



**LAUNCH OF THE AWARENESS CAMPAIGN ON VIRTUAL
ASSET AND INITIAL TOKEN OFFERING SERVICES ACT 2021**

Address by

Mr MARDAYAH KONA YERUKUNONDU

CHAIRPERSON, FINANCIAL SERVICES COMMISSION, MAURITIUS

11 August 2022

The Honourable Mahen Kumar SEERUTTUN, Minister of Financial Services and Good Governance,

Mr Rajeshsharma RAMLOLL SC, Solicitor General, Vice Chairperson of the Financial Services Commission,

Mr Sarwansingh PURMESSUR, Permanent Secretary of the Ministry of Financial Services and Good Governance and Board member of the Financial Services Commission,

Fellow members of the Board of the Financial Services Commission,

Mr Dhanesswurnath THAKOOR, Chief Executive of the Financial Services Commission,

Captains of the Industry,

Friends of the Press,

Distinguished Guests, including those who have joined us virtually,

Ladies and Gentlemen,

A very good afternoon to you all.

A man voluntarily committed a crime. The reason for committing the crime, he said was that he wanted to be in jail, to stay away from his wife. The judge sentenced him to house arrest.

Ladies and Gentlemen, it is with great pleasure that, I welcome you all, on behalf of the Financial Services Commission, to the launch of the Financial Literacy Awareness Campaign on the Virtual Asset and Initial Token Offering Services Act 2021, called the VAITOS Act.

The FSC, in tandem with Government's policy, took decisive steps to cause new legislation for virtual assets to be introduced. The objective was to sustain the development of the financial services sector in Mauritius. New products are never too much, especially products of this type. We are among the few countries which have enacted such legislation.

It is a new law regulating an innovative concept. This law will bring order in an area of disorder. Such regulated environment will therefore definitely bring business to Mauritius and why not, making this activity, another pillar of our economy.

Today's event therefore aims at sensitising our domestic and international stakeholders on the VAITOS Act, which is operative in Mauritius since the 7th of February. Laws serve no purpose if they are not given effect to. They would remain dead letters. So therefore, we have taken the initiative of coming up with a financial literacy awareness campaign to that effect.

Ladies and Gentlemen, if you have a look at history, innovation doesn't just come by giving incentives, it comes from creating environments where ideas can flourish. Accordingly, the FSC has made it its purpose to continuously innovate, improve and empower stakeholders and licensees for a sound and efficient financial system.

The first step towards change is awareness. The next step is then acceptance.

This will be done through the various financial literacy initiatives which are being implemented by the FSC through the launch of an awareness campaign consisting of radio spots, video clips and posters that aim at sensitising the general public on the opportunities and risks associated with investment in virtual assets as well as the necessity to only conduct virtual assets-related transactions through regulated entities.

The Commission is committed to ensure that the financial literacy around virtual assets is imparted not only to the general public but also to the operators as well as other key stakeholders. In this context, the FSC has hired a consultant from the UK who will, for the coming six months, engage in a number of trainings as well as coaching sessions with industry players, namely management companies and banks. The idea is to clear doubts about what virtual assets entail and have informed information on how accounts pertaining to activities in these areas are opened.

The Act addresses several fundamental aspects such as the licencing and registration requirements for service providers and issuers of token offerings, their ongoing obligations and responsibilities including sound governance structures, minimum capital requirements, measures for risk management and cybersecurity as well as market conduct requirements. The Act further provides for timely, accurate and transparent disclosures by Issuers of Initial Token Offerings which would allow potential investors to make informed decisions.

Ladies, Gentlemen, concurrently with the objective of establishing Mauritius as a Fintech Hub for the region, the VAITOS Act also aims at ensuring that activities conducted by Virtual Asset Service Providers and Issuers of Initial Token Offerings are in line with AML/CFT norms and standards as recommended by the Financial Action Task Force (FATF), in particular Recommendation 15 on new technologies and virtual assets. Blackrock CEO Larry Flint calls virtual assets an “Index of money laundering”. It therefore requires countries to be aware of how criminals may make use of new technologies and new business practices, particularly in the financial sector. Appropriate measures should therefore be taken to manage and prevent any money laundering and terrorism financing risks that may crop up. Additionally, the FATF recommends that countries apply a risk-based AML/CTF approach to virtual assets. The FATF has published a “*Guidance for a Risk-Based Approach for Virtual Assets and Virtual Asset Service Providers*” to that effect.

Ladies and gentleman, the FSC, as the non-banking financial services regulator, is committed to create and implement adequate systems and controls to prevent market abuse and financial crime. In order to safeguard and protect the interest of customers of financial services, the FSC and the Mauritius Police Force will shortly be signing a Memorandum of Cooperation (MOC) with the aim of promoting effective cooperation and consultation between the two authorities to ensure the proper enforcement of the relevant laws.

We expect that this campaign and other ongoing financial literacy campaigns of the FSC will instil a culture of informed investment among the population. Therefore, ladies and gentleman, let us all together keep the work going with integrity and strong will power towards making Mauritius a better place to invest, to conduct business, and to live in.

The best way to predict the future, is to create it.

With this ladies and gentlemen, I thank you for your kind attention.

Mr Mardayah Kona Yerukunondu

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