compliance of DB schemes with legal requirements. The FSC Mauritius also carried out communication exercises with the relevant stakeholders of private pension schemes to address the issues of underfunding, shifts and conversions of DB pension schemes to DC pension schemes and submissions of contingency plans, where applicable.

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

Legislative Framework

Following the budgetary announcement in June 2021, amendments have been proposed to the PPSA. The definition of "defined contribution scheme" is being clarified in order to specifically provide for investment smoothing mechanism. Section 37 of the PPSA is being amended to ensure that AFS are prepared in accordance with the IFRS.

Guidelines on Conversion and Shift

Following extensive industry consultation, the FSC Mauritius issued the guidelines for the 'conversion' or 'shift' of DB pension schemes to DC pension schemes on 23 April 2021 under section 7 (1)(a) of the FSA.

The objective of the guidelines is to provide a regulatory framework for the 'conversion' or 'shift' of DB pension schemes to DC pension schemes.

A 'conversion' means the process of converting the members' benefits in a DB scheme that have accrued up to the date of conversion and crediting the commuted value to the members' individual accounts under the subsequent DC scheme. A 'shift' means the process of shifting the members of a DB scheme to a DC scheme, for future service accrual, on the date on which the accrued pension benefits of members under the DB scheme are frozen.

The guidelines require private pension schemes and sponsoring employers to engage with the members of DB schemes to ensure full disclosure of information prior to any conversion or shift of the schemes. In this respect, members of DB schemes shall make informed decisions regarding any shift or conversion affecting them. In addition, the guidelines address the issues of underfunded DB schemes by providing for sponsoring employers to either forthwith fund respective deficits or to submit a contingency plan when opting for a conversion or a shift of the DB schemes.

INTERNATIONAL SURVEYS AND CONFERENCES

IOPS Meetings Participation (July 2020 - June 2021)

November 2020

The FSC Mauritius participated in the IOPS technical committee meeting held virtually on 09 and 10 November 2020, as well as, in the IOPS Annual General Meeting (AGM) held virtually on 17 November 2020. The topics of discussions at the IOPS meetings included supervisory approaches to enhance cyber resilience in the private pensions sector, adjustments of supervisory methodology (including RBS and data collection) to adapt to the current environment and supervisory challenges from early access to pensions savings.

December 2020

The FSC Mauritius, as an observer, participated in the Working Party on Private Pensions meeting held virtually from 07 to 09 December 2020. The topics of discussions included gender implications of the design of retirement savings plans, lessons from developing funded retirement savings arrangements and trends in global life expectancy improvements and longevity inequalities.

March 2021

The FSC Mauritius participated in the IOPS Technical Committee meeting held virtually on 08 and 09 March 2021. The topics of discussions included investment guarantees in private pensions systems, supervisory approaches to enhance cyber resilience in the private pensions sector and RBS.

June 2021

The FSC Mauritius participated in the Working Party on Private Pensions meeting and IOPS technical committee meeting held virtually from 14 to 16 June 2021. The topics of discussions included data collection by pension supervisors, RBS and cyber security in the private pensions sector.





FINTECH





FINTECH

OVERVIEW OF SECTOR

The rise of financial technologies (FinTech) has been remarkable worldwide in the recent years. The rapid advances in FinTech are transforming the economic and financial landscapes, offering wide-ranging opportunities for market participants and financial consumers. Policy makers are concentrating efforts together to capitalise on the potentials of FinTech as a new pillar for the future growth of the Mauritian economy.

There are several driving forces that will play a critical role towards the future integration and expansion of FinTech within the Mauritian ecosystem, namely:

- the emergence of new technologies such as: blockchain, artificial intelligence, machine learning techniques;
- big data and analytics nowadays being able to produce faster, better descriptive and predictive analytics on market intelligence and investor behaviours; and
- RegTech which is finally emerging as an efficient and technology-based solution for automation of compliance tasks in the financial services industry.

International Trends

Several regulators have internationally responded to the opportunities and challenges of technology-enabled financial innovation, especially with increased digitalisation of the global economy. New measures and initiatives such as the establishment of innovation offices, digital labs and regulatory sandboxes have been implemented.

COVID-19 has also accelerated the digitisation of the financial services industry and cemented the reliance of market players and consumers on FinTech products and services. With the unexpected shift to online working, shopping and entertainment, digital solutions have significantly contributed to overcome disruptions in our daily routines.

Other jurisdictions have promoted FinTech by introducing measures to lower cost and increase the limits on digital transactions. These developments will accelerate the shift from traditional financial services to digital financial services. Some regulators in advanced economies such as the Financial Conduct Authority in the United Kingdom, are collaborating with FinTech start-ups to foster the use of 'digital portable identity' that will help small businesses to expand rapidly. These digital identities can be stored in smart phones and can be used across institutions and borders.

The FSC Mauritius has worked unflinchingly to introduce enabling regulatory frameworks for new FinTech business activities.

FinTech Activities

The following range of activities fall under the scope of the FinTech cluster:

- Payment Intermediary Services - licensed under section 14 of the FSA to conduct business activities, exclusively outside of Mauritius;
- Custodian Services (Digital Assets) - licensed under section 14 of the FSA to provide a regulated and safe environment for digital assets custody;
- P2P Lending - licensed under section 14 of the FSA to foster innovation and furthering access to finance in Mauritius; and
- Robotic and Artificial Intelligence Enabled Advisory Services - licensed under section 14 of the FSA for the adoption of new and emerging technologies by licensed service providers in Mauritius.

Peer to Peer Lending Rules

On 31 August 2020, the FSC Mauritius published the P2P Lending Rules to cater for the benefit of stakeholders in the non-bank financial services sector of Mauritius by offering a sound and efficient regulatory environment. The objective of the rules is to foster innovation and provide further access to financing in Mauritius. The FSC Mauritius issued its first P2P licence on 19 February 2021.

Consultations with Industry Stakeholders and Public

In line with its strategy to sustain the growth of the FinTech ecosystem in Mauritius, the FSC Mauritius issued several Consultation Papers in the FinTech field to seek the views of the industry's stakeholders and the public.

Consultation Paper on the Regulatory Framework for Crowdfunding

On 29 October 2020, the FSC Mauritius issued a Consultation Paper on the Regulatory Framework for Crowdfunding. With FinTech triggering a major transformation of the financial services sector, the jurisdiction is in a unique position to leverage on its expertise as well as its good repute, to attract FinTech entrepreneurs and establish itself as the FinTech hub for the region.

The FSC Mauritius is confident that a regulatory framework on Crowdfunding will contribute to shape and facilitate access to finance for individuals, entrepreneurs, micro-enterprises, as well as, SMEs. With Crowdfunding being conducted in a regulated landscape, investors will be encouraged to partake, through small investments, in the growth of SMEs, thus bolstering entrepreneurial spirit in the country.

Consultation Paper on Robotic and Artificial Intelligence Enabled Advisory Services

On 29 October 2020, the FSC Mauritius equally issued a Consultation Paper on Robotic and Artificial Intelligence Enabled Advisory Services. The National Budget 2019/2020 provided for the establishment of 'a regime for Robotics and Artificial Intelligence Enabled Financial Advisory Services'.

The Consultation Paper highlighted the salient characteristics and risks posed by the Robotic and Artificial Intelligence Enabled Advisory Services along with the regulatory expectations of the FSC Mauritius. It provided an enabling framework to support the provision of Robotic and Artificial Intelligence Enabled Advisory Services in or from within Mauritius.

Robotic and Artificial Intelligence Enabled Advisory Services refer to the provision of digital and personalised advisory services through a computer program and/or artificial intelligence enabled algorithms with limited human intervention. These advisory services are provided to clients through a fully automated system.

The rules for this innovative business activity came into force on 12 June 2021.

Consultation Paper on the Regulatory Framework for the FinTech Service Provider Licence

Furthermore, the FSC Mauritius issued, on 19 February 2021, a Consultation Paper on the Regulatory Framework for the FinTech Service Provider Licence. With the enhanced nexus between technology and financial services over the recent years, there has been an increased use of emerging technologies or the innovative use of existing technologies in financial services.

Financial institutions are also gradually turning to RegTech solutions, predominantly by collaborating with technology service providers to assist them in meeting their statutory obligations.

The FinTech Service Provider Licence is intended for the licensing and supervision of technology service providers, operating in or from within Mauritius and offering RegTech, other technology solutions or software as a service to financial institutions.

FinTech Events

Post the COVID-19 pandemic, the following events were hosted:

Official launch of the P2P Lending Rules on 17 September 2020

The FSC Mauritius, in collaboration with the MFSGG and the FSF, has officially launched the P2P Lending Rules on 17 September 2020.

The Chief Executive of the FSC Mauritius, *inter alia*, emphasised on the relationship between finance and technology in his address. Commenting on P2P Lending, he explained that this platform is a disruptive service that allows non-traditional players to compete into the lending market. “P2P Lending is a brilliantly innovative new form of finance which has the potential to grow and evolve in our market. P2P Lending is set to become a FinTech activity which will evolve and mature. The FSC is standing on the side of innovation with the right dose of regulation to help the activity grow”.

Awareness Session on the Regulatory Framework for STOs, on 29 October 2020

The FSC Mauritius, in collaboration with the MFSGG and the FSF, organised an awareness session on the Regulatory Framework for STO on 29 October 2020.

The Chief Executive of the FSC Mauritius highlighted in his address that “the new framework for STOs aims at creating the proper environment to attract issuers but also to safeguard the interests of investors and the reputation of the jurisdiction, in line with international standards”. He also stated that the FSC Mauritius is fully aware of the new developments in the financial services sector and emphasised on the need to innovate by proposing an appropriate framework to secure the competitiveness of the Mauritius jurisdiction.

The awareness session was also marked by the launching of a video clip on STOs and a panel discussion was held to debate on the potentials of STOs, the scope for Mauritius as a jurisdiction to emerge as one of the leading platforms for Africa and the region as well as the challenges, which the STO market is facing.

FinTech Initiatives

The FSC Mauritius continues to offer its proactive technical support to establish the sound administration of the deliverables of the National Regulatory Sandbox Licensing Committee in collaboration with the EDB and BoM.

The FSC Mauritius furthermore participated in initiatives of the GFIN towards fostering innovative developments amongst members of the GFIN. The FSC Mauritius is committed to collaborate with other members of the GFIN to ensure for the application of norms and standards to commensurate with the protection of customers, financial inclusion and financial stability for the benefit of its stakeholders.

AUTHORISATION

During the year under review, the FSC Mauritius considered 14 applications for PIS, P2P Lending and Custodian services (digital assets), as shown in the table below:

Table 23: Applications under process at FinTech Authorisation

FinTech Activities	July 2020 to June 2021	July 2019 to June 2020
Payment Intermediary Services	11	11
Peer to Peer Lending	2	-
Custodian services (digital assets)	1	1

Out of these applications, the FSC Mauritius issued 3 licences for PIS and 2 licences for P2P Lending, during the year under review.

SUPERVISION

Supervisory Approach

The FSC Mauritius has adopted a risk-based approach to financial supervision of its FinTech-related licensees, which considers prudential conduct of business and ML/FT risks to increase its supervisory effectiveness. During the year under review, the number of licensees are as reported in Table 24.

Table 24: Number of licensees

Activities	July 2020 to June 2021	July 2019 to June 2020
Payment Intermediary Services	20	22
Peer to Peer Lending	2	-
Total	22	22

Onsite Supervision

As part of its supervisory approach, the FSC Mauritius kept a constant and effective dialogue with its FinTech-related licensees so that they operate within the regulatory perimeters. The FinTech cluster periodically conducts onsite inspection at the premises of its licensees to ensure compliance with the existing norms and regulations.

The overall effectiveness of a country's AML/CFT regime requires recognition of the important synergies that exist between AML/CFT, prudential and business conduct supervision. In that respect, based on its yearly onsite planner, the FinTech cluster conducts onsite inspections taking into consideration, inter-alia, the NRA risk matrix, initially populated from entity responses to offsite monitoring questionnaires and reviews.

For the current AML/CFT supervisory cycle, the FinTech cluster has taken a sample of global business licensees, which are assessed on several AML/CFT parameters. Wherever appropriate, the FinTech cluster ensures that non-compliance by licensees are addressed through normal supervisory processes by providing a specific timeframe to take necessary remedial actions to restore compliance. In cases of serious or repeated non-compliance, matters are referred to the Enforcement Directorate for appropriate action.


The major AML/CFT deficiencies identified for the onsite inspections during cycle 2020/21 were as follows:

- Non-compliance with section 17(2) of the FIAML Act 2002, insofar as licensees did not conduct an assessment of money laundering and terrorism financing risks to their businesses;
- Lack of procedures in place to identify and verify the identity of the natural persons exerting ultimate control of a legal person for potential client as per Regulation 3 of the FIAML Regulations;
- Incomplete CDD documents on the beneficial owners of clients;
- Non-compliance with Regulation 3(1)(e) of the FIAML Regulations insofar as licensees have failed to conduct ongoing monitoring on its clients;
- Failure to identify and record high risk products/services/business lines, delivery channels/transactions, geographic exposure and new technologies;
- Failure to maintain a register of internal and external disclosures, in line with Regulation 30(1)(a) and (b) of the FIAML Regulations;
- Failure to appoint Compliance Officer, in line with Regulation 22(1) (a) of FIAML Regulations;
- Failure to appoint MLRO and Deputy MLRO, pursuant to Regulations 26(1) and (2) of FIAML Regulations;
- Licensees did not scan client's beneficial owners against relevant United Nations Security Council Resolution, US Office of Foreign Assets Control, UK and EU lists as well as the Mauritius domestic terrorist listings;
- Failure to conduct independent audit in accordance with Regulation 22(1) (d) of the FIAML Regulations.

Offsite Supervision

Due to the fact that onsite supervision is periodic in nature, the FinTech cluster also conducts offsite supervision in order to achieve “continuous supervision”. The FinTech cluster carries out ongoing analysis of the licensees’ financial performance and condition. The information used in this process, is based on the submission of their AFS and other regulatory submissions made to the FSC Mauritius, at a pre-determined frequency.

The offsite reviews revealed the following:

- Failure to start operation as prescribed in section 53(1)(f) of the FSA;
 - Failure to submit AFS as per the section 30 of the FSA;
 - Failure to maintain principal bank account in Mauritius; and
 - Failure to meet substance requirement.
- 
- A series of overlapping, semi-transparent blue geometric shapes, primarily triangles and quadrilaterals, arranged in a diagonal pattern from the bottom-left towards the top-right, creating a modern, abstract background design.





LEGAL AND REGULATORY DEVELOPMENTS





LEGAL AND REGULATORY DEVELOPMENTS

The Legal cluster is responsible for providing legal advice to the Commission, drafting of legislations and legal documents, as well as, handling of litigation matters.

AMENDMENT TO LEGISLATIONS

Financial Services Act

The FSA was amended by the Finance (Miscellaneous Provisions) Act 2020, Act No. 7 of 2020 to cater for the following:

- Licensing and regulation of moneylenders which were previously provided under the Banking Act will now be under the purview of the Commission (sections 2 and 14A);
- To enlarge the powers of the Commission so that the Commission shall, pursuant to its objects and functions and where it deems necessary, request the competent authorities or any other entity to furnish to the Commission the necessary statistical information within such time frame as the Commission may determine (section 7 (2)(d)(e));
- To provide that in the absence of an appointed Chief Executive, the powers set out in sections 27, 28 and 53 and Part VIII shall be exercised by such employee as the Board may appoint for that purpose (section 9 (6));
- To provide for a time frame to licensees for a proper handing over/transfer of business operations to the transferee (section 28 (6));
- To provide for flexibility regarding the filing of AFS during a curfew period or situation of emergency or natural disasters. Therefore, a new section has been added, namely section 30A entitled "Extension to file Annual Financial Statement", to extend the period for the submission of AFS;
- To cater for exemptions under a Rule for a person or any class of persons that are unable to file their AFS (section 30B);
- To provide the requirements for auditors to report to the Commission in instances whereby (a) there has been a material adverse change in the risks inherent in the business of the licensee with the potential to jeopardise the ability of the licensee to continue as a going concern; (b) the licensee is in contravention of the financial legislations issued by the Commission; (c) financial crimes which have been, are being or are likely to be committed; (d) serious irregularities have occurred; and (e) the licensee has not complied with the laws of Mauritius (section 30C);
- To increase the number of employees constituting the EC from two to four [(section 52 (2)(b))];
- A Fifth Schedule has been added to the FSA in order to supplement the amendments brought to the FSA regarding moneylenders.

The FSA was further amended by the Anti-Money Laundering and Combatting the Financing of Terrorism (Miscellaneous Provisions) Act 2020, Act 5 of 2020 to cater for the following:

- To provide for the decisions of the Commission to be published in such form and manner as the Commission may determine (section 7 (1A));
- To repeal subsection (4) of section 23 and replace with a new subsection (section 23 (4));
- To allow the Commission to carry out onsite inspections at such other place and at such time as the Commission may determine in addition to its powers to carry out onsite inspections on the business premises of a licensee (section 43) and to regulate the frequency of an onsite inspection through section 43A.

Section 8 of the FSA was further amended through the COVID-19 (Miscellaneous Provisions) Act 2020 to allow the Board to hold meetings by means of audio or audio-visual communication.

The Insurance Act

Sections 88 (1)(b), 90 (2)(b) and 92 of the IA were amended by the Finance (Miscellaneous Provisions) Act 2020, Act No. 7 of 2020 to cater for any other payment other than compensation to persons suffering personal injury in traffic accidents where the tortfeasor or the vehicle which caused the injury is untraceable, subject to such limitations and restrictions as may be prescribed.

The Securities Act

The definition of “corporate finance advisory” has been amended in the SA by the Finance (Miscellaneous Provisions) Act 2020, Act No. 7 of 2020, to create an obligation on corporate finance advisory to keep and maintain records of debts raised on behalf of issuers.

The Private Pensions Schemes Act

With a view to ensure that the winding up process of a private pension scheme is not impeded due to the untraceability of the members of the scheme, a new section, 48A, has been added to the PPSA to cater for Abandoned Funds. As such, with this new section 48A of the PPSA which has been amended by the Finance (Miscellaneous Provisions) Act 2020, Act No. 7 of 2020, the Commission shall maintain records of the abandoned funds so as to enable refund of these abandoned funds to the owner or his heirs or assignees in respect of whom a rightful claim is established to the satisfaction of the Commission.

AMENDMENTS TO RULES

Financial Services (Exemption from Approval of Controllars and Beneficial Owners) (Revocation) Rules 2020

Section 23 of the FSA places an obligation on a licensee to seek the approval of the Commission for the issuance and transfer of shares or legal or beneficial interest in a licensee. The Financial Services (Exemption from Approval of Controllars and Beneficial Owners) Rules 2017 were issued by the Commission to exempt licensees from the requirement to seek the approval of the Commission for the issuance or transfer of the type of shares that do not carry voting rights.

The Anti-Money Laundering and Combatting the Financing of Terrorism (Miscellaneous Provisions) Act 2020 has subsequently amended section 23 of the FSA.

The Financial Services (Exemption from Approval of Controllars and Beneficial Owners) (Revocation) Rules 2020 were therefore issued by the Commission to revoke the Financial Services (Exemption from Approval of Controllars and Beneficial Owners) Rules 2017 to avoid any ambiguity and discrepancy in our framework. These Rules came into operation on 09 July 2020.

Financial Services (Peer to Peer Lending) Rules 2020

The FSC issued the Financial Services (Peer to Peer) Lending Rules 2020, which came into operation on 15 August 2020, to regulate P2P Lending.

The Financial Services (Consolidated Licensing and Fees) (Amendment No. 3) Rules 2020

The Financial Services (Consolidated Licensing and Fees) (Amendment No.3) 2020 consequently came into effect on 15 August 2020 to cater for the fees for P2P Lending.

Financial Services (Investment Banking) (Amendment) Rules 2020

The Financial Services (Investment Banking) Rules 2016 have been amended by the Financial Services (Investment Banking) (Amendment) Rules 2020 to:

- Raise the minimum requirements for applicants seeking an Investment Banking licence under section 79A of the FSA; and
- Mitigate the risks of issuing Investment Banking licences to applicants with limited experience to the Commission and enhance the good repute of Mauritius as an IFC by attracting entities with strong and proven track records in the field of investment banking.

The Financial Services (Investment Banking) (Amendment) Rules 2020 came into operation on 19 August 2020.

The Financial Services (Administrative Penalties) (Amendment) Rules 2020

The Financial Services (Administrative Penalties) Rules 2013 were issued by the Commission to cater for administrative penalties. Rule 3 of the Rules states that where a licensee fails to comply with a legal obligation specified in the first column of the Schedule, the licensee shall be liable to pay to the Commission the corresponding administrative penalty specified in the second column of the Schedule for each business day of non-compliance. As such, the Rules have been amended by the Financial Services (Administrative Penalty) (Amendment) Rules 2020 to cater for the corresponding administrative penalty which will be applicable where a holder of an Investment Banking licence fails to file any annual report with the Commission within such time as may be required.

The Financial Services (Administrative Penalties) (Amendment) Rules 2020 came into operation on 03 September 2020.

The Securities (Licensing) (Amendment No.2) Rules 2020

The Securities (Licensing) Rules 2007 have been amended by the Securities (Licensing) (Amendment No.2) Rules 2020 to review the actual framework for the licensing of Representatives of Investment Dealer and Investment Adviser. The Securities (Licensing) (Amendment No. 2) Rules 2020 came into operation on 03 September 2020.

The Insurance (Risk Management) (Amendment) Rules 2020

The Insurance (Risk Management) (Amendment) Rules 2020 amended the Insurance (Risk Management) Rules 2016 to allow an insurer to submit all documentation relating to its Risk Management Framework and the auditor's report on Risk Management Framework to the Commission not later than 6 months after each balance sheet date instead of 3 months. These Rules came into operation on 24 October 2020.

The Financial Services (Administrative Penalties) (Amendment No. 2) Rules 2020

The Financial Services (Administrative Penalties) (Amendment No. 2) Rules 2020 amended the Financial Services (Administrative Penalties) Rules 2013 to cater for administrative penalties for non-compliance with filing obligations under the Insurance (Risk Management) Rules 2016. These Rules came into operation on 24 October 2020.

Financial Services (Consolidated Licensing and Fees) (Amendment No. 4) Rules 2020

The Financial Services (Consolidated Licensing and Fees) (Amendment No. 4) Rules 2020 were issued to replace the existing Personal Questionnaire form in the Third Schedule of the Financial Services (Consolidated Licensing and Fees) Rules 2008 with a revised PQ form. These Rules came into operation on 01 November 2020.

Financial Services (Peer to Peer Lending) (Amendment) Rules 2021

The Financial Services (Peer to Peer Lending) (Amendment) Rules 2021 amended the Financial Services (Peer to Peer Lending) Rules 2020 by inter alia revising the borrowing and lending limits applicable to lenders and borrowers and excluding expert investors from any applicable limits. The amendments aimed to boost the growth of the FinTech ecosystem in Mauritius and attract more start-ups. These Rules came into operation on 06 March 2021.

Financial Services (Family Office) (Amendment) Rules 2021

The Financial Services (Family Office) (Amendment) Rules 2021 amended the Financial Services (Family Office) Rules 2020 to allow family offices (single or multiple) to extend their services to the private wealth structures of the "family clients". These Rules came into operation on 06 March 2021.

Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2021

The Financial Services (Consolidated Licensing and Fees) Rules 2008 have consequently been amended by the Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2021 so that the corresponding fees in MUR be included for Family Office (Single) and Family Office (Multiple) licences. These Rules came into operation on 06 March 2021.

Financial Services (Special Purpose Fund) Rules 2021

Following the announcement in the 2019-2020 Budget, a revamped regime for the SPF has been created. The current SPF regime is tax exempt under the Income Tax Act and the proposal is to keep the new SPF regime also tax exempt, subject to satisfying the requirements of economic substance as per the Rules. These Rules came into operation on 06 March 2021.

Financial Services (Special Purpose Fund) (Amendment) Rules 2021

The Financial Services (Special Purposed Fund) Rules 2021 have been amended by the Financial Services (Special Purpose Fund) (Amendment) Rules 2021 to expressly provide that the authorisation as a SPF will be subject to such fees as may be specified in FSC Rules. These Rules came into operation on 17 April 2021.

Financial Services (Consolidated Licensing and Fees) (Amendment No.2) Rules 2021

The Financial Services (Consolidated Licensing and Fees) (Amendment No 2) Rules 2021 amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to cater for an additional annual fees for an authorisation to operate as a SPF. These Rules came into operation on 17 April 2021.

Financial Services (Robotic and Artificial Intelligence Enabled Advisory Services) Rules 2021

In light of the National Budget 2019-2020 which provided for the establishment of a regime for Robotics and Artificial Intelligence Enabled Financial Advisory Services, the Commission issued the Financial Services (Robotic and Artificial Intelligence Enabled Advisory Services) Rules 2021. These Rules came into effect on 12 June 2021 and set out the new regulatory framework pertaining to the introduction of the Financial Services Robotic and Artificial Intelligence Enabled Advisory Services.

Securities (Investment Advice) Rules 2021

Consequently, the Securities (Investment Advice) Rules 2021 came into force on 12 June 2021 so that section 30 of the SA shall not apply to a holder of a Robotic and Artificial Intelligence Enabled Advisory Services licence.

Securities (Solicitation) (Amendment) Rules 2021

The Securities (Solicitation) (Amendment) Rules 2021 amended the Securities (Solicitation) Rules 2020 to expressly provide that section 31 of the SA shall not apply to a holder of a Robotic and Artificial Intelligence Enabled Advisory Services licence.

Financial Services (Consolidated Licensing and Fees) (Amendment No. 3) Rules 2021

The Financial Services (Consolidated Licensing and Fees) (Amendment No. 3) Rules 2021 amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to cater for the fees for a holder of a Robotic and Artificial Intelligence Enabled Advisory Services licence. These Rules came into force on 12 June 2021.

AMENDMENTS MADE TO THE RULES UNDER THE SA

With the view to promoting Mauritius as an IFC and capital markets destination, the FSC Mauritius amended its Rules made under the SA to align with international best practices. The underlying objective of these amendments is to adjust to new developments and to promote the growth of the capital markets in Mauritius.

The FSC has, in accordance with section 155 (3) of the SA, carried out a consultation exercise and amended, in March 2021, the following Rules and Regulations:

The Securities (Preferential Offer) (Amendment) Rules 2021

The Securities (Preferential Offer) (Amendment) Rules 2021 was issued with a view to demarcate equity from debt securities offering. These Rules came into force on 03 April 2021.

The Securities (Public Offers) (Amendment) Rules 2021

The Securities (Public Offer) Rules 2007 was amended by the Securities (Public Offers) (Amendment) Rules 2021 on 03 April 2021 and lays emphasis on the elements which are significant and may have an impact on the market.

The Securities (Authorization of Foreign Investment Dealers) (Amendment) Rules 2021

The Securities (Authorization of Foreign Investment Dealers) (Amendment) Rules 2021 incorporate changes to the Securities (Authorization of Foreign Dealers) Rules 2010 to simplify the onboarding of foreign investment dealers. These Rules came into force on 03 April 2021.

Fees paid by clients to investment dealers are determined by market forces (with the FSC having a right of oversight) and the apportionment to the investment dealers, securities exchanges and clearing & settlement facilities be decided amongst themselves. To this end, the following Brokerage Fee Amendment Rules were brought:

- Securities (Brokerage Fees for Government of Mauritius Securities and Bank of Mauritius Securities) (Amendment) Rules 2021;
- Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings) (Amendment) Rules 2021;
- Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings) (Amendment No. 2) Rules 2021;
- Securities (Brokerage Fees for Debentures) (Amendment) Rules 2021; and
- Securities (Brokerage Fees for Turnaround Trades) (Amendment) Rules 2021.

The above Rules came into force on 03 April 2021.





**THE NATIONAL
REGULATORY SANDBOX
LICENCE COMMITTEE**





THE NATIONAL REGULATORY SANDBOX LICENCE COMMITTEE

The National Regulatory Sandbox Licence (NRSL) Committee was established in 2018 following the recommendations of the Regulatory Committee on FinTech and Innovation-Driven Financial Services with a view to enhance the operation of the Regulatory Sandbox Licence (RSL) framework for FinTech activities.

Mandate

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

- an independent committee to consider and make recommendations on all RSL applications made to the EDB 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 BoM or the FSC Mauritius.

Composition

With effect from 22 November 2020, the NRSL Committee was reconstituted under the chairmanship of Lord Anthony St John of Bletso.

The other appointed members were as follows:

- Mr Mahesh Rawoteea, Director, Economic and Finance, Ministry of Finance, Economic Planning and Development;
- Mr Sarwansingh Purmessur, Permanent Secretary, MFSGG;
- Mr Yvan Jean Louis, Principal State Counsel, Attorney General's Office;
- Mr Mardayah Kona Yerukunondu, First Deputy Governor, BoM;
- Mr Dhanesswurnath Thakoor, Chief Executive, FSC;
- Mr Ken Poonosamy, Chief Executive Officer, EDB; and
- Mr Guillaume Ollivry, Director, Financial Intelligence Unit (FIU).

In May 2021, Mrs Carine Charlette-Katinic was appointed as member of the NRSL Committee in replacement of Mr Guillaume Ollivry.

Meetings

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





PROJECT OFFICE





PROJECT OFFICE

BLUEPRINT FOR FINANCIAL SERVICES

Implementation of the Blueprint for financial services

As part of the National Budget 2017/2018, a Blueprint for the Mauritius Jurisdiction was commissioned by the Government of Mauritius. The ten-year Blueprint represents the Mauritian Government's Vision 2030 for a reformed financial services sector for the Mauritius IFC.

Objectives of the Blueprint

In line with the Government's Vision 2030, the objectives of the Blueprint are to:

- double the size of the financial sector;
- grow the contribution of the financial sector to Mauritius GDP to USD 1.9 billion;
- increase the Mauritius IFC related employment by 1.5 times to around 17,000 jobs; and
- increase tax revenue to approximately USD 300 million.

The Three Pillars

To achieve the objectives of the Blueprint, three founding pillars were identified for the Mauritius IFC as follows:

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

The Six Imperatives under the Blueprint

The Blueprint provides for six imperatives in order to achieve sustainable growth and meet its targets as follows:

- 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 expats and locals.

The Project Office

For the purpose of the implementation of the Blueprint, a project office team was set up at the level of the Commission to ensure the successful delivery on the implementation of the Blueprint action points.

At its first meeting held on 25 August 2020, the Financial Services Consultative Council (FSCC) created five Expert Groups to work on Imperatives of the Blueprint for financial services. The five Expert Groups present their recommendations on action points of the Blueprint at meetings of the FSCC on an ongoing basis.

During the second meeting of the FSCC held on 08 October 2020, the FSC Mauritius and the MFSGG agreed on the terms of a collaboration with respect to the implementation of the Blueprint for financial services.

In this context, in April 2021, the FSC Mauritius Project Office team was deputed to the MFSGG for the prompt coordination and execution of the recommended actions proposed by the Expert Groups. The collaboration and support include the following:

- thematic research based on the Blueprint action points;
- intelligence gathering and monitoring of jurisdictions as recommended by the Blueprint;
- strategic recommendations for the implementation of action points for the six imperatives of the Blueprint; and
- monitoring the implementation of action points for the six imperatives of the Blueprint.

Key Deliverables of the Project Office

The Project Office coordinates assigned projects and is the focal point between the consultants and the Commission's projects and various stakeholders. The Project Office understands and engages with stakeholders to obtain qualitative and quantitative feedback on matters related to the various projects. It coordinates feedbacks from stakeholders to be incorporated in the project reports and updates the implementation plan, as and when required, in line with new developments during the implementation phase.

The Project Office makes strategic recommendations and reporting to the Board of the Commission, the Chief Executive and the Government by:

- preparing reports for dissemination to Board of the Commission and the Government;
- making presentation to high powered committees;
- interacting proactively with Government bodies and other stakeholders;
- ensuring that relevant and timely information is provided to the Chief Executive; and
- representing the Commission on committees and external meetings.

The Project Office further conducts regular policy analysis through:

- impact evaluation on topical financial activities, products and services; and
- research on international standards and legal framework in relation to the financial services sector.

During the year 2020/21, the Project Office has released 11 weekly impact analysis and other papers on comparative analysis of competitive jurisdictions and development of new products and services within the Commission and to the MFSGG.



REGIONAL CENTRE OF EXCELLENCE





REGIONAL CENTRE OF EXCELLENCE

OVERVIEW

The RCE of the FSC Mauritius was set-up on 15 March 2019.

The objectives of the RCE are:

- delivering capacity building programmes aimed at primarily financial services regulators and law enforcement agencies from the Southern and Eastern African Regions;
- conducting research on topical areas relevant to financial services for the regional market; and
- advising on minimum standards that need to be introduced at regional level.

EXTENSION OF THE MOU BETWEEN THE REPUBLIC OF MAURITIUS AND THE OECD

The MoU was extended for a further period of five years until September 2025 in order to reinforce the bilateral cooperation between the Government of Mauritius and the OECD.

This MoU laid down the foundations for collaboration between the Government of Mauritius and the OECD to strengthen and support effective regulation, sound corporate governance and good conduct in the Southern and Eastern African regions.

Workshops Organised

In line with its objective in capacity building, the RCE, in collaboration with the OECD, hosted the following two workshops during the year 2020/21:

- Best Practices in Privatisation; and
- Foreign Investment Frameworks.

Joint RCE-OECD workshop on 'Best practices in Privatisation', 27 November 2020

The RCE hosted a hybrid workshop on the 'Best practices in Privatisation' on 27 November 2020 given the COVID-19 pandemic during which the Government imposed travel restrictions.

The objectives of the workshop were to introduce the key trends in privatisation and capital markets development, the global benchmarking and analysis on capital market developments, and the changing ownership landscape for listed companies around the world. The workshop offered practical advice to decision-makers on the key stages of the privatisation process from inception to post-privatisation. The focus was on the rising potential for state equity injections and nationalisation to prevent insolvencies during the COVID-19 pandemic.





The opening speeches were delivered by:

- Mr Greg Medcraft, Director, Directorate for Financial and Enterprise Affairs, OECD; and
- Mr Dhanesswurnath Thakoor, Chief Executive, FSC Mauritius.

The workshop was divided into two sessions as per the details below:

Session 1: State-Owned Enterprise ownership landscape and ownership landscape for listed companies.

The session introduced the main trends in privatisation, the changing ownership landscape for listed companies around the world, trends in capital markets development and potential impacts of the COVID-19 induced economic crisis on the State-Owned Enterprise landscape.

The topics covered during the first session were as follows:

- Main trends in privatisation;
- The changing ownership landscape for listed companies globally; and
- The trends in capital markets development and potential impact of the COVID-19 pandemic in inducing economic crisis on the State-Owned Enterprise landscape.

The speakers for the first session were:

- Ms Alejandra Medina, Corporate Governance and Corporate Finance Division, OECD;
- Ms Oluwatoyin Alake, Head of Secondary Markets, Nigerian Stock Exchange; and
- Mr Hans Christiansen, Corporate Governance and Corporate Finance Division, OECD.

Session 2: Privatisation process for policy makers

This session oversaw the four main privatisation process, which included:

- Guiding principles: how to guide decision-makers on whether to privatise or not and how to design the institutional frameworks that ensures investor confidence, public and stakeholder support;
- Measures to take before divestment: the necessary competition and regulatory frameworks, company and market readiness, and various sales method with a particular focus on IPOs;
- Organising the process of privatisation, including:
 - how to steer an IPO;
 - advisory services for the company and owner; and
 - communication.
- Post-privatisation steps and controls, including:
 - carrying out post-privatisation evaluation;
 - handling privatisation proceeds; and
 - important issues related to partial state-ownership and handling residual controls.

The topics covered during the second session were as follows:

- Practical advice to decision-makers on the key stages of the privatisation process from inception to post-privatisation; and
- The four main stages of the privatisation process.

The speakers for the second session were:

- Ms Sara Sultan, Corporate Governance and Corporate Finance Division, OECD;
- Mr Andriy Boytsun, Corporate Governance and Privatisation Advisor, Ukraine;
- Mr Huns Biltoo, Partner, KPMG Advisory;
- Mr Atul Sobti, Director General, SCOPE, India; and
- Mr Murat Ibrahim Celebi, Head of Department, Privatisation Administration, Turkey.

The event ended by a discussion on 'Focusing on key regional issues and implementation challenges'.



The moderator for both sessions was Mr Kamal Burun, Assistant Director for Capital Markets, FSC Mauritius.

Our speakers for the event were from the OECD and from different countries namely: Nigeria, Ukraine, India, Turkey and Mauritius.

Audience

The event was attended virtually by over 25 participants from different regions mainly from Ethiopia, Zimbabwe, South Africa, Madagascar, France and Angola; and physically by over 70 participants.



Technical Specifications

The hybrid workshop was organised physically at the RCE, Nex Tower and was accessible on the Zoom platform for online participants and speakers. The detailed agenda and the video of the event can be accessed on FSC Mauritius website under the section RCE/event/Best practices in Privatisation as per the link below:

[Best practices in Privatisation - Financial Services Commission - Mauritius \(fscmauritius.org\)](https://www.fscmauritius.org/Best-practices-in-Privatisation)

Joint RCE-OECD virtual workshop on 'Foreign Investment Frameworks', 17 May 2021

Following the national lockdown and sanitary curfew, which led to a sudden stop of our activities, the RCE in collaboration with the OECD, organised its next event virtually. The workshop was on 'Foreign Investment Frameworks' held on 17 May 2021.

The objectives of the workshop were to oversee the regional applications for two major international policy instruments to address the challenges of investment attraction. It also had to ensure that it contributes fully to the achievement of the host country national economic objectives and international aims, including the United Nations SDG.

The workshop introduced the PFI and discussed the insights from applying the PFI in over thirty emerging economies through OECD Investment Policy Reviews. In the second part of the workshop, it focussed on how governments can enhance the contribution of FDI to meeting the SDG.



The opening speeches were delivered by:

- Mr Antonio Gomes, Deputy Director, Directorate for Financial and Enterprise Affairs, OECD; and
- Mr Dhanesswurnath Thakoor, Chief Executive, FSC Mauritius.

The workshop was divided into two sessions as per the details below:

Session 1: OECD Policy Framework for Investment and OECD Foreign Direct Investment Qualities Policy Toolkit.

The objective of the PFI is to mobilise private investment that supports steady economic growth and sustainable development, contributing to economic and social well-being around the world. It is non-prescriptive and emphasizes on policy coherence. It eschews one-size-fits-all solutions and encourages policy makers to ask appropriate questions about their economies, institutions and policy settings. The PFI plays an important role in delivering on the 2030 Development Agenda and in achieving the SDG.

The topics covered during the first session were as follows:

- The role of market openness;
- SADC Policy Framework for Investment; and
- Promoting and enabling Responsible business conduct.

The speakers for the first session were:

- Mr Stephen Thomsen, Head of Investment Policy Reviews Unit, Investment Division, OECD;
- Mrs Nirmala Jeetah, Head of Department CEO's Office, Economic Development Board (EDB), Mauritius; and
- Ms Tihana Bule, Manager, Centre for Responsible Business Conduct, OECD.

Session 2: The OECD FDI Qualities Policy Toolkit

The Policy Toolkit, together with the FDI Qualities Indicators (published in 2019), guided governments on how to enhance the contribution of FDI to meeting the SDG. The Policy Toolkit focused on the nexus between the general policies and approaches of the OECD Policy Framework for Investment. It addressed the complex mix of policies and institutions, necessary to ensure that foreign investment contributed to the greatest extent to achieving the SDG. Moreover, it emphasised in selected areas of sustainability namely: productivity and innovation; employment, job quality and skills; gender equality; and low-carbon transition.

The topics covered during the second session were as follows:

- Harnessing Investment for sustainable development: FDI Qualities Indicators & Policy Toolkit;
- Policies to improve FDI impacts on carbon emissions; and
- Deciding the right policies in Costa Rica.

The speakers for the second session were:

- Mr Martin Wermelinger, Manager, FDI Qualities Initiative, OECD;
- Mrs Iris Mantovani, Project Lead, FDI Qualities and low carbon transition, OECD; and
- Mrs Gabriela Castro, Director, Ministerio de Comercio Exterior de Costa Rica, Costa Rica.

The moderator for both sessions was Mr Gamal Ballam, Assistant Director for Global Business, FSC Mauritius.



Our speakers for the workshop were from the OECD and the Ministry of Foreign Trade, Costa Rica and the EDB, Mauritius.

Audience

The virtual workshop was attended by over 250 local and international participants who were from different regions mainly: Nigeria, Angola, Zimbabwe, Botswana, South Africa and France.

Technical Specifications

The virtual workshop was hosted on the Zoom platform. The detailed agenda and the video of the event can be accessed on FSC Mauritius website under the section RCE/event/Foreign Investments Framework as per the link below:

<https://www.fscmauritius.org/en/rce/events/foreign-investment-frameworks>

Strategic Meetings

A series of high-level meetings was held at the RCE to oversee the strategic directions of the RCE and to ensure that it delivers tailor-made capacity building programs for financial services regulators and law enforcement agencies. Those monthly meetings are held with various regulators and law enforcement bodies.



ENFORCEMENT DIRECTORATE





ENFORCEMENT DIRECTORATE

The Enforcement Directorate

The Enforcement Directorate contributes continuously to the delivery of the strategic objectives of the FSC Mauritius through its credible deterrence approach. The Enforcement Directorate's proactive interaction has also enlightened stakeholders on its approach. The Enforcement Directorate aims to increase its effectiveness by adopting a more forward-looking early intervention approach.

The Enforcement Directorate is responsible for investigating suspected contraventions by persons licensed and approved by the FSC Mauritius. It is also responsible for investigating unauthorised persons who are suspected of undertaking activities which ought to have been licensed by the FSC Mauritius and taking necessary actions where appropriate.

The Enforcement Directorate is staffed by a multi-disciplinary team of 18 experienced resource persons and its actions are governed by the provisions set out under the relevant laws.

The Enforcement Directorate has continued its proactive enforcement approach in 2020/21 by taking pre-emptive measures to identify misconduct and by deploying the full range of enforcement measures to reinforce market integrity and consumer protection.

The enforcement function is dynamic and readily adapts to the evolving economic, strategic and operational environment through the use of sufficiently nimble investigative tools.

Our Approach to Enforcement

The overriding ethos that guides the Enforcement Directorate's approach ensures that fair and just outcomes are reached based on the principles of impartiality, consistency, responsiveness, transparency and proportionality. The Enforcement Directorate strives to be proactive in monitoring trends in the financial market so as to be able to identify potential risks or indicators of misconduct at an early stage and take remedial or enforcement action, where necessary.

The resources of the Enforcement Directorate are focused on areas presenting the biggest threat to the FSC Mauritius' statutory objectives. This, however, does not limit enforcement actions solely to these strategic areas. As such, where it is deemed that the exercise of its disciplinary powers is warranted in other areas to achieve credible deterrence, the FSC Mauritius may impose a range of enforcement sanctions.

The Enforcement Directorate is focused on ensuring that unsound business conduct and/or regulatory non-compliance are promptly detected and sanctioned, while at the same time, deterring such future misconduct from its licensees.

The Enforcement Directorate also ensures that a holistic view of issues is taken, to join the dots, so that proper consideration can be given to the right matters. This means that in befitting cases, prospective actions, either one or more, may be imposed on the entities and/or the individual officers.

Key Enforcement Projects

The Enforcement Directorate has, during the year under review, focused on '*Acknowledging good corporate conduct by imposing lower penalties for firms who admit any wrongdoing*' through the establishment and publication of the Settlement Framework on 11 December 2020, thus supporting the key commitment of the FSC Mauritius to adopt Settlement as part of its enforcement process.

Key Enforcement Workstreams

Below illustrates the Enforcement Directorate’s areas of focus and demonstrate the breadth and depth of their landscape:

AML work stream

The fight against ML and TF continues to remain a top priority for the FSC Mauritius. The FSC Mauritius provides its full support to the Mauritian government in addressing all of the recommendations made by the FATF.

The FSC Mauritius has also prioritised its work to address all of the action points recommended by the ESAAMLG in its Mutual Evaluation Report 2018 for the GB sector ahead of the set timeline. This work focused on demonstrating the implementation of RBS of the GB sector by way of a comprehensive onsite inspection schedule and by taking enforcement actions against non-compliance.

The Enforcement Directorate endorses and supports the commitment of the FSC Mauritius by implementing an effective regime that deters operators seeking to use the jurisdiction for ML or other nefarious financial activities. That being so, licensees have taken clearer cognisance of their duties in complying with regulations designed to ensure the identification and prevention of ML/TF risks.

Referral of cases to the Enforcement Directorate

During the year under review, 146 cases were referred to the Enforcement Directorate, out of which approximately 121 are AML/CFT related cases. The increase in the number of AML/CFT cases is due to the concerted efforts of the FSC Mauritius to conduct over 300 inspections during the year under review.

Figure 3: Number of cases referred to the Enforcement Directorate

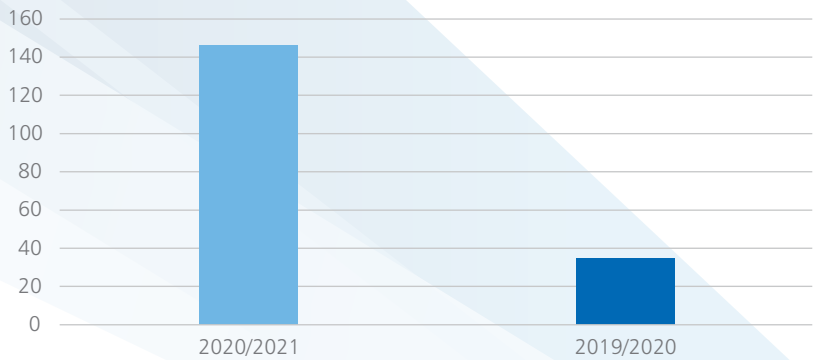
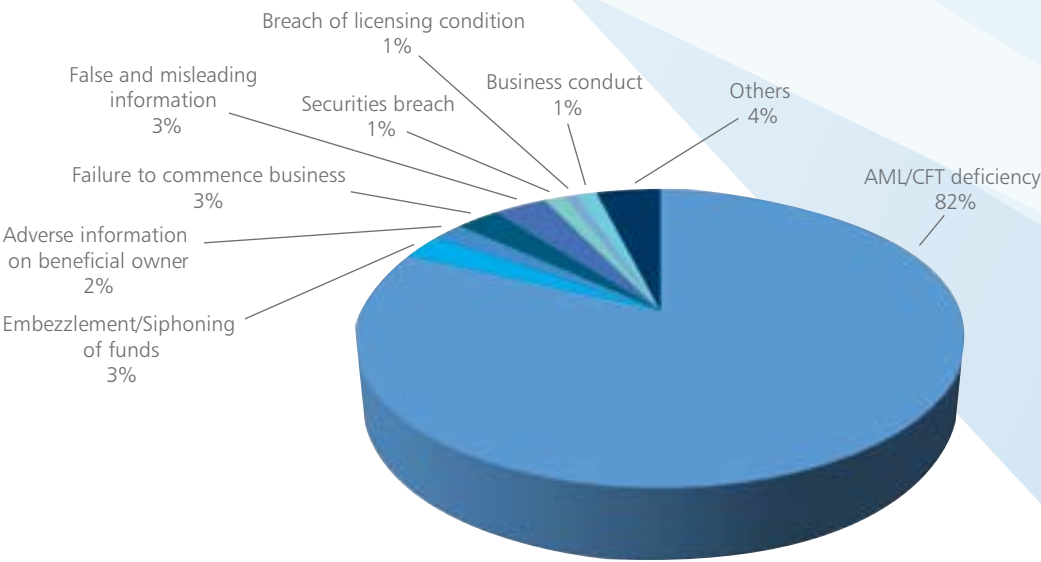


Figure 4: Breakdown of cases referred to the Enforcement Directorate



Outreach activities conducted during the year

As part of its contribution to broaden the FSC Mauritius' outreach, the Enforcement Directorate held the first in a number of intended informative sessions which was centered on '*Proportionate and Dissuasive Enforcement*' early December 2020 with a group of representatives of MCs.

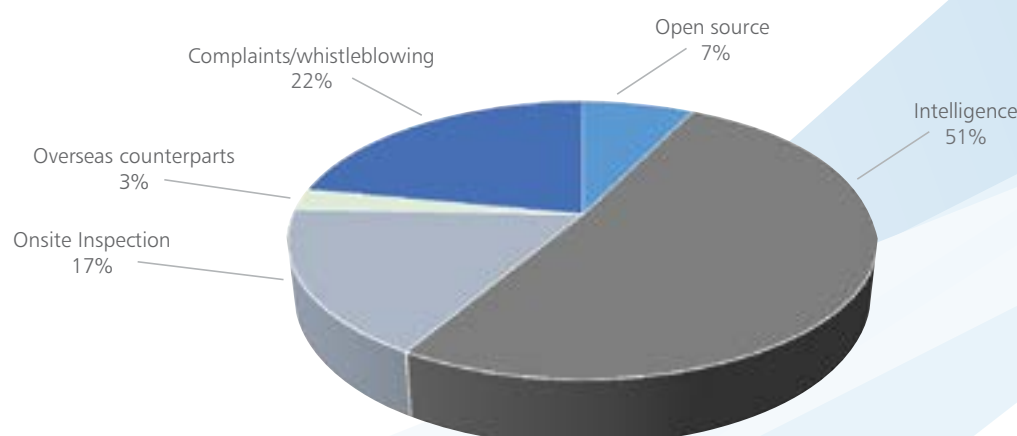
This interactive session provided insights into the priorities of the FSC Mauritius and brought about useful discussion and feedback from the industry representatives. It also engendered a better understanding of the Enforcement Directorate's more proactive approach in the assessment of the effectiveness of AML/CFT related pre-emptive measures taken by licensees.

Investigations

As stated earlier, the Enforcement Directorate is responsible for investigating suspected contraventions by persons licensed, approved and supervised by the FSC Mauritius. However, an investigation might not be necessary in all of the cases considered by the Enforcement Directorate. For instance, where there is sufficient and cogent evidence gathered by way of an inspection, other routine consideration of information or where all relevant materials have already been provided by the licensee, an investigation may not be warranted.

As such, out of the number of cases under the scrutiny of the Enforcement Directorate, 33 investigations were initiated during the year 2020/21 as compared to 9 investigations initiated during the year 2019/20. The increase in the number of investigations is attributable to an increased emphasis on investigations as a diagnostic tool to gain a full understanding of the facts and circumstances of a suspected misconduct or breach, particularly in relation to complex matters, to decide on the most appropriate course of action.

Figure 5: Breakdown of triggers of investigation



The investigations/inquiries conducted by the Enforcement Directorate deal with a range of suspected misconduct by firms and individuals, including:

- Fraud and Corruption;
- AML control failures;
- Unlicensed financial service activities;
- Fraudulent conduct;
- Siphoning of funds;
- Round Tripping; and
- United Nations sanctioned individuals and/or entities.

The recent investigations conducted by the Enforcement Directorate are increasingly complex and resource intensive. The Enforcement Directorate is continuously working towards improving its efficiency and timeliness when conducting investigations.

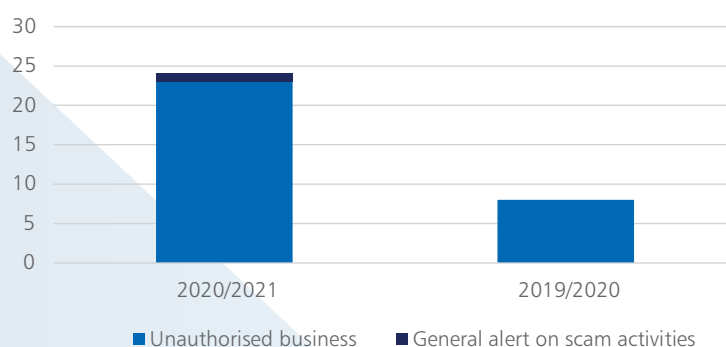
Complaints, scams and continued focus on protection of investors

Complaints remain an important source of intelligence for the Enforcement Directorate. The Enforcement Directorate received a number of complaints in 2020/21, a large proportion of which continue to be about the disclosure of suspected scams.

The emerging threats presented by COVID-19 and the ensuing dynamic market conditions had been impacted negatively in 2020. Nonetheless, the Enforcement Directorate has remained agile and moved quickly to enforcement of the relevant legislations. This rapid response helped to protect investors and to preserve the integrity of our industry.

The public is kept informed, through alerts and communiques, of the different types of possible scams, which can be sophisticated and nuanced, and on the ways to avoid them.

Figure 6: Alerts issued by the Enforcement Directorate



Publication of Enforcement Outcomes

In applying the FATF methodology relating to “effective, proportionate, and dissuasive sanctions”, the FSC Mauritius is called upon to consider whether a sufficient range of sanctions within its remit can be applied proportionately to greater or lesser breaches and whether the sanctions applied in practice are effective at ensuring future compliance by the sanctioned institution and dissuasive of non-compliance by others.

Dissuasion is meaningfully achieved where the regulated community is made aware, in a timely manner, of behaviours and activities they must avoid and where a range of sanctions including robust penalties are applied as appropriate, to demonstrate that there are substantial consequences for non-compliance.

Intelligence and Requests for Information

The Enforcement Directorate remains the focal point of contact between the FSC Mauritius and the Mauritius Police Force, the FIU and the Independent Commission against Corruption. Intelligence is shared among other clusters within the supervisory space to determine the appropriate course of action to be followed.

During the period under review, 95 requests for information were received and 16 requests for information were made from/to domestic counterparts as follows:

Table 25: Intelligence and RFI

Public Sector/Law Enforcement Agency	Requests received	Requests made
FIU	56	14
Independent Commission Against Corruption	26	1
Mauritius Police Force	13	1

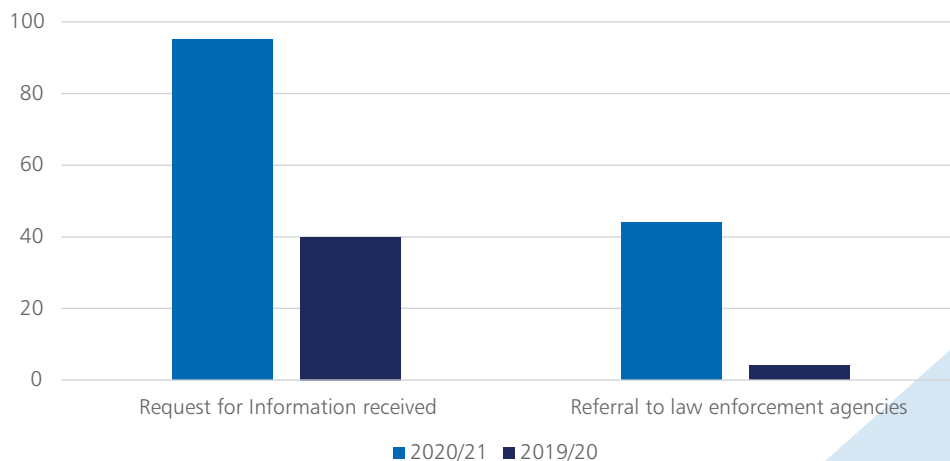
Collaboration with local and international Law Enforcement Agencies

The Enforcement Directorate collaborates with both local law enforcement agencies and international regulators on investigations and requests for information.

During the year under review, the Enforcement Directorate has assisted with over 95 requests for information and made 16 requests for assistance from local law enforcement agencies. The Enforcement Directorate also provided its assistance with respect to RFI to a number of overseas regulators.

During the same year, the Enforcement Directorate has referred 44 cases relating to suspected ML, fraud and soliciting of investors by unauthorised entities, amongst others, to law enforcement agencies in Mauritius.

Figure 7: Intelligence and RFI



The Enforcement Directorate will continue maintaining close collaboration with other local and international law enforcement agencies to achieve effective and coordinated enforcement outcomes.

Enforcement Actions

The FSC Mauritius' enforcement powers are wide ranging and application thereof can be varied according to the severity of the breaches. Appropriate enforcement action is decided on a case-by-case basis, being commensurate with the severity of the breach.

Table 26 provides the number of enforcement actions taken during the period under review pursuant to the powers conferred upon the Chief Executive as per the provisions of the FSA.

Table 26: Number of enforcement actions taken

Type of Enforcement Action	July 2020 to June 2021	July 2019 to June 2020
Suspension of Licence	5	-
Revocation of Licence	4	1
Termination of Licence	1	-
Directions Issued	6	3

In addition, the Enforcement Directorate has issued approximately 54 show cause letters, during the period under review, notifying that referrals to the EC were being contemplated.

Referral to EC

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. Consequently, 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;
- disqualify an officer from a specified office or position in a licensee for a specified period;
- impose an administrative penalty; and
- revoke a licence.

During the year under review, 25 corporate entities and 16 officers were referred to the EC.

Figure 8: Referrals to the EC

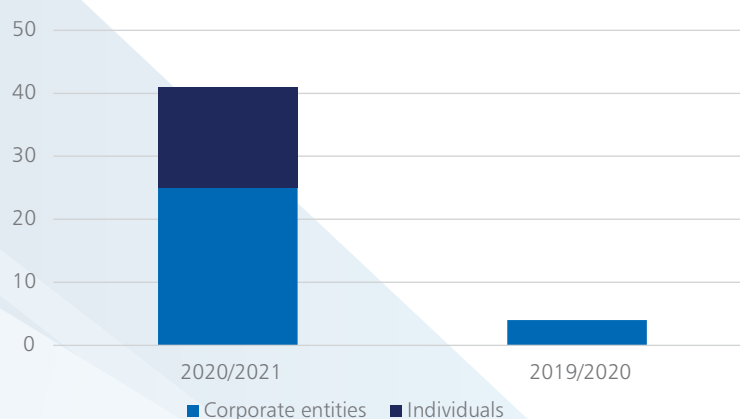


Table 27: Number of administrative sanctions taken by the EC

Types of administrative sanctions taken by the EC	July 2020 to June 2021	July 2019 to June 2020
Revocation of Licences	5	-
Disqualification of Officers	8	-
Private Warning	6	-
Public Censure	-	-
Administrative Penalty	11	-

Referral of matters to the Settlement Committee

Further to the establishment and publication of the Settlement Framework on 11 December 2020, a Settlement Committee has been set up by the FSC Mauritius, chaired by the Chief Executive, to consider the substance of any proposals for Settlement made by a licensee.

In reaching a settlement outcome, the Settlement Committee will give due regard to the criteria set out in the Settlement Framework and Enforcement Manual. The determination as to whether a case is suitable to be resolved through Settlement is made on a case-by-case basis by the Commission to guarantee that enforcement outcomes are

consistent, proportionate, effective and in the public interest. If an agreed outcome cannot be reached, the case will proceed in accordance with the enforcement process.

During the year under review, four cases were referred to the Settlement Committee. The Settlement Committee settled one matter with the imposition of an administrative penalty.







ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM



ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

AML/CFT DIRECTORATE

In view of enhancing its internal AML/CFT supervisory framework, the FSC Mauritius set up an AML/CFT Directorate (Directorate) in July 2020. The Directorate is mandated to develop and assist in the implementation of the AML/CFT supervisory and regulatory strategy of the FSC Mauritius. The Directorate is responsible for planning onsite inspections as well as all AML/CFT related offsite supervisory work under a risk-based approach. The Directorate also participates in meetings and other interactions with local stakeholders and regional as well as international AML/CFT standard-setting bodies.

In March 2020, Mauritius went into lockdown due to the COVID-19 pandemic hitting the country. Despite COVID-19, the FSC Mauritius has shown its commitment by implementing the measures set out by the FATF standards to combat ML/TF in the non-bank financial sectors.

During the period under review, the FSC Mauritius has implemented several measures to address all the action points recommended by the FATF.

Adhering to International Standards

Status of the evaluation process of the FSC Mauritius-ESAAMLG

Further to the publication of the Mutual Evaluation Report by the ESAAMLG in September 2018, Mauritius adopted its National Strategy for Combatting ML and the TF and Proliferation Financing 2019-2022 which sets out the approach to tackle ML/TF and proliferation financing threats.

Mauritius demonstrated positive and tangible progress in addressing the technical compliance deficiencies identified in the report. Amendments were brought to existing laws and to FIAMLA, and new laws and regulations were also adopted. The implementation of the risk-based approach as a key recommendation of the Mutual Evaluation Report to enhance the effectiveness of the AML/CFT system of Mauritius remained a primary focus for all relevant regulatory authorities, including the FSC Mauritius.

The ESAAMLG Task Force of Senior Officials approved the third Enhanced Follow-up Report & Technical Compliance Re-Rating during the December 2020 virtual meeting. The ESAAMLG noted that overall, Mauritius has made sufficient progress in addressing deficiencies in technical compliance identified in its Mutual Evaluation Report to justify re-rating of Recommendation 26 (initially rated PC) and Recommendation 32 (initially rated PC) to Largely Compliant. Mauritius was Compliant or Largely Compliant on 36 out of the 40 FATF Recommendations, including the six Core and Key Recommendations as at the time of the approval of the Enhanced Follow-up Report & Technical Compliance Re-Rating.

The FSC Mauritius will continue improving the implementation of its AML/CFT measures in line with the FATF Recommendations and is committed to protect its financial services sector from abuse by illicit actors engaging in proliferation financing.

Status of the evaluation process of the FSC Mauritius- FATF

In February 2020, the FATF decided that Mauritius should be monitored under the International Cooperation Review Group process as a result of strategic deficiencies identified. Mauritius made a high-level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT regime. The national commitment has also been propelled by, firstly, the addition of Mauritius on the list of “*Jurisdiction under Increased Monitoring*” by the FATF on 21 February 2020 and secondly, on the list of high-risk third countries of the European Commission on 7 May 2020.

The FATF has, in consultation with Mauritius, devised a detailed Action Plan with specific deadlines to remedy the identified shortcomings. The Action plan included, amongst others, the implementation of the RBS of the GB and Designated Non-Financial Business and Professions, timely access to accurate basic and beneficial ownership

information by competent authorities, providing training for the law enforcement agencies to conduct parallel financial investigations, supervision of the Non-Profit Organisation sector and adequate implementation of TFS through outreach and supervision.

The FSC Mauritius has developed an internal action plan based on the prescribed FATF action items and has completed its action items ahead of the timeline. The first risk-based supervisory plan is being implemented and the FSC Mauritius has already engaged in an open dialogue with the industry to provide a feedback on the first RBS cycle. Additionally, the FSC Mauritius has conducted a series of outreach programmes on TFS, proliferation financing, and beneficial ownership amongst others.

Classified under the “*Jurisdictions under increased Monitoring*” of the FATF, Mauritius is required to submit progress reports to the FATF to demonstrate the progress made by the Jurisdiction in implementing the action plan recommended by the FATF. The FSC Mauritius has been working closely with all the relevant authorities and has contributed to the submission of three progress reports to the FATF as at April 2021, detailing the measures taken to implement the FATF Action Plan and the progress made thereof.

The FSC Mauritius also participated in the three face-to-face meetings with the FATF to address identified queries from the progress reports. Furthermore, the FSC Mauritius has provided clarifications to the queries made by the assessors of the FATF.

At its June 2021 plenary, the FATF has made the initial determination that, Mauritius has substantially completed its action plan. Mauritius has been commended by the FATF for the progress achieved in addressing the strategic deficiencies, particularly, under the difficult circumstances caused by the COVID-19 pandemic. The FATF will subsequently conduct an onsite assessment to verify the effectiveness and sustainability of the reforms implemented. A decision will then be taken by the FATF on the delisting of Mauritius from the Grey list in the October 2021 plenary.

Latest Developments

FSC AML/CFT Handbook

As part of its initiatives to assist the financial institutions in applying national measures to combat ML/TF, the FSC Mauritius has updated the AML/CFT Handbook on 31 March 2021 to include the following:

- Additional provisions to Chapter 4 relating to the Risk-Based Approach with the aim to assist financial institutions in implementing an adequate BRA; and
- A new chapter on Independent Audit (Chapter 13) - with the main objective to provide the financial institutions with interpretive guidance on how to conduct a successful independent audit.

This follows the recommended actions of FATF for the supervisory cycle 2020/21 which emphasised the need for the FSC Mauritius to take necessary measures to assist financial institutions in remediating the breaches identified during the first supervisory cycle in order to be compliant with the aforesaid AML/CFT parameters.

Guidelines on the Implementation of TFS under the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019

The FATF requires countries to implement TFS related to proliferation financing under Recommendation 7. In this regard, the FSC Mauritius updated and published the proliferation financing guidance in accordance with the National Guidelines on Proliferation Financing. To raise awareness on this publication, an email blast was sent out to all licensees to inform them on the guidelines and their obligations, the FSC Mauritius created an email address: TFsanctions@fscmauritius.org to enable licensees to submit reports to the FSC Mauritius in relation to TFS and Proliferation Financing.

Risk-Based Supervisory Plan

During the year under review, the FSC Mauritius has intensified its efforts in developing a risk-based supervisory plan, which is in line with evolving AML/CFT threats and vulnerabilities for the regulated financial institutions. Based on the results of the sector's risk assessment indicators as published in the NRA, the FSC Mauritius has conducted an AML/CFT risk assessment of regulated entities in the sectors including capital markets, insurance, fintech, TCSP, investment funds and intermediaries and other non-bank financial institutions, to determine whether an onsite or offsite inspection is warranted.

The FSC Mauritius has taken steps towards implementing its first AML/CFT supervisory plan starting in March 2020 for both onsite and offsite inspections. By the end of the first cycle, the FSC Mauritius had met its targets as devised in the action plan.

Onsite Inspections

The FSC Mauritius has developed a supervisory plan that effectively directs supervisory focus to areas of higher ML/TF risks by targeting higher risk entities for onsite inspections.

During the fiscal year, the FSC Mauritius conducted both targeted and full scope inspections on 16 parameters as stipulated under the FIAMLA and its supporting legislations for the inspected financial institutions.

Below is a sectorial breakdown of the number of inspections carried out during the supervisory cycle 2020/21:

Table 28: Sectorial breakdown of number of onsite inspections in supervisory cycle 2020/21

Sector	No. of Inspection
TCSP	55
Capital markets	72
IFI	211
Insurance & pension	17
Fintech	9
Total	364

During the year under review, the FSC Mauritius has taken steps towards improving its AML regime and was found to be largely compliant for developing an RBS plan for the GB and MCs.

The FSC Mauritius embarked on its second RBS supervisory cycle initiated in March 2021.

Offsite Inspection

The FSC Mauritius also ensures that its RBS engagement addresses lower risk entities effectively through desk-based reviews and thematic questionnaires.

As part of the RBS framework, the FSC Mauritius conducts offsite monitoring which includes the circulation and analysis of offsite monitoring questionnaires for all financial institutions licensees including all funds and insurance entities and the analysis of the AML/CFT policies and AML/CFT independent audit reports of low risk entities under the purview of the different supervision clusters.

For the first RBS supervisory cycle 2020/21, the FSC Mauritius completed all planned offsite policy reviews based on the parameters set in the Offsite Inspection manual. Below is a sectorial breakdown of the number of offsite policy reviews carried out during the supervisory cycle 2020/21.

Table 29: Sectorial breakdown of number of offsite policy reviews in supervisory cycle 2020/21

Sector	No. of Inspection
TCSP	20
Capital markets	79
IFI	299
Insurance & pension	5
Fintech	4
Total	407

The FSC Mauritius initiated its second cycle of offsite inspections in March 2021.

In parallel, the FSC Mauritius has also developed a Key Performance Indicator framework to measure its performance, both internally and externally, against key risk indicators. The data under these Key Performance Indicators allow the FSC Mauritius to determine the impact of its supervisory efforts on improving the AML/CFT measures across sectors in the industry.

The Risk-Based AML/CFT Supervision Compliance Inspection manual

The FSC has also devised an internal Risk-Based AML/CFT Supervision Compliance Inspection Manual (Manual) which provides guidance as to how the effective compliance of the regulated financial institutions is assessed by the FSC Mauritius during the course of onsite inspections. It also caters for the scope and frequency of inspection. The overall purpose was to ensure consistency between the supervisory approaches of different clusters within the Supervision Directorate and AML/CFT Directorate. The Manual is updated as and when necessary to reflect the changes in international standards and recommendations of the Supervision Directorate. The Manual was last updated in January 2021 to regroup the 16 different compliance parameters into 7 compliance factors.

To this effect, the FSC Mauritius has completed 364 number of onsite inspections by adhering to a systematic and risk-based approach as laid down in the Manual, thereby making the supervision process concise and effective.

Offsite Inspection Manual

Similarly, the offsite inspection manual was developed with the aim of outlining procedures to be adopted to carry out offsite reviews. In line with the risk-based AML/CFT supervision framework, all financial institutions subject to AML/CFT obligations receive a self-assessment offsite monitoring questionnaire. Circulation of the questionnaire is based on the AML/CFT risk rating of the licensee's subsector, as per the NRA.

Outreach Sessions

As part of its outreach programme, the FSC Mauritius conducted a series of outreach sessions during the year under review. The various industry representatives, financial institutions and relevant authorities attended the outreach sessions both physically and virtually, some of which, were conducted in collaboration with other regulators or relevant authorities.

In line with the FSC Mauritius' supervisory engagements in 2020/21, the FSC Mauritius following outreach sessions were conducted:

- FSC AML/CFT virtual training on AML/CFT onsite inspections RBS ;
- Outreach on statutory obligations for trustees to maintain beneficial owners' information;
- Outreach on TFS and proliferation financing;
- Outreach on statutory obligations for trustees to maintain beneficial owners' information from a practical perspective;
- Awareness Sessions on AML/CFT onsite inspection findings;
- Outreach on beneficial ownership obligations of QTs and typology report on legal arrangements;
- STR outreach in collaboration with FIU for CIS Managers and Investment Advisers;
- Inter-Agency Coordination Committee joint workshop on TFS, BO and STR reporting;
- Targeted outreach on beneficial ownership obligations to fintech and insurance sector; and
- Inter-Agency Coordination Committee virtual workshop on typology report on legal arrangements, beneficial owner information and STR.

Feedback and Evaluation Forms

In line with the outreach sessions, the FSC Mauritius has devised both feedback and evaluation forms which are provided to participants post the outreach sessions.

This allows the FSC Mauritius to evaluate the effectiveness of the outreach sessions, to assess the implementation of the knowledge and understanding acquired by the attendees as well as to identify areas for improvement and measure the overall effectiveness of the outreach sessions.



FINANCIAL LITERACY AND CONSUMER PROTECTION





FINANCIAL LITERACY AND CONSUMER PROTECTION

OVERVIEW

The Commission is empowered under section 6 of the FSA to “promote public understanding of the financial system including awareness of the benefits and risks associated with different kinds of investment” and to “take measures for the better protection of consumers of financial services”. Part VI of the FSA consolidates these functions by providing measures to protect consumers of financial services and financial products. The FSF is established by the Commission under Section 68 of the FSA. According to the FSA, the funds of FSF “shall be used to promote the education of consumers of financial services”.

The FSF, which operates under the aegis of the FSC Mauritius, carries out relevant part of the functions of the Commission which aims at developing a financially literate population. It is therefore, committed to creating investor awareness and promote the education of financial services consumers.

PRODUCTION OF FINANCIAL LITERACY MATERIALS

A number of informative materials were produced and disseminated during the year under review.

Peer to Peer Lending

A launching ceremony was organised on 19 September 2020 to present the Financial Services (Peer to Peer Lending) Rules 2020. This rule was introduced by the Commission to innovate and improve access to finance in Mauritius. A video clip explaining the modalities of P2P Lending and the role of different participants involved, amongst others, was launched during the event. The video clip was aired on the national television and brochures were distributed during outreach and awareness events.

Security Token Offerings

The FSC Mauritius issued Guidance Notes to implement a common set of standards for the licensing of STO Systems in Mauritius. An informative video was produced and unveiled during an awareness event held at the in October 2020.

Special Purpose Funds

To strengthen the competitiveness of the Mauritius IFC and to keep up with the evolving developments in the fund industry, the Commission issued the Financial Services (Special Purpose Fund) Rules 2021 to govern SPF. To create more awareness on the new Rules and to provide relevant information on SPF, a video clip was produced and unveiled during the launching of the new Rules in June 2021. The video clip is available on the FSC Mauritius' website.

Financial Literacy of SMEs

A clip was produced during the year under review to promote financial literacy amongst SMEs. These include adoption of good practices in relation to financial planning, amongst others. The clip, which can be viewed on the Commission's website, was produced for dissemination on various platforms, including during the financial literacy sessions in collaboration with SME Mauritius.

FSC One Platform

The Minister of Finance, Economic Planning and Development announced the introduction of a FSC One Platform as one of the 2021/2022 budgetary measures. It is a new online platform for the financial services industry which will favour rapid processing and real-time monitoring of the authorisation process by the FSC Mauritius. The FSF/Financial Literacy unit's task was to work on an informative video to provide, to the relevant stakeholders, a better understanding of the system.

All these materials aim to sensitise and inform the stakeholders, targeted audiences and the general public on these abovementioned financial products and services. Information of the platform is available on the FSC Mauritius website.

Sustained Communication Campaign on 'Reflexes'

A sustained communication campaign was initiated during the year under review to maintain visibility on the 'Reflexes' campaign.

The objective of this campaign is to continue disseminating various key messages to inculcate good financial 'Reflexes' in the general population and promote, in the latter's lives, savings, budgeting, investing and effective financial habits.

Additional materials, including videos and infographics, were also being produced as part of this sustained communication campaign on a number of financial literacy topics for targeted audiences, including financial planning, good habits of budgeting, saving and investment in relevant financial services and products

These were posted on the FSC Mauritius website and social media pages were dedicated for the 'Reflexes' campaign. Brochures and informative games were also distributed to the general public during various outreach sessions to help support this campaign.

Print and Audio-visual Media

Relevant financial literacy materials and information are published in the print media and are broadcasted on radio and television on a regular basis.

They include information on financial literacy competitions being organised by the FSF/FSC Mauritius, news features and video clips on a number of topics related to the use of financial services and products, as well as good financial habits. Some materials were also displayed on billboards, including at the back of buses, in an attempt to reach a maximum target audience.

Electronic Media

As part of the sustained communication campaign on 'Reflexes', the project for the development of a financial literacy website and a mobile application had been initiated during the year under review. Additionally, by being an efficient repository for financial literacy materials produced, The website and mobile applications are expected to improve the people's understanding of financial concepts.

These tools will increase visibility on the various financial literacy initiatives in Mauritius and will also enable a better interaction and exchange of information with stakeholders.

Competitions

During the year under review, various talent and financial literacy competitions had been initiated, namely:

- A creative art competition where participants were invited to produce video clips on financial services;
- A mobile app gaming competition where the best games produced were proposed to be included in the financial literacy mobile application to be developed; and
- The Young Talent Competition where secondary school students were invited to participate in art, quiz and debate competitions on the theme of financial services.

The *modus operandi* for the organisation of the financial literacy competitions has been adapted to the sanitary protocols and the 'new normal' during the financial year.

Outreach Sessions

During the year under review, the FSF/Financial Literacy unit was present on a weekly basis in Citizen Advice Bureau offices around Mauritius as part of the 'Ensam avec CSU' National initiative, under the aegis of the Prime Minister's Office. The objective is to reach out to the population in different areas through dedicated information stands to impart financial literacy.

Tailor-made financial literacy sessions for micro, SMEs were also initiated in collaboration with SME Mauritius. Relevant financial literacy materials were distributed during these events.

The FSF/Financial Literacy unit also holds regular outreach sessions to circulate financial literacy messages and encourage good financial habits. The target audience is the general public with emphasis on senior citizens, women associations, entrepreneurs, officers and students.

Our ongoing outreach campaign is carried out at identified venues (social welfare centres, recreational centres and schools) with targeted audiences. These interactive sessions are an opportunity for any queries to help the audience gain a better understanding of the functioning of the Commission Mauritius, the financial services sector and the financial products and services in the market.

Outreach sessions were disrupted during the year under review because of the COVID-19 pandemic and have been held on a staggered basis.

Financial Literacy Fair

In order to create a better synergy between stakeholders and end users within the financial services sector, the organisation of a financial literacy fair of the financial sector has been initiated during the year under review. The fair which will be organised at a national level, and will have the participation of various stakeholders of the financial services industry, regulatory authorities, professional financial associations and the general public. The event will include stands hosted by stakeholders, panel discussions as well as a job/career guidance section in financial services.

The event is poised to become a yearly feature in the financial sector landscape of Mauritius and will have dedicated spaces for innovation, technology and sharing of knowledge.





FINANCIAL STABILITY & STATISTICS





FINANCIAL STABILITY & STATISTICS

FINANCIAL STABILITY

According to 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 in collaboration with the Central Bank.

Contribution to the BoM Financial Stability Reports

The FSC Mauritius closely monitors risks and possible deficiencies emanating from the non-bank financial sector and reports, on a semi-annual basis, its findings in the BoM's financial stability report. A summary of the latest main analyses is outlined below.

The outbreak of the COVID-19 pandemic has undeniably left the world grappling with the most severe global disruption in modern history and Mauritius is no exception. With a resurgence at a time when the country was gearing up for an economic rebound after almost one year of being safe from COVID-19, it became obvious that the virus was going to stay longer than expected. A second lockdown of shorter duration than the one of last year followed by a more flexible curfew clearly demonstrates that Mauritius is being propelled to adapt, with the vaccination as a key factor, to this dire situation.

The resurgence of the local COVID-19 cases has had less effects on the life industry than the first outbreak in March 2020. The rippling effects of the second lockdown were cushioned by the resilience of financial markets and a more flexible curfew and this has allowed most businesses to continue operation. It was observed that the value of assets remained on an upward trend for the year ending March 2021. Likewise, a moderate shift noted from fixed income instruments to equity in the breakdown of assets by class, testifies investors' confidence.

The general insurance industry continued to demonstrate resilience for the period under review. Given its limited exposure to financial markets, total assets of general insurers maintained a growth trajectory during the period under review ending March 2021. A similar trend has been observed in terms of the number of policies in force, both in the motor and non-motor insurance segments.

To address the issue of underfunded DB schemes, the FSC Mauritius has, on 23 April 2021, issued guidelines on the 'conversion' or 'shift' from DB schemes to DC schemes. These guidelines were introduced after consultation with the relevant stakeholders to cater for a proper framework for the 'conversion' or 'shift'. This is perceived as a cornerstone towards achieving a more sustainable private pension industry.

The adverse impact of the pandemic coupled with the listings of Mauritius seem to have a bearing on the GB sector. For the year ending March 2021, a declining trend has been witnessed, both in terms of new applications received and newly licences issued. However, on a positive note, the number of exits from the jurisdiction has remained almost at par, thereby resulting into a subdued effect on the number of live GBCs. On the market front, while Africa has been gaining momentum with its continuous growth over the last few years, both Africa and India have displayed a contraction in terms of newly licensed entities for the same period. In terms of investment flows, it is observed that despite a greater number of Africa-focused GBCs, investments flows in India-focused GBCs are higher. An encouraging upturn was noted in flows of FDI into India in the fourth quarter of 2020, as opposed to the previous quarters. On the other hand, FDI in Africa remained resilient during the first nine months of 2020 and a similar boost in investment was experienced in the last quarter of 2020. While a growth was noted in terms of gross FPI for the Indian market in 2020, FPI into listed equities in Africa remained constrained by the presence of relatively less deep and liquid stock markets in this region.

From a financial stability perspective, the main risk could emanate from the significant amount of GB deposits placed in local banks. As at 31 December 2020, these deposits amounted to around USD 8.6 billion, representing around 80% of the GDP of Mauritius. Considering the adverse effects of the pandemic, the EU and FATF listings of Mauritius, an abrupt and significant withdrawal of these deposits could expose local banks to high liquidity risk. The FSC Mauritius computed a risk map to gauge the respective exposure of each bank and the analysis was provided to the BoM for the stress testing of their liquidity position.

Supervision of financial conglomerates

The risks posed by financial conglomerates to the financial system are well recognised. Effective supervision on such

entities are especially challenging because risks may spill-over from an entity operating in various economic sectors to banking and non-banking financial services sector or vice-versa. The Basel committee came up with principles for effective supervision of financial conglomerates in 1999 and 2012. In Mauritius, the BoM has been empowered in 2016 to conduct effective consolidated supervision of financial conglomerates involving banks. The FSA has also been amended in 2020 to empower the Commission to collect statistics on financial conglomerates including at least one of its licensees.

Effective consolidated supervision of financial conglomerates requires cooperative arrangements and exchange of prudential information between the two financial regulators. The concept of a Lead Regulator for financial conglomerates was therefore important to determine the regulator that shall be responsible for coordinating the supervisory and regulatory actions necessary for the proper oversight of a financial conglomerate. Hence, the FSC Mauritius and the BoM agreed on a Terms of Reference for Lead Regulator and on a list of financial conglomerates upon which supervision will be conducted.

The financial regulators have jointly developed and implemented a framework for the supervision of financial conglomerates including a data collection instrument to gauge their exposures. Virtual bilateral meetings were held in May 2021 with representatives of five financial conglomerates falling under the purview of the FSC Mauritius to discuss the data collection forms and the survey. Representatives of the BoM in the Joint Working Group on Financial Stability also participated in the virtual meetings. After making a few changes based on feedback received, the survey was launched on 28 June 2021 and to be submitted by 31 July 2021. Given the current disruptions caused by the COVID-19 pandemic, requests for extensions were made by conglomerates to gather these new data. The first set of results and analyses are therefore expected by end of 2021.

Monitoring of Systemically Important Financial Institutions ('SIFIs')

The severity of the COVID-19 pandemic impact on different sectors of economic activities, bringing some to near-standstill, has put the spotlight on the risks posed by SIFIs. Their interconnectedness with various sectors is a key contributor to systemic risk and their failure could eventually lead to financial stability threats. Hence, to prevent a financial system meltdown, the Commission has designed a data collection instrument to gauge exposures of SIFIs and to monitor their financial soundness. SIFIs will henceforth be subject to increased supervisory scrutiny and these information can ultimately help with the early detection, assessment as well as mitigation of systemic risk.

STATISTICS

FSC Mauritius Annual Statistical Bulletin 2020

According to section 6 (j) of the FSA, 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 FSC Mauritius Annual Statistical Bulletin 2020 is published under that mandate. The principal aim of the Statistical Bulletin is to provide up-to-date figures on the licensees falling under the purview of the FSC Mauritius. Statistics presented in this report are sourced mainly from the AFS, administrative data, survey results and secondary sources. The data is now available in EXCEL format on the website of the Commission instead of PDF following request from our stakeholders.

Implementation of Surveys

A number of surveys are implemented by the Commission in line with international data standards such as the IMF Special Data Dissemination Standards (SDDS) and the IMF SDDS Plus. These standards are important as they assist in enhancing the availability of timely and comprehensive statistics, therefore resulting in the sound monitoring and functioning of financial markets.

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 these surveys was the large population of the respondents that falls under the purview of the FSC Mauritius (around 19,000). The FSC Mauritius received around 80,000 submissions from its licensees during the reporting period and more than 50 consistency checks are carried out before validation. Significant effort is made to confirm that the data is of the highest quality, timely and complete. Actions taken during the period under review to achieve the latter objective for each survey conducted by the FSC Mauritius has been summarised in the table below:

Survey	Details
<p>IMF Monetary and Financial Statistics – Global Business</p>	<p>The monetary and financial statistics survey covers the stock positions and flows of the assets and liabilities of the resident sector with respect to all other resident institutional sectors and non-residents.</p> <p>During the period under review, Quarter 1 2020 till Quarter 1 2021 surveys were launched on the Online Data Capture System and received around 50,000 submissions were received. The data collected are carefully analysed each quarter and the returns of approximately 2,000 GBC1s were further investigated to clear inconsistencies / misclassifications. Data collected from this survey have been mostly used in the financial stability reports and other analytical and data dissemination exercises.</p>
<p>IMF Monetary and Financial Statistics – Domestic</p>	<p>The IMF Monetary and Financial Statistics (domestic) survey targets around 150 entities operating in the local insurance, pensions and fund industries. Data collected are broadly in terms of stock positions and flows of assets and liabilities of these entities. Since they reflect the financial health of these entities, data collected for each quarter are scrutinised and the quality of data are continuously improved through investigation exercises. In light thereof, approximately 180 investigations have been carried out till date in the three categories under coverage. With the outbreak of COVID-19, various sectors have been subject to financial strains and given the interconnectedness of the above-mentioned categories with different segments of the economy, availability of these data play a determining role in the process of identifying growing risks exposures.</p>
<p>External Sector Statistics and National Accounts (ESSNAC) Surveys 2020 and 2021</p>	<p>The purpose of this survey is to collect financial data pertaining to GBCs for the compilation of various macro-economic statistics namely the Balance of Payments (BoP), International Investment Position (IIP), Foreign Portfolio, FDI and National Accounts. The data collected on external transactions and stocks act as a foundation for economic policy decisions as they are continuously evolving, reflecting ongoing economic developments. This exercise is conducted in collaboration with the BoM and Statistics Mauritius annually.</p> <p>For the period under review, around 280 entities were requested to confirm or revise their figures submitted for the ESSNAC Survey 2020 in light of potential inconsistencies noted. With respect to the inconsistencies reported, 4 additional consistency checks have been included in the survey form for ESSNAC Survey 2021. The Total checks now stand at 54 per survey form. Therefore for the 2021 exercise, the FSC Mauritius will be carried out around 621,000 check items (54 x 11,500 entities) before submitting consolidated data to BoM.</p> <p>It was agreed to engage in bilateral meetings with relevant MCs managing GBCs reporting the bulk of services rendered to and purchase from non-residents with a view to get better insights into and improve BoP data.</p>

Survey	Details
Employment Survey 2020	<p>The Employment Survey is carried out to capture the number of direct employees working in the entities falling under the purview of the FSC Mauritius apart from GBCs and Authorised Companies. For the year 2020, the survey was carried out of a semi-annual basis taking into consideration the impact of the pandemic COVID-19 on employment figures.</p> <p>The survey form captures employment data specifically categorised by gender, local/expatriate and job family namely managerial, technical and support. In addition, movement details in employment data, such as number of new recruits, termination and retirements, between two snapshot dates are requested.</p> <p>For the period under review, 350 submissions were received through the Online Data Capture System.</p>
Insurance Quarterly Returns (IQR) Survey	<p>The Commission has been collecting Insurance Quarterly Returns (IQR) since 2017. Various inconsistencies were noted in the reported data especially in the section "Policies in force" despite a general review exercise was conducted in 2019 to clarify the details requested. In that respect, bilateral meetings were held in March 2021 with a sample of insurers to get insights into the root cause of these misreporting. Following these consultative exercises, the Commission launched a survey on "Policies in force" among its licensees, as a one-off exercise, to get information on Insurance Policies broken down by private and corporate plans. To ensure data submitted are accurate and reliable, approximately 20 investigations were conducted. The results will be disclosed on the website of FSC Mauritius. To keep on improving the quality of data and to have a better insight of the performance of the insurance industry, a full review of IQR survey form will be effected in forthcoming exercises.</p>
External Sector Statistics on Special Purpose Entities (SPEs) & Exchange of Sector Information on Securities' Issuers	<p>For the period under the review, Mauritius has taken commitment to participate in two IMF initiatives namely:</p> <p>External Sector Statistics on SPEs</p> <p>The IMF has launched this new Initiative to collect and distribute annual cross-border statistics on SPEs. This will facilitate identification of selected cross border flows (BoP transactions) and stocks (IIP) related to resident SPEs to support policy makers and analysts. Considering that GBCs fall under the definition of SPEs, these data are already being captured in the annual ESSNAC Survey.</p> <p>Annual Exchange of Sector Information on Securities' Issuers</p> <p>The IMF has recently launched the Second Annual Exchange of Sector Information on Securities' Issuers (ESI). This exercise has been requested by the Financial Stability Board (FSB-) and the second phase of the G20 Data Gap Initiatives. The objective of this exercise is to establish a centralised database on portfolio investments securities consisting of detailed information such as the International Securities Identification Number (ISIN) code, issuer sectors and issuer countries. The IMF would share these statistics among participating countries of the Coordinated Portfolio Investment Survey (CPIS) to compile the portfolio investment asset position by country and sector of holders and issuers. The survey form has been added to the CPIS for entities operating under the domestic regime. With respect to the GB sector, consultation with industry representatives is planned in October 2021 to evaluate the feasibility of collecting these new additional data from GBCs.</p>



STAKEHOLDER RELATIONS



STAKEHOLDER RELATIONS

STRENGTHENING STAKEHOLDER RELATIONS

The FSC Mauritius has an active regional and international presence. Over the past few years, the Commission laid much emphasis on developing strong bonds and on maximising the reach of its collaborative initiatives with international standard setting bodies such as the IOSCO, the IAIS and the IOPS amongst others. The adoption of international best practices, norms and standards are illustrations of FSC Mauritius' commitment to drive Mauritius towards a financial services centre of excellence.

To support this commitment, the FSC Mauritius promotes cooperation through exchange of information, attachment programmes in the form of study groups as well as through the hosting of conferences and master classes.

EFFECTIVE CROSS-BORDER SUPERVISION THROUGH EXCHANGE OF INFORMATION

Effective cooperation, exchange of information and a robust working relationship between regulators are key elements for the preservation of the financial stability of a country. The FSC Mauritius has signed several MoUs with its local, regional and international counterparts, aiming to:

- strengthen the regulatory supervision of cross-border operations of financial institutions;
- identify sound mechanisms for the sharing of information in compliance with international best practices and standards; and
- reinforce collaboration initiatives between regulatory institutions in the fight against financial crime, money laundering and terrorism financing.

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

During the year under review, the FSC Mauritius has signed the following:

Multilateral Memorandum of Understanding

Date	Authorities	Purpose
20 October 2020	GIFCS	Provides a framework to facilitate exchange of information among authorities and to promote integrity, efficiency and financial soundness by improving regulation and enhancing supervision of cross-border transactions.

Signature of the GIFCS MMoU

The FSC Mauritius has become a signatory to the GIFCS MMoU. The MMoU provides a framework to facilitate exchange of information among authorities and to promote integrity, efficiency and financial soundness by improving regulation and enhancing supervision of cross-border transactions. The MMoU was signed on 20 October 2020.

The GIFCS is a long-established group of financial services supervisors with a core interest of promoting the adoption of international regulatory standards especially in the fiduciary, banking, and AML/CFT fields. Established in 1980, the GIFCS is recognised as a leading authority on the regulation of TCSP and the interface of these intermediaries with AML/CFT standards. The GIFCS promotes, amongst its members' compliance with the IOSCO Principles of Securities Regulation, the Recommendations of the FATF on AML/CFT and the Basel Core Principles.

MoU with Foreign Authorities

Effective Date	Authorities	Purpose
25 May 2021	Qatar Financial Centre Regulatory Authority (QFCRA)	Provide mutual assistance and facilitate exchange of information

Signature of an MoU between the FSC Mauritius and the QFCRA

The FSC Mauritius and the QFCRA have signed an MoU, which was effective as from 25 May 2021. The MoU establishes a framework of cooperation, promotes mutual assistance and facilitates the exchange of information between the two financial authorities in performing their respective duties according to the prevailing laws in the respective jurisdictions.

Memorandum of Cooperation (MoC) with Local Authorities

Date	Authorities	Purpose
26 August 2020	Attorney General's Office, BoM, FIU, Registrar of Companies, Gambling Regulatory Authority, Registrar of Associations and Mauritius Institute of Professional Accountants	Facilitate policy formulation, exchange of information and operational coordination to effectively combat money laundering and the financing of terrorism and proliferation

Signature of an MoC between the FSC Mauritius and AML/CFT Supervisors

The FSC Mauritius has signed an MoC with the local AML/CFT supervisors on 26 August 2020. The MoC facilitates policy formulation, exchange of information and operational coordination to effectively combat money laundering and the financing of terrorism and proliferation.

The MoC also establishes the framework for an interagency coordination committee for effective implementation of the AML/CFT regime.

The signatories to the MoC are the FSC Mauritius, the Attorney General's Office, the BoM, the FIU, the Registrar of Companies, the Gambling Regulatory Authority, the Registrar of Association and the Mauritius Institute of Professional Accountants.

This initiative reinforces effective cooperation and coordination in the implementation of FATF standards and aligns with the National Strategy for Combatting Money Laundering and the Financing of Terrorism and Proliferation 2019-2022.

Collaboration Agreement/Letter of Cooperation

Date	Authorities	Purpose
10 February 2021	Autorité de Régulation et de Contrôle des Assurances (ARCA Congo)	Provides a framework for the mutual assistance, exchange of information and capacity building
24 May 2021	Capital Markets Authority, Kenya (CMA Kenya)	Provides a framework for the sharing of knowledge in the form of technical exchanges

Signature of a Letter of Cooperation between the FSC Mauritius and the ARCA Congo

The FSC Mauritius and the ARCA Congo have signed a letter of cooperation regarding mutual assistance, exchange of information and capacity building on 10 February 2021.

Signature of a Letter of Cooperation between the FSC Mauritius and the CMA Kenya.

The FSC Mauritius and the CMA Kenya have signed a letter of cooperation to strengthen their technical exchanges concerning financial regulations on 24 May 2021.

INTERNATIONAL PRESENCE OF THE FSC MAURITIUS

International cooperation between financial regulators is of paramount importance in the development of effective policies for regulating and supervising financial markets given the increased interdependence of cross-border investments and the constant fight against global malpractices.

Milestone achieved by the FSC Mauritius

Admission of the FSC Mauritius to the Monitoring Group Steering Committee of the IOSCO, 18 February 2021

The FSC Mauritius was admitted to the Monitoring Group Steering Committee of the IOSCO as the AMERC representative for the term 2021-2022.

The FSC Mauritius is an ordinary member of the IOSCO and has been recognised amongst the largest users of the IOSCO MMoU concerning consultation, cooperation and the exchange of information for the AMERC region for 2015, 2017 and 2020. The FSC Mauritius held a seat on the IOSCO Monitoring Group Steering Committee as a representative of AMERC's largest user of the MMoU since 18 September 2018, and has been re-elected to hold the seat for the term 2021-2022.

The main responsibilities of the FSC Mauritius as a member of the Monitoring Group Steering Committee include:

- approving the process, content and periodicity of the consultation of the MMoU MG members on matters of common concern;
- recommendations and decisions on any follow-up action to be taken by the Monitoring Group Steering Committee in respect of issues identified; and
- discussions on ongoing or future initiatives in relation to the MMoU and undertaking any other assignment.

International Meetings and Conferences

The FSC Mauritius was actively engaged with its foreign counterparts and participated in several conferences and meetings as follows:

FSB virtual meeting with external stakeholders on cyber incident response and recovery, 09 July 2020

The FSC Mauritius participated in a virtual meeting on cyber incident response and recovery activities organised by the FSB on 09 July 2020.

The purpose of the virtual meeting was to discuss the FSB consultative report, published on 20 April 2020, entitled 'Effective Practices for Cyber Incident Response and Recovery' which sets out a proposed toolkit of effective practices to assist financial institutions before, during and after a cyber-incident.

IAIS Emerging Market and Developing Economies (EMDEs) meeting, 07 August 2020

The FSC Mauritius participated in the IAIS EMDEs meeting held virtually on 07 August 2020. The meeting was an opportunity for IAIS to provide an update on its forthcoming meetings, activities and a platform for EMDEs members to share their supervisory experience during the COVID-19 pandemic on supervising remotely and challenges they faced in the insurance industry, amongst others.

FSB Conference Call on BigTech Firms in EMDEs, 10 September 2020

The FSC Mauritius participated in a virtual meeting on BigTech Firms in EMDEs organised by the FSB on 10 September 2020. The purpose of the virtual meeting was to discuss the FSB's draft report on BigTech firms in EMDEs prior to being sent to the FSB Plenary for review and approval. The draft report responds to a request from the Saudi Arabian G20 Presidency for further work in this area that included the perspective of EMDEs.

G20 TechSprint event, 06 October 2020

The FSC Mauritius attended the G20 TechSprint event on 'Enabling Regulatory and Supervisory Solutions for the Digital Era' which was held virtually on 06 October 2020.

The G20 TechSprint is a joint initiative of the Saudi G20 Presidency and the Bank for International Settlements Innovation Hub designed to highlight the potential of new innovative technologies to resolve operational problems in the areas of regulatory compliance (RegTech) and supervision (SupTech). The event had a panel which addressed SupTech and RegTech challenges and responsible technological solutions.

GIFCS Virtual Plenary Meetings, 20 October 2020 and 28 April 2021

The FSC Mauritius participated in the GIFCS virtual plenary meetings held on 20 October 2020 and on 28 April 2021. The main topics covered during the meetings were related to developments in AML/CFT matters and TCSP evaluations.

13th Annual IOSCO Affiliate Members Consultative Committee (AMCC) Seminar, 04 and 05 November 2020

The 13th Annual IOSCO Affiliate Members Consultative Committee Seminar was held virtually on 04 and 05 November 2020. The seminar featured panels, case studies and presentations on 'Implementing IOSCO Principles'. Given the COVID-19 pandemic and related regulatory measures, the seminar included topics that discussed the short and long-term impact of regulation. Specific topics included remote supervision, emerging markets, fraud during the pandemic, the regulatory response, and enforcement.

IOSCO Annual Meeting, 09 to 18 November 2020

The FSC Mauritius participated in a series of virtual meetings hosted by the IOSCO in November 2020 namely the meeting of the IOSCO MMoU/EMMoU Monitoring Group, the IOSCO Growth and Emerging Markets Committee meeting, and the AMERC Meeting.

Developments in the fields of sustainable finance and fintech were proposed for the AMERC region. The Growth and Emerging Markets Committee presented its work and achievements in the development of emerging capital markets and its project on fintech in emerging markets with a focus on the use of innovation facilitators (innovation hubs, regulatory sandboxes and accelerators).

IOPS Technical Committee meeting, IOPS Executive Committee meeting and Annual General Meeting, 09 to 10 and 17 November 2020

The FSC Mauritius participated in the IOPS technical committee and executive committee meetings held virtually on 09 to 10 November 2020 and the AGM held virtually on 17 November 2020.

The discussions held during the meetings focused amongst others, on supervisory issues in the time of COVID-19 pandemic, supervisory challenges from early access to pension savings, supervisory approaches to enhance cyber resilience in the private pension sector.

27th IAIS Annual General Meeting and Annual Conference, 02 to 04 December 2020

The FSC Mauritius participated in the 27th virtual annual conference of the IAIS held from 02 to 04 December 2020. The theme of the annual conference was 'Sustainable Insurance: Emerging Risks, Trends and Opportunities'.

The following themes were discussed during the sessions:

- embedding climate risk management in the insurance sector; and
- addressing the insurance protection gap.

FSB Regional Consultative Group for Sub Saharan Africa, 03 December 2020

The FSC Mauritius attended a conference call of the FSB Regional Consultative Group for Sub-Saharan Africa (RCG Sub-Saharan Africa) on 03 December 2020.

The meeting focused on the following:

- assessment of global and regional vulnerabilities;
- roadmap for enhancing cross-border payments; and
- update on the FSB work programme.

Working Party on Private Pensions (WPPP) meeting, 07 to 09 and 11 December 2020

The FSC Mauritius participated in the virtual Working Party on Private Pensions meeting held virtually from 07 to 09 and on 11 December 2020. The meetings covered the following topics, among others:

- introducing and developing funded retirement savings arrangements;
- retirement savings and gender;
- the revision of the OECD Roadmap for the good design of the defined contribution retirement arrangements; and
- next steps following the OECD ESG report.

Virtual outreach meeting of the FSB Standing Committee on Supervisory and Regulatory Cooperation (FSB-SRC) on regulatory and supervisory issues related to outsourcing and third-party relationships, 22 February 2021

The FSB Standing Committee on Supervisory and Regulatory Cooperation held a virtual outreach meeting on regulatory and supervisory issues related to outsourcing and third-party relationships on 22 February 2021.

The speakers discussed key issues associated with financial institutions' outsourcing and third-party relationships from a practical perspective. Many of these issues were outlined in the FSB discussion paper released for public feedback in November 2020 on regulatory and supervisory issues related to outsourcing and third-party relationships. The meeting focused, in particular, on evolving industry practices and practical challenges faced by financial institutions and third-party providers in ensuring compliance with local regulatory requirements and supervisory expectations across jurisdictions. The outreach also explored potential areas where further coordination among the relevant stakeholders, for example e.g. supervisory and resolution authorities, financial institutions and third-party providers, could help enhance the resilience of financial institutions and the financial system, as well as, enable financial institutions to harness the benefits of third-party products and services in a safe and sustainable manner.

IOPS Technical Committee meeting, 08 and 09 March 2021

The FSC Mauritius participated in the IOPS technical committee and executive committee meetings held virtually on 08 and 09 March 2021. The discussions held during the meetings focused, amongst others, on self-assessment against IOPS principles, guarantees in private pension system, international cooperation, ongoing projects and supervisory issues in the time of the COVID-19 pandemic.

IAIS Regional Meeting for Sub-Saharan Africa, 15 and 16 March 2021

The FSC Mauritius participated in the IAIS Regional Meeting for Sub-Saharan Africa held virtually on 15 to 16 March 2021. The discussions held during the meeting focused, among others, on issues impacting insurers such as the COVID-19 pandemic, climate risk, fintech and cyber-risk.

IOSCO MMoU Virtual Training Workshop, 22 and 23 March 2021

The FSC Mauritius participated in the IOSCO MMoU virtual training workshop. The theme of the workshop was 'the use of the IOSCO MMoU in 'Enforcement Cooperation: The MMoU in practice'.

The workshop focused on the MMoU practicalities to provide a guide on how the IOSCO MMoU helps in international cooperation in enforcement matters and how to address common practical issues related to the use of the MMoU.

IFREFI 'Réunion des Présidents', 14 April 2021

The FSC Mauritius participated in the IFREFI 'Réunion des Présidents' held virtually on 14 April 2021. The theme of the meeting was centred on the latest major developments in the regulatory space of each members' jurisdictions and the different regulatory and supervisory challenges arising from the COVID-19.

IOPS workshop on the implementation of supervisory ESG guidelines and sustainability disclosure, from 17 to 20 May 2021

The FSC Mauritius attended the workshop on the implementation of IOPS supervisory ESG guidelines and sustainability disclosure, held from 17 to 20 May 2021. The workshop focused on the recent developments in sustainability disclosure on how to proceed with the implementation of the guidelines.

IOSCO-AMERC virtual meeting on market fragmentation, 03 June 2021

The FSC Mauritius participated in the virtual meeting on market fragmentation organised by the IOSCO on 03 June 2021. The speakers discussed IOSCO work on market fragmentation issues related to sustainable finance and crypto assets regulation.

FSB Regional Consultative Group for Sub-Saharan Africa, 08 June 2021

The FSC Mauritius attended the virtual meeting of the FSB Regional Consultative Group for Sub-Saharan Africa on 8 June 2021. The purpose of the virtual meeting was to discuss the assessment of global and regional vulnerabilities, regulatory and supervisory challenges arising from COVID-19.

IFSB 19th General Assembly, 09 June 2021

The FSC Mauritius attended the 19th IFSB General Assembly related to discussions on the assignments of the IFSB, as an observer member, on 09 June 2021.

IAIS Global Seminar, 23 June 2021

The FSC Mauritius participated in the IAIS global seminar on 23 June 2021. The discussion held during the seminar focused, amongst others, on the challenges and lessons learnt from COVID-19.

6th International Pension Research Association Conference, 24 June 2021

The FSC Mauritius attended the 6th International Pension Research Association conference on 24 June 2021 held virtually in collaboration with the OECD, the IOPS and the ARC CEPAR, Netspar and the Pension Research Council at the Wharton School of the University of Pennsylvania.

The following topics were discussed during the session:

- Long-term care and pensions;
- Climate change and pensions; and
- The impact of COVID-19 on the pension landscape.

EXCHANGE OF INFORMATION

International Stakeholders

The FSC Mauritius acknowledges the importance of international cooperation in boosting its regulatory, supervisory, enforcement duties and functions. The FSC Mauritius cooperates with international counterparts to share information. Multilateral sharing mechanisms are set out in the MMoU between member countries of IOSCO, IAIS, CISNA and GIFCS. In addition, bilateral MoUs outline the scope and terms of the information sharing among regulators and provide a cooperation framework.

Statistics on Exchange of Information with International Counterparts

The FSC Mauritius attended to RFI to and from overseas counterparts as per below:

International RFI	July 2020 to June 2021	July 2019 to June 2020
Request made	296	256
Request received	125	90

Local Stakeholders

The FSC Mauritius was engaged in the effective exchange of information with various local authorities and has entertained 160 formal request for assistance from local authorities. The FSC Mauritius made 46 formal requests for assistance to its counterparts during the same period.

Statistics on Exchange of Information with Local Authorities

Local RFI	July 2020 to June 2021	July 2019 to June 2020
Request made	46	39
Request received	160	211

INTERNATIONAL TRADE INITIATIVES AND REVIEWS

During the year under review, FSC Mauritius has been providing input for the following reports and projects coordinated by the Ministry of Foreign Affairs and the Ministry of Finance, Economic Planning and Development:

World Trade Organisation (WTO) - Related Assignments

- WTO 5th Trade Policy Review Secretariat Report and Government Report
- WTO Joint Statement Initiative on Investment Facilitation for Development
- WTO Exploratory Discussions on Market Access: Financial Services
- WTO Joint Statement Initiative on Services Domestic Regulations
- WTO Report on Trade-Related Developments (Trade Policy Review Body)

Other Projects

- COMESA, East African Community and SADC Tripartite Technical Working Group on Trade in Services
- 41st Meeting of the SADC Trade Negotiating Forum – Services
- Implementation Matrix in the context of SADC Trade in Services negotiations
- Post Cotonou Agreement Negotiations and African Regional Protocol
- Implementation of Good Regulatory Practices according to the matrix of the Commonwealth Secretariat
- Participation in the National Workshop on E-Commerce
- Implementation of the African Peer Review Mechanism

Regional and Bilateral Agreements

- Interim Economic Partnership Agreement between EU and the Eastern and Southern Africa States
- Other Agreements
 - China-Mauritius Free Trade Agreement (FTA) – came into force on 01 January 2021
 - African Continental FTA (AfCFTA) – came into force on 01 January 2021
 - India-Mauritius Comprehensive Economic Partnership Agreement (CECPA) – came into force on 01 April 2021

CISNA SECRETARIAT

Overview

Established in 1998 under Annex 10 of the Protocol on Finance and Investment, the CISNA forms part of the SADC Finance, Investment and Customs Directorate. 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 international best practices, standards and principles as set by the relevant international standard-setting bodies. The current membership of CISNA comprises 26 member authorities from 14 SADC member states, including the FSC Mauritius.

In April 2019, the FSC Mauritius was awarded the hosting of the CISNA Permanent Secretariat in Mauritius following a bidding exercise. This initiative of the Commission received full support of the Government of Mauritius, and is in line with the Africa Strategy that the government has spelt out for the country. Moreover, it demonstrates the commitment of the FSC Mauritius towards achieving harmonised regulatory and supervisory regimes in the region that are not only in line with international standards, but also reflect market realities.

CISNA Support Office

The CISNA Support Office was created in July 2019 to facilitate the operationalisation of the CISNA Secretariat. This unit has been providing full support to CISNA and has been actively participating in all CISNA meetings.

The unit participated in eight meetings of the CISNA Strategic Planning and Review Committee from July 2020 to April 2021. Moreover, the CISNA Support Office participated in the following meetings:

- Familiarisation and training virtual programme on fintech by the Financial Services Conduct Authority South Africa on 09 March 2021;
- IAIS regional virtual meeting hosted by the South African Reserve Bank on 15 and 16 March 2021; and
- the SADC financial inclusion subcommittee's first meeting held on 23 and 24 March 2021.

Operationalisation of the CISNA Secretariat

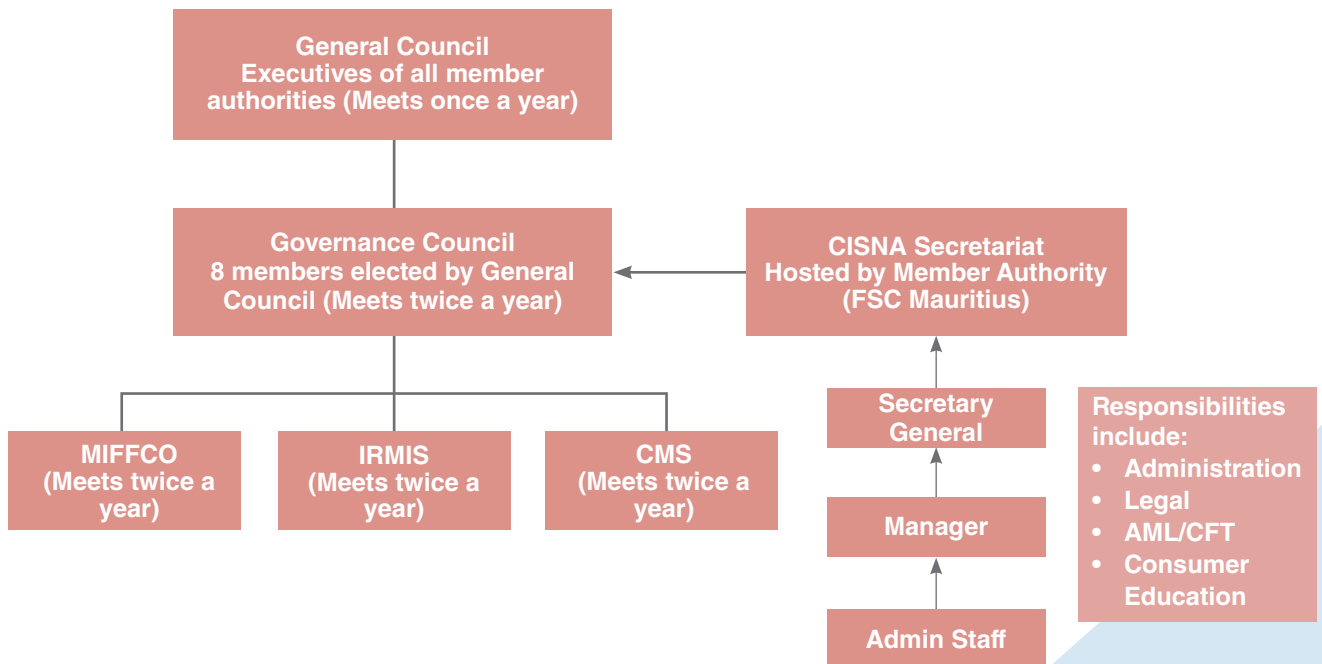
The CISNA Secretariat was initially scheduled to be operational as from July 2020. However, due to unforeseen circumstances such as the COVID-19 pandemic and ensuing confinements and changes, the operationalisation of the CISNA Secretariat was substantially delayed.

The 44th bi-annual CISNA meeting was held virtually from 26 to 28 May 2021. The CISNA plenary approved the amendments to the CISNA rules, which gave effect to the new structure of CISNA. The office bearers for the new structure were elected on 27 May 2021 and will serve for a term of two years. Mr Matomola from Namibia was elected as the Chairperson of CISNA and Ms Lukama from the Democratic Republic of Congo was elected as the Vice Chairperson.

The CISNA rules, as amended, establishes the CISNA Secretariat. The plenary acknowledged the FSC Mauritius as the host of the CISNA Secretariat and announced that the Governance Council will appoint the Secretary General through secondment of a suitable candidate from amongst CISNA member authorities. In the interim, the FSC Mauritius was requested to second a staff member who meets the CISNA criteria and requirements for a period of two years, to be

assigned to CISNA to perform the duties of the Secretary General. This arrangement will allow CISNA to immediately operationalise the Secretariat, which will be hosted by the FSC Mauritius and will report to the CISNA Governance Council.

The New CISNA Structure



DATA PROTECTION

The right to privacy is expressly provided for in the Constitution of Mauritius and in the Mauritian Civil Code. However, a modern legislative framework on Data Protection came into force in Mauritius with the Data Protection Act 2017 (DPA) since January 2018. This new framework is in line with international standards, namely the EU General Data Protection Regulation and the Convention for Protection of Individuals with regards to automatic processing of personal data. This is a value addition for the reputation of the Mauritian financial services sector, as the jurisdiction aims to consistently attract foreign investors. The DPA is enforced by the Mauritius Data Protection Office, an independent office, headed by the Data Protection Commissioner. In line with section 22 (2)(e) of the DPA, the FSC Mauritius, as a data controller, has duly appointed a Data Protection Officer responsible for data protection compliance issues.

During the year under review, the Data Protection Officer has worked with the different clusters, committees and secretariat on an inventory of all personal data processed by each of them. The Data Protection Officer has conducted several training sessions to sensitise staff on the importance of safeguarding personal data on employees and non-employees such as applicants for licences, licensees, incumbents in licensees, suppliers, students, speakers and whistleblowers.

With digitalisation in the financial services industry coupled with the extra-territorial application of the EU General Data Protection Regulation, the protection of personal data has become increasingly important for the regulator which aims to be internationally respected and recognised. The Commission has the duty to ensure that the right to privacy is respected as regards to personal data processed on all types of data subjects (employees and non-employees).

The FSC Mauritius has taken the relevant enhanced security measures to be in compliance with the DPA.



COMMUNICATIONS





COMMUNICATIONS

The FSC Mauritius was actively engaged in the implementation of its communications plan and strategy during the year under review. 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 the law. The Appendix 5 provides a list of publications issued for the year under review. Corporate information published in local and international business directories were updated on a regular basis to guarantee a factual reporting on the FSC Mauritius.

The visibility of the FSC Mauritius was upheld through ongoing media coverage during the year under review. The FSC Mauritius was, in addition, engaged in the implementation of targeted public relations exercises pertaining to the following regulatory initiatives undertaken:

- Publication of the updated AML/CFT Handbook;
- Amendments to FSC Rules and Regulations made under the Securities Act;
- Guidelines for the 'Conversion' or 'Shift' of Defined Benefit Pension Schemes to Defined Contribution Pension Schemes;
- Guidelines for Mortgages Underwritten Practices and Procedures;
- The hosting of the Permanent Secretariat of the CISNA by the FSC Mauritius; and
- Signature of Innovation Functions Co-operation Agreement between the FSC Mauritius and the Canadian Securities Administrators.

Moreover, local and international news pertaining to the financial services sector, as well as, social media platforms were closely monitored to verify that the FSC Mauritius remains abreast of all developments relating to the financial services sector.

The FSC Mauritius also maintained ongoing interaction with media representatives, and requests from press representatives were attended promptly and effectively within the parameters set under the law. Besides, interviews of the Chief Executive were regularly disseminated to print and electronic media to reach out to a more diverse audience.

Table 30: Number of Media Requests attended

	July 2018 to June 2019	July 2019 to June 2020	July 2020 to June 2021
Local	41	36	37
International	7	10	23

Newsletters


The FSC Mauritius reinforced its visibility through effective communication of its ongoing regulatory actions and organisational initiatives through its 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 through hands-on information regularly posted on its website. During the second lockdown period due to the resurgence of local cases of the COVID-19, the FSC Mauritius also kept its licensees and the public aware of regulatory actions through information published on its website.

Social Media

Social media is undeniably a strategic tool for corporate communication, allowing organisations around the globe to reach out to a more diverse audience. The FSC Mauritius maintained its online presence on social media platforms, during the year under review including the second lockdown period, through its dedicated corporate pages on LinkedIn and Twitter.

A series of overlapping, semi-transparent blue geometric shapes, primarily triangles and polygons, arranged in a diagonal pattern from the bottom-left towards the top-right, creating a modern, abstract background design.



CORPORATE SERVICES





CORPORATE SERVICES

ADMINISTRATION AND ENTERPRISE RISK

The Administration and Enterprise Risk (AER) cluster is responsible for the management of services and processes supporting core businesses of the FSC Mauritius while maintaining a suitable working environment. AER comprises the following functions, namely:

- Asset management;
- Facilities management;
- Fleet management;
- Procurement;
- Registry/Scanning/Archive; and
- Events management.

Asset Management

The assets of the FSC Mauritius are maintained on a Fixed Asset Register (FAR) through a systematised approach for different 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, were disposed following established procedures and at the same time eliminating unnecessary costs to maintain the assets. An inventory exercise of all assets listed on the FAR is carried out during each financial year. The objective of this exercise is to verify the accuracy of the FAR records from both an internal control and assets management perspectives.

Likewise, as disasters can be financially devastating and can seriously disrupt operations, the FSC Mauritius has insured all its assets under different insurance coverage, to promote operational effectiveness following events such as natural disasters, fire and allied perils and terrorism amongst other crises.

Facilities Management

The Facilities Management (FM) unit aims at providing a safe working environment to all staff. It warrants proper space allocation, operational public utilities building efficiency, fire safety, health and safety regulations, accessibility to passenger lifts and access doors, proper ventilation system in air conditioning units, and conducts regular maintenance to meet statutory compliance requirements. The focus establishes a hygienic work environment with daily cleaning of office.

With respect to the COVID-19 pandemic, the FM team has successfully implemented all protocols specified in the COVID-19 crisis management plan. For instance, temperature control was done on all visitors at the entrance of the building, hand sanitizers and masks were provided on all floors for the staff. Floor markings/barriers, as appropriate, were placed to maintain social distancing. Only three persons were allowed at the same time in the lift. Regular cleaning and disinfection of workspace, door knobs and hand rails are done. Despatch desk has been relocated at the delivery door near the visitors' parking to limit access to the FSC House and all incomings are deposited directly by the external despatchers into designated boxes. Seating arrangements within the open office space have been reviewed with a view to ensure social distancing and drivers have been requested to disinfect and clean the vehicles after each trip.

(NEX Tower/Rodrigues office)

The team also oversees maintenance works of our offices located in NEX Tower on Level 7 and 8, and in Rodrigues Island.

Projects

During the year 2020/21, some of the major projects undertaken included the refurbishment of major offices of the FSC Mauritius. The maintenance team has been involved in painting of the offices within the FSC house to maintain a clean working space. With the recent recruitment of office attendants/handymen, a team was set up to oversee the yard maintenance.

Future Projects

- Implementation of the one single window project;
- Replacement of office chairs; and
- Cleaning of external windows/building façade.

Use of green technology and to be eco-friendly

The FSC Mauritius intends to be eco-friendly and reduce cost and makes efficient use of resources by embracing green technology. Staff are encouraged to make use of natural lights within the meeting rooms and the office. The FSC Mauritius already has a fresh air unit system within the office, thus reducing the use of the air conditioning system and uses led lights to be energy efficient.

Fleet Management

The FSC Mauritius has set up a well-designed fleet management system that maximises the efficient use of its vehicles. The vehicles are used for the day-to-day administrative tasks of the Commission, as well as, to provide support to staff going on on-site inspection. The vehicles are maintained in proper condition through daily checks and regular servicing carried out by authorised agencies to ensure safety of drivers and passengers.

The FSC Mauritius also ensures that all vehicles having reached the end of their usability, as per the internal policy, are disposed through a proper disposal system. During the financial year under review, five vehicles of the Commission have been disposed of.

Procurement

The procurement process at the FSC Mauritius is governed by the Public Procurement Act 2006, Public Procurement Regulations 2008 and Directives and Circulars issued by the Procurement Policy Office. The responsibility for implementing and administering procurement related provisions is centralised at the procurement unit which is subject to both internal and external audit review.

Best practice has been adopted in line with the relevant laws and regulations which require capital expenditures above a certain value and that transactions are properly authorised and executed with the approval of the Board of the FSC Mauritius. The procurement process underpins to achieve value for money by having a balanced judgement of both financial and non-financial factors relevant to the procurement. During the financial year 2020/21, a total number of 33 competitive bidding procurements has been conducted.

As per its strategic initiative, the FSC Mauritius has fully embarked on the Government e-Procurement System (e-PS) making the procurement process more efficient and transparent. Corruption risks are also mitigated with a corresponding benefit of encouraging competitive bidding by allowing the participation of a maximum number of bidders and by providing equal opportunity to SMEs. The FSC Mauritius has published a notice on its website and in newspapers to encourage suppliers to register on e-PS.

The FSC Mauritius complies with disclosure requirements and promotes transparency in the following ways:

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

Scanning / Registry / Archive

The scanning unit is responsible for converting all incoming documents into a digitised format for easier and faster dissemination to the required cluster, while the registry unit is responsible for the safe custody of these documents. Files and other documents are classified in a systematic way in the archive for easy retrieval upon request. In order to keep up with the changing needs of the FSC Mauritius regarding data management, these units need to review their work processes consistently, while ensuring fast and efficient output without any duplication of work and to maintain an efficient document management system.

Event Management

The AER is responsible for providing all logistics support for organisation of events at the FSC Mauritius and works in close collaboration with the IT cluster and the Office of the Chief Executive. In the wake of the COVID-19 pandemic, the need for virtual event management has become a necessity and at the level of AER, the needful was done for the smooth running of all organised events. Logistics have also been procured and arrangement for provision of snacks and refreshments were carried out taking into consideration the COVID-19 protocol.

INFORMATION TECHNOLOGY

In view of enhancing and accelerating the digital transformation process at the FSC Mauritius, Information Technology has embarked on a number of revolutionary initiatives. This has acted as a catalyst with an innovative touch, hence triggering the information highway era.

Online Administrative Penalties System

In order to digitalise and streamline the submission of statutory documents by the licensees of the Commission, a new secure online system is being implemented. The licensees will be able to upload documents online quicker. The system will have additional features such as online payments of administrative penalties for late submission of statutory documents. Additionally, all submissions and payments status will be readily accessible on the platform.

Document Management System

The FSC Mauritius is undertaking the process of replacing its existing Document Management System (DMS) and scanning solution to improve the operational efficiency, control access to critical business information and increase productivity with the document-intensive processes, using state-of-the art technologies.

Human Resources Information System

Moreover, to further leverage on technology to transform the prevailing human resource practices, the process for a new innovative and revamped online Human Resources Information System (HRIS) was started. The objective is to achieve proficiency and efficiency in human resource management, whilst empowering the users with self-service, easy-to-use features and intelligent reporting mechanism based on latest technology to address new emerging requirements.

Onsite Inspection (RBS) System

The existing onsite inspection system has been enhanced and extended to address new RBS framework, with revised risk scoring and rating methodologies, and automated supervision cycles.

FSC One Platform - New Portal

The FSC Mauritius has embarked on an integrated platform which will allow staff to retrieve information on existing licensees based on the 'known to the Commission' concept and at the same time, capture maximum information related to stakeholders such as directors, MLROs, promoters, shareholders, beneficial owners and ultimate beneficial owners in a timely manner.

Benefits of the system

- The new portal will help in the tracking of application statuses and provide more visibility to applicants with respect to applications submitted online to the FSC Mauritius. Furthermore, applicants such as MCs, domestic entities and individuals will also be able to send applications online and effect payment online.
- The system will allow licensees to manage their profiles, as well as, their list of stakeholders, thus minimising duplication of entries on applications being submitted to the FSC Mauritius.
- The system will greatly improve efficiency, reduce the turnaround time of applications and offer a better customer experience and service to all licensees.

Project Implementation

A project steering committee comprising cross-functional teams has been set up to gather requirements and understand the domain knowledge. The project is being implemented in a phase-wise approach to be released on a pilot run to licensees.

Renewing and Upscaling of IT Infrastructure

Components of the IT and security infrastructure were reviewed to take into consideration the needs of the FSC Mauritius in terms of emerging business requirements such as online services and other projects requiring intensive technology resources, increased manpower and mitigation of risks.

The key elements required, related to the above, are the provision of optimised IT resources and performance in terms of networking, computing facilities, and enhanced availability of services as well as up to the standards security environment.

The main projects which were identified, budgeted and activated during the current reporting period at the FSC Mauritius, were:

- review of next generation firewalling solutions and network switching infrastructure;
- upgrade of data storage infrastructure;
- review of Internet Protocol telephony system; and
- implementation of additional procedures, equipment and technology to facilitate remote work.

Business Continuity Management

As part of its corporate governance framework, the FSC Mauritius maintains a BCM system in line with best practice Guidelines issued by the International Standards Organisation (ISO 22301:2012: BCM Systems – Requirements). The BCM system ensures the commitment of the Commission for operation resilience and provides for an effective response to safeguard the interests of the organisation and its employees, key stakeholders, reputation, brand and value-creating activities. Accordingly, the FSC Mauritius issued a specific Crisis Management Plan with respect to the COVID-19 crisis to enable business continuity during the lockdown period. The BCM system provides the necessary structure to assist relevant stakeholders in defining relevant protocols and policies to further mitigate the impact of COVID-19.

HUMAN RESOURCES

The FSC Mauritius is mindful that its capacity to regulate and supervise effectively depends fundamentally on its people. The knowledge, expertise, abilities, skillset and experience of staff are pivotal for the success of the organisation. The Commission values its people and understands that they are the best brand ambassadors.

Attracting Talent

The growth and sustainability of the FSC Mauritius depends on its ability to attract and retain the right people. The Commission focuses on acquiring new talent and hires people based on carefully established requirements, thus re-energising the work environment. These recruits bring qualities and attributes that fit the organisational culture, and they possess capabilities needed to achieve excellence.

During the year under review, the Commission 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 to ensure deliverables work in face of the high level and wide ranging expectations from the various stakeholders in the financial services sector.

For the financial year ended 30 June 2021, the FSC Mauritius recruited a total of 90 employees to reinforce its operations.

The workforce of the Commission as at 30 June 2021 stood at 325 employees.

The movement of employees during the year under review is as per the Table 31.

Table 31: Movement of employees

Job Family	New Recruits		Leavers		Number of Officers	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Executive	-	3	5	4	23	28
Technical	71	29	1	6	240	170
Administrative	5	-	-	-	23	18
Support	14	6	1	-	39	26
Total	90	38	7	10	325	242

Performance Management System

A Performance Management System is in place to reinforce a performance culture to achieve the desired results. The FSC Mauritius is currently in the process of putting in place a new Performance Management System framework.

Building Expertise

During the period under review, the Commission has embraced a multi-fold approach to enhance the development and capacity building of its staff through the conduct of its training programs.

In view of the COVID-19 outbreak, the FSC Mauritius has adopted various training approaches to further strengthen and enhance the skills and knowledge of its staff. To ensure that staff are trained on a regular basis, the FSC Mauritius has engaged in a variety of flexible training options such as e-learning platforms and virtual conferences that employees can access in different formats and work at their own pace.

A summary of trainings/seminars/conferences and meetings attended by staff during the year 2020 - 2021 and the contact hours are provided in Table 32:

Table 32: Summary of training sessions and contact hours

Types	Number of Sessions	Contact Hours
In-House	78	5,567
Local	41	927

Some of the trainings attended by FSC staff are as follows:

Virtual Training on 'Trade Based Money Laundering'

The FSC staff participated in a virtual training on Trade Based Money Laundering facilitated by Mr Nick Shah from SJ Group International from 27 to 31 July 2020. The key elements of the training were, *inter alia*, to gather identify financial information and its relevance to Financial Intelligence to evaluate and exploit such information/intelligence, and use it to the advantage of the evidential outcomes of an investigation and/or regulatory action and present recent operational experiences regarding law enforcement agencies' best practice techniques on AML/CFT focusing on Trade Based Money Laundering typologies.

The 2nd E-Learning Course on 'Financial Investigations a Practical Approach - Planning to Action'

The FSC staff followed the 2nd e-Learning course on 'Financial Investigations a Practical Approach - Planning to Action' organised by the United Nations Office on Drugs and Crime via the Asset Recovery Inter-Agency Network for Southern Africa website during the period July 2020 to August 2020.

The 7th FSI-IAIS Regulatory and Supervisory Training Online (FIRST ONE) programme

The 7th FSI-IAIS Regulatory and Supervisory Training Online ('FIRST ONE') programme which is being organised on a yearly basis by the Financial Stability Institute in collaboration with IAIS was also attended by staff from 20 August 2020 to 24 November 2020. The purpose of this online programme was to help supervisors obtain a broad understanding of the essential elements of insurance supervision. The programme consisted of web-based tutorials and live webinars aimed at helping new and experienced supervisors grasp the essential elements of insurance supervision.

Webinar on 'Recent Developments and Innovation in the Mauritius International Financial Centre'

The FSC Mauritius also participated in the webinar on 'Recent Developments and Innovation in the Mauritius International Financial Centre' on 17 September 2020 organised by the EDB in partnership with Nishith Desai Associates. The live webinar featured discussion on the recently promulgated Family Office Rules 2020 and the forthcoming Variable Capital Company structure, Mauritius as the hub for Foreign Portfolio Investments, the concepts of Trust, Foundations and Protected Cell Companies as tools for succession and estate planning and the strengthened and steadfast AML/CFT framework in Mauritius.

The 22nd IOSCO Seminar Training Program (STP) on "RegTech/SupTech: Using Technology for Regulatory and Supervisory Responsibilities"

The 22nd IOSCO Seminar Training Program on "RegTech/SupTech: Using Technology for Regulatory and Supervisory Responsibilities" held virtually from 14 to 16 October 2020 was attended by FSC staff. During the training programme, experts examined the IOSCO's FinTech work and discussed the evolution of financial technology and future trends. The training consisted of case studies and examples of RegTech/SupTech applications, coding of regulations and the use of blockchain technology.

The U.S. Commodity Futures Trading Commission's 28th Annual Symposium for International Market Authorities

Some staff had the opportunity to attend the U.S. Commodity Futures Trading Commission's 28th Annual Symposium for International Market Authorities held on 20, 22, 27 and 29 October 2020. The symposium covered the most pressing issues affecting the industry. It was focused on the current issues and challenges faced by Enforcement staff in today's environment, oversight and supervision challenges, surveillance techniques in today's market and the performance of the markets during the crisis.

Webinar on 'Managing Counter Proliferation Sanctions Risks'

Officers also attended a webinar on 'Managing Counter Proliferation Sanctions Risks' organised by Kharon and CRDF Global for African regulators and financial institutions on 23 and 24 June 2020. The online interactive webinar sessions were tailored for risk management professionals in Africa. The aim of the training was to help participants develop an enhanced awareness of counter proliferation sanctions-related activities that can negatively impact control frameworks, correspondent relationships and brand.

The 16-week global programme by Women's World Banking and Faculty Oxford University's Saïd Business School

The Commission participated in a 16-week global programme from April 2021, taught by Women's World Banking and Faculty from Oxford University's Saïd Business School, in partnership with the Alliance for Financial Inclusion. This programme brought together senior officials from central banks and other regulatory agencies and high calibre women from their respective institutions. The aim of the programme was to equip participants with technical and strategic know-how to create policy and leadership skills to affect change. In addition to executive coaching and policy advisory support, senior officials gained the tools to sponsor a potential woman leader, modelling an approach for building a pipeline of gender-diverse talent within the institution.

The 5th IOSCO Program on International Financial Systems (PIFS)

The staff of the Commission followed the IOSCO/ Program on International Financial Systems - Harvard Law School Global Certificate Program for Regulators of Securities Markets held from 14 to 17 June 2021. The programme was delivered in a virtual format and consisted of live sessions, pre-recorded on-demand presentations and other online content, and also covered the fundamentals and intricacies of securities regulation and compliance.

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 Commission, as well as, the financial sector through its Young Graduate Development Programme.

This training programme, launched in 2008, offers young graduates a unique opportunity to gain exposure and to prepare them for future employment in the financial services sector. A first batch of 15 young graduates joined the Commission in August 2020. A second exercise was undertaken during the year under review where an additional 13 more graduates were enlisted.

Engaging Employees – With Our People*Celebration of International Women's Day 2021*

To mark the International Women's Day celebrated on 08 March 2021, the FSC Mauritius provided a token of recognition to all female staff for their contribution and accomplishments.

Employee Welfare, Wellness and Work-Life Balance

In its endeavour to promote and encourage fitness as well as a healthy lifestyle, the FSC Mauritius continues to provide its staff with a well-equipped and fully subsidised in-house gym with a qualified fitness trainer, in-house zumba sessions and football matches organised by the FSC Mauritius Football Club and daily distribution of fruits.



HIGHLIGHTS FOR THE YEAR 2020/21





HIGHLIGHTS FOR THE YEAR 2020/21

STATISTICS: YEARLY HIGHLIGHTS

Table 33: Contribution and Growth of the Financial and Insurance Activities

	2019		2020		2021 ¹	
	GVA	GR	GVA	GR	GVA	GR
Financial and Insurance Activities	11.8	5.2	13.0	1.0	12.3	3.8
Monetary Intermediation	7.4	5.4	8.1	0.9	7.6	4.0
Financial Leasing and other credit granting	0.7	6.3	0.7	1.2	0.7	3.0
Insurance, reinsurance and pension	2.5	5.0	2.8	2.4	2.7	4.0
Other	1.3	4.1	1.4	-1.0	1.3	2.8

Source: Statistics Mauritius National Accounts June 2021 issue

¹ Forecast

GVA: Gross Value Added

GR: Growth Rate

The GDP in 2021 has been expected to grow by 5.4 per cent, higher than the -14.9 per cent growth in 2020, spurred by sectors such as manufacturing, wholesale & retail trade; repair of motor vehicles and motorcycles, and financial and insurance activities. According to the Statistics Mauritius, the contribution of the financial and insurance activities have been steady since 2019 till June 2021, averaging around 12.4 per cent with a growth rate revolving around 3.8 per cent.

Table 34: Contribution and Growth of the Global Business Sector

Financial and Insurance Activities	2019		2020		2021 ¹	
	GVA	GR	GVA	GR	GVA	GR
Global Business Sector	5.8	3.7	6.0	-10.3	6.4	5.0

Source: Statistics Mauritius National Accounts June 2021 issue

¹ Forecast

GVA: Gross Value Added

GR: Growth Rate

The GB sector includes activities of GBCs and services purchased by GBCs from local enterprises for e.g., management, accounting, auditing, legal, advertising, real estate, banking, etc. It is observed that the contribution of the GBC sector to the GDP of Mauritius is estimated at 6.4 per cent till June 2021 and has produced a year-on-year growth of 5.0 per cent.

Table 35: Employment in Financial and Insurance Activities, March 2019 to March 2020

Industrial Group	March 2019 ¹			March 2020 ²		
	Male	Female	Both Sexes	Male	Female	Both Sexes
Financial and insurance activities	6,331	7,551	13,882	6,292	7,850	14,142
of which monetary intermediation	4,205	4,627	8,832	4,080	4,655	8,735
financial leasing and other credit granting	326	631	957	310	625	935
insurance, reinsurance and pension funding	1,094	1,478	2,572	1,163	1,680	2,843

Source: Statistics Mauritius, Survey of Employment and Earnings in Large Establishments (September 2020)

¹ Revised

² Provisional

Table 36: Direct Employment in FSC Mauritius Licensees as at 30 June

Licence Category	2020	% of Total
Domestic		
Pension Scheme Administrator	91	1
Registrar and Transfer Agent	37	1
Treasury Management	55	-
Credit Finance & Factoring	78	1
Leasing	865	10
Long Term Insurance Business	929	11
General Insurance Business	1,606	18
Insurance Broker	304	4
Investment Dealer	58	1
Investment Adviser	110	1
Custodian	123	1
CIS Manager	148	2
Payment Intermediary Services	11	-
Total	4,415	51
Corporate and Trust Service Providers		
Management Company and Corporate Trustees	4,220	49
Overall Total	8,635	100

The table above highlights the employment level in the various categories under the purview of the FSC Mauritius. It is observed that 49 per cent of the employment level was generated by Corporate and Trust Service Providers i.e., holder of Management Licence while the remaining 51 per cent was from the domestic sector.

Table 37: Employment movement as at 30 June 2020

Category	Local			Expatriate			Total
	Managerial	Technical	Support	Managerial	Technical	Support	
Employment as at 01 Jan 20	800	1,609	1,661	69	32	4	8,660
New Recruits From Outside Financial Services Sector ¹	7	42	20	2	2	3	172
New Recruits Within Financial Services Sector ²	32	108	20	1	-	-	396
New Recruits who were unemployed ³	-	32	18	-	-	-	134
Resignation/Retirement/Termination of contract/Decease ⁴	48	214	55	6	4	1	774
Other/Closure of company ⁵	15	(6)	13	(2)	1	-	47
Employment as at 30 Jun 20	806	1,571	1,660	64	31	3	8,635
No. of temporary staff with a contract of 1 year or less as at 30 June 20	2	17	11	-	-	-	98
No. of temporary staff with a contract of more than 1 year	2	3	2	-	-	-	18
Total	4	20	13	-	-	-	116

For the period as at 30 June 2020, the number of newly recruits stood at 702. Out of this number, 134 persons were previously unemployed while the remaining 568 relate to movement within companies of the Financial Services sector.

M: Male **F:** Female

FINANCIAL HIGHLIGHTS

Below is an analysis of the financial performance of the Commission for the financial year ended 30 June 2021 as compared to the previous year.

	2021 MUR m	2020 MUR m
Income	1,695	1,343
Fees, late charges and other income	1,480	1,305
Administrative Penalties	222	40
Credit losses	(7)	(2)
Operating expenses	(556)	(516)
Finance costs	(3)	(11)
Surplus of income over operating expenses	1,136	816
Exchange fluctuation gain	31	117
Surplus for the period	1,167	993
Other comprehensive income	(45)	(18)
Surplus and other comprehensive income for the year	1,122	975

During the year 2021, surplus and other comprehensive income amounted to MUR 1,122 million representing an increase of 15.08% as compared to 2020 (MUR 975 million).

In line with the requirements of the FSA, the Commission has provided MUR 1,020 million for the year as contribution to the Consolidated Fund.

Income Review

Income constitutes of 'Fees, late charges, and other income', and 'Administrative Penalties (net of provisions for credit losses)'.

Fees, late charges, and other income for 2021 amounted to MUR 1.45 billion, representing an increase of 16.15% as compared to 2020. Fees from global business and Authorised Companies increased in 2021 on account of higher exchange gain, mitigated by slight fall in GBCs. On the other hand, income from Administrative Penalties increased as the Commission took rigorous measures to recover the dues.

Interest income was MUR 31 million as compared MUR 58 million in 2020 mainly on account of drop in market yields across the board. 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 excluded) for 2021 amounted to MUR 556 million comprising mainly of staff-related costs. Operating expenses increased by MUR 40 million compared to 2020, owing mainly to increase in staff related costs, and rental of office space at NexTower which has been expensed out in line with the provisions of the International Financial Reporting Standards (IFRS) 16 - Leases.

The increase in operating expenses is mitigated by decrease in overseas conferences and seminars, local events, legal and professional fees, and depreciation charges.

Finance Costs consist of interest on lease liabilities, which has decreased by Rs 7 million due to normal repayment, as well as termination of leases during the year.

Re-measurement of defined benefit obligation

In line with the requirements of International Accounting Standards ('IAS') 19 for Employee Benefits, an amount of MUR 44.93 million was credited to the re-measurement of defined benefit obligation for 2021 compared to MUR 17.53 million credited for 2020. The fund is presently fully funded, and is, in line with the latest actuarial valuation, recognized as a liability in the Commission's books.

Contribution to Consolidated Fund

The Commission made a provision of Rs1,020m towards the Consolidated Fund from the year's surplus. From the opening balance payable, Rs867m was paid during the year.

Total contribution (paid and provided for) to the Consolidated Fund amounted to MUR 10,971 million since the financial year 2001, as follows:

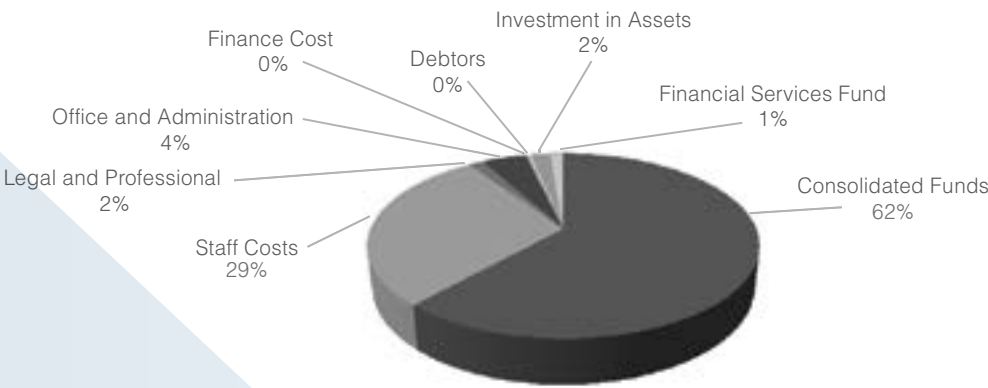
Table 38: Contribution to Consolidated Fund

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
2020	867
2021	1,020
TOTAL	10,971

**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 9 : Value Added Pie chart for 2021





STATUTORY REPORTING





REPORT OF THE AUDIT AND RISK COMMITTEE

Preamble

The Audit and Risk Committee, a sub-committee of the Board, presents its report for the financial year ended 30 June 2021. The Board delegates its responsibilities to the Audit and Risk Committee, which in turn functions in compliance with the Board's approved terms of reference and discharges its responsibilities as stipulated therein.

Composition of the Audit and Risk Committee

During the financial year ended 30 June 2021, the independent non-executive Board members who served the Committee were:

Mr Premchand Mungar	-	Chairperson
Mr Mahess Rawoteea	-	Member
Mr Loveneesh Beedasy	-	Member (as from 08 January 2021)
Mr Sarwansingh Purmessur	-	Member (up to 08 January 2021)

Mr Ramanaidoo Sokappadu, Secretary to the Board, also acted 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's financial statements and accounting policies;
- Making recommendations for approval of FSC's audited financial statements;
- 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 five instances 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 outlined 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.

Activities of the Audit and Risk Committee

A. Internal audit

The Audit and Risk Committee received and deliberated on 12 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. Statutory auditor

Messr Chokshi & Chokshi LLP, Chartered Accountants, from India, is the appointed statutory auditor for the financial year ended 30 June 2021.

No non-audit services were provided by the statutory auditor during the financial period 2020/21.

C. Other key items

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

- a) the 2021 annual internal audit plan;
- b) the FSC budget for the period 2021/22;
- c) administrative penalty recovery management action plan;
- d) the statutory auditor's management letter points;
- e) Implementation of ISO 27001- Information Security Management;
- f) Implementation of Enterprise Risk Management; and
- g) FSC Whistleblowing framework.

D. Subsequent events

- a) *New and revised International Financial Reporting Standards (IFRS)*

The Audit & Risk committee deliberated and recommended to the Board on the new and revised accounting standards that the FSC has applied and effective for accounting periods beginning on 1 July 2020.


- b) *Statutory reporting for the year ended 30 June 2021*

The Committee considered the external auditor's report and the audited financial statements for the year ended 30 June 2021 prepared using appropriate accounting policies, estimates and judgements in accordance with the International Financial Reporting Standards (IFRS) and relevant legal and regulatory requirements. The Committee had discussions on critical policies, judgements and estimates with the statutory auditor.

The Committee considered and recommended the Expected Credit Loss to be provided for the financial year ended 30 June 2021.

No significant issues were noted in relation to the financial statements.

Following deliberations on the audited accounts for the financial year ended 30 June 2021, the Committee recommended the audited financial statements to the Board for its approval. The Board subsequently approved the audited financial statements.



Premchand Mungar
Chairperson

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

1.0 Preamble

The National Code of Corporate Governance for Mauritius 2016 (the “Code”) requires that all Boards appoint a Corporate Governance Committee to ensure that the reporting requirements on Corporate Governance are in accordance with the principles of the Code. Statutory bodies are amongst the entities designated under the Code to apply the principles of the Code.

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

2.0 Composition

During the period 1 July 2020 to 30 June 2021 (the “period ending 30 June 2021”), the Corporate Governance Committee (the “Committee”) of the FSC Mauritius, consisted of the following members of the Board:

Mrs. Yotsna Lalji Venketasawmy
(Chairperson) (appointment lapsed on 21 December 2020)

Mrs. Mariam Rajabally
(Appointed as Chairperson since 18 January 2021)

Late Mr. Hervé Lassemillante
(Member) (Passed away on 07 July 2020)

Mr. Premchand Mungar
(Member)

Mr. Azaad Aumeerally
(Member) (Appointed as member on 18 January 2021)

The Secretary to the Board, Mr. Ramanaidoo Sokappadu acts as Secretary to the Committee and staff from the Legal cluster of the FSC Mauritius also attends and supports the meetings of the Committee.

2.1 Role of the Corporate Governance Committee

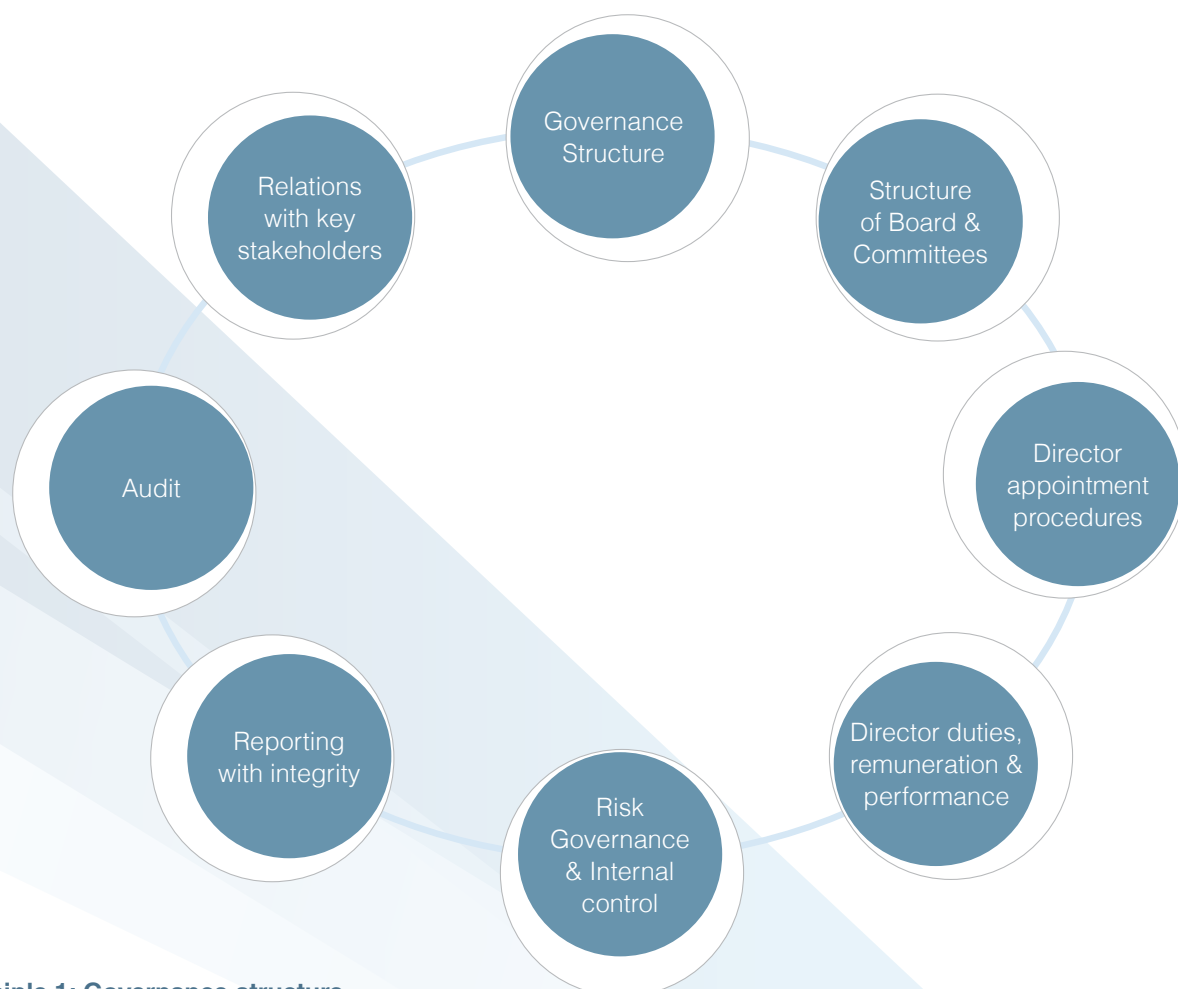
The role of the Committee is to ensure that the FSC Mauritius complies, as far as is applicable, with the Code and where the Code is not applicable, to provide reasons where applicable, for any alternative practice adopted. The Committee also, inter alia, ensures that necessary disclosures regarding conflicts of interest are made and that sound governance principles are adopted across the FSC Mauritius

2.2 Committee attendance

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

3.0 Explanation on the application of the principles of the Code

Throughout the year ended 30 June 2021, to the best of the Board's knowledge, the FSC Mauritius has complied with the Code. To the extent that the Code is not in conflict with the provisions of the law, the FSC Mauritius has applied all of the principles set out in the Code and explained how these principles have been applied as illustrated below. The FSC Mauritius is guided by the following principles:



Principle 1: Governance structure

The FSC Mauritius is a statutory body set up under the FSA and the functions of its Board, Chairperson and Chief Executive are defined thereunder.

Pursuant to section 4(1) of the FSA, the FSC Mauritius shall be administered and managed by a Board. The FSC Mauritius operates within a defined governance framework which provides for the effective delegation of some of its powers to established Board Committees and management function with clear lines of responsibilities.

Board Charter

In line with the provisions of the Code, the FSC Mauritius is in the process of adopting its Board Charter which will provide guidance to Board members on their functions and methods of evaluation.

Code of Ethics

A Code of Ethics for the FSC Mauritius is also being developed. The FSC Mauritius has a Code of Conduct which sets out its ethical and professional standards to encourage such behaviours by all Directors and employees of the FSC Mauritius.

Organisational Chart

The organisational chart of the FSC Mauritius is publicly disclosed on its website and is also available in the FSC Annual Report.

Principle 2: The structure of the Board and its Committees

Pursuant to section 4(2) of the FSA, the Board of the FSC Mauritius consists of -

- (a) a Chairperson, suitably qualified and experienced in the field of business, finance or law, appointed by the Prime Minister on such terms and conditions as the Prime Minister may determine; and
- (b) a Vice-chairperson, and not more than 7 other members, suitably qualified and experienced in the field of business, finance or law, appointed by the Minister on such terms and conditions as the Minister may determine.

In line with the provisions of the Code, a Board should normally have at least two independent members. For the period under review, in addition to the Chairperson of the Board who was independent from the parent ministry, the Board of the FSC Mauritius consisted of eight other members who were independent from the parent ministry. The independence of the directors has been assessed within the parameters of the Code.

The composition of the Board was as follows:

- Mr. Mardayah Kona Yerukunondu, Chairperson (*Independent member from the parent ministry*)
- Mr. Rajeshsharma Ramlool, SC (*Independent member from the parent ministry*)
- Late, Mr. Hervé Lassemillante (passed away on 07 July 2020) (*Independent member from the parent ministry*)
- Mr. Premchand Mungar (*Independent member from the parent ministry*)
- Mrs. Yotsna Lalji-Venkatasawmy (*appointment lapsed on 21 December 2020*) (*Non- Independent member from the parent ministry*)
- Mr. Sarwansingh Purmessur (*Non-Independent member from the parent ministry*)
- Mr. Mahess Rawoteea (*Independent member from the parent ministry*)
- Ms. Gayle Mary Jane Yerriah (*Independent member from the parent ministry*)
- Mrs. Mariam Rajabally (*Independent member from the parent ministry*)
- Mr. Azaad Aumeerally (*appointed as Board Member of the FSC Mauritius since 24 December 2020*) (*Independent member from the parent ministry*)
- Mr. Loveneesh Beedasy (*appointed as Board Member of the FSC Mauritius since 21 December 2020*) (*Independent member from the parent ministry*)

Board Diversity

As at 30 June 2021, the FSC Mauritius comprised of 9 Board members with the presence of 2 females and 7 males. All Board members are residents of Mauritius.

The Board met 16 times for the period ending 30 June 2021 and key matters were discussed and considered.

Board Committees

In furtherance to section 11 of the FSA, the Board of the FSC Mauritius may set up such technical committees as may be necessary to examine and report on any matter in relation to the administration of any relevant Act referred to them by the Board or the Chief Executive. Every technical committee shall consist of not less than 3 and nor more than 7 members, including a Chairperson, who shall be appointed by the Board on such terms and conditions as the Board may determine. A technical committee may co-opt, with the approval of the Board, any person and may set up such sub-committees as it considers necessary.

A proper reporting mechanism is in place to ensure that matters pertaining to the affairs of the FSC Mauritius are escalated to the Board by the Chairpersons of the sub-committees. This enables the Board to discharge its duties more effectively.

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

- Corporate Governance Committee;
- Audit and Risk Committee;
- Staff Committee;
- Legal Affairs Committee;
- Waivers and Exemption Committee;
- Application and Approval Committee; and
- Enforcement Committee established under section 52 of the FSA.

The terms of reference of the above-mentioned committees are formally approved by the Board. All committees (except the Enforcement Committee) include only members of the Board and each committee regularly makes formal reports to the Board. The Chairperson of the Board is not a member of these committees.

In line with section 52 (1) of the FSA, the Enforcement Committee is set up by the Board of the FSC and is an internal committee comprising of the following members:

- (a) 2 members to be appointed every year by the Board;
- (b) not more than 4 employees being of a grade not lower than Executive and not involved in investigations of the licensee under section 44, designated by the Board;
- (c) such other person having the necessary expertise as may be co-opted by the Enforcement Committee.

Responsibilities of the Corporate Governance Committee

The main responsibilities of the Corporate Governance Committee include:

- recommending to the Board of Directors on the Corporate Governance provisions to be adopted so that the Board remains effective and complies, as far as applicable, with the prevailing Corporate Governance principles; and
- ensuring that the reporting requirements and disclosures made with regard to Corporate Governance, whether in the Annual Report or on an ongoing basis, are in accordance with the principles of the Code, as far as applicable.

Responsibilities of the Audit and Risk Committee

The main responsibilities of the Audit and Risk Committee include:

- monitoring and reviewing the integrity of the FSC Mauritius's financial statements and accounting policies;
- making recommendations for approval of the FSC Mauritius'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.

In compliance with the guidance of the Code, the Chief Executive is not a member of the Audit and Risk Committee.

During the period ending 30 June 2021, the Audit and Risk Committee consisted of the following members:

Mr. Premchand Mungar (*Chairperson*)

Mr. Mahess Rawoteea (*Member*)

Mr. Sarwansingh Purmessur (*Member*) (*until 21 December 2020*)

Mr. Loveneesh Beedasy (*appointed as member from 04 February 2021*)

Responsibilities of the Staff Committee

The Staff Committee is a Sub-Committee of the Board and ensures that the human capital remains the most valuable resource that drives the achievement of the FSC Mauritius's strategic objectives and performance. In furtherance, the FSC Mauritius 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 FSC Mauritius's goals and objectives

During the period ending 30 June 2021, the Staff Committee consisted of the following members:

Mr. Sarwansingh Purmessur (*Chairperson*)

Ms. Gayle Mary Jane Yerriah (*Member*)

Mr. Rajeshsharma Ramloll, SC (*appointed as member from 11 August 2020*)

Late, Mr Hervé Lassemillante (*Member*)

The Chief Executive

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 is not an ex-officio member as he does not have the right to vote and can be directed not to attend Board meetings by the Board pursuant to section 9(5) of the FSA.

The Secretary of the Board

The Secretary of the Board, Mr R. Sokappadu holds a Bachelor of Arts degree in Economics and is a senior Civil Servant who has been acting as secretary to the Board of the FSC Mauritius since 2001.

Principle 3: Director Appointment Procedures

In line with the provisions of the Code, the appointment of the Board of the FSC Mauritius is made by the Prime Minister and the Minister of the parent Ministry as per the relevant provision of the FSA. Pursuant to section 4(2) of the FSA, the Chairperson of the Board of the FSC Mauritius is appointed by the Prime Minister on such terms and conditions as the Prime Minister may determine and the Vice-chairperson, and not more than 7 other members are appointed by the Minister on such terms and conditions as the Minister may determine.

All Board members are non-executive members and their profiles can be viewed in this Annual Report and on the FSC Mauritius' website. As at 30 June 2021, there were eight (including the Chairperson and Vice-Chairperson) Board members who were not attached to the parent ministry.

Principle 4: Duties, remuneration and performance

Members of the Board 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.

The Board Charter referred to in Principle 1 provides for succession planning, as well as a statement regarding assumption of responsibility for succession planning. The appointment of the Board members is made in accordance with Section 4(2) of the FSA. Therefore, succession planning is also addressed, where required, at the level of the parent ministry. New Board members are informed of all laws which govern the FSC Mauritius and laws which it administers as well as the guidelines/codes issued by the FSC Mauritius.

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.

Attendance at Board Meetings and Board Committees

The table below gives an account of the records of attendance at the Board and Committee meetings for the year under review:

Board member	Board meeting	Staff Committee	Audit & Risk Committee	Corporate Governance Committee	Legal Affairs Committee	Waivers & Exemption Committee	Applications & Approval Committee
Number of meetings held during the year	16	13	5	4	11	11	7
Mr. M. Kona Yerukunodu	16	N/A	N/A	N/A	N/A	N/A	N/A
Mr. R. Ramlool	16	11/11	N/A	N/A	11	N/A	N/A
Mr. H. Lassemillante		0/1	N/A	N/A	N/A	N/A	N/A
Mr. P. Mungar	15	N/A	5	3	N/A	N/A	N/A
Ms. Y. Lalji-Venkatasawmy	7/8	N/A	N/A	1/1	N/A	4/5	N/A
Mr. S. Purmessur	15	13	2/2	N/A	N/A	N/A	7
Mr. M. Rawoteea	15	N/A	5	N/A	N/A	N/A	7
Ms. G. Yeriah	16	13	N/A	N/A	10	11	N/A
Ms. M. Rajabally	13	N/A	N/A	3	4/4	8	7
Mr. A. Aumeerally	7/8	N/A	N/A	3/3	N/A	6/6	N/A
Mr. L. Beedasy	8/8	N/A	3/3	N/A	7/7	N/A	N/A

Training of Board members

The appointment of Board members including the Chairperson is made by the Minister and Prime Minister respectively and in accordance with section 4(2) of the FSA, the Board members including the Chairperson must be suitably qualified and experienced in the field of business, finance or law. The induction training allows Board members to be conversant with the laws administered by the FSC Mauritius.

The Board ensures the professional development and ongoing education of all its members, and Board members attend, from time to time, seminars and conferences pertaining to the regulation of financial services. For the period under review, a board member attended a training on 'Incubator for Board Readiness for Women Directors' which was organised by the Financial Services Institute (FSI) in collaboration with the Ministry of Financial Services and Good Governance.

Disclosure of interests

In accordance with section 84 of the FSA, where any member of the Board, the technical committee or their spouse or next of kin has any direct or indirect interest in relation to any matter before the Board or technical committee, as the case may be, he shall -

- (a) disclose at or before the meeting convened to discuss that matter, the nature of his interest; and
- (b) not take part in any deliberation or any decision making process in relation to that matter.

Any disclosure of interest of Board members as required under section 84 of the FSA are recorded in the minutes of the Board or Committee as the case may be. The Board Secretary maintains a register of interest.

Board evaluation

The FSC Mauritius is an independent regulator and the Chairperson of the Board assesses its Board members. Attendance to Board meetings by Board members are published in the Corporate Governance Report.

Board Remuneration

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

The Board members' remunerations for the reporting period 30 June 2021 are provided at page 270 of the Annual Report (Note 33 of the Financial Statements).

Every Board member is paid by the FSC Mauritius such fees as the Board may, with the approval of the Minister, determine, in line with section 4(4) of the FSA.

Principle 5: Risk governance and internal control

The Board is responsible for maintaining an effective system of risk management and internal control. The FSC Mauritius' risk management system is set out in more details on pages 209 to 211 of the FSC Annual Report. The FSC Mauritius has a risk management mechanism to identify and mitigate risks as described in paragraph 7 of this report. The internal audit report to the Audit and Risk Committee on the internal control process of the FSC Mauritius is available in the Annual Report (more details are available at page 199 of the Annual Report).

Whistleblowing policy

The FSC Mauritius is in the process of adopting a Whistleblowing Policy. The FSC Mauritius expects its Directors, employees and anyone associated with the FSC Mauritius who have concerns about any aspect of malpractices encountered within the FSC Mauritius to come forward and voice those concerns within a defined process without fear of reprisals.

The whistleblowing policy ensures that the whistleblower's identity is treated with confidentiality.

Principle 6: Reporting with integrity

After the close of every financial year, the FSC Mauritius 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 FSC Mauritius publishes its Annual Report on its website.

The Annual Report includes the Audited Financial Statements of the reporting year, a Corporate Governance Report and details of activities of the FSC Mauritius such as its financial and governance positions, as well as, how it has fulfilled its functions.

The social, health and safety issues and environmental reporting of the FSC Mauritius is provided at page 209 of this report.

Principle 7: Audit

The FSC Mauritius has an internal audit unit which reports functionally and regularly to the FSC Mauritius' Audit and Risk Committee. The internal audit has full access to the records, management and staff of the FSC Mauritius. The Audit and Risk Committee Report is published at page 199 of the Annual Report.

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.

Principle 8: Relations with shareholders and other key stakeholders

The FSC Mauritius 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.

Monthly industry meetings are held with industry representatives namely the ATMC and the GFM to discuss industry-related issues and initiatives. Task forces have been set up by the FSC Mauritius 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. Regular interactions with the Bank of Mauritius are held through the JCC.

The FSC Mauritius maintains relations with its international counterparts through membership with international standard setting bodies such as IOSCO, IAIS, IOPS, IFSB, GIFCS and CISNA. The FSC Mauritius engages with both local and international counterparts to promote cooperation for effective supervision, exchange of information and reinforce capacity building through established MoUs.

The FSC Mauritius is a member of the Financial Stability Committee.

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 FSC Mauritius.

5.0 Disclosures of interests for the reporting period

Section 84 of the FSA makes it compulsory for any member of the Board or technical committee 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..

6.0 Integrated Sustainability Reporting**Social issues**

Pursuant to section 5 of the FSA, the objects of the FSC Mauritius 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 2020/21 has explained the FSC Mauritius's activities in view of fulfilling its objectives.

Environmental issues

The FSC Mauritius promotes an eco-friendly culture which takes into consideration the environmental aspect and sustainable development practices. In this respect, the FSC Mauritius 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 OSP;
- promoting paperless office by scanning of all incoming documents;
- re-utilisation of used envelopes; and
- encouraging printing on both sides of paper.

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

Health & Safety issues

The FSC Mauritius believes that the safety, health and welfare of its employees is of paramount importance and that a safe working environment is a prerequisite to achieving its stated goals. As a responsible employer, the FSC Mauritius aims at ensuring that all employees work in an environment where there is minimum or no risk of injury or causes of ill health to the employees or damage to the property. As such, it has defined the safety and health of its employees as a priority in all its functions where safety and health comes first. The FSC Mauritius ensures that it complies with the provisions of the Occupational Safety and Health Act 2005 and related legislations.

In compliance with the Occupational Safety and Health Act 2005, the FSC Mauritius 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.

The Safety and Health Officer ensures that the required inspections, audit and assessment of Safety and Health standards are conducted. He also reviews, recommends and develops measures to control workplace hazards, and advises Management on matters pertaining to Safety and Health. The Safety and Health Committee meets every two months to inter-alia discuss and make proposals to the FSC Mauritius on matters regarding the safety, health and welfare of employees, promote cooperation between the employer and the employees in achieving and maintaining safe and healthy working conditions and follow up to ensure that health and safety issues raised are addressed.

In addition, the FSC Mauritius has triggered its Business Continuity Plan in response to the COVID-19 pandemic. Necessary protocols and procedures have been put in place to ensure the safety and welfare of all employees as well as visitors.

7.0 Risk Management and Internal Control

The Board is responsible for risk management mechanisms at the FSC Mauritius. 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 carried out through internal audit unit who reports to the Audit & Risk Committee.

7.1 Reputational risk

Key risk

Negative perceptions of the FSC Mauritius's conduct or practices may adversely impact the vision of the FSC Mauritius *"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 FSC Mauritius or its employees that can adversely impact the FSC Mauritius's reputation.

Mitigation of risk

To mitigate the risk, the FSC Mauritius 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.

7.2 Strategic risk**Key risk**

Strategic risks are the risks of failing to achieve the FSC Mauritius' 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 FSC Mauritius.

Mitigation of risk

To mitigate the risks, the FSC Mauritius 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.

7.3 Compliance risk**Key risk**

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

Mitigation of risk

To mitigate the risk, the FSC Mauritius 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 FSC Mauritius was not subject to any fines or adverse court judgments during the period ending 30 June 2021.

7.4 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 FSC Mauritius has established a conducive control environment with operational risk policies, processes, systems, as well as, appropriate risk culture within the FSC Mauritius.

The FSC Mauritius has a Business Continuity Management policy to ensure that key operations continue regardless of any disruption (for example, fire, flooding or act of government with respect to the recent pandemic). In addition, at cluster level, risk policies, processes, systems, as well as, an appropriate risk management culture have been implemented.

7.5 IT and Business Continuity Risk**Key Risk**

The key risk is the 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 FSC Mauritius's statutory objectives.

Mitigation

To mitigate technological risks, the FSC Mauritius 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.

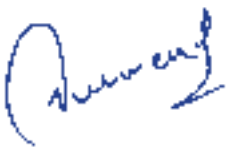
In addition, there is a policy for safeguarding security of information at the FSC Mauritius. In accordance, to section 83 of the FSA, all information kept at the FSC Mauritius cannot be disclosed to third parties except for the purposes of administering the relevant Acts or where it is authorised to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

Moreover, the FSC Mauritius will proceed with the relocation of its production server room to a local TIER IV constructed facility certified by Uptime Institute providing for a minimum data centre services availability of above 99%. By migrating the physical IT infrastructure to a TIER 4 Data, the FSC Mauritius will be able to lessen its operational risks by gaining in terms of reliability and resiliency of the IT systems and services.

In view of the current global pandemic context, the FSC Mauritius reinforced its pool of laptops and implemented a number of solutions to facilitate remote work and to enhance business continuity.

8.0 Protection from Liability

In accordance with 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.



Mr. Sarwansingh Purmessur
Chairperson

BOARD'S REPORT 2021

The Board of the Financial Services Commission presents its report and the audited financial statements of the FSC for the year ended 30 June 2021.

Review of activities

The FSC is an independent regulatory authority deemed to be established under the Financial Services Act 2007 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/period, 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.



Chairperson
M. Kona Yerukunondu



Member
Premchand Mungar

Approved by the Board of the FSC on 22 November 2021.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' 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 219 to 271 of the Annual Report 2020-21, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, the statement of changes in funds, the statement of cash flows for the year then ended, the statement of comparison of annual estimates and actual amounts and the notes, comprising a summary of significant accounting policies and other explanatory notes (hereinafter collectively referred 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 2021, 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 Information

The Board of the Commission is responsible for the other information. The other information comprises the Board's Report, Report of the Corporate Governance Committee 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 Report of the Corporate Governance Committee 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Report of Corporate Governance. Our responsibility under the Financial Reporting Act is to report on the compliance with the National Code of Corporate Governance 2016 (the Code) disclosed in the annual report and assess the explanations given for non-compliance with any requirements of the Code. *From our assessment of the disclosures made on corporate governance in the annual report and relying on the explanations provided by the Board in regard to the principles of the Code which have not been complied with, in our opinion, the disclosures in the annual report are not inconsistent with 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 and relying on Board representation and explanations to this effect in Note No. 34 to the financial statements, 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

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Chokshi & Chokshi LLP
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Kemps Corner,
Mumbai, India
UDIN - 21047745AAAAA8915

Date: 22 November 2021





FINANCIAL STATEMENTS





STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	NOTE	2021 Rs	2020 Rs
ASSETS			
Non-Current Assets			
Property plant and equipment	6(a)	118,134,190	125,431,735
Intangible assets	6(b)	2,386,470	3,733,595
Right-of use assets	6(c)	6,081,902	134,661,255
Assets at amortised cost	7	49,212,067	49,354,665
Retirement benefit asset	8	-	2,605,891
Other financial assets	9	3,920,147	3,920,147
		179,734,776	319,707,288
Current Assets			
Assets at amortised cost	7	622,215,490	376,937,793
Other financial assets	9	131,179	883,175
Receivables	10	194,435,427	164,005,581
Cash and bank balances	11	618,027,711	671,595,033
Bank deposits	12	1,542,786,581	1,411,242,559
		2,977,596,388	2,624,664,141
TOTAL ASSETS		3,157,331,164	2,944,371,429
LIABILITIES			
Non-Current Liabilities			
Retirement benefit obligations	8	48,921,329	-
Lease liabilities	15	3,857,548	128,018,591
		52,778,877	128,018,591
Current Liabilities			
Payables	13	1,428,484,439	1,382,864,072
Provisions	14	156,490,898	134,278,995
Lease liabilities	15	637,596	16,257,095
Amount Payable to the Financial Services Fund	16	25,206,130	21,918,714
Amount Payable to the Consolidated Fund	17	1,184,571,807	1,031,679,864
		2,795,390,870	2,586,998,740
TOTAL LIABILITIES		2,848,169,747	2,715,017,331
NET ASSETS		309,161,417	229,354,098
REPRESENTED BY:			
General Fund		67,814,181	42,862,443
General Reserve Fund	18	241,347,236	186,491,655
		309,161,417	229,354,098

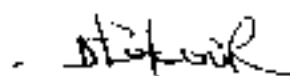
Approved by the Board of the Commission on 22 November 2021.
Signed on their behalf



M. Kona Yerukunondu
Chairperson



P. Mungar
Board Member



D. Thakoor
Chief Executive

The accounting policies on pages 224 to 243 and the notes on pages 244 to 271 form an integral part of these financial statements.

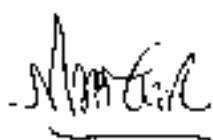
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Rs	2020 Rs
INCOME			
Fees from licensees	19	1,409,710,664	1,226,460,688
Penalties and charges	20	243,408,309	58,281,630
Interest	21	31,337,394	58,417,942
Other income	22	17,190,544	1,794,467
		1,701,646,911	1,344,954,727
OPERATING EXPENSES			
Staff related costs	23	428,652,202	360,114,801
Training and seminars	24	1,477,615	19,378,422
Legal and professional expenses	25	24,041,754	42,116,404
Office and administrative expenses	26	71,046,122	49,828,470
Depreciation & amortisation of property and equipment	6(a), 6(b)	21,236,344	21,251,469
Depreciation of right-of-use assets	6(c)	9,244,602	23,749,004
Provision for credit losses		6,521,153	2,092,560
		562,219,792	518,531,130
FINANCE COSTS			
Interest on leasing		3,244,876	10,633,188
SURPLUS OF INCOME OVER OPERATING EXPENSES		1,136,182,243	815,790,409
Exchange fluctuation gain		30,811,427	177,315,211
SURPLUS FOR THE YEAR		1,166,993,670	993,105,620
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to surplus or deficit			
Remeasurement of defined benefit obligation	8	(44,930,312)	(17,531,495)
SURPLUS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR		1,122,063,358	975,574,125

Approved by the Board of the Commission on 22 November 2021.
Signed on their behalf



M. Kona Yerukunondu
Chairperson



P. Mungar
Board Member



D. Thakoor
Chief Executive

The accounting policies on pages 224 to 243 and the notes on pages 244 to 271 form an integral part of these financial statements.

STATEMENT OF CHANGES IN FUNDS AND UNREALISED RESERVES FOR THE YEAR ENDED 30 JUNE 2021

	General Reserve Fund Rs	General Fund Rs	TOTAL Rs
At 1 July 2019 - as stated	139,856,071	-	139,856,071
Surplus for the year	-	993,105,620	993,105,620
Other Comprehensive Income		(17,531,495)	(17,531,495)
Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The Financial Services Act, 2007.	46,635,584	(46,635,584)	-
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.	-	(18,654,234)	(18,654,234)
Amount payable to the Consolidated Fund	-	(867,421,864)	(867,421,864)
At 1 July 2020	186,491,655	42,862,443	229,354,098
Surplus for the year	-	1,166,993,670	1,166,993,670
Other Comprehensive Income		(44,930,312)	(44,930,312)
Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The Financial Services Act, 2007.	54,855,581	(54,855,581)	-
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.	-	(21,942,232)	(21,942,232)
Amount payable to the Consolidated Fund	-	(1,020,313,807)	(1,020,313,807)
At 30 June 2021	241,347,236	67,814,181	309,161,417

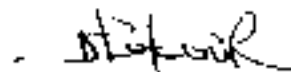
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Signed on their behalf



M. Kona Yerukunondu
Chairperson



P. Mungar
Board Member



D. Thakoor
Chief Executive

The accounting policies on pages 224 to 243 and the notes on pages 244 to 271 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Rs	2020 Rs
Cash generated by operations	27	1,206,165,345	1,495,109,352
Interest received	30.2	25,209,378	59,533,246
Net cash generated from operating activities		1,231,374,723	1,554,642,598
Cash flow from investing activities			
Acquisition of property and equipment		(10,480,509)	(8,742,444)
Acquisition of intangible assets		(2,116,675)	(2,926,022)
Proceeds from disposal of property and equipment		2,231,000	1,077,050
Investment in bank deposits		(1,300,412,274)	(2,729,411,672)
Proceeds from maturity of investments in bank deposits		1,169,004,104	2,430,028,970
Purchases of financial assets at amortised cost		(1,455,000,000)	(451,757,360)
Proceeds from maturity of financial assets at amortised cost		1,206,855,752	613,800,000
Net cash used in from investing activities		(389,918,602)	(147,931,478)
Cash flow from financing activities			
Lease repayments		(5,701,887)	(18,105,576)
Interest on lease repaid		(3,244,876)	(10,495,387)
Payment to the Financial Services Fund		(18,654,816)	(15,818,253)
Payment to the Consolidated Fund	17	(867,421,864)	(1,195,534,774)
Net cash used in financing activities		(895,023,443)	(1,239,953,990)
Net (decrease) / increase in cash and cash equivalents		(53,567,322)	166,757,130
Cash and cash equivalents at the beginning of the year		671,595,033	504,837,903
Cash and cash equivalents at end of the year		618,027,711	671,595,033

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	618,027,711	671,595,033
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Approved by the Board of the Commission on 22 November 2021.
Signed on their behalf



M. Kona Yerukunondu
Chairperson



P. Mungar
Board Member



D. Thakoor
Chief Executive

The accounting policies on pages 224 to 243 and the notes on pages 244 to 271 form an integral part of these financial statements.

STATEMENT OF COMPARISON OF ANNUAL ESTIMATES AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE 2021

	ACTUAL Rs	BUDGET Rs	VARIANCE Rs
INCOME			
Fees from licensees	1,409,710,664	1,165,149,000	244,561,664
Penalties and charges	243,408,309	150,000,000	93,408,309
Interest	31,337,394	32,447,000	(1,109,606)
Other income	17,190,544	-	17,190,544
	1,701,646,911	1,347,596,000	354,050,911
OPERATING EXPENSES			
Staff related costs	428,652,202	414,251,000	14,401,202
Training and seminars	1,477,615	63,564,000	(62,086,385)
Legal and professional expenses	24,041,754	63,554,000	(39,512,246)
Office and administrative expenses	71,046,122	104,247,000	(33,200,878)
Depreciation & amortisation	30,480,946	74,001,000	(43,520,054)
Provision for credit losses	6,521,153	-	6,521,153
	562,219,792	719,617,000	(157,397,208)
FINANCE COSTS			
Interest on leasing	3,244,876	9,765,000	(6,520,124)
SURPLUS OF INCOME OVER OPERATING EXPENSES	1,136,182,243	618,214,000	517,968,243
Exchange fluctuation gain	30,811,427	-	30,811,427
SURPLUS FOR THE YEAR	1,166,993,670	618,214,000	548,779,670
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to surplus or deficit			
Remeasurement of defined benefit obligation	(44,930,312)	-	(44,930,312)
SURPLUS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR	1,122,063,358	618,214,000	503,849,358

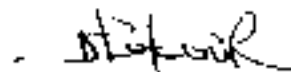
Approved by the Board of the Commission on 22 November 2021.
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M. Kona Yerukunondu
Chairperson



P. Mungar
Board Member



D. Thakoor
Chief Executive

The accounting policies on pages 224 to 243 and the notes on pages 244 to 271 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION

1.1 Corporate information

The financial statements of the Financial Services Commission ('FSC/the Commission') for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board on 22 November 2021. 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:

- a) FSC has created a General Fund into which all monies received by the Commission has been paid, and out of which, all payments required to be made including future charges and commitments, have been adjusted.
- b) FSC allocates 2% from the audited surplus for the year determined in accordance with Section 82(6) of the FSA, excluding any outstanding administrative penalties, from the General Fund to the Financial Services Fund (2020: 2%)
- c) 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 (2020: 5%)
- d) In accordance with Section 82A(3) of the FSA, FSC has, after the allocations to the Financial Services Fund and General Reserve Fund, and adjusting any related outstanding administrative penalties included in the income statement, 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 1,020,313,807 (2020: Rs 867,421,864) 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 the First Schedule to the Statutory Bodies (Accounts and Audit) Act, by virtue of amendments in section 6A(3) of the Statutory Bodies (Accounts and Audit) Act. Therefore requirements of preparing financial statements in compliance with the International Public Sector Accounting Standards ("IPSAS") issued by IFAC is not applicable to FSC. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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 July 2020. 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 July 2020.

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 2020 and are applicable to the Commission:

The Commission has assessed the relevance of the standards, interpretations and amendments to existing standards that have been published and mandatory for accounting periods beginning after 01 July 2020 and which the Commission has not early adopted and concluded these will not have a significant impact on the financial statements for the year ended 30 June 2021.

- **The Conceptual Framework for Financial Reporting**

The *revised Conceptual Framework for Financial Reporting* (the Conceptual Framework), which came into effect for annual periods beginning on or after 1 January 2020, is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

FSC does not anticipate that the application of the amendments will have any material impact on its financial statements.

- **Amendments to IFRS 3 Business Combinations**

On October 22, 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The definitions of a business and of outputs are narrowed by focusing on goods and services provided to customers. The reference to an ability to reduce costs is removed. The amendment also introduces an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The effective date for adoption of this amendment is annual periods beginning on or after 1 January 2020, although early adoption is permitted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

FSC does not anticipate that the application of the amendments will have any material impact on its financial statements.

- **Amendments to IFRS 7 and IFRS 9 – Interest Rate Benchmark Reform (Phase 1)**

The amendments in Interest Rate Benchmark Reform clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which hedged cash flows and cash flows from hedging instruments are based will not be altered as a result of interest rate benchmark reform. The amendments are not intended to provide relief from any other consequences arising from the interest rate benchmark reform. The amendments are applied retrospectively to those hedging relationships that existed at beginning of the reporting period in which an entity first applies the amendments or were designed thereafter, and to the gain or loss recognized in other comprehensive income that existed at the beginning of the period in which an entity first applies the amendments. It will be applicable for all hedging relationships that are directly affected by the Interest Rate Benchmark reform and require specific disclosures about the extent to which entities hedging relationships are affected by the amendments. The effective date for adoption of this amendment is annual periods beginning on or after 1 January, 2020, with earlier application permitted.

FSC does not anticipate that the application of the amendments will have any material impact on its financial statements.

- **Amendment to IFRS 16 – COVID 19 related Rent Concessions**

In May 2020, the IASB issued *Covid-19-Related Rent Concessions (Amendment to IFRS 16)* that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The practical expedient was available for reductions in lease payments that were originally due on or before 30 June 2021.

FSC does not anticipate that the application of the amendments will have any material impact on its financial statements.

- **Amendments to IAS 1- Presentation of the Financial Statements and IAS 8 Accounting Policies, Change in Accounting Estimates and Errors – Definition of Material**

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The amendments are applied prospectively for annual period beginning on or after 1 January 2020, with earlier application permitted.

FSC does not anticipate that the application of the amendments will have any material impact on its 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Amendments to IFRS 3 Business Combination – Reference to the Conceptual Framework - With effect from 1 January 2022

The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted, if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

IFRS 7 and IFRS 9 – Interest Rate Benchmark Reform (Phase 2) – With effect from 1 January 2021

The phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. As a practical expedient, the amendments require an entity to apply IFRS 9, such that the change in the basis for determining the contractual cash flows is applied prospectively by revising the effectively interest rate. The practical expedient only applies when the change in the basis for determining the contractual cash flows is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flow is economically equivalent to the previous basis (i.e. the basis immediately preceding the change). The amendment is effective for annual periods beginning on or after January 1, 2021, with earlier application permitted.

FSC does not anticipate that the application of the amendments in future will have any material impact on its financial statements.

Amendments to IFRS 10 and IAS 28 Sale or contribution of Assets between an Investor and its Associate or Joint Venture- Postponed Indefinitely

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. IAS 28 and IFRS 10 amended as follows:

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognized to the extent of unrelated investors' interests in the associate or joint venture.
- Gains and losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognized in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

- Gains and losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interest 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 recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Earlier application of these amendments is still permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

IFRS 16 – COVID-19 Related Rent Concessions - With effect from 1 April 2021

On 31 March 2021, the IASB issued another amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021, which extends the availability of the practical expedient for COVID 19 related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022. The amendment is effective for annual periods beginning on or after April 1, 2021, with earlier application permitted.

FSC does not anticipate that the application of the amendments in future will have any material impact on its financial statements.

IFRS 17 Insurance Contract- With effect from 1 January 2023

IFRS 17 establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. IFRS 17 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 remaining coverage using the premium allocation approach.

The IASB in June 2020 published recent amendments in IFRS 17. The amendments to IFRS 17 covers scope exclusion for credit card and similar contracts and optional scope exclusion for loan contracts with insurance coverage limited to plan amount, application of IFRS 17 in interim financial statements, risk mitigation option using instruments other than derivatives, recovery of losses from underlying insurance contracts through reinsurance contracts held. The standard and the amendment is effective for annual reporting periods beginning on or after 1 January 2023.

FSC does not anticipate that the application of the Standard in the future will have any material impact on its financial statements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current - With effect from 1 January 2023

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The effective date for adoption of this amendment is annual periods beginning on or after 1 January 2023, with earlier application 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 IAS 1 - Amended by Disclosure of Accounting Policies and IAS 8 – Clarifying the Definition of Accounting Estimates - With effect from 1 January 2023

These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Applying the amendments, an entity discloses its material accounting policies instead of its significant accounting policies. Further, amendments are made to IAS 1 to explain how an entity can identify a material accounting policy. IAS 8 is amended to replace the definition of a change in accounting estimate with a definition of accounting estimates. Under new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. A change in accounting estimates that result from new information or new developments is not the correction of an error. In addition, the effects of change in an input or a measurement technique used to develop accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

IAS 12 – Deferred Tax Related to Assets and Liabilities arising from a Single Transactions - With effect from 1 January 2023

On May 7, 2021, the IASB published 'Deferred Tax related to Assets and Liabilities arising from a Single Transactions (Amendments to IAS 12)' that clarify how an entity accounts for deferred tax on transactions such as leases and decommissioning obligations. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2023, with earlier application permitted.

FSC does not anticipate that the application of the amendments in future will have any material impact on its financial statements.

Amendments to IAS 16 – Proceeds before intended use - With effect from 1 January 2022

The amendments prohibit deducting from the cost of item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The effective date for adoption of this amendment is annual periods beginning on or after 1 January 2022, with earlier application 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 IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract- With effect from 1 January 2022

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to the contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after 1 January 2022, with earlier application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

2.6 Improvements to IFRS

In May 2020, the IASB (International Accounting Standards Board) issued Annual Improvements to IFRS 2018-2020 cycle.

Cycle 2018-2020-

- IFRS 1 First Time Adoption of IFRS
- IFRS 9 Financial Instruments
- IFRS 16 Leases
- IAS 41 Agriculture

IFRS 1 First Time Adoption of IFRS

The amendments permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation difference using the amounts reported by its parent, based on the parent's date of transition to IFRS.

IFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes when it applies '10 percent' test in paragraph B3.3.6 of IFRS in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on other's behalf.

NOTES TO THE FINANCIAL STATEMENTS

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IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of biological asset using a present value technique. This will ensure consistency with requirements of IFRS 13.

All the amendments are effective for annual period beginning on or after 1 January, 2022 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 Authorized 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

(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

For admin & penalty fees, the Commission calculates PD rates and LGD rates based off historical behavior based off risk-homogeneous segments. The historical PD rates are adjusted through a regression framework to a PiT PD to take into consideration current conditions and forecasts of future economic conditions.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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.

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.

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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 amortised 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.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

NOTES TO THE FINANCIAL STATEMENTS

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Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the licensees;
- a breach of contract such as a default or past due event;
- the disappearance of an active market for a security because of financial difficulties; or

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Commission assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date.

(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.

For Staff loans, the Commission still assigns a probability of default to account for the fact that default events may still occur, even if such events have not been observed before. This probability of default is very low for stage 1 accounts but gets higher for stage 2 accounts to account for lifetime expected losses. Loss given default percentages are assigned based on F-IRB prescriptions, again, due to lack of historical defaults observed which prevents the use of internal data.

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.

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- 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Commission measures ECL on an individual basis, or on a collective basis for portfolios of assets that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

The key inputs used for measuring ECL are:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure At Default (EAD).

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Commission would expect to receive, taking into account cash flows from any financial asset. The LGD models for secured assets consider forecasts of future security valuation taking into account time to and cost of realisation of security and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the asset.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest. The Commission's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the asset. The entity uses EAD models that reflect the characteristics of the portfolios. The Commission measures ECL considering the risk of default over a period of 12 months from the end of the financial year over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items).

For receivables, the Commission applies a simplified approach in calculating ECLs. Therefore, the Commission does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Commission has established a loss rate matrix that is based on its historical credit loss experiences, adjusted for forward-looking factors specific to the debtors and the economic environment.

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The Commission uses a loss rate matrix to calculate ECLs for receivables. The rates are based on days past due for groupings of various licensees' segments that have similar loss patterns (i.e. by nature of business, sectors). The loss rate matrix is initially based on the Commission's historical observed default rates. The Commission then calibrates the matrix to adjust the historical credit loss experience with forward-looking information, i.e. inflation rate was found to be statistically significant. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Commission's historical credit loss experience and forecast of economic conditions may also not be representative of licensees' actual default in the future.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the licensees
- the disappearance of an active market for a security because of financial difficulties; or

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Commission assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a back-stop if amounts are overdue from non-live licensees.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk

The Commission considers the following as constituting an event of default:

- the licensee is past due more than 90 days on any material credit obligation to the Commission; or
- the licensee is unlikely to pay its credit obligations in full.

This definition of default is used by the entity for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing if the licensee is unlikely to pay its credit obligation, the Commission takes into account both qualitative and quantitative indicators.

Significant increase in credit risk

The Commission monitors all financial assets except receivables from licensees' are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Commission will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Commission compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised.

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In making this assessment, the Commission considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Commission's historical experience and expert credit assessment including forward-looking information.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD. As a back-stop when an asset becomes 90 days past due, the Commission considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. As noted if there is evidence of credit-impairment the assets are at stage 3 of the impairment model.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

(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.

h) 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.

For treasury bills and Bank deposits, the Commission uses externally published information from S&P 'Annual Default and Rating Transition Study' to assign a probability of default based on the instruments' credit rating. This probability of default (PD) obtained from S&P transition matrices is a long-term average which needs to be converted to a point-in-time (PiT) PD which takes into consideration current conditions and forecasts of future economic conditions. The Commission uses Global GDP growth as latent factor to convert the long-term average into a PiT PD through Merton-like transition matrix mechanics framework.

i) 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.

j) Taxation

The Commission is exempt from payment of tax as per the provisions of the Income Tax Act 1995 (as amended).

k) 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.

l) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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.

Critical judgements in applying the Commission's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Commission's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- **Business model assessment:** Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Commission determines the business model at a level that reflects how group of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Commission monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

- Significant increase of credit risk: ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Commission takes into account qualitative and quantitative reasonable and supportable forward-looking information.
- Establishing group of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Commission monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.
- Re-segmentation of investment portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.
- Models and assumptions used: The entity uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

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. 633,388,567, excluding interests and costs (2020: Rs. 749,937,554). 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 2021 is Rs 1,932,144 (2020: Rs. 10,231,697). 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.187,796,374 (2020: Rs.195,796,374) are lien marked in favour of the Commission, and not included in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

6(a) Property plant and equipment

	MOTOR VEHICLE Rs	FURNITURE Rs	COMPUTER EQUIPMENT Rs	OFFICE EQUIPMENT Rs	BUILDING Rs	FIXTURES & FITTINGS Rs	TOTAL Rs
COST							
At 1 July 2020	18,852,712	25,882,231	70,395,387	12,981,186	167,775,311	104,948,988	400,835,815
Purchases	1,460,001	227,378	7,369,768	538,784	-	884,578	10,480,509
Disposals	(7,334,195)	(97,095)	-	-	-	(33,424)	(7,464,714)
At 30 June 2021	12,978,518	26,012,514	77,765,155	13,519,970	167,775,311	105,800,142	403,851,610
DEPRECIATION							
At 1 July 2020	16,015,762	25,060,891	64,874,812	10,252,950	69,938,749	89,260,916	275,404,080
Charge for the year	1,950,942	335,989	5,794,698	975,362	5,775,843	2,939,710	17,772,544
Disposals	(7,334,191)	(97,095)	-	-	-	(27,918)	(7,459,204)
At 30 June 2021	10,632,513	25,299,785	70,669,510	11,228,312	75,714,592	92,172,708	285,717,420
NET BOOK VALUE							
At 30 June 2021	2,346,005	712,729	7,095,645	2,291,658	92,060,719	13,627,434	118,134,190
COST							
At 1 July 2019	19,941,762	25,509,008	66,379,381	10,736,051	167,775,311	102,840,908	393,182,421
Purchases	-	373,223	4,016,006	2,245,135	-	2,108,080	8,742,444
Disposals	(1,089,050)	-	-	-	-	-	(1,089,050)
At 30 June 2020	18,852,712	25,882,231	70,395,387	12,981,186	167,775,311	104,948,988	400,835,815
DEPRECIATION							
At 1 July 2019	14,431,145	24,715,214	61,122,927	9,240,057	64,497,203	85,371,685	259,378,231
Charge for the period	1,856,879	345,677	3,751,885	1,012,893	5,441,546	3,889,231	16,298,111
Disposals	(272,262)	-	-	-	-	-	(272,262)
At 30 June 2020	16,015,762	25,060,891	64,874,812	10,252,950	69,938,749	89,260,916	275,404,080
NET BOOK VALUE							
At 30 June 2020	2,836,950	821,340	5,520,575	2,728,236	97,836,562	15,688,072	125,431,735

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. (2019/20: Nil)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

6(b) Intangible assets

	COMPUTER SOFTWARE Rs	LEASEHOLD RIGHTS Rs	TOTAL Rs
COST			
At 1 July 2020	76,298,841	-	76,298,841
Purchases	2,116,675	-	2,116,675
At 30 June 2021	78,415,516	-	78,415,516
AMORTISATION			
At 1 July 2020	72,565,246	-	72,565,246
Charge for the year	3,463,800	-	3,463,800
At 30 June 2021	76,029,046	-	76,029,046
NET BOOK VALUE			
At 30 June 2021	2,386,470	-	2,386,470
COST			
At 1 July 2019	73,372,819	-	73,372,819
Purchases	2,926,022	-	2,926,022
At 30 June 2020	76,298,841	-	76,298,841
AMORTISATION			
At 1 July 2019	67,611,888	-	67,611,888
Charge for the year	4,953,358	-	4,953,358
At 30 June 2020	72,565,246	-	72,565,246
NET BOOK VALUE			
At 30 June 2020	3,733,595	-	3,733,595

There have been no impairments of intangible assets during the current and prior periods. There are no intangible assets pledged as security.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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 2020	6,410,125	93,353,228	2,067,888	18,893,541	41,255,707	9,759,006	171,739,495
Adjustment / derecognition due to change in repayment amount / non-renewal of lease agreement	32,646	(93,353,228)	(10,548)	(18,893,541)	(41,255,707)	(9,759,006)	(163,239,384)
At 30 June 2021	6,442,771	-	2,057,340	-	-	-	8,500,111
DEPRECIATION							
At 1 July 2020	674,750	19,362,809	720,384	3,921,893	8,557,248	3,841,156	37,078,240
Charge for the year	339,093	3,889,718	685,780	787,231	1,718,988	1,823,792	9,244,602
Adjustment / derecognition due to change in repayment amount / non-renewal of lease agreement	1,718	(23,252,527)	(3,516)	(4,709,124)	(10,276,236)	(5,664,948)	(43,904,633)
At 30 June 2021	1,015,561	-	1,402,648	-	-	-	2,418,209
NET BOOK VALUE							
At 30 June 2021	5,427,210	-	654,692	-	-	-	6,081,902
COST							
At 1 July 2019	6,410,125	90,935,958	1,119,182	18,722,400	40,208,600	5,662,320	163,058,585
Purchases	-	2,417,270	948,706	171,141	1,047,107	4,096,686	8,680,910
At 30 June 2020	6,410,125	93,353,228	2,067,888	18,893,541	41,255,707	9,759,006	171,739,495
DEPRECIATION							
At 1 July 2019	337,375	7,577,996	31,088	1,560,200	3,350,717	471,860	13,329,236
Charge for the year	337,375	11,784,813	689,296	2,361,693	5,206,531	3,369,296	23,749,004
At 30 June 2020	674,750	19,362,809	720,384	3,921,893	8,557,248	3,841,156	37,078,240
NET BOOK VALUE							
At 30 June 2020	5,735,375	73,990,419	1,347,504	14,971,649	32,698,459	5,917,850	134,661,255

6(c)(1) "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 2021. There were no leases with residual value guarantees.

Moreover, during the year under review, during the financial year 2020/21, the lease agreement pertaining to one of the parking spaces reached its maturity. This resulted in derecognition of the corresponding Right-of-use asset, and lease liability. The resultant gain has been recognised in the Income Statement under Other Income."

6(c)(2) Moreover, during the year, FSC has not renewed the lease arrangements pertaining to office space, furniture, fittings and parking space. Currently, FSC is paying the rent on month to month basis due to change in lease tenure. As such, the provisions under para 5 of IFRS 16 (i.e. Recognition exemption) has been adopted, and thus adjustments have been made to the carrying value of the corresponding Right-of-use assets Rs 119,622,305 and the corresponding liability Rs 134,078,655. The resultant gain of Rs 14,456,350 has been recognised under other income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

7 ASSETS AT AMORTISED COST

	2021 Rs	2020 Rs
Within 1 year		
Treasury Notes / Bonds	624,900,000	378,000,000
Premium on Treasury Notes / Bonds	(2,440,189)	(920,781)
Expected Credit Loss	(244,321)	(141,426)
	622,215,490	376,937,793
More than 1 year		
Treasury Notes / Bonds	48,400,000	48,400,000
Premium on Treasury Notes / Bonds	845,252	988,283
Expected Credit Loss	(33,185)	(33,618)
	49,212,067	49,354,665
	671,427,557	426,292,458

Reconciliation of assets at amortised cost

	2021 Rs	2020 Rs
Opening balance	426,467,501	585,868,433
Purchases of financial assets at amortised cost	1,455,000,000	451,757,360
Proceeds from maturity of financial assets at amortised cost	(1,206,855,752)	(613,800,000)
Interest adjustment	(2,906,685)	2,641,708
Closing balance at face value	671,705,064	426,467,501
Expected Credit Loss (Note 30.6.2)	(277,507)	(175,043)
Closing balance at fair value	671,427,557	426,292,458

8 RETIREMENT BENEFITS OBLIGATION / (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 Rs17 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

The amounts recognised in Statement of Financial Performance are as follows:

	2021 Rs	2020 Rs
Current Service Cost	20,611,021	16,348,592
Employee Contributions	(7,548,849)	(6,690,464)
Fund Expenses	886,077	347,130
Interest income	3,913,780	(828,768)
Total included in staff costs	17,862,029	9,176,490

Actual return on plan assets/liability

Movements in asset/liability recognised in statement of financial position as determined by the actuarial valuation

Opening balance	(2,605,891)	(19,278,837)
Total staff costs (as above)	17,862,029	9,176,490
Contributions paid by the Commission	(11,265,121)	(10,035,039)
Amount Recognised in Other Comprehensive Income	44,930,312	17,531,495
Liability/(asset) as at the close of the period	48,921,329	(2,605,891)

Reconciliation of the present value of the defined benefit obligation

	2021 Rs	2020 Rs
Present value of obligation at start of period	368,500,366	319,930,642
Current service cost	20,611,021	16,348,592
Interest Cost	18,408,097	12,317,330
Benefits paid	(7,188,871)	(11,883,131)
Liability loss	54,417,364	31,786,933
Present value of obligation at end of period	454,747,977	368,500,366

Reconciliation of fair value of the plan assets

	2021 Rs	2020 Rs
At start of the period	371,106,257	339,209,479
Expected return on plan assets	14,494,317	13,146,098
Asset gain	9,487,052	14,255,438
Contributions from the employer	11,265,121	10,035,039
Contributions from the employees	7,548,849	6,690,464
Benefits paid and other outgo	(8,074,948)	(12,230,261)
At close of the period	405,826,648	371,106,257

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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:

	2021 %	2020 %
Government Securities and Cash	54.80	61.70
Loans	2.80	3.00
Local Equities	11.80	10.10
Overseas bonds and equities	30.10	24.60
Property	0.50	0.60
	100.00	100.00

Components of the amount recognised in Other Comprehensive Income

	2021 Rs	2020 Rs
Assets experience gain during the year	9,487,052	14,255,438
Liability experience loss during the year	(54,417,364)	(31,786,933)
	(44,930,312)	(17,531,495)
Remeasurement		
Liability experience (loss) / gain	(42,606,748)	10,590,964
Liability loss due to change in demographic assumptions	(72,077,593)	-
Liability gain / (loss) due to change in financial assumptions	60,266,977	(42,377,897)
Asset gain	9,487,052	14,255,438
	(44,930,312)	(17,531,495)

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:

	2021 %	2020 %
Discount Rate	5.00	3.85
Future Salary increases	3.00	2.40
Future Pension increases	2.00	1.40

The assumptions for mortality before retirement is estimated at Nil (2020 - based on A 6770 Ultimate Tables). Mortality in retirement has been based on PA (90) Tables rated down by 2 years (2020: PA (90) Tables).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

At 30 June 2021

Discount Rate

Future Salary increases

Life expectancy

At 30 June 2020

Discount Rate

Future Salary increases

Life expectancy

Impact on defined benefit obligation

Change in assumption

Increase in assumption

Decrease in assumption

100 basis points

Decrease by
Rs85.1mIncrease by
Rs113.8m

100 basis points

Increase by
Rs67.7mDecrease by
Rs55.4m

1 year

Increase by
Rs11.9mDecrease by
Rs11.9m

Impact on defined benefit obligation

Change in assumption

Increase in assumption

Decrease in assumption

100 basis points

Decrease by
Rs85.1mIncrease by
Rs113.8m

100 basis points

Increase by
Rs67.7mDecrease by
Rs55.4m

1 year

Increase by
Rs11.9mDecrease by
Rs11.9m

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 average age of the active members as at 30 June 2021 is 42 years while that of pensioners is 64 years.

Defined Contribution Scheme

Contributions

2021

Rs

10,773,338

2020

Rs

3,120,094

9 OTHER FINANCIAL ASSETS

Other financial assets comprise of staff loans

Staff loans at fair value

Within 1 year

More than 1 year

2021

Rs

131,179

3,920,147

4,051,326

2020

Rs

883,175

3,920,147

4,803,322

Total staff loans at amortised cost

Fair value adjustment

Balance at fair value

(Note 30.6.4)

4,319,045

(267,719)

4,051,326

5,201,888

(398,566)

4,803,322

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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 2021, 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

(Note 30.6.4)

2021 Rs	2020 Rs
4,319,045	5,201,888
(267,719)	(398,566)
4,051,326	4,803,322
-	-
-	-
-	-

Unsecured

Total Unsecured Staff Loans at face value

Fair value adjustment

Balance at fair value

10 RECEIVABLES

Fees and penalties receivable

Other receivables

Accrued interest

Prepayments

Provision for credit losses

(Note 30.1)

(Note 30.2)

(Note 30.6.1)

2021 Rs	2020 Rs
1,081,552,987	638,956,642
8,203,888	8,384,944
39,274,044	33,146,029
26,186,985	20,647,390
(960,782,477)	(537,129,424)
194,435,427	164,005,581

11 CASH AND BANK BALANCES

Cash on hand

Bank balances

2021 Rs	2020 Rs
37,013	24,061
617,990,698	671,570,972
618,027,711	671,595,033

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

12 BANK DEPOSITS

US Dollar	
Mauritian Rupee	
Expected Credit Loss	(Note 30.6.3)

2021 Rs	2020 Rs
1,090,250,640	1,332,752,469
454,675,000	80,765,000
(2,139,059)	(2,274,910)
1,542,786,581	1,411,242,559

13 PAYABLES

Other creditors and accruals
Deposit/advances from Management Companies
Prepaid licence fees

2021 Rs	2020 Rs
9,252,265	24,290,309
1,002,249,484	925,872,094
416,982,690	432,701,669
1,428,484,439	1,382,864,072

14 PROVISIONS

Sick Leave
Passage Benefits
Gratuity
Annual Leave
Bonus

2021 Rs	2020 Rs
35,789,625	31,890,040
22,299,981	16,004,843
3,451,496	8,208,870
35,870,829	30,062,394
59,078,967	48,112,848
156,490,898	134,278,995

At 30 June 2021

	Sick Leave Rs	Passage Benefits Rs	Gratuity Rs	Annual Leave Rs	Bonus Rs	Total Rs
Balance at 01 July 2020	31,890,040	16,004,843	8,208,869	30,062,395	48,112,848	134,278,995
Charged to the Statement of Financial Performance	9,252,292	10,731,513	4,717,988	7,698,723	54,844,875	87,245,391
Exchange differences	-	-	6,000	-	-	6,000
Paid during the year	(5,352,707)	(4,436,376)	(9,481,360)	(1,890,289)	(43,878,756)	(65,039,488)
Balance at 30 June 2021	35,789,625	22,299,980	3,451,497	35,870,829	59,078,967	156,490,898

At 30 June 2020

	Sick Leave Rs	Passage Benefits Rs	Gratuity Rs	Annual Leave Rs	Bonus Rs	Total Rs
Balance at 01 July 2019	25,073,772	14,785,203	4,826,139	23,434,149	27,161,657	95,280,920
Charged to the Statement of Financial Performance	11,002,579	7,575,283	10,274,215	8,096,564	38,643,154	75,591,795
Exchange differences	-	-	38,421	-	-	38,421
Paid during the year	(4,186,311)	(6,355,643)	(6,929,906)	(1,468,318)	(17,691,963)	(36,632,141)
Balance at 30 June 2020	31,890,040	16,004,843	8,208,869	30,062,395	48,112,848	134,278,995

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

The Commission has entered into various lease agreements as a lessee in relation to land, building and parking spaces, and have classified them as leases under IFRS 16.

Moreover, during the year under review, during the financial year 2020/21, the lease agreement pertaining to one of the parking spaces reached its maturity. This resulted in derecognition of the corresponding Right-of-use asset, and lease liability. The resulting gain has been recognised in the Income Statement under Other Income.

Moreover, during the year, FSC has not renewed the lease arrangements pertaining to office space, furniture, fittings and parking space. Currently, FSC is paying the rent on month to month basis due to change in lease tenure. As such, the provisions under para 5 of IFRS 16 (i.e. Recognition exemption) has been adopted, and thus adjustments have been made to the carrying value of the corresponding Right-of-use assets Rs 119,622,305 and the corresponding liability Rs 134,078,655. The resultant gain of Rs 14,456,350 has been recognised under other income.

Opening balance
Lease liabilities recognised during the year
Lease liabilities derecognised during the year
Lease rental payments made during the year
Interest expense charged to the Income Statement
Closing balance

Lease liabilities

Short Term
Long Term

2021 Rs	2020 Rs
144,275,686	153,700,351
-	8,680,910
(134,078,655)	-
(8,946,763)	(28,600,962)
3,244,876	10,495,387
4,495,144	144,275,686
637,596	16,257,095
3,857,548	128,018,591
4,495,144	144,275,686

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

16 AMOUNT PAYABLE TO THE FINANCIAL SERVICES FUND

	2021 Rs	2020 Rs
Opening balance	21,918,714	19,082,733
Transfer from General Fund as per Section 82(6) of the Financial Services Act, 2007.	21,942,232	18,654,234
Payment to the Financial Services Fund	(18,654,816)	(15,818,253)
Closing balance	25,206,130	21,918,714

17 AMOUNT PAYABLE TO THE CONSOLIDATED FUND

	2021 Rs	2020 Rs
Opening balance	1,031,679,864	1,359,792,774
Transfer from General Fund as per Sections 82A(2A) and 82A(3) of the Financial Services Act, 2007.	1,020,313,807	867,421,864
Payment to the Consolidated Fund during the period	(867,421,864)	(1,195,534,774)
Closing balance	1,184,571,807	1,031,679,864

18 GENERAL RESERVE FUND

	2021 Rs	2020 Rs
Opening balance	186,491,655	139,856,071
Transfer from General Fund as per Section 82A(2) of the Financial Services Act, 2007.	54,855,581	46,635,584
Closing balance	241,347,236	186,491,655

19 FEES FROM LICENSEES

	2021 Rs	2020 Rs
Global business and Authorised Companies	1,299,472,175	1,150,369,298
Non-banking financial institutions	98,760,894	62,421,505
Brokerage	11,477,595	13,669,885
	1,409,710,664	1,226,460,688

20 PENALTIES AND CHARGES

	2021 Rs	2020 Rs
Administrative penalties	222,029,664	39,678,064
Late charges	21,378,645	18,603,566
	243,408,309	58,281,630

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

For the financial year 2020-21, 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

	2021 Rs	2020 Rs
Treasury Notes	3,536,186	9,302,563
Amortisation of premium on Treasury Notes	(143,031)	(334,307)
Bank deposits	27,443,458	48,322,283
Other financing income	154,594	263,948
Staff loans	346,187	863,455
	31,337,394	58,417,942

22 OTHER INCOME

	2021 Rs	2020 Rs
Gain on property and equipment scrapped / disposed	2,234,194	260,262
Administration fee from the Insurance Industry Compensation Fund	500,000	500,000
Others	-	896,404
Gain on change in terms of lease agreement [Note 6(c)(2)]	14,456,350	137,801
	17,190,544	1,794,467

23 STAFF RELATED COSTS

	2021 Rs	2020 Rs
Staff salaries and allowances	326,809,286	284,398,590
Fair value adjustment to staff loans	(130,847)	(609,901)
Retirement benefits	34,730,517	18,939,428
Family Protection Scheme	7,052,570	5,195,676
National Savings Fund	2,163,433	3,207,908
Passage benefits	10,731,513	7,575,283
Board and committee fees	7,635,613	7,833,516
Travelling allowances	30,364,815	22,422,218
Staff welfare	9,295,302	11,152,083
	428,652,202	360,114,801

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

24 TRAINING AND SEMINARS

Overseas conferences and seminars
Local events
Staff training

2021	2020
Rs	Rs
41,300	11,527,442
887,900	7,174,236
548,415	676,744
1,477,615	19,378,422

25 LEGAL AND PROFESSIONAL EXPENSES

Auditors' fees
Legal Fees
Professional advisory fees
National Regulatory Sandbox License Committee costs*

2021	2020
Rs	Rs
4,069,641	3,677,923
4,344,490	7,673,597
14,137,721	29,433,309
1,489,902	1,331,575
24,041,754	42,116,404

*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

Maintenance of office premises
IT maintenance and licenses
Rental expenses
Insurance of office premises
Post, telephone, internet and fax charges
Electricity and water
Stationery
Subscription**
General office expenses
Vehicle expenses
Advertising and publication

2021	2020
Rs	Rs
2,459,683	2,137,480
18,965,640	16,143,145
17,188,442	1,879,803
926,887	740,051
10,436,366	9,894,478
4,007,822	3,843,748
1,994,424	1,669,346
6,153,603	3,732,797
6,627,016	6,053,759
1,131,528	1,529,593
1,154,711	2,204,270
71,046,122	49,828,470

**Includes membership fees for IAIS, IOPS, IOSCO and subscription for software licenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

27 CASH FLOW FROM OPERATING ACTIVITIES

	2021 Rs	2020 Rs
Surplus for the year	1,166,993,670	993,105,620
Adjustments for:		
Staff loans fair value adjustment	(130,847)	(609,901)
Gain on disposal of property and equipment	(2,234,194)	(260,262)
Gain on change in terms of lease agreement	(14,456,350)	(137,801)
Interest income	(31,337,394)	(58,417,942)
Retirement Benefits Obligation	6,596,908	(858,549)
Interest on lease	3,244,876	10,633,188
Amortisation of premium on Treasury Notes	143,031	334,307
Other non-cash adjustments	2,451,416	(2,366,116)
Depreciation and amortisation	30,480,946	45,000,473
Provision for credit losses	6,521,153	2,092,560
Cash flow from operating activities, before working capital changes	1,168,273,215	988,515,577
(Increase) / decrease in fees receivable	(25,464,445)	41,668,951
Decrease in staff loans	882,843	2,152,561
Decrease in other receivables	181,056	1,082,193
(Increase) / decrease in prepayments	(5,539,595)	993,870
Increase in accrued expenses and other payables	67,832,271	460,696,200
Net cash flow from operating activities	1,206,165,345	1,495,109,352

28 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.

29 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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.

At 30 June 2021

	Maturity		Total	Total Carrying	Total
	0 - 1 Year	> 1 year	Cash Flows	Amount	Fair Value
	Rs	Rs	Rs	Rs	Rs
Financial assets					
Assets at amortised cost	622,215,490	49,212,067	671,427,557	671,705,064	671,427,557
Other financial assets	131,179	3,920,147	4,051,326	4,319,045	4,051,326
Receivables	168,248,443	-	168,248,443	180,888,787	173,780,462
Cash and bank balances	618,027,711	-	618,027,711	618,027,711	618,027,711
Bank deposits	1,542,786,581	-	1,542,786,581	1,544,925,640	1,542,786,581
	2,951,409,404	53,132,214	3,004,541,618	3,019,866,247	3,010,073,637
Financial liabilities					
Payables	1,011,501,749	-	1,011,501,749	1,011,501,749	1,011,501,749
Lease liability	637,596	3,857,548	4,495,144	4,495,144	4,495,144
	1,012,139,345	3,857,548	1,015,996,893	1,015,996,893	1,015,996,893

At 30 June 2020

	Maturity		Total	Total Carrying	Total
	0 - 1 Year	> 1 year	Cash Flows	Amount	Fair Value
	Rs	Rs	Rs	Rs	Rs
Financial assets					
Assets at amortised cost	376,937,793	49,354,665	426,292,458	426,467,501	426,292,458
Other financial assets	883,175	3,920,147	4,803,322	5,201,888	4,803,322
Receivables	143,358,190	-	143,358,190	143,358,190	143,358,190
Cash and bank balances	671,595,033	-	671,595,033	671,595,033	671,595,033
Bank deposits	1,194,461,342	216,781,217	1,411,242,559	1,413,517,469	1,411,242,559
	2,387,235,533	270,056,029	2,657,291,562	2,660,140,081	2,657,291,562
Financial liabilities					
Payables	950,162,401	-	950,162,401	950,162,401	950,162,401
Lease liability	16,257,095	128,018,591	144,275,686	144,275,686	144,275,686
	966,419,496	128,018,591	1,094,438,087	1,094,438,087	1,094,438,087

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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.

Fair Value hierarchy as at 30 June 2021

	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial assets					
Other financial assets	-	4,051,326	-	4,051,326	4,051,326

Fair Value hierarchy as at 30 June 2020

	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial assets					
Other financial assets	-	4,803,322	-	4,803,322	4,803,322

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

30 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.

30.1 Fees and administrative penalties receivable

	Past due but not impaired Rs	Past due and impaired Rs	2021 Rs	2020 Rs
Within 1 year	33,823,930	94,419,403	128,243,333	269,147,931
More than 1 year	101,716,287	851,593,367	953,309,654	369,808,711
	135,540,217	946,012,770	1,081,552,987	638,956,642

30.2 Accrued interest

Balance at the beginning of the year	33,146,029	34,871,234
Interest income	31,337,394	58,417,941
Interest received	(25,209,378)	(59,533,246)
Interest adjustment on other financial assets	-	(609,900)
Balance at the end of the year	39,274,045	33,146,029

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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.

30.3 Staff loans

	2021 Rs	2020 Rs
Within 1 year	131,179	883,175
More than 1 year	3,920,147	3,920,147
	4,051,326	4,803,322

30.4 Bank Balances

Bank balances	617,990,698	671,570,972
Bank deposits	1,542,786,581	1,411,242,559
	2,160,777,279	2,082,813,531

30.5 Assets at amortised cost

Within 1 year	622,215,490	376,937,793
More than 1 year	49,212,067	49,354,665
	671,427,557	426,292,458

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)

30.6 The following tables explain the changes in the loss allowances between the beginning and the end of the year.

30.6.1 Fees, Administrative Penalties and other receivables

	Stage 1 Rs	Stage 2 Rs	Stage 3 Rs	Total Rs
Administrative penalties	9,683	110,184,804	953,309,654	1,063,504,141
Fees debtors	17,798,847	-	-	17,798,847
Other receivables	39,929,773	-	20,438,504	60,368,277
Total Gross Carrying amount	57,738,303	110,184,804	973,748,158	1,141,671,265

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

	Stage 1 Rs	Stage 2 Rs	Stage 3 Rs	Total Rs
Gross carrying amount as at 01 July 2020	51,371,850	9,630,303	619,485,463	680,487,616
New assets originated or purchased	26,505,067	110,133,863	514,523,217	651,162,147
Payments and assets derecognised (excluding write offs)	(20,018,919)	(27,381,879)	(142,577,700)	(189,978,498)
Transfers to Stage 1	16,590	-	(16,590)	-
Transfers to Stage 2	-	17,802,518	(17,802,518)	-
Transfers to Stage 3	(136,285)	-	136,285	-
At 30 June 2021	57,738,303	110,184,805	973,748,157	1,141,671,265
ECL allowance as at 01 July 2020	567,934	7,098,040	529,463,450	537,129,424
New assets originated or purchased	20,704	94,354,735	478,772,190	573,147,629
Payments and assets derecognised (excluding write offs)	(575,443)	(21,944,189)	(126,974,943)	(149,494,575)
Transfers to Stage 1	7,509	-	(7,509)	-
Transfers to Stage 2	-	14,890,113	(14,890,113)	-
Transfers to Stage 3	-	-	-	-
At 30 June 2021	20,704	94,398,699	866,363,075	960,782,478

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

30.6.2 Assets at amortised cost

	Stage 1 Rs	Stage 2 Rs	Stage 3 Rs	Total Rs
Treasury Bills	671,705,064	-	-	671,705,064
Total Gross Carrying amount	671,705,064	-	-	671,705,064

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

Gross carrying amount as at 01 July 2020	426,467,502	-	-	426,467,502
New assets originated or purchased	1,452,093,317	-	-	1,452,093,317
Payments and assets derecognised (excluding write offs)	(1,206,855,755)	-	-	(1,206,855,755)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2021	671,705,064	-	-	671,705,064
ECL allowance as at 01 July 2020	175,043	-	-	175,043
New assets originated or purchased	243,890	-	-	243,890
Payments and assets derecognised (excluding write offs)	(141,426)	-	-	(141,426)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2021	277,507	-	-	277,507

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

30.6.3 Bank Deposits

	Stage 1 Rs	Stage 2 Rs	Stage 3 Rs	Total Rs
Bank deposits	1,544,925,640	-	-	1,544,925,640
Total Gross Carrying amount	1,544,925,640	-	-	1,544,925,640

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

Gross carrying amount as at 01 July 2020	1,413,517,469	-	-	1,413,517,469
New assets originated or purchased	1,300,412,275	-	-	1,300,412,275
Payments and assets derecognised (excluding write offs)	(1,169,004,104)	-	-	(1,169,004,104)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2021	1,544,925,640	-	-	1,544,925,640
ECL allowance as at 01 July 2020	2,274,910	-	-	2,274,910
New assets originated or purchased	1,801,434	-	-	1,801,434
Payments and assets derecognised (excluding write offs)	(1,937,285)	-	-	(1,937,285)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2021	2,139,059	-	-	2,139,059

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

30.6.4 Other financial assets

	Stage 1 Rs	Stage 2 Rs	Stage 3 Rs	Total Rs
Staff Loans	4,319,045	-	-	4,319,045
Total Gross Carrying amount	4,319,045	-	-	4,319,045

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

Gross carrying amount as at 01 July 2020	5,201,888	-	-	5,201,888
New assets originated or purchased	-	-	-	-
Payments and assets derecognised (excluding write offs)	(882,843)	-	-	(882,843)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2021	4,319,045	-	-	4,319,045

	Stage 1 Rs	Stage 2 Rs	Stage 3 Rs	Total Rs
ECL allowance as at 01 July 2020	398,566	-	-	398,566
New assets originated or purchased	-	-	-	-
Payments and assets derecognised (excluding write offs)	(130,847)	-	-	(130,847)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2021	267,719	-	-	267,719

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

31 CATEGORIES OF FINANCIAL INSTRUMENTS

	Receivables and Other financial assets Rs	Financial liabilities at amortised cost Rs	Assets at amortised cost Rs	Financial assets at fair value through P&L Rs	Total Rs
Categories of financial instruments - 2021					
Non-current assets					
Assets at amortised cost	-	-	49,212,067	-	49,212,067
Other financial assets	-	-	-	3,920,147	3,920,147
Current assets					
Assets at amortised cost	-	-	622,215,490	-	622,215,490
Receivables	173,780,462	-	-	-	173,780,462
Cash and bank balances	618,027,711	-	-	-	618,027,711
Other financial assets	-	-	-	131,179	131,179
Bank deposits	1,542,786,581	-	-	-	1,542,786,581
Total Assets	2,334,594,754	-	671,427,557	4,051,326	3,010,073,637
Non-Current Liabilities					
Lease liability	-	3,857,548	-	-	3,857,548
Current Liabilities					
Payables	-	1,011,501,749	-	-	1,011,501,749
Lease liability	-	637,596	-	-	637,596
Total liabilities	-	1,015,996,893	-	-	1,015,996,893

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Categories of financial instruments - 2020	Receivables and Other financial assets Rs	Financial liabilities at amortised cost Rs	Assets held to Maturity Rs	Financial assets at fair value through P&L Rs	Total Rs
Non-current assets					
Assets at amortised cost	-	-	49,354,665	-	49,354,665
Other financial assets	-	-	-	3,920,147	3,920,147
Current assets					
Assets at amortised cost	-	-	376,937,793	-	376,937,793
Receivables	143,358,190	-	-	-	143,358,190
Cash and bank balances	671,595,033	-	-	-	671,595,033
Other financial assets	-	-	-	883,175	883,175
Bank deposits	1,411,242,559	-	-	-	1,411,242,559
Total Assets	2,226,195,782	-	426,292,458	4,803,322	2,657,291,562
Non-Current Liabilities					
Lease liability	-	128,018,591	-	-	128,018,591
Current Liabilities					
Payables	-	950,162,401	-	-	950,162,401
Lease liability	-	16,257,095	-	-	16,257,095
Total liabilities	-	1,094,438,087			1,094,438,087

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 31,398,277 (2020: gain of Rs 177,315,295) has occurred mainly due to translation of USD. During the period USD appreciated against MUR by 260 basis points. (2020: appreciated by 448 basis points)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

The table below shows the carrying amounts of the financial assets and liabilities, denominated in currencies other than the functional currency.

	Assets		Liabilities	
	2021 Rs	2020 Rs	2021 Rs	2020 Rs
Euro				
Bank Deposits	-	-	-	-
Receivables	-	745	-	-
Other creditors and accruals			-	-
US Dollars				
Bank Deposits	1,088,583,158	1,332,752,469	-	-
Cash and Bank balances	550,101,187	591,374,380	-	-
Receivables	166,219,089	154,038,702	-	-
Deposit from Management Companies	-	-	1,006,124,417	928,886,339

The assessment of currency fluctuation risks is reviewed by the Investment Committee from time to time.

32(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 2021 Rs	Effect on Surplus 2020 Rs
Bank balances	+50	3,089,953	1,901,292
	-50	(1,464,660)	(1,451,662)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

32(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 2021 Rs	Effect on Funds 2020 Rs
Financial assets and liabilities	+1 MUR	15,925,640	25,057,836
	-1 MUR	(15,925,640)	(25,057,836)

32(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% (2020:94%) of its regular income (exclusive of administrative penalties and late charges) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

33 RELATED PARTY TRANSACTIONS DISCLOSURE

Board fees, salaries and allowances to Key Managerial Persons

Name of Key Management Personnel	Designation		2021 Rs	2020 Rs
Dr. Renganaden Padayachy (16 January 2018 to 07 October 2019)	Former Chairperson	Board Fees	-	225,806
Mr Mardayah Kona Yerukunondu (As from 12 May 2020)	Chairperson	Board Fees	840,000	115,161
Mr Rajeshsharma Ramlooll (Vice-Chairperson as from 26 April 2018)	Vice-Chairperson	Board and sub-Committee fees	1,104,000	1,100,290
Mr Hervé Lassemillante (late) (11 July 2017 to 07 July 2020)	Member	Board and sub-Committee fees	19,194	1,021,290
Mr Premchand Mungar (As from 28 December 2017)	Member	Board and sub-Committee fees	720,000	720,000
Mrs Yotsna Lalji-Venkatasawmy (03 April 2018 to 12 December 2020)	Member	Board and sub-Committee fees	360,000	708,871
Mr Sarwansingh Purmessur (As from 24 May 2018)	Member	Board and sub-Committee fees	720,000	720,000
Mr. Mahess Rawoteea (From 9 October 2018)	Member	Board and sub-Committee fees	720,000	705,161
Ms. Gayle Mary-Jane Yerriah (From 26 April 2019)	Member	Board and sub-Committee fees	1,008,710	694,032
Ms. Mariam Rajabally (From 26 April 2019)	Member	Board and sub-Committee fees	720,000	694,032
Mr Azaad Aumeerally (As from 24 December 2020)	Member	Board and sub-Committee fees	344,194	-
Mr Loveneesh Beedasy (As from 24 December 2020)	Member	Board and sub-Committee fees	349,516	-
Mr Harvesh Kumar Seegolam (14 July 2017 to 29 February 2020)	Chief Executive	Salaries	-	4,876,907
		Allowances	-	120,000
Mr Dhanesswurnath Thakoor (As from 18 May 2020)	Chief Executive	Salaries	6,215,909	545,455
		Allowances	180,000	21,818
Mr Prakash Seewoosunkur (01 March 2020 to 17 May 2020)	Officer-in-charge	Salaries	-	709,481
		Allowances	-	119,979
TOTAL			13,301,523	13,098,283

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

34 PUBLIC PROCUREMENT

In regard to procurements, the Commission strictly follows the procedures for compliance with the Public Procurement Act, 2006. In case of matters impacting the State of Mauritius and being sensitive to financial services sector, the Commission had undertaken during the year two direct procurements in terms of Section 25(e) of the Public Procurement Act, 2006. The referred procurements had been for consultancy services requiring unique qualifications (ex FATF consultants & investigators) for matters impacting the financial services sector of the State of Mauritius which were duly approved by the Board. The Board of FSC believes that such procurements are in full compliance with the conditions of the direct procurement method under the Public Procurement Act, 2006.

35 COVID-19 PANDEMIC

The World Health Organization declared on March 11, 2020 the outbreak of a strain of the COVID-19 virus as a pandemic, which has affected the world economy, including Mauritius, leading to volatility in financial markets. The Commission has evaluated impact of this pandemic on its operations. Based on internal and external sources of information, at the time of finalisation of accounts for the financial year 2020-21 and based thereon and keeping in view current indicators of future economic conditions, there is no significant impact on the financial statements for 2020-21 and accordingly accounts have been prepared on a going concern basis. The actual impact of COVID-19 may differ from the estimated amount as at the date of approval of the financial statements. The Commission will continue to closely monitor any material changes to economic conditions in future.



The background of the top half of the page is a solid dark red color. On the left side, there are several overlapping, semi-transparent geometric shapes in shades of red and purple, creating a layered effect. On the right side, there is a large, stylized, light-colored 'E' logo that is partially cut off by the edge of the page. The logo has a modern, rounded design.

APPENDICES





APPENDICES

APPENDIX 1: MARKETS TRENDS IN SECURITIES

Table 38: Local Stock Exchanges Indices (Monthly End) July 2020 to June 2021

Year - 2020/21	SEMDEX	SEM-10	SEMTRI (MUR)	SEMTRI (USD)	SEMSI
Jul-20	1,592.60	299.15	6,123.73	2,417.81	87.17
Aug-20	1,576.90	295.75	6,063.75	2,400.21	86.61
Sep-20	1,507.77	279.99	5,797.92	2,286.47	82.76
Oct-20	1,468.59	273.31	5,647.24	2,219.03	78.82
Nov-20	1,602.46	300.32	6,165.06	2,432.84	88.27
Dec-20	1,648.39	309.70	6,363.84	2,541.59	90.83
Jan-21	1,638.00	305.83	6,325.29	2,509.62	89.50
Feb-21	1,598.25	297.50	6,171.78	2,440.64	86.67
Mar-21	1,600.19	295.87	6,179.26	2,400.72	86.35
Apr-21	1,654.18	309.33	6,396.21	2,493.70	89.90
May-21	1,713.60	319.05	6,686.09	2,596.22	92.18
Jun-21	1,863.22	346.69	7,274.51	2,683.07	103.18

Figure 10: Evolution of SEM-10 as at June 2021 (End Month)

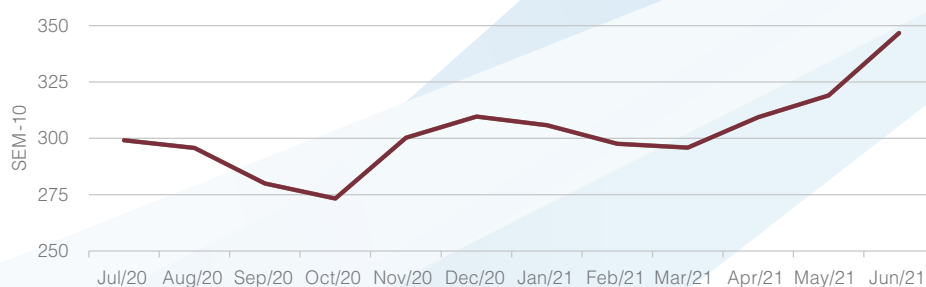


Figure 11: Evolution of SEMTRI (MUR and USD) as at June 2021 (End Month)

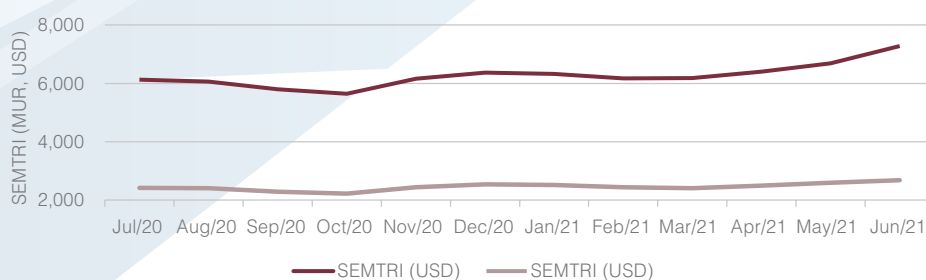
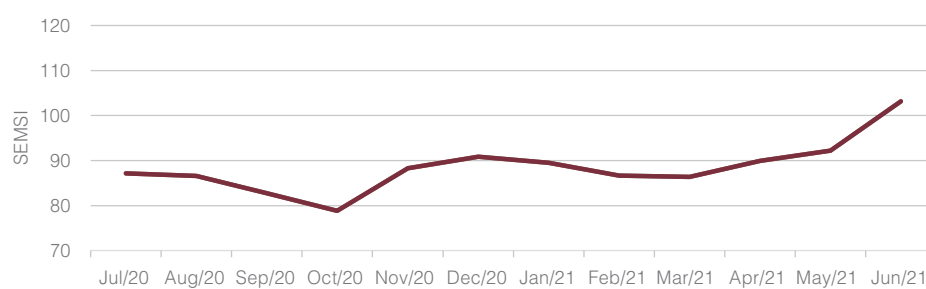
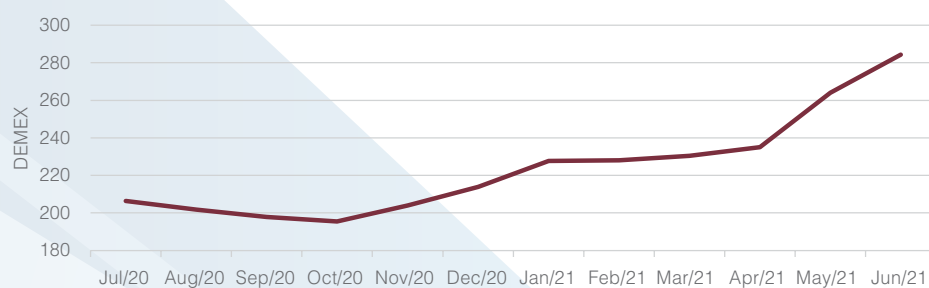
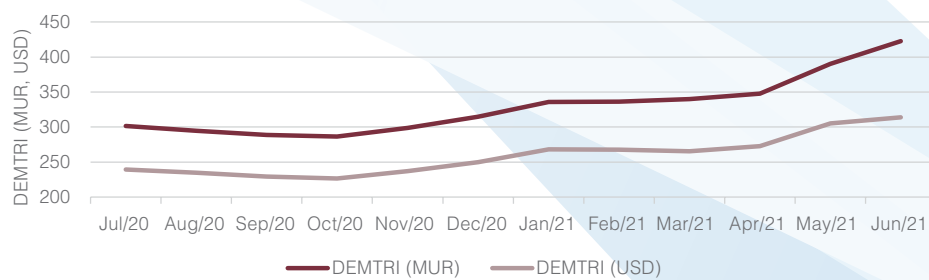


Figure 12: Evolution of SEMSI as at June 2021 (End Month)**Figure 13: Evolution of DEMEX as at June 2021 (End Month)****Figure 14: Evolution of DEMTRI (USD and MUR) as at 30 June 2021 (End Month)**

Source: SEM - Historical data

Table 39: International Stock Exchanges Indices (Monthly End) July 2020 to June 2021

Year 2020/21	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-20	26,428.32	10,745.27	37,606.89	5,897.76	4,783.69	24,595.35
Aug-20	28,430.05	11,775.46	38,628.29	5,963.57	4,947.22	25,177.05
Sep-20	27,781.70	11,167.51	38,067.93	5,866.10	4,803.44	23,459.05
Oct-20	26,501.60	10,911.59	39,614.07	5,577.27	4,594.24	24,107.42
Nov-20	29,638.64	12,198.74	44,149.72	6,266.19	5,518.55	26,341.49
Dec-20	30,606.48	12,888.28	47,751.33	6,460.52	5,551.41	27,231.13
Jan-21	29,982.62	13,070.69	46,285.77	6,407.46	5,399.21	28,283.71
Feb-21	30,932.37	13,192.35	49,099.99	6,483.43	5,703.22	28,980.21
Mar-21	32,981.55	13,246.87	49,509.15	6,713.63	6,067.23	28,378.35
Apr-21	33,874.85	13,962.68	48,782.36	6,969.81	6,269.48	28,724.88
May-21	34,529.45	13,748.74	51,937.44	7,022.61	6,447.17	29,151.80
Jun-21	34,502.51	14,503.95	52,482.71	7,037.47	6,507.83	28,827.95

Source: <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)
<https://www.investing.com/indices/sensex-historical-data>

APPENDIX 2: TRENDS IN INSURANCE

Long Term Insurance Business

Table 40: Long-Term Insurance Business Figures

	2017	2018	2019	2020
NUMBER OF INSTITUTIONS				
Long Term	7	7	7	7
NUMBER OF INSURANCE POLICIES				
Long Term	447,556	472,556	501,328	525,065
ASSETS				
Assets (MUR million)	74,129	77,632	84,961	87,556
% Δ in Assets	11%	5%	9%	3%
TECHNICAL RESERVES				
Life Fund (MUR million)	68,588	70,923	78,014	78,895
% Δ in Life Fund	12%	3%	10%	1%
CAPITAL AND RESERVES				
Capital and Reserves (MUR million)	2,420	3,474	3,521	4,501
% Δ in Capital and Reserves	32%	44%	1.4%	28%
LONG TERM				
Assets (MUR million)	74,129	77,632	84,961	87,556
Life Fund (MUR million)	68,588	70,923	78,014	78,895
Capital and Reserves (MUR million)	2,420	3,474	3,521	4,501
Other Liabilities (MUR million)	1,641	1,616	1,452	1,764
% of C&R to Life Fund	4%	5%	5%	6%
LONG TERM				
Net Premiums (MUR million)	11,414	9,471	10,241	9,942
Reinsurance (MUR million)	432	500	489	590
Gross Premiums (MUR million)	11,846	9,971	10,730	10,532
% Δ in Gross Premiums	7%	-16%	8%	-2%
Net Claims (MUR million)	9,227	7,141	7,556	7,920
Reinsurance (MUR million)	123	204	140	141
Gross Claims (MUR million)	9,350	7,345	7,696	8,061
% Δ in Gross Claims	2%	-21%	5%	5%

General Insurance Business

Table 41: General Insurance Business Figures

	2017	2018	2019	2020
NUMBER OF INSTITUTIONS				
General	15	15	15	15
NUMBER OF INSURANCE POLICIES				
General	580,783	555,713	563,019	564,783
ASSETS (MUR million)				
General	17,720	18,837	20,099	21,225
% Δ in Assets	10%	6%	7%	6%
ASSET MIX				
Equities (MUR million)	2,462	2,339	2,685	2,915
% Δ in Equities	12%	-5%	15%	9%
% of Total Assets	14%	12%	13%	14%
Cash Equivalents (MUR million)	3,109	2,967	2,773	3,614
% Δ in Cash Equivalents	-2%	-5%	-7%	30%
% of Total Assets	18%	16%	14%	17%
Govt Bonds (MUR million)	1,696	1,874	2,718	2,822
% Δ in Govt bonds	37%	10%	45%	4%
% of Total Assets	10%	10%	14%	13%
Other Bonds (MUR million)	328	333	172	205
% Δ in Other Bonds	-8%	2%	-48%	19%
% of Total Assets	2%	2%	1%	1%
Property (MUR million)	831	893	1,032	983
% Δ in Property	6%	7%	16%	-5%
% of Total Assets	5%	5%	5%	5%
Other Assets (MUR million)	9,294	10,431	10,720	10,686
% Δ in Other Assets	1%	12%	3%	-0.3%
% of Total Assets	52%	55%	53%	50%

Table 41: General Insurance Business Figures (cont'd)

	2017	2018	2019	2020
LIABILITIES				
Capital & Reserves (MUR million)	7,828	8,120	7,889	8,153
% Δ	4%	4%	-3%	3%
% of Total Equities and Liabilities	44%	43%	39%	38%
Technical Reserves (MUR million)	7,428	7,816	8,598	7,994
% Δ	9%	5%	10%	-7%
% of Total Equities and Liabilities	42%	41%	43%	38%
Other Liabilities (MUR million)	2,464	2,901	3,612	5,078
% Δ	37%	18%	25%	41%
% of Total Equities and Liabilities	14%	15%	18%	24%
TOTAL PREMIUMS				
Net (MUR million)	5,899	6,100	6,697	7,428
Reinsurance (MUR million)	3,045	3,277	3,595	3,637
Gross (MUR million)	8,943	9,378	10,293	11,065
% Δ in Gross Premiums	10%	5%	10%	8%
PREMIUMS – MOTOR				
Net (MUR million)	3,217	3,372	3,632	3,743
Reinsurance (MUR million)	124	135	178	206
Gross (MUR million)	3,340	3,508	3,810	3,949
% Δ in Gross Premiums	9%	5%	9%	4%
PREMIUMS - NON-MOTOR				
Net (MUR million)	2,682	2,728	3,065	3,684
Reinsurance (MUR million)	2,921	3,142	3,417	3,432
Gross (MUR million)	5,603	5,870	6,483	7,117
% Δ in Gross Premiums	11%	5%	10%	10%
TOTAL CLAIMS				
Net (MUR million)	3,480	4,012	3,913	4,197
Reinsurance (MUR million)	1,180	1,195	1,840	1,763
Gross (MUR million)	4,660	5,207	5,754	5,961
% Δ in Gross Claims	2%	12%	11%	4%

Table 41: General Insurance Business Figures (cont'd)

	2017	2018	2019	2020
CLAIMS – MOTOR				
Net (MUR million)	2,136	2,403	2,419	2,307
Reinsurance (MUR million)	287	76	284	345
Gross (MUR million)	2,424	2,479	2,704	2,652
% Δ in Gross Claims	12%	2%	9%	-2%
CLAIMS - NON-MOTOR				
Net (MUR million)	1,344	1,609	1,494	1,890
Reinsurance (MUR million)	893	1,119	1,556	1,419
Gross (MUR million)	2,236	2,728	3,050	3,309
% Δ in Gross Claims	-6%	22%	12%	8%
UNDERWRITING PROFIT				
UW profit (MUR million)	187	206	187	416
% Δ in UW profit	-22%	10%	-9%	122%
Investment (MUR million)	445	480	542	462
Operating profit (MUR million)	632	686	729	878
% Δ in Operating profit	-17%	9%	6%	20%
NUMBER OF POLICIES				
Motor	404,000	408,693	411,112	419,682
% Δ	8%	1%	1%	2%
% of Total	70%	74%	73%	74%
Non-Motor	176,782	147,020	151,907	145,101
% Δ	-2%	-17%	3%	-5%
% of Total	30%	26%	27%	26%
Total	580,782	555,713	563,019	564,783
% Δ	5%	-4%	1%	0.3%
NUMBER OF CLAIMS				
Motor	57,846	63,772	73,140	56,994
% Δ	12%	10%	15%	-22%
% of Total	20%	19%	20%	18%
Non-Motor	233,757	270,908	301,103	261,942
% Δ	-2%	16%	11%	-13%
% of Total	80%	81%	80%	82%
Total	291,603	334,680	374,243	318,936
% Δ	0.3%	15%	12%	-15%

APPENDIX 3: MEMORANDUM OF UNDERSTANDING

Multilateral Memorandum of Understanding

SN	Institutions/Standard Setting Body	Secretariat	Date of Signature
1	IAIS	Bank for International Settlements, CH-4002 Basel, Switzerland	23 December 2013
2	IOSCO	Madrid, Spain	16 May 2012
3	SADC-CISNA	c/o Financial Services Commission, FSC House, 54 Cybercity, Ebene 72201, Republic of Mauritius	03 April 2003
4	GIFCS	PO Box 58, Finch Hill House, Bucks Road, Douglas, Isle of Man, IM99 1DT, British Isles	20 October 2020

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

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
	3a. Amendment to the MoU between the FSC Mauritius and the Financial Services Authority, Malta 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
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

SN	Authority	Country	Date of Signature
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	Cyprus	04 September 2012
19	Capital Market Development Authority	Maldives	16 January 2013
20	Comissão do Mercado de Capitais	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 and 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
31	Capital Markets Authority	Lebanon	04 September 2019
32	Commission de Surveillance du Secteur Financier	Luxembourg	28 January 2020
33	Australian Prudential Regulation Authority	Australia	27 February 2020
34	Qatar Financial Centre Regulatory Authority	Qatar	25 May 2021*

*Effective date

Memorandum of Understanding with Foreign Institutions

SN	Authority	Country	Date of Signature
1	National Institute of Securities Markets	India	27 February 2018

Innovation Functions Co-operation Agreement

SN	Authority	Country	Effective Date
	Canadian Securities Administrators (CSA)*		
	*Members of the CSA, signatory to the Agreement are as follows:		
	i. Ontario Securities Commission		
	ii. Autorité des marchés financiers (Québec)		
1	iii. British Columbia Securities Commission	Canada	18 June 2021
	iv. Manitoba Securities Commission		
	v. Financial and Consumer Affairs Authority of Saskatchewan		
	vi. Nova Scotia Securities Commission		
	vii. Financial and Consumer Services Commission (New Brunswick)		

FinTech Cooperation Agreement

SN	Authority	Country	Date of Signature
1	Autorité des Marchés Financiers	France	05 September 2018
2	Capital Markets Authority	Kenya	24 May 2021

Letter of Cooperation in Technical Exchanges

SN	Authority	Country	Date of Signature
1	Autorité des Marchés Financiers	France	05 September 2018
2	Autorité de Régulation et de Contrôle des Assurances	Democratic Republic of the Congo	10 February 2021

Bilateral MoUs with Local Authorities

SN	Authority	Date of Signature
1	BoM	05 December 2002
2	FIU	18 June 2004
3	MRA	03 June 2010
4	Competition Commission Mauritius	11 November 2011
5	Financial Reporting Council	10 April 2012
6	Statistics Mauritius	09 February 2012
7	CBRD	01 December 2016
8	Attorney General's Office	07 August 2017

Tripartite MoUs with Local Authorities

SN	Authority	Date of Signature
1	BoM and FIU	19 September 2018
2	ICAC and FIU	19 September 2018
3	BoM and EDB	19 May 2020

Memorandum of Cooperation with Local Authorities

SN	Authority	Date of Signature
1	Attorney General's Office, BoM, FIU, Registrar of Companies, Gambling Regulatory Authority, Registrar of Associations and Mauritius Institute of Professional Accountants	26 August 2020

Memorandum of Understandings (relating to the supervision of AIFMD entities) with European Union Member States Securities Regulators

SN	Authority	Date of Signature	Date of Signature
1	Financial Services and Markets Authority	Belgium	22 July 2013
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

SN	Authority	Date of Signature	Date of Signature
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	Autoriteit Financiële Markten	The 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

Memorandum of Understandings (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

Memorandum of Understandings (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

Local Conferences, Trainings, Seminars, Workshops and Talks

SN	Theme	Date	No of Participants
1	Training on 'Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT)'	21, 23 and 24 July 2020	4
2	Workshop on 'Accountants As Frontliners In The Fight Against Money Laundering/Terrorism Financing'	16 July 2020	2
3	Virtual Training on 'Financial Sanctions Implementation'	28 July 2020	10
4	Advanced course on 'Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT)'	17, 23 and 30 July 2020	2
5	Training session on 'e-Procurement System '	29 - 31 July 2020	1
6	Workshop for Money Laundering Reporting Officers	07 August 2020	20
7	Seminar on the National Pension Reform Options	14 August 2020	1
8	Workshop on 'Money Laundering (ML) and Terrorism Financing (TF) Risks for Legal Practitioners'	12 August 2020	3
9	Workshop on Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT)	17 - 21 August 2020	2
10	Train the trainer course on 'Counter Proliferation Financing Training'	19 - 20 August 2020	4
11	Training on 'Implementing an effective Ultimate Beneficial Ownership (UBO) information'	20 August 2020	30
12	Training on the Risk Based Approach to AML/CFT for Accountants	26 - 27 August 2020	4
13	Training on 'E-Procurement System for Bid Evaluators'	07 - 11 September 2020	5
14	Africa Governance Report 2021 Online Scenario Building Workshop	10 September 2020	1
15	Webinar on 'Taxing the Digital Economy-Current developments and challenges'	11 September 2020	2
16	Financial Reporting Considerations related to COVID-19 and AML/CFT workshop	15 September 2020	2
17	Training on 'E-Procurement System for Preparers and Reviewers of Bids'	16 - 18 September 2020	1
18	Workshop on Report on 'Incentive Scheme for Deployment of Renewable Energy' and 'Funding Strategies and Schemes for Accelerating Renewable Energy Transition'	21 September 2020	1
19	Master Class on the Workers' Right Act 2019 as amended by COVID Act & Finance Act	30 September 2020	2
20	Seminar on 'Why Cloud and Mobile Deliver Success in the Mauritian Public Sector'	07 October 2020	2

SN	Theme	Date	No of Participants
21	Training on 'E-Procurement for 'System Administrators (SA)'	15 October 2020	1
22	World Statistics Day conference	20 October 2020	1
23	Training session on Data Protection Act 2017	12 November 2020	1
24	Innovation for All: Summit 2020	26 - 27 November 2020	2
25	Comsure's Annual GRC & Economic Crime Conference 2020	24 - 25 November 2020	1
26	Launch seminar - Mauritius E-commerce National Study	04 December 2020	1
27	African Continental Free Trade Area (AfCFTA) Workshop on 'Mauritius' National Response Strategy'	09 December 2020	1
28	Training on 'E-Procurement system for bid evaluators'	07 - 11 December 2020	3
29	Conference on 'Anti Money Laundering/Combating of Terrorism Financing and Environmental and Maritime Crimes'	11 December 2020	1
30	Workshop on 'Understanding the United Nations (Financial Prohibitions, Travel Ban and Arms Embargo) Sanctions Act 2019'	26 - 27 January 2021	4
31	Training on 'e-Procurement system for bid evaluators'	18 - 22 January 2021	3
32	Workshop on the First APRM Progress Report	20 - 21 January 2021	1
33	CIO Cloud Success Summit 2021	17 February 2021	2
34	Training on 'e-Procurement system for bid evaluators'	22 - 26 February 2021	5
35	Workshop on 'Practical insights on Data Protection'	25 February 2021	1
36	"Mauritius - China Free Trade Agreement" Workshop	01 - 02 March 2021	1
37	Breakfast Forum: Directors Duties and Importance of Corporate Governance in Banks and Financial Institutions	02 March 2021	1
38	Workshop - National Consultation Process – Review of the Mauritius' Nationally Determined Contribution	04 March 2021	1
39	First Aid at Work Course	06 - 09 April 2021	1
40	Training on Return Of Procurement Activities	21 June 2021	1
41	First Sub-regional Workshops on ESAAMLG Domestic Coordination, International Cooperation & Information Sharing	28 - 30 June 2021	1

In House Trainings, Seminars, Workshops, Talks, Webinars

SN	Theme	Date	No of Participants
1	Online Roundtable Discussion on 'Cybersecurity Risk of Remote Work during the COVID-19 Pandemic' by Africa Regional Technical Assistance Center (AFRITAC)	01 July 2020	2
2	Training on Financial Action Task Force (FATF) Requirements for Non Profit Organisations	06 - 10 July 2020	8
3	United Nations Office on Drugs and Crime (UNODC) E-Learning Course on 'Financial Investigations a Practical Approach - Planning to Action'	July 2020	50
4	Africa Regional Technical Assistance Center (AFRITAC South)/MCM Online Roundtable Discussion on 'Insurance Regulatory and Supervisory Responses during the COVID-19 Pandemic'	22 July 2020	3
5	CRDF Global Cybersecurity Webinar for African Financial Institutions	22 - 23 July 2020	2
6	World Bank- Cambridge Centre for Alternative Finance 2020 Global COVID-19 Regulatory Study	23 July 2020	6
7	Online Training on 'Trade Based Money Laundering (TBML)'	27 - 31 July 2020	10
8	Webinars on 'The impact of the COVID-19 pandemic on Money laundering (ML)/Terrorist Financing (TF) risks'	30 - 31 July 2020	30
9	Seventh Financial Stability Institute (FSI)/ International Association of Insurance Supervisors (IAIS) 'Regulatory and Supervisory Training Online (FIRST ONE) programme'	20 August 2020 - 24 November 2020	10
10	Webinar on 'How to Leverage Technology to Ensure Sustainability For Business'	03 September 2020	3
11	Cambridge Centre for Alternative Finance (CCAF) 'FinTech and Regulatory Innovation Course'	30 September 2020 - 27 November 2020	2
12	Africa Pension Supervisors Forum Virtual Conference 2020	10 - 11 September 2020	6
13	Webinar on 'Taxing the Digital Economy - Current developments and challenges'	11 September 2020	25
14	Virtual Webinars on 'COVID-19 Money Laundering Risk'	14 - 15 September 2020	48
15	Sub- Saharan Africa Supervisory Dialogue on 'InsurTech: Catalysing Access to Financial Services following COVID 19'	15 September 2020	5
16	Webinar on 'Recent Developments and Innovation in the Mauritius International Financial Centre'	17 September 2020	50
17	Fourth Virtual conference on the availability of Beneficial Ownership information in Asia and the Pacific	23 - 25 September 2020	2

SN	Theme	Date	No of Participants
18	Virtual Seminar on 'Cyber Security and Data Protection in the Insurance Sector'	25 September 2020 and 01 October 2020	4
19	Royal United Services Institute for Defence and Security Studies (RUSI) Webinar on 'Cryptocurrencies and Counter-Proliferation Financing (CPF)'	08 October 2020	40
20	22nd International Organization of Securities Commissions (IOSCO) Seminar Training Program Virtual Program on 'RegTech/SupTech: Using Technology for Regulatory and Supervisory Responsibilities'	14 - 16 October 2020	3
21	COMESA Training on 'Negotiating Mutual Recognition Agreements'	15 October 2020	1
22	United Nations Office on Drugs and Crime (UNODC) Virtual Training on 'Cryptocurrency'	28 September 2020 - 02 October 2020	2
23	U.S. Commodity Futures Trading Commission's 28th Annual Symposium for International Market Authorities	20, 22, 27 and 29 October 2020	25
24	13th Annual International Organization of Securities Commissions (IOSCO) Affiliate Members Consultative Committee (AMCC) Training Seminar on 'Implementing IOSCO principles'	04 - 05 November 2020	21
25	Virtual IMF course on 'Financial Sector Policies'	09 - 20 November 2020	1
26	Training session on 'Financial Sanctions'	12 November 2020	91
27	Training session on 'Beneficial Ownership'	13 November 2020	73
28	Training session on 'Transaction Monitoring and Suspicious Transaction Reporting'	16 November 2020	72
29	Risk-Based Supervision (RBS) and Proportionality, Regional Programme for Insurance Supervisors of Sub-Saharan Africa	23 - 27 November 2020	4
30	Presentation on 'Pension Benefits and Family Protection Scheme (FPS)'	24 November 2020	100
31	Presentation on 'Anti-Corruption'	11 December 2020	150
32	Webinar on 'Innovation in the financial sector: Navigating the digital transformation'	27 January 2021	7
33	Webinar on 'Sustainable finance outlook for 2021'.	02 February 2021	3
34	UK Africa FinTech Summit	02 - 03 February 2021	1
35	Training on 'Cyber Security'	08 - 09 February 2021	73
36	Training on 'Cyber Security' Phase 2	10 - 11 February 2021	9
37	Workshop on 'Identification and Reporting of STRs'	11 February 2021	39
38	International Actuarial Association (IAA) Virtual Seminar Mini-Series on 'Risk-Based Financial Management and Supervision'	05, 16 and 22 February 2021	11
39	Workshop on 'Targeted Financial Sanctions, Suspicious Transaction Reports and Beneficial Owner Information'	05 March 2021	42

SN	Theme	Date	No of Participants
40	Financial Services Conduct Authority (FSCA) Familiarisation and Training Programme	08 March 2021	9
41	Webinar on 'Women in Criminal Justice '	08 - 09 March 2021	3
42	Virtual Cross-Border Position Statistics Course	08 - 12 March 2021	2
43	Virtual Monetary and Financial Sector Statistics Course	08 - 12 March 2021	1
44	Virtual workshop on 'International Organization of Securities Commissions (IOSCO) Multilateral Memorandum of Understanding (MMoU)'	22 - 23 March 2021	1
45	AML/CFT Training series 'Enforcement'	24 March 2021	46
46	AML/CFT Training series 'AML/CFT Legal framework'	25 March 2021	46
47	Virtual public dialogue on 'A2ii-IAIS Public Dialogue on Index-based Insurance'	25 March 2021	3
48	AML/CFT Training series 'Inspection Manual'	26 March 2021	46
49	Course on 'Tax Policy and Administration Theory and Practice (TPAT)'	29 March 2021 - 09 April 2021	1
50	Leadership and Diversity Programme for Regulators	April 2021 - July 2021	4
51	African Continental Free Trade Area (AfCFTA) Training on 'Regulatory Framework '	21 - 22 April 2021	1
52	Malta AML/CFT training 'Small International Financial Centres: Vulnerabilities and Opportunities for Partnership'	19 - 23 April 2021	75
53	International Organization of Securities Commissions (IOSCO) Affiliate Members Consultative Committee (AMCC) Webinar on 'Sustainable Finance'	22 April 2021	12
54	Access to Insurance Initiative (A2ii) ; Association of Insurance Supervisors (IAIS) Public Dialogue on 'Insurance and the Sustainable Development Goals (SDGs)'	22 April 2021	4
55	Official Monetary and Financial Institutions Forum (OMFIF) webinar on 'IMF's world economic outlook update'	26 April 2021	13
56	Official Monetary and Financial Institutions Forum (OMFIF) Digital Monetary Institute (DMI) Symposium	28 - 29 April 21	3
57	Webinar on 'Audit Committee Guidelines for evaluating a whistleblowing system'	29 April 2021	5
58	Virtual workshop on 'Typology report on Legal arrangements, Beneficial Ownership Information and Suspicious Transaction Reporting'	30 April 2021	55
59	23rd International Organization of Securities Commissions (IOSCO) Seminar Training Program	27 - 29 April 2021	5
60	Workshop on 'Crypto Assets and Emerging Trends'	04 - 05 May 2021	1
61	Financial Action Task Force (FATF) webinar on 'Risk-Based Supervision'	06 May 2021	45

SN	Theme	Date	No of Participants
62	Workshop on 'Improving Suspicious Transaction Reporting Quality'	12 - 13 May 2021	25
63	Regional Centre of Excellence (RCE)/Organisation for Economic Co-operation and Development (OECD-Workshop on 'Foreign Investment Frameworks'	17 May 2021	15
64	Workshop on the implementation of IOPS supervisory ESG guidelines and sustainability disclosure	17 and 20 May 2021	1
65	World Cyber Security Summit	24 May 2021	1
66	IOSCO Asia Pacific Hub Webinar - Digital Assets Evolution: Regulatory Oversight and Enforcement	25 May 2021	30
67	Webinar on 'Residency by Investment in the Real Estate Sector in Mauritius'	26 May 2021	5
68	National Association Of Insurance Commissioners (NAIC) International Insurance Forum	25 - 26 May 2021	3
69	Organization of Eastern and Southern Africa Insurers (OESAI) Insurtech and Insurance Innovation Forum 2021	26 - 27 May 2021	4
70	Virtual Workshop on 'Business ML/TF Risk Assessment'	28 May 2021	30
71	International Organization of Securities Commissions (IOSCO) Technical Assistance Workshop on 'Developing On-site Inspection Manuals'	01 - 02 June 2021	5
72	Workshop on 'Non-Bank Financial Intermediation (NBFI) Monitoring'	08 - 09 June 2021	9
73	Phase I of 5th IOSCO/PIFS - Harvard Law School Global Certificate Program for Regulators of Securities Markets	14 - 17 June 2021	6
74	Virtual Post Budget discussion	14 June 2021	50
75	6th International Pension Research Association (IPRA) Conference	24 June 2021	2
76	Virtual Workshop on 'Risk Based Approach to AML/CFT, Beneficial Ownership Information and Suspicious Transaction Reporting	25 June 2021	48
77	Virtual International Leadership Program for Insurance and Pension Supervisors: "Evolving and adapting Insurance & Pension Supervision: Technology & Cyber Risks, FinTech & SupTech"	21 - 25 June 2021	1
78	Organisation for Economic Co-operation and Development (OECD), the Asian Development Bank Institute (ADBI) webinar on 'Insurance and Retirement Saving Roundtable in Asia'	29 - 30 June 2021	2

APPENDIX 5: COMMUNIQUES AND PRESS RELEASES

Press Releases & Communiqués issued for the period 01 July 2020 to 30 June 2021

No.	Title	Date of Issue
1	Media Release: Bank of Mauritius and Financial Services Commission conduct joint investigation over alleged round-tripping linked to Wirecard AG	01 July 2020
2	Communiqué: Regulatory relief on filing and reporting obligations for licensees with financial year ended 30 June 2020 and Quarterly/Interim Financial Statements quarter ending 31 July 2020 to 30 September 2020	21 July 2020
3	Communiqué: Exemption from Rule 6 (c) and (d) of Securities (Disclosure Obligations) of Reporting Issuers Rules 2007	21 July 2020
4	FATF High Risk Countries	24 July 2020
5	Communiqué: FATF Countermeasures on Iran	24 July 2020
6	The Anti-Money Laundering And Combatting The Financing of Terrorism (Miscellaneous Provisions) Act 2020	07 August 2020
7	Press Release: Signature of Memorandum of Cooperation between the Financial Services Commission and AML/CFT Supervisors	28 August 2020
8	Communiqué: The Guidelines on the Implementation of Targeted Financial Sanctions (TFS) under the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019	28 August 2020
9	Communiqué: The Financial Services (Peer to Peer Lending) Rules 2020	31 August 2020
10	Communiqué: FATF commends the tremendous progress made by Mauritius and advises us to keep this momentum.	25 October 2020
11	Communiqué: FSC signs the Group of International Finance Centre Supervisors (GIFCS) Multilateral Memorandum of Understanding	29 October 2020
13	Communiqué: Registration of Reporting Persons by the Financial Intelligence Unit (FIU)	29 October 2020
14	Communiqué: The Settlement Framework	11 December 2020
15	Revised Procedures for Online Application of Tax Residence Certificate (TRC)	02 February 2021
16	Communiqué: Consultation Paper on the Regulatory Framework for the FinTech Service Provider Licence	19 February 2021
17	Press Release: Admission of the FSC Mauritius to the Monitoring Group Steering Committee of IOSCO	24 February 2021
18	Communiqué: Consultation Paper on Proposed Amendments to FSC Rules and Regulations made under the Securities Act	09 March 2021
19	Communiqué: Regulatory relief from administrative penalties for late filing of financial statements	09 March 2021
20	Communiqué: The Commission maintains its services during the lockdown period	10 March 2021
21	Communiqué: Regulatory Relief – Extension of due dates for filing Financial Statements & Returns due to the impact of the COVID-19 curfew period	31 March 2021
22	Communiqué: Updates to the Anti-Money Laundering and Combatting the Financing of Terrorism Handbook 2020	31 March 2021

No.	Title	Date of Issue
23	Launch of the New Special Purpose Fund	09 June 2021
24	Communiqué: The Financial Services (Robotic and Artificial Intelligence Enabled Advisory Services) Rules 2021	18 June 2021
25	Communiqué: Signature of Innovation Functions Co-operation Agreement between the FSC Mauritius and the Canadian Securities Administrators	25 June 2021
26	Communiqué from the Ministry of Financial Services and Good Governance: Mauritius progress to exit FATF list	25 June 2021
27	Press Release: Signature of Memorandum of Understanding between the Financial Services Commission, Mauritius and the Qatar Financial Centre Regulatory Authority	30 June 2021
28	Communiqué: Regulatory relief - Extension of due dates for filing of Financial Statements and Returns due to the impact of the COVID-19 pandemic	30 June 2021

Practice Notes and Framework issued for the period 01 July 2020 to 30 June 2021

No.	Title	Date of Issue
1	Updated Practice Notes for Qualifies Trustees and Management Companies	31 August 2020
2	Settlement Framework	11 December 2020

Guidelines and Consultation Paper issued for the period 01 July 2020 to 30 June 2021

No.	Title	Date of Issue
1	Guidelines on Fitness and Propriety	02 October 2020
2	Consultation Paper on the Establishment of a Rule on Real Estate Investment Trust (REITS)	15 October 2020
3	Consultation Paper on Crowdfunding	29 October 2020
4	Consultation Paper on Robotic and Artificial Intelligence Enabled Advisory Services	29 October 2020
5	Consultation Paper on the Regulatory Framework for the FinTech Service Provider Licence	19 February 2021

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LIST OF ACRONYMS AND ABBREVIATIONS

AFS	Audited Financial Statements
AIFMD	Alternative Investment Fund Managers Directive
AMERC	Africa/Middle-East Regional Committee
AML/CFT	Anti-Money Laundering and Combatting the Financing of Terrorism
ATS	Automated Trading System
BCM	Business Continuity Management
BoM	Bank of Mauritius
BRA	Business Risk Assessment
CBRD	Corporate and Business Registration Department
CDD	Customer Due Diligence
CIS	Collective Investment Schemes
CISNA	Committee of Insurance, Securities and Non-Banking Financial Authorities
COMESA	Common Market for Eastern and Southern Africa
CSU	Citizen Support Unit
DEM	Development and Enterprise Market
DPA	Data Protection Act 2017
EC	Enforcement Committee
EDB	Economic Development Board
EMDE	Emerging Market and Developing Economy
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
ESG	Environmental, Social, and Governance
ESSNAC	External Sector Statistics and National Accounts
EU	European Union
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FIAML Regulations	Financial Intelligence and Anti-Money Laundering Regulations 2018
FIAMLA	Financial Intelligence and Anti-Money Laundering Act 2002
FIU	Financial Intelligence Unit
FSA	Financial Services Act 2007
FSB	Financial Stability Board
FSC MAURITIUS	Financial Services Commission, Mauritius
FSCC	Financial Services Consultative Council
FSF	Financial Services Fund
GAAP	Generally Accepted Accounting Principles
GB	Global Business
GBC	Global Business Corporation
GBC1	Category 1 Global Business Company
GBC2	Category 2 Global Business Company
GDP	Gross Domestic Product
GIFCS	Group of International Finance Centre Supervisors
IA	Insurance Act 2005
IAIS	International Association of Insurance Supervisors
IFC	International Financial Centre
IFREFI	Institut Francophone de la Régulation Financière
IFRS	International Financial Reporting Standards

LIST OF ACRONYMS AND ABBREVIATIONS

IFSB	Islamic Financial Services Board
IMF	International Monetary Fund
IOPS	International Organisation of Pension Supervisors
IOSCO	International Organization of Securities Commissions
IPO	Initial Public Offering
ISO	International Standards Organisation
MCs	Management Companies
MLRO	Money Laundering Reporting Officer
MMoU	Multilateral Memorandum of Understanding
MoC	Memorandum of Cooperation
MoU	Memorandum of Understanding
MRA	Mauritius Revenue Authority
MUR	Mauritian Rupees
NICD	National Insurance Claims Database
NRA	National Risk Assessment
NRSL	National Regulatory Sandbox Licence
OECD	Organisation for Economic Co-operation and Development
OMFIF	Official Monetary and Financial Institutions Forum
PFI	Policy Framework for Investment
PPSA	Private Pension Schemes Act 2012
RBS	Risk-Based Supervision
RCE	Regional Centre of Excellence
RFI	Request for Information
RSL	Regulatory Sandbox Licence
SA	Securities Act 2005
SADC	Southern African Development Community
SDDS	Special Data Dissemination Standard
SDG	Sustainable Development Goals
SEM	Stock Exchange of Mauritius Ltd
SME	Small and Medium Enterprise
SPF	Special Purpose Fund
TCSP	Trust and Corporate Service Provider
TFS	Targeted Financial Sanctions
TRC	Tax Residence Certificate
USD	United States Dollars
WTO	World Trade Organisation

While all care has been taken in the preparation of this report, the FSC Mauritius shall not be liable for any loss or damage (including, without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise suffered by any person / entity relying on the information contained in this Report or arising from any shortcoming, defect or inaccuracy, through inadvertence or otherwise. Any discrepancy may be brought to the notice of the FSC at: fscmauritius@intnet.mu

Portions of this report relating to statistics collected through statutory returns and surveys have been prepared as a general overview. They are not intended to provide an exhaustive coverage of the topic. The contents of this Report are made available for information purposes only and on the understanding that the Financial Services Commission is not providing financial or other professional advice.

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