



**Financial Services Commission**  
Mauritius



**Annual Report 2014**



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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.

**Financial Services Commission  
Mauritius**







The Board of FSC Mauritius



# Members of the Board

As at 29 May 2015, date of approval of the Audited Financial Statements for the year ended 31 December 2014 and Annual Report 2014, the Board of the FSC Mauritius comprised:

**Chairperson**

Mr Dev Manraj, GOSK

**Vice Chairperson**

Mr Akileshwarnath (Akilesh) Deerpalsingh, FCCA

**Other Board Members**

Mr Rajesh Sharma Ramloll

Mr Antoine Domingue

Mr Visvanaden Soondram

Mrs Warda Dulmar Ebrahim

**IN ATTENDANCE****Secretary to the Board**

Mr Ramanaidoo Sokappadu

**Acting Chief Executive**

Mr P. K. Kuriachen



**Mr Dev Manraj, GOSK – Chairperson**  
*Chairperson*

Dev Manraj, Chairperson of the FSC Mauritius since April 2015 is the Financial Secretary, Ministry of Finance and Economic Development.

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**Mr Akileshwarnath Deepalsingh (Akilesh), FCCA**  
*Vice-Chairperson*

Akilesh Deepalsingh is the Vice Chairperson of the FSC Mauritius since April 2015. He is the Senior Advisor to the Ministry of Financial Services, Good Governance & Institutional Reforms.



**Mr Rajesh Sharma Ramlohl**

Rajesh Ramlohl joined to the Board of FSC Mauritius in May 2014. He is the Assistant Solicitor-General at the Attorney-General's Chambers.

**Mr Antoine Domingue**

Antoine Domingue, a member of the Board of the FSC Mauritius since April 2014, is the Senior Counsel.

**Mr Visvanaden Soondram**

Visvanaden Soondram was appointed to the Board of FSC Mauritius in April 2015. He is Lead Analyst at the Ministry of Finance and Economic Development.

**Mrs Warda Dulmar Ebrahim**

Warda Dulmar Ebrahim joined to the Board of FSC Mauritius in April 2015. She is Bar-at-Law.





# Members of the Former Board

During the period under review 01 January to 31 December 2014:

**Chairperson**

Mr Rajesh Sharma Ramloll

**Vice Chairperson**

Ms Mary Anne Philips

**Other Board Members**

Mr Radhakrishna Chellapermal

Mr Raj Makoond

Mr Luc Clement Stephen

**IN ATTENDANCE**

**Secretary to the Board**

Mr Ramanaidoo Sokappadu

**Chief Executive**

Ms Clairette Ah-Hen

# Chairperson's Statement

On behalf of the Board, I am pleased to present the Annual Report of the Financial Services Commission Mauritius (FSC Mauritius) for the year ended 31 December 2014.

The Mauritian economy performed well, with 3.5 percent real GDP growth in 2014, in spite of slow economic recovery in Europe and lower than expected global economic growth. On the regional front, growth in Sub-Saharan Africa (SSA) remained strong, at about 5 per cent in 2014 and is expected to rise to 5.75 per cent in 2015. Solid growth will continue in the region's core countries, driven by sustained infrastructure investment, buoyant services sectors, and strong agricultural production.

The financial and insurance industry in Mauritius remained quite resilient and expanded by 5.4 percent in 2014. The global business sector grew by 6.1 percent in 2014 and contributed around 3.5% to GDP.

However, since 2013 our financial services industry has been marred by cases of fraud and financial crimes, namely the Ponzi schemes. Such events compel us to take a fresh look at the regulatory framework and its effectiveness in dealing with risks that can threaten the very foundation of our overall financial services industry, economy and society. For regulators of the financial industry it cannot be business as usual. We should never underestimate the impact that a financial crisis can have on our economy. In fact, in recent years, most economic crises around the world have started with irrational exuberance and excesses in the financial system.

Fortunately, the Government and the authorities have been on top of these events. We have acted promptly and have been able to avoid the worst, for the clients, for the financial industry and system, for the economy and for the country as a whole.

The FSC Mauritius welcomed its new Board Members on 28 April 2015 under my chairmanship. The new Board and Management have a clear mandate to strengthen the regulatory framework, improve supervision, and maintain a conducive environment for investors while ensuring that all consumers of financial services get value for money and are adequately protected.

Going forward, we will step up efforts to pursue the Commission's vision, which is to be an *"internationally recognised supervisor committed to the sustained development of Mauritius as a sound and competitive Financial Services Centre"*.

Our operational strategy will be four-fold.

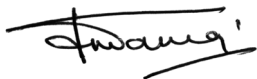
First, we will significantly improve the quality of regulation and supervision to ensure that they are in line with the new reality. Supervision will be more frequent and based on more stringent criteria.

Second, we will monitor activities in the financial services system more closely so as to be able to nip the problems of financial crimes and offences in their buds as well as be ready to seize the tremendous opportunities for growth and consolidation of the sector.

Third, we will enhance the FSC Mauritius standing as an internationally respected regulator. This will be critical to protect and improve the integrity of our financial system and the global business centre. Furthermore, it will be a major critical success factor to our endeavor to develop a greater regional role for our financial services sector.

Fourth, the FSC Mauritius will play a lead role in supporting Government's goal of making Mauritius a regional financial centre. Recent trend has confirmed the potential for Mauritius to be a platform for foreign investment in Africa. This trend must be consolidated and the potential fully harnessed.

I am confident that with the concerted efforts of the Board, the Management, the FSC staff and Stakeholders, the statutory objectives of the FSC Mauritius will be achieved in an optimal way. Resources will be marshalled efficiently to continuously address issues in the best interests of consumers and to achieve progress both on the international and domestic fronts. I would thus like to take this opportunity to thank the former Board, the Management Team and the FSC staff for their valued contribution.



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**Dev Manraj**  
Chairperson

# Statement of the Acting Chief Executive

Our Strategic Plan 2011–2013 focused on achieving an enhanced and balanced supervisory framework through three Strategic Pillars namely Developed and Diversified, Stability and Competitive Jurisdiction. After successfully delivering on the previous plan, our current Strategic Plan 2014–2016 reflects on four Strategic Themes which complement our former three Strategic Pillars and provides an impetus to our work for the development of the financial services sector. Most objectives set for 2014 under the Strategic Plan 2014–2016 were achieved and we are favourably progressing in meeting objectives laid down.

Changes in legislative and regulatory framework made in 2014 relate to private pension schemes, capital markets and global business sectors. Two Rules regarding administration and returns for private pension schemes were issued. For capital markets, we issued the disclosure of obligations of Reporting Issuers and we introduced the brokerage fees for Government of Mauritius and BoM securities. The FSA was amended to provide greater flexibility for GBC1s to conduct business in Mauritius. These regulatory developments aim to reinforce our supervisory and regulatory mechanisms, ensure consumers and investors protection and financial stability. With the introduction of Administrative Penalties, we observed a favourable response from the licensees in terms of timely submission of Audited Financial Statements and disclosure requirements. We are confident that this measure will further embed a compliance culture amongst licensees.

In line with strengthening our regulatory framework and deepening of our markets, as a member of Legal Entity Identifier Regulatory Oversight Committee, we sponsored the application of the CDS for the Pre-Local Operating Unit Prefix for Pre-Legal Entity Identifier Issuance. Mauritius, thus, became the third country in Africa to introduce this codification and this sets another milestone for us towards ensuring a competitive securities sector. The next step is to ensure that CDS becomes an endorsed Pre-Local Operating Unit. We are also carrying out a project to reinforce prudential regulations, risk-based supervisory and resolution frameworks for the insurance sector with the assistance of World Bank.

Much supervisory activity was conducted across all sectors under our purview in 2014. We adopt a risk-based approach to supervision, ensuring that the various types of risk are identified, managed, and monitored appropriately and simultaneously ensuring efficient allocation of supervisory resources. Our onsite examination exercise was maintained with a differentiated focus driven by risk assessment and themed visits to licensees. AML/CFT was among the issues common to many licensees identified during the previous inspection exercise. Thus, thematic inspections relating to AML/CFT and Corporate Governance became a novel way we started conducting inspections in 2014 and will continue through 2015. Moreover, we conducted two joint onsite inspections as a pilot test along with the Bank of Mauritius, in preparation for the probable signature of a protocol between BoM and FSC. With this new approach, we hope to address deficiencies observed in a constructive manner and in line with best practices.

As part of our “Fair Market Conduct Programme”, we developed the competency standards for the insurance and securities intermediaries, and for management and control function. Moreover, we issued Guidelines for Advertising and Marketing of Financial Products and launched consultation on the Code of Business Conduct. We perceive regulation as being about ensuring markets operate smoothly and that market participants act with integrity. Our strongest buttress against malpractice is the adoption of best industry practice in all business areas. We rely on the collaboration of the industry for professional conduct to be maintained, ensuring right conduct of business with the aim of preserving the good reputation of the jurisdiction.

Whenever we perceive non-compliance or breaches to laws, we take the necessary enforcement actions as prescribed in the relevant legislations. We experienced another busy and demanding year identifying and deterring unauthorised business problems as well as managing a number of both new and ongoing major cases. In delivering our regulatory objectives, we endorse a prevention model as it seeks to hinder and/or identify problematic issues early in the regulatory process and leverage on our good relationship with local and international counterparts. Developments during

2014 necessitated several enforcement actions to deliver a credible deterrent in respect of those whose actions jeopardise consumer interests and the soundness of Mauritius. Trends towards the greater use of intelligence and a rise in matters brought to the Commission's attention through complaints and requests for information have been noticeable. We will continue to adopt measures to address breaches for the better protection of consumers and preserving the reputation of Mauritius.

Besides concentrating on our regulatory role, we also explore new avenues for development in the financial services sector. We have already granted a licence for the conduct of credit rating agency and the implementation of a regulatory regime for credit rating agencies, one of the factors which support the development of the corporate bond market is underway. Moreover, we worked on proposals for a framework on Captive Insurance and we focus on new products that complement the Mauritius Africa Strategy with the view to enhancing the competitiveness of Mauritius as an IFC.

In order to facilitate business process and meet demands of stakeholders, we leverage on leading edge technologies to improve business responsiveness. Thus, we embarked on two initiatives namely Online Submissions Platform and Online Data Capture System system which will not only make the process faster but also reduce the cost of compliance of the industry.

Consumer and investor protection remain one of our foremost objectives. We continued with the initiatives started under our consumer education and financial literacy programme such as the Consumer Outreach and the Young Talent Competition aimed at sensitising the population on financial products and publication of brochures and posters. In 2014, we launched our consumer education website and a Financial Literacy Board Game. With these new tools we are able to introduce financial concepts more easily to the young and adults alike, and familiarise them with financial terms. We are mandated to educate the public about financial services and these initiatives testify our efforts in developing a financially literate population.

On the international front, we pursued on developing and maintaining our increasingly wide range of interactions with fellow supervisory bodies, and with international organisations and standard setters. Building a strong dialogue with domestic and foreign counterparts is necessary to fostering and maintaining the links needed for the timely and effective delivery of regulatory initiatives. In 2014, we signed two MoUs with the Gibraltar Financial Services Commission and the Autorité des marchés Financier, France respectively regarding the supervision of AIFMD entities. In furtherance to fostering cooperation and exchange of information with African counterparts, we signed an MoU with the Comissão do Mercado de Capitais, Angola.

Local and international engagement remain focal for the Commission. We will continue to foster close working relationship with the industry for better managing the demands of implementing new regulatory initiatives in a way that is both proportionate and effective. Furthermore, to enhance our visibility on the international arena, we successfully hosted the IOSCO Growth and Emerging Markets Committee Meeting and Conference. This international event brought to Mauritius a high level delegation to discuss issues influencing emerging markets. Participants benefited from the experience of eminent international speakers on the subject of long term financial and consumer education amongst others.

In terms of Regulators Capacity Building in the region, we conducted a training programme in collaboration with the Toronto Centre which came to raise the participants' awareness on risk-based supervision and equipped them with practical tools in tackling problems in an effective manner. We also ensure that our people have the relevant experience and expertise in delivering on our regulatory duties. Where required, training in all its forms is provided to ensure that staff are well trained and well equipped in terms of technological infrastructure and tools so as to deliver effectively and efficiently.

As the financial services sector grows, it is faced with numerous and novel challenges at both the domestic and international levels along with the difficult choice of taking regulatory actions versus development of the sector. Given the ongoing challenges, our future strategy will focus on ensuring the soundness of this growing sector standing on a robust regulatory regime continuing to deliver effective regulation in the forthcoming years. We make all efforts to ensure that we are ready to meet the future defies, with the right mix of expertise and experience of staff, the appropriate processes and infrastructure and strong relationships with the Government, the industry and other stakeholders, which are essential to ensure sustained growth.

Lastly, I would like to take this opportunity to thank the FSC Mauritius Board for their guidance and support, the former Board and former Chief Executive, the industry participants and stakeholders for their unflinching collaboration, the Management and the FSC Mauritius staff for their valued contribution. I am sure that the Commission will continue on sound foundations and I look up to a brighter future for the financial services sector in Mauritius.



**P.K. Kuriachen**  
Acting Chief Executive



# Our Organisation





# Our Organisation

## Vision

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

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

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

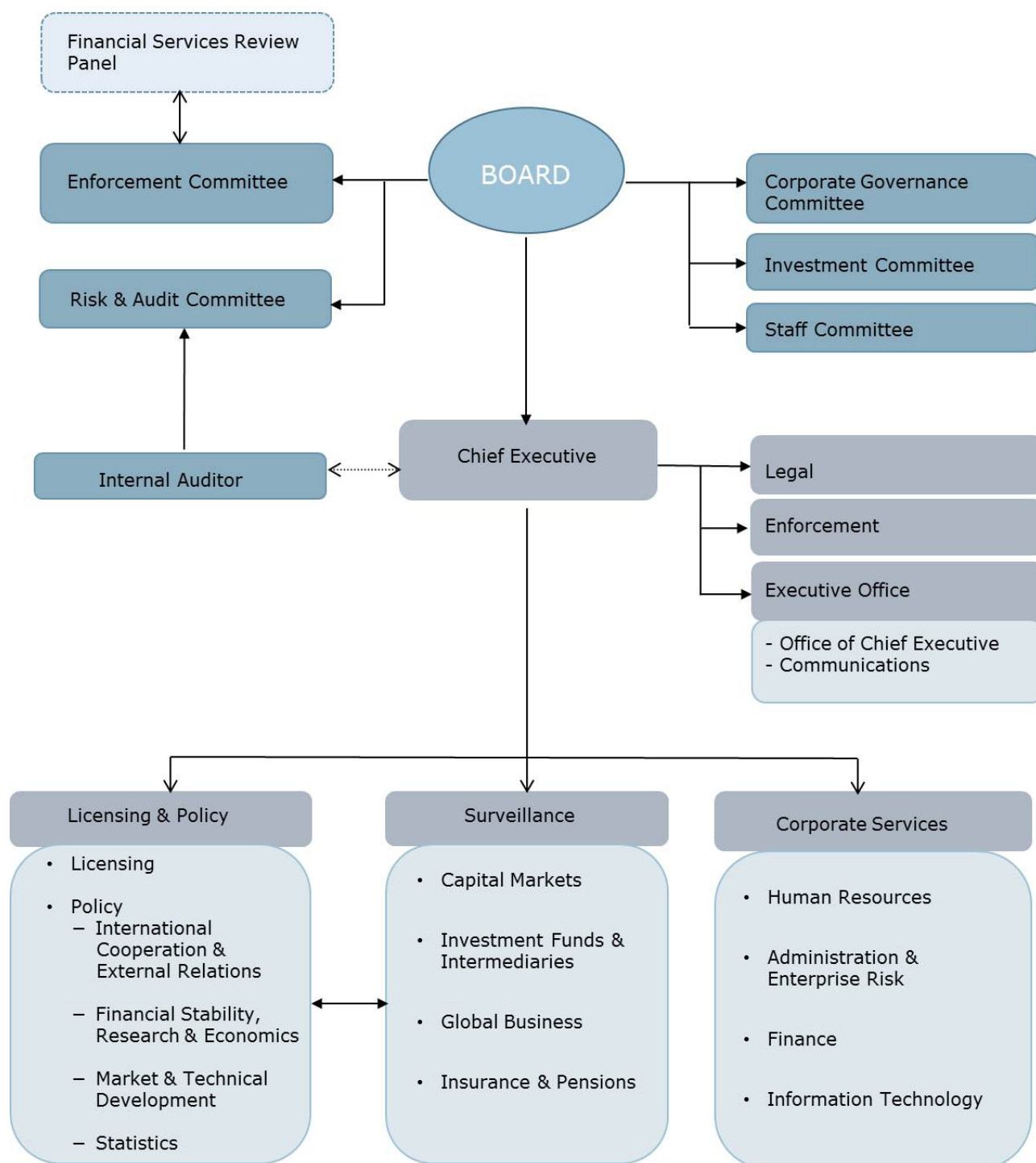
- promote the development, fairness, efficiency and transparency of financial institutions and capital markets in Mauritius;
- suppress crime and malpractices so as to provide protection to members of the public investing in non-banking financial products; and
- ensure the soundness and stability of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

Key Objectives of the FSC Mauritius are to:

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

# Organisational Chart

Figure 1: Organisational Chart



# Board Committees

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

- Corporate Governance Committee;
- Audit and Risk Committee;
- Enforcement Committee established under Section 52 of FSA; and
- Staff Committee.

The Enforcement Committee, as established under Section 52 of the FSA, exercises the disciplinary powers of the FSC Mauritius under Section 7(1)(c) to impose an administrative sanction on a licensee. The Composition of the Enforcement Committee as provided in the FSA includes two Members of the Board and two employees fulfilling the following criteria:

- (1) of grade not lower than Executive,
- (2) having no involvement in investigations of the licensee, and
- (3) who are designated by the Board.

The Committee may also appoint any other person with the necessary expertise as it may require.

The Internal Audit team reports directly to the Audit and Risk Committee and administratively to the Chief Executive. It objectively reviews the effectiveness of the Commission's risk management, operational processes and controls, financial management, and reports findings and recommendations to the Committee.

## Internal structure

The internal structure of the FSC Mauritius is organised in a functional manner so as to optimise resources and ensure cross-functionality.

## Chief Executive

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

# Acting Chief Executive

## Mr P.K. Kuriachen

*CFA, M.Com, CAIIB*



P. K. Kuriachen is the Acting Chief Executive of the FSC Mauritius since April 2015. He is a financial market professional reckoning over 19 years of experience in the banking industry and over 21 years of experience as a financial services regulator in multiple jurisdictions.

Prior to April 2015, P. K. Kuriachen was the Adviser to the Chief Executive since August 2013 and headed the FSC Mauritius Capital Markets from July 2008 to June 2010. He joined the Securities & Exchange Board of India in a senior management position in 1993 after working as Branch manager at the Federal Bank Limited since 1973.

In his capacity as the Acting Chief Executive of the FSC Mauritius, P. K. Kuriachen is currently a member of the Financial Stability Board Regional Committee Group for Sub-Saharan Africa (FSB-RCG), a Council member of the Mauritius Financial Reporting Council and Board member of Statistics Mauritius.

P. K. Kuriachen is a Chartered Financial Analyst (CFA) and a Qualified Banker. He holds a Masters degree in Commerce, Diploma in Business Management and Certificate in Industrial Finance. Moreover, he has acquired knowledge and expertise on financial markets, regulation and supervision, Fund Management, Executive Skill development and leadership development through training programmes, seminars and conferences conducted by reputed educational institutions, Regulatory and Law Enforcement bodies particularly in India, United States, Singapore, Hongkong and Thailand.

# Internal Structure

## Executive Office

The Legal, Enforcement and Executive Office Clusters report directly to the Chief Executive.

- The Legal Cluster performs advisory for legal issues, drafting of legislation and legal documents, and handles litigations.
- The Enforcement Cluster carries out investigations, intelligence gathering and attends to requests for information.
- The Executive Office consists of the Office of the Chief Executive and the Communications Unit and is responsible for policy implementation and coordination, public relations and communication.

The Executive Office ensures liaison with the Board as well as monitors the implementation of Boards and policy decisions.

The Executive Office is also responsible for the organisation of events (study tours, visits from international institutions and consultants, workshops and international conferences and meetings). These initiatives aim at increasing the visibility of Mauritius on the international front.

In terms of day-to-day operations, the Executive Office coordinates the submission of timely, accurate and relevant information to the Chief Executive. It ensures the dissemination of correspondence throughout the organisation as well as manages stakeholder communications and meetings.

Financial inclusion and broadening access to financial services have gained importance over the years, and today rank amongst the priorities of international organisations and regulators. The Executive Office is responsible for undertaking financial literacy initiatives and ensures that through better communications and transparency, people have access to more objective and meaningful information about financial services.

## Directorates

The three Directorates are:

- The Licensing and Policy Directorate comprises the Licensing and Policy Clusters.

The Licensing Cluster licenses and conducts pre-surveillance of business activities in the non-banking financial services and global business sectors.

The Policy Cluster includes the Financial Stability, Research and Economics Unit, the Market Technical Development Unit, the International Cooperation and External Relations Unit and the Statistics Unit.

The Policy Cluster is responsible for the formulation of the policy framework with a view to spearheading the development of the Mauritius jurisdiction as an International Financial Centre (IFC) of good repute and substance. It keeps abreast of the local and international developments in the non-banking financial services and global business sectors, and their impact on the Mauritius jurisdiction. The cluster analyses the impact of economic developments to ensure financial stability, and focuses on market and technical developments. It is further responsible for the collection, compilation, publication and dissemination of statistics in respect of the financial services and global business sectors.

- The Surveillance Directorate consists of the Capital Markets, Investment Funds and Intermediaries, Insurance and Pensions and Global Business Clusters.

This Directorate ensures that all licensed firms and intermediaries comply with regulatory and disclosure requirements on an on-going basis. It is responsible for overseeing the conduct of licensed market infrastructures as



well as market intermediaries. The Directorate ensures sound and stable markets from both prudential and conduct perspectives.

- The Corporate Services Directorate regroups the Human Resource, Administration and Enterprise Risk, Finance and Information Technology Clusters.

The Corporate Services Directorate plays an essential role in delivering the FSC Mauritius strategy around the organisation, dealing with different priorities and people from different backgrounds every day. It provides the necessary support to enable the Licensing and Policy and Surveillance directorates to focus on delivering the core functions of the FSC Mauritius. The Directorate manages business transformation and implements the change strategy to help the FSC Mauritius effectively manage a world class regulatory regime.

The Human Resources Cluster oversees the development and execution of the Commission's people strategy and knowledge management, and helps in making the people working for the FSC Mauritius instrumental in delivering on the Strategic and Business plans.

The Administrative Support and Enterprise Risk Cluster is responsible for procurement and facilities, enterprise risk management, and prevention of business interruption management.

The Finance Cluster is responsible for the organisation's financial integrity and reporting of the Commission's results.

The Information Technology Cluster promotes a more productive mind set in a technology based working environment, thereby improving the Commission's business responsiveness to the demands of the various stakeholders, in a cost effective manner.

# The Leadership Team

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

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

The Executive Committee comprising the Chief Executive and Senior Executives/Executives enables the Commission to meet its statutory objectives, coordinates the activities of the various directorates and provides direction and guidance to the clusters.

Executive Committee:



**KURIACHEN P. K.**  
Acting Chief Executive

The Heads of Clusters and Team Leaders work together to deliver the operational objectives of the Commission. They are responsible for the implementation of the goals as set out in the strategic and business plans and ensure that the decisions and directions provided by the Executive Committee are understood by each and every member of the staff.

## Licensing and Policy Directorate



**LOUIS  
Charlene**  
*Head -  
Licensing*



**BALLAM  
Gamal**  
*Head - Policy*



**RAMASAWMY  
Deerajen**  
*Head - Policy  
(Statistics)*



**MOLOYE  
Veena**  
*Head -  
Executive  
Office*



**HURDOWAR  
Khemalini**  
*Head - Legal*



**SEEBORUTH  
Ashveer**  
*Team  
Leader -  
Enforcement*

## Surveillance Directorate



**SEEBALUCK  
Vishwadeo**  
*Head - Surveillance  
Investment Funds &  
Intermediaries*



**NEETOO Shaminah**  
*Head - Surveillance  
Capital Markets*



**SEEWOOSUNKUR  
Prakash**  
*Head - Surveillance  
Insurance & Pensions*



**DOONGOOR  
Shailendrasingh  
(Vikash)**  
*Head - Surveillance  
Global Business*

## Corporate Services Directorate



**CHUTOORGOON Amrit**  
*Head - Information Technology*



**GUNESS Jayshree**  
*Head - Administration and  
Enterprise Risk*



**PUSRAM Rajhans (Vishal)**  
*Head - Finance*



# Strategic Plan



# Strategic Plan 2014 - 2016

The Strategic Plan 2014-2016 defines four strategic themes which complement the three pillars under the previous Strategic Plan 2011-2013. The four strategic themes identified are:

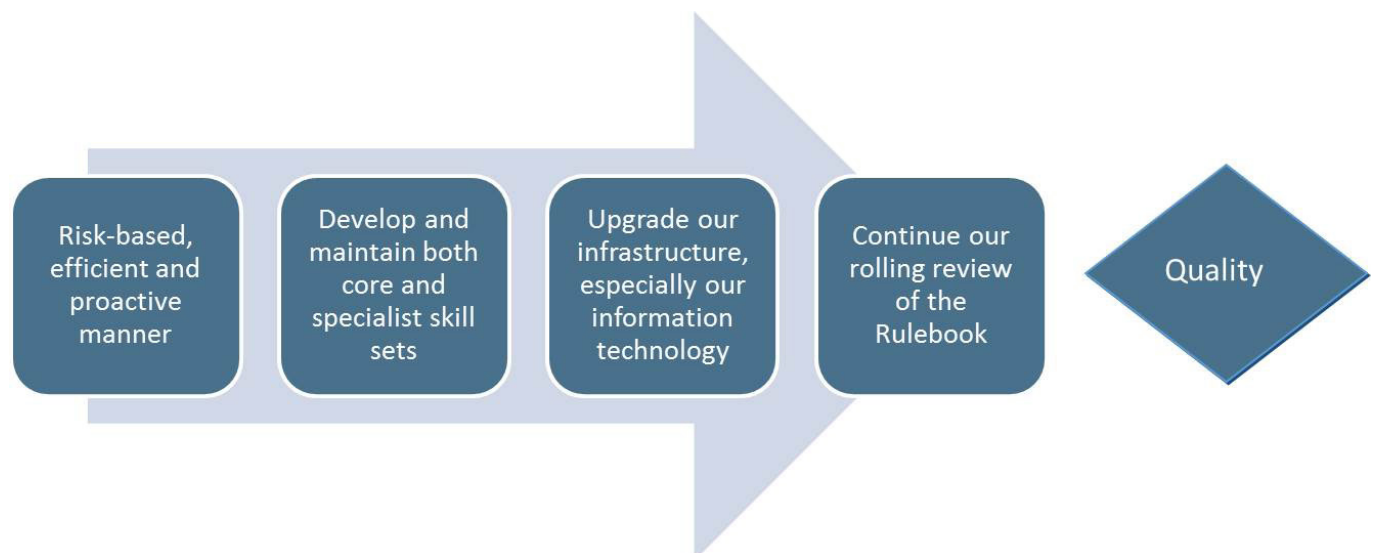
## 1. Quality

In order to achieve quality regulation and supervision, the FSC Mauritius has identified the following objectives:

- We shall authorise and supervise regulated entities in a risk-based, efficient and proactive manner.
- We shall develop and maintain both core and specialist skill sets.
- We shall continue to upgrade our infrastructure, especially our information technology.
- We shall continue our rolling review of the Rulebook.

The FSC Mauritius views quality assurance as a means of delivering the best value whilst managing business risks. Therefore, the primary risk management goals are to manage risk through assurance of quality of clients, people, systems and services; and to achieve a balance that promotes the value in risk management without restricting growth.

Figure 2: Strategic Theme - Quality



Source: FSC Mauritius Strategic Plan 2014-2016

## 2. International engagement

In order to be internationally recognised, the FSC Mauritius will continue to engage with stakeholders on local, regional and international levels. The strategic objectives supporting international engagement are defined as:



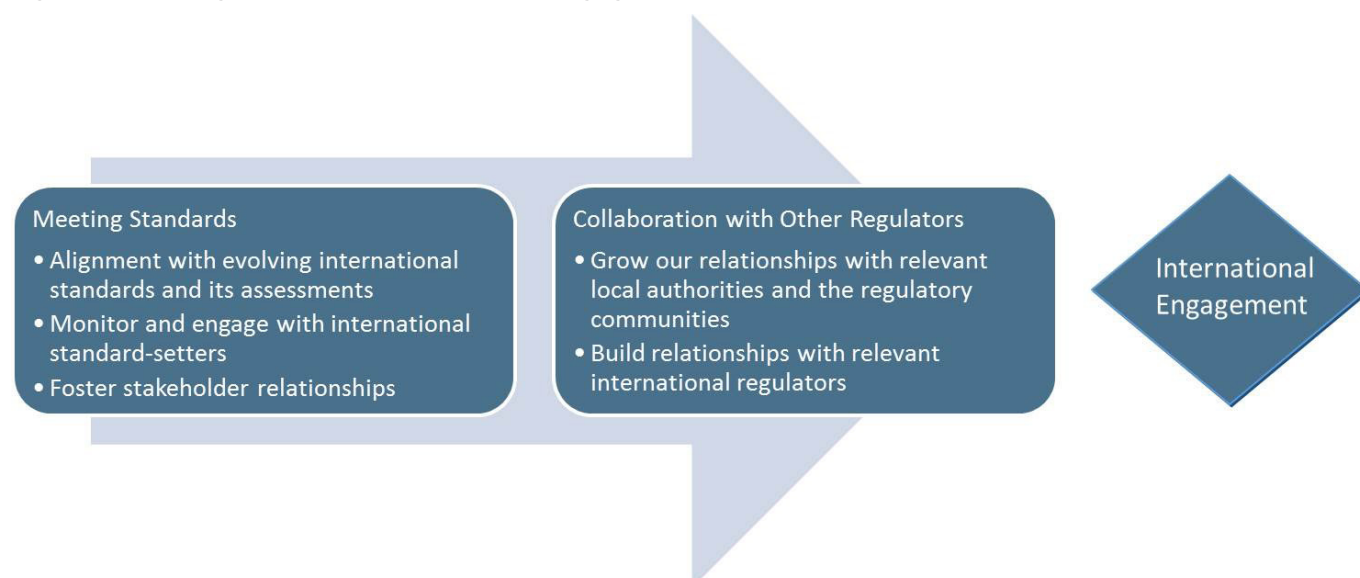
**(a) Meeting Standards**

- We shall review our rules to ensure alignment with evolving international standards.
- We shall maintain assessments of our alignment with international standards.
- We shall monitor and engage with international standard-setters and promote standards development.
- We will continue to foster stakeholder relationships – engagement with key external stakeholders, continue to use regular Outreach sessions to promote awareness within the regulated community of regulatory requirements and FSC's initiatives.

**(b) Collaboration with Other Regulators**

- We shall grow our relationships with relevant local authorities and the regulatory communities.
- We shall build relationships with relevant international regulators to support our supervisory responsibilities.

Figure 3: Strategic Theme - International Engagement



Source: FSC Mauritius Strategic Plan 2014-2016

**3. Conduct**

Financial regulation and supervision have three ultimate objectives, which are ensuring stability of the financial system, protecting the interest of the customers, and ensuring fairness and transparency in financial markets. These three objectives, as defined below, are widely shared among major financial regulators around the world:

- We shall monitor the conduct of business of our licensees with the aim to protect consumers of financial services.
- We shall ensure consumer education and investor protection.
- We shall promote fair conduct in the non-bank financial services sector.

Figure 4: Strategic Theme - Conduct



Source: FSC Mauritius Strategic Plan 2014-2016

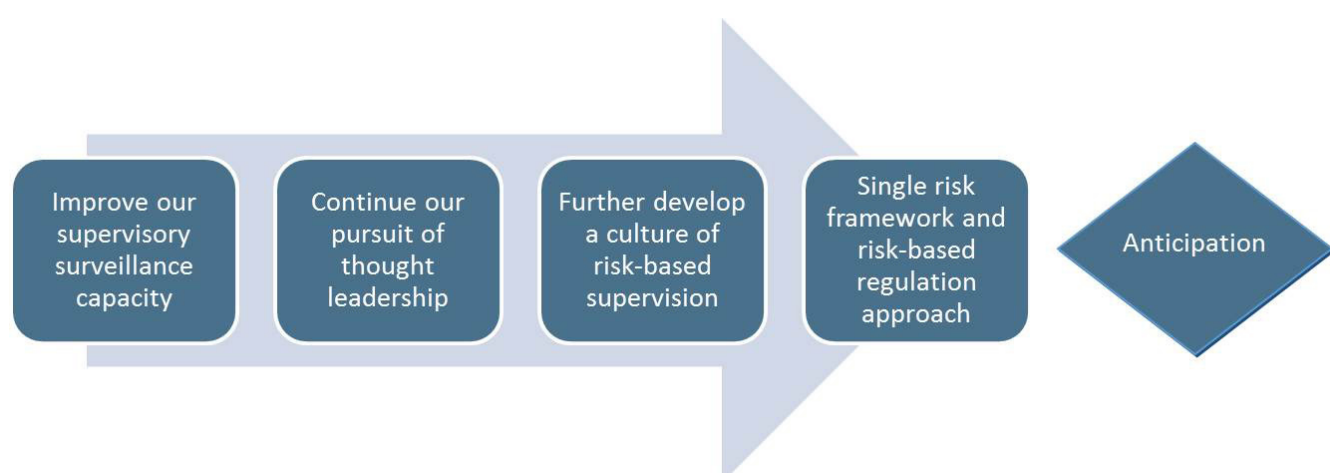
#### 4. Anticipation

Regulators are required to exercise their duties with firmness, fairness and consistency to ensure they drive change in and bring strategic vision to the industry. To do so, they must focus on their preparedness to take action against unacceptable or unlawful conduct with the consideration of not taking action unless it is warranted and appropriate.

Anticipation relies on strong partnerships with all stakeholders as well as fairness and transparency in dealings with the industry and consumers. The FSC Mauritius consistently builds its capacity while staying committed to learning from past and present actions and continuously aiming for improvement. Objectives under this theme are:

- We shall improve our supervisory surveillance capacity.
- We shall continue our pursuit of thought leadership.
- We shall further develop a culture of risk-based supervision and embed a single risk framework and risk-based regulation approach.

Figure 5: Strategic Theme - Anticipation



Source: FSC Mauritius Strategic Plan 2014-2016





Environment in Which  
We Operate



# Environment in Which We Operate

## MACROECONOMIC TRENDS

### International Economic Perspectives

The global growth rate increased broadly, as expected, by 3.8 per cent in the third quarter of 2014, according to the January 2015 World Economic Outlook (WEO) published by the International Monetary Fund (IMF). This may be explained mainly due to growth divergences among major economies. Specifically, the recovery in the United States was stronger than expected, while economic performance in all other major economies (most notably Japan) fell short of expectations. Stagnation and low inflation are still concerns in the Euro Area and in Japan, indicating significant output gaps and declines in commodity prices.

Global growth for 2015–16 is projected to be 3.5 per cent and 3.7 per cent respectively, representing a downward revision of 0.3 per cent. It is forecasted that global growth will receive a boost from the low oil prices, leading to higher supply of oil. But this boost is projected to be more than offset by the negative factors, including investment weakness as adjustment to diminished expectations about medium-term growth continues in many advanced and emerging market economies.

The World Bank's Global Economic Prospect January 2015 Report highlights that recovery gained traction in the United States and the United Kingdom but the Euro Area and Japan are struggling. A carefully managed slowdown is underway in China. Several major forces are expected to shape the global outlook in 2015-16: easy but tightening financial conditions; continued soft commodity prices; and weak global trade. Risks to this slow-moving global recovery are significant and tilted to the downside. The forces driving the global outlook and the associated risks pose significant policy challenges.

In high-income countries, the still-fragile recovery calls for continued accommodative monetary

policy and a flexible approach to fiscal policy, which supports growth but is also accompanied by concrete medium-term consolidation plans and structural reforms. In developing countries, global financial tightening could reduce capital flows and trigger further currency depreciations. Though depreciation may strengthen exports and help current account adjustments, they could weaken balance sheets and dampen the disinflationary effects of soft commodity prices. Both high-income and developing countries need to undertake comprehensive structural reforms, including improvements in institutions and public infrastructure in order to promote growth and job creation.

### Regional

Growth in Sub-Saharan Africa (SSA) remained strong, at about 5 per cent in 2014 and expected to be 5.75 per cent for 2015 according to the October 2014 Regional Economic Outlook for Sub-Saharan Africa. Solid growth will continue in the region's core countries, driven by sustained infrastructure investment, buoyant services sectors, and strong agricultural production, even as oil-related activities provide less support.

According to the Regional Economic Outlook Report October 2014, the forecast for the region is expected to remain positive with output set to expand by 5.75 per cent in 2015. However, according to the same report, this overall positive outlook is, overshadowed by the dire situation in Guinea, Liberia, and Sierra Leone, where the Ebola outbreak is exacting a heavy human and economic toll. In a few countries, activity is facing headwinds from domestic policies, including in South Africa, where growth is held back by electricity bottlenecks, difficult labour relations, and low business confidence. In Ghana and, until recently, Zambia, large macroeconomic imbalances have led to pressures on the exchange rate and inflation. Against this backdrop, the overriding

policy objective remains sustaining high growth, but fiscal imbalances also need to be addressed in a few countries.

### Local context

Gross Domestic Product (GDP) at market prices was revised to MUR 386.36 million and Per Capita GDP at market prices was revised to MUR 306,322 for 2014. Similar to international stagnation, growth rate of GDP was 3.5 per cent in 2014; marginally higher (0.3 per cent) than 2013.

After declining by 3.3 per cent in 2013, the total investment fell by 6.0 per cent in 2014. Public sector investment rebounded by 1.8 per cent in 2014 after a contraction of 4.9 per cent in 2013. Investment rate, defined as the ratio of investment to GDP at market prices decreased to 19.2 per cent in 2014, from 21.2 per cent in 2013. This investment rate remains far below the desired rate of 27 – 30 per cent required to achieve the economy's growth ambitions.

Foreign Direct Investment (FDI) inflows into Mauritius (excluding Category 1 Global Business Companies (GBC1s)) in 2014 stood at MUR 14,151 million equivalent to approximately 3.66 percent of GDP, Real Estate Activities attracted MUR 6,178 million representing 44 per cent of FDI. FDI inflows rose by 49 per cent in 2014 as compared to 2013; this is largely due to the escalation of FDI into Accommodation and Food Service Activities reaching MUR 4,893 million in 2014 from MUR 314 million in 2013 and a hike in FDI inflows into Financial and Insurance Activities from MUR 716 million in 2013 to MUR 1,815 million in 2014. Mauritius also benefited from FDI inflows into Human health and social work activities, amounting to MUR 532 million in 2014 in contrast to a nil figure in 2013.

Gross National Saving (GNS) as a percentage of Gross National Disposable Income (GNDI) stood at 10.8 per cent in 2014, compared to 12.6 per cent in 2013. Saving rate, defined as the ratio of Gross Domestic Saving to GDP at market price further dipped to 11.5 per cent from 11.8 per cent in 2013. Though the savings gap has fallen, the gradual fall of Gross Domestic Saving from its 25 per cent mark in the early 2000's is cause for concern. Low saving is unable to bring about the necessary boost in investment.

Labour force reached 573,300 in the third quarter of 2014. The activity rate for third quarter of 2014 was 59.6 per cent, with males standing at 75.3 per cent point while females were at 44.6 per cent point. 66.7 per cent of the labour force were employed in

the tertiary sector, 25.8 per cent in the secondary sector and 7.5 per cent in the primary sector. The unit labour cost for the economy increased by 7.6 in 2013. The unemployment rate was at 7.6 per cent in the third quarter of 2014 while the unemployed population in the third quarter of 2014 constituted of 42 per cent males and 58 per cent females. Around 45 per cent of the unemployed were aged between 16 and 24 years old.

### Outlook

GDP growth rate is projected to be around 4.1 per cent for the year 2015. With a good business environment and competitive economy in SSA, Mauritius is well placed to build on the progress it has made by participating in the global industry and services value chains, continued strong performance in financial intermediation, information and communications technology (ICT) and a modest recovery in tourism.

As outlined by the World Bank Country Overview, Mauritius has a successful development record, but many challenges remain. The external shocks demonstrated the heavy reliance of the economy few sectors and markets. However, Mauritius is not yet ready to fully take advantage of the global re-balancing of export markets. It is not yet well integrated in the production chain and final markets of those countries which are bound to increase domestic absorption (particularly in Asia).

The main challenges of the country are the namely; infrastructure system - mainly in terms of road congestion and water delivery; scarcity of skilled human resources due to limited capacity to reform the traditional education system, the country's brain drain and the limited ability to make use of the large diaspora community; and large and relatively inefficient public companies and parastatal bodies.

### Financial Services

Financial and insurance activities contributed approximately 0.5 percentage point to the GDP growth 2014. Financial and insurance activities grew by 5.4 per cent in 2014, same as in 2013. Growth prospects for this sector remain stable for the year 2015.

Within the sector, monetary intermediation accounted for 6.0 per cent of GDP, Financial Leasing and other credit granting 0.7 per cent, Insurance, reinsurance and pension 3.1 per cent. Growth was highest for Financial Leasing and other credit granting, 6.5 per cent, followed by 5.5 per cent for monetary intermediation, 5.5 per cent for others

and 5.0 per cent for Insurance, Reinsurance and Pension.

### Local Capital Market Trends

Market Capitalisation for the Official Market of the Stock Exchange of Mauritius Ltd (SEM) reached MUR 230 billion at year end 2014 as compared to MUR 213 billion at year end 2013. For 2014, the Total Turnover Value Traded stood at MUR 1,007 million and the Total Market Volume (shares in million) reached at 124.

### GLOBAL REGULATORY TRENDS

The G20 led overhaul of global financial services regulation is radically reshaping the financial services industry worldwide. The G20 leaders acknowledged that substantial progress has been made in implementing internationally consistent reforms to financial systems and maintain the momentum of these reforms towards a strong and stable financial system.

The main challenges today relate to the complex cooperative drive to address issues internationally and the amount of change coming simultaneously. The new regulatory agenda has huge implications for culture, structure and organisation. Making confident decisions about how best to comply and compete in this new landscape is therefore, vital.

### Regulatory Development in 2014

#### **Alternative Investment Fund Managers Directive (AIFMD)**

The Directive on Alternative Investment Fund Managers (AIFMs) came into force on 22 July 2013. Cooperation agreements, in the form of bilateral Memorandum of Understanding between EU/EEA securities supervisors and the non-EU regulator where the funds are domiciled, needed to be in place for non-EU funds to continue being transacted in the EU beyond July 2013.

In 2014, the FSC Mauritius signed cooperation agreements with Gibraltar and France adding up to a total of 25 agreements signed with the EU/EEA Member States to allow Mauritius-based funds the opportunity for continued transactions in these EU/EEA jurisdictions under the AIFMD.

The Foreign Account Tax Compliance Act (FATCA) is a United States' law aimed at Foreign Financial Institutions (FFIs) and other financial intermediaries to prevent tax evasion by US persons. FATCA requires foreign financial institutions to

report to the Internal Revenue Service (IRS) information about financial accounts held by United States taxpayers or by foreign entities in which US taxpayers hold a substantial interest.

The IRS announced the creation of a secure online site, the International Data Exchange Service (IDES), where financial institutions and tax administrators that have an obligation under FATCA can report account information to the US government.

The IDES is a secure web application where FFIs and Host Country Tax Authorities (HCTA) can transmit and exchange FATCA data with the United States.

Mauritius demonstrated its commitment to automatic exchange of information by signing a Tax Information Exchange Agreement and an Intergovernmental Agreement (IGA) Model 1 with the United States on 27 December 2013. Under the Model 1 IGA (Reciprocal) FFIs transmit data directly to their HCTA then the HCTA transmits data to the IRS.

### Solvency II

The Solvency II is a world-leading standard that requires insurers to focus on managing all of the risks facing their organisation. The framework follows the Basel Accord approach, with a three-pillar structure, which will bring insurance and reinsurance regulation more in line with regulation applied to the banking community. The revised proposed implementation date for the Solvency II is 01 January 2016.

### OTC Derivatives Reforms

Following the financial crisis, the G20 leaders agreed to a series of measures to increase the transparency of the OTC derivatives market and to reduce systemic risk. These reforms bring sweeping changes for all financial institutions. Implementation of the OTC derivatives market reforms that started are yet to be completed, but progress has continued in reform areas across jurisdictions. Further progress is anticipated for 2015.







Our Focus





Policy



# Policy

## PERFORMANCE OF MAURITIUS IN 2014

The performance of the Mauritius jurisdiction was assessed over the period of 2014 in terms of:

- a) Competitiveness;
- b) Macroeconomics;
- c) Banking and Financial Services;
- d) Ease of Doing Business; and
- e) International Financial Centre.

The radar diagram below depicts the performance of Mauritius for the year 2014 (as compared to the year 2013):

Figure 6: Performance of Mauritius



Source: Financial Services Commission, Mauritius

Note: To ensure consistency, the individual ratings have been standardised on a scale of (1-8) Best.

## Competitiveness

Mauritius competitiveness performance is assessed by the following international rating indices:

- **World Bank Ease of Doing Business Index** (assesses regulations affecting domestic firms);
- **World Economic Forum Global Competitiveness Index** (provides an understanding of the key factors that determine economic growth); and
- **Wall Street Journal – Heritage Economic Freedom Index** (tracks the march of economic freedom around the world).

### Overall Performance:

Mauritius remains the region's strongest performer in 2014 (ranking 29th out of 189 countries) on the World Bank Ease of Doing Business Index. In the World Economic Forum Global Competitiveness Report Index, Mauritius continues its steady upward trend in 2014, moving up a further six positions to the 39th place (out of 144 countries), thus consolidating its lead in the region. For the Wall Street Journal – Heritage Freedom Index, Mauritius is ranked 10th freest economy in 2014 (out of 178 countries), down two places compared to 2013. Nevertheless, Mauritius remains the only Sub-Saharan jurisdiction to rank among the top 10.

## Macroeconomics

Under the macroeconomic review, the following factors were considered:

- **Macroeconomic Environment** (Government budget balance, Gross national savings, Inflation, Government debt, Country credit rating);
- **Country Credit Rating** (Expert assessment of the probability of sovereign debt default);
- **Domestic Market Size** (Sum of gross domestic product plus value of imports of goods and services, minus value of exports of goods and services);
- **Foreign Market Size** (Value of exports of goods and services);
- **GDP Per Capita** (GDP valued at purchasing power parity in billions of dollars);
- **GDP Growth Projection 2018** (5-year GDP growth projection);
- **Infrastructure** (Quality of overall infrastructure, Quality of roads, Quality of railroad infrastructure, Quality of port infrastructure, Quality of air transport infrastructure, Available airline seat kilometres, Quality of electricity supply, Mobile telephone subscriptions, Fixed telephone lines);

- **Labour Market Efficiency** (Cooperation in labour-employer relations, Flexibility of wage determination, Hiring and firing practices, Redundancy costs, Pay and productivity, Reliance on professional management, Brain drain, Female participation in labour force);
- **Quality of Education System** (Secondary and tertiary enrolment rates as well as the quality of education as evaluated by the business community. The extent of staff training is also taken into consideration because of the importance of vocational and continuous on-the-job training); and
- **Openness to Foreign Ownership** (Prevalence of foreign ownership in local).

### Overall Performance:

The 5-year GDP projection was revised down from 3.9 per cent to 3.5 per cent. The transport infrastructure in Mauritius is well developed by regional standards, especially in terms of ports, air transport and roads. In addition, in 2014, Mauritius recorded improvements in its electricity and telephony infrastructure. There has been a continuous improvement on its efficient goods market as characterized by enabling conditions for both domestic and foreign competition, and its labour market efficiency improved as a result of increased flexibility. Going forward, as income per capita rises and Mauritius moves up the value chain, more effort will be required to develop human capital. While enrolment rates have been rising, particularly tertiary enrolment, and the overall score in the quality of education has been improving, the rate of improvement in other countries is faster. Improving competitiveness will require additional efforts not only to improve higher education and training but also to mobilize the country's talent more efficiently, as evidenced by the low share of women in the labour force.

## Banking and Financial Services

- **Financial Market infrastructure** (availability, affordability, ease of financing and regulations);
- **Availability of Financial Services** (readiness of a wide variety of financial products and services to businesses);
- **Affordability of Financial Services** (extent of competition among providers of financial services to ensure the provision of financial services at affordable prices);
- **Ease of Access to Loans** (ease to obtain a bank loan with only a good business plan and no collateral);
- **Soundness of Banks** (assessment of the soundness of local banks); and

- **Exchange Regulations** (assessment of the regulations and supervision of local securities exchanges).

#### *Overall Performance:*

Compared to last year, no major changes were witnessed on these parameters. The individual factor performances are largely at par with last year's performance. The improved access to different modes of financing and financial services witnessed in 2013 was maintained in 2014 and the banking sector continued to remain resilient.

#### **Ease of Doing Business**

The ease of doing business in Mauritius has been assessed by the following factors:

- **Legal Rights index** (degree of legal protection of borrowers and lenders' rights);
- **Protecting Investors** (strength of Investor Protection);
- **Enforcing Contract** (measurement of the efficiency of the judicial system in resolving a commercial dispute); and
- **Resolving Insolvency** (measure of time, cost and outcome of insolvency proceedings involving domestic entities).

#### *Overall Performance:*

It is noted that Mauritius has made 'starting a business' easier by reducing trade licence fees. Enforcement of contracts has also become easier by the introduction of an electronic filing system for court users, thus increasing transparency; expediting the filing and the service of process; limiting opportunities for corruption; and preventing the loss, destruction or concealment of court records. The strength of investor protection remains strong over 2014.

#### **Overall International Financial Centre**

Mauritius performance as an International Financial Centre (IFC) was assessed by combining instrumental factors into five overarching 'areas of competitiveness': People, Business Environment, Infrastructure, Market Access and General Competitiveness.

#### *Overall Performance:*

Mauritius lost six places on this ranking in 2014 moving down to 69th from 63rd in 2013. Classified as an offshore centre in this Index, Mauritius along with the rest of the offshore centres saw their

ratings decline over the period of assessment – mainly attributed by the low ratings received from finance professionals.

#### **FINANCIAL STABILITY, RESEARCH AND ECONOMICS**

Six years after the start of the crisis, the global economic recovery continues to rely heavily on accommodative monetary policies in advanced economies to support demand, encourage corporate investment and facilitate balance sheet repair.

Pursuant to Section 5(1)(e) of the FSA, the FSC Mauritius is mandated "to ensure, in collaboration with the Bank of Mauritius (BoM), the soundness and stability of the financial system in Mauritius". As one of the objectives of the FSC Mauritius, financial stability formed an important pillar of the Strategic Plan 2011 – 2013 and is an integral part of the Strategic Plan 2014 – 2016 under the theme 'Anticipation'. The FSC Mauritius works closely with the BoM to ensure the stability of the financial system and collaborates with the BoM for the publication of the bi-annual BoM Financial Stability Report.

#### **Update of Statistical Profiles**

In 2014, the FSC Mauritius updated the statistical profiles created in 2013 in order to analyse trends. The FSC Mauritius also regularly monitors reports from internationally recognised bodies such as the IMF and Swiss-Re to keep abreast of global trends and identify any useful indicator that could be replicated for sectors under supervision.

#### **Crisis Binder**

In 2014, the FSC Mauritius embarked on a project to draft a Crisis Binder which would serve as a financial crisis contingency manual. The project was initiated with a research on crisis contingency planning for the non-banking financial services sector. The Crisis Binder would be the main document detailing possible first responses to a financial crisis for the sectors falling under the purview of the FSC Mauritius.

The current legal system would be assessed within the project and, where required, recommendations would be made. Analysis of potential risks and the best way to address them would be discussed and documented. Additionally, an analysis of key stakeholders would be made and relevant contact details documented and updated. The binder would further include, information gathering, crisis



meeting guidelines, course of action in a situation of crisis, communication procedures, and templates for press releases. Once finalised, the Crisis Binder would be reviewed and updated regularly.

### **Collaboration on the BoM Financial Stability Reports**

The FSC Mauritius collaborates with the BoM for the publication of the bi-annual BoM Financial Stability Reports (FSR) in terms of provision of data and analysis on the insurance sector.

The report published in February 2014 elaborated on property insurance. While the insurance industry safeguards itself from catastrophic losses with the use of extensive reinsurance, the take-up for residential property insurance was low as the rate of insured property in Mauritius was roughly 10 per cent in 2011. The February 2014 FSR covered reinsurance activities of general insurers. In Mauritius, general insurers widely make use of reinsurance outside of the Motor segment. Over the period 2008-2012, general insurers reinsured around 39 per cent of their gross premiums (excluding Motor insurance). Gross premium for property insurance amounted to around MUR 924 million in 2012, of which 74 per cent was reinsured.

The report issued in August 2014 elaborated on the performance of the insurance sector, the average solvency position of insurers, growth of insurance activities, exposure to global conditions, concentration and the financial performance of insurers. The insurance sector recorded sound performance in 2013 and accounted for 32.8 per cent of GDP. Total assets grew significantly by 14.5 per cent to reach MUR 120.3 billion in 2013, which represented a penetration rate of around 5.8 per cent. Gross premium grew by 9.8 per cent to MUR 22.1 billion.

### **Monitoring Public Financial Stability Reports**

The FSC Mauritius keeps abreast of and reviews financial stability reports issued by other regulators and international standard setters. The reviews focus *inter alia* on developments in other jurisdictions that may affect Mauritius, types of analysis which may be replicated in the Mauritian context and themes identified by other regulators which may warrant analysis in Mauritius.

### **FSB Regional Consultative Group for Sub-Saharan Africa (FSB RCG for SSA)**

The FSB is an international body that monitors and makes recommendations about the global financial

system. It has six regional consultative groups. The FSC Mauritius along with the Ministry of Finance and Economic Development and BoM, is a member of the Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa. The FSC Mauritius participated in the fifth and sixth meetings of the FSC RCG for Sub-Saharan Africa in May and October 2014 respectively.

During the fifth meeting of the FSB RCG for Sub-Saharan Africa, held in Accra, Ghana, members reviewed the work plan of the FSB and the completion of policy reforms in four priority areas which included building resilient financial institutions, ending too-big-to-fail, transforming shadow banking, and making derivatives markets safer. Additionally, they reviewed vulnerabilities in the global financial system.

Members further considered financial regulatory factors affecting the availability of long-term investment finance. They exchanged views on long-term finance and recent developments in the region and how financial regulation could facilitate the channelling of funds to support long-term investments.

Implementation of the FSB's Key Attributes of Effective Resolution Regimes for Financial Institutions and the related assessment methodology was another focus of the meeting. The Key Attributes are a set of standards against which the IMF and World Bank will conduct assessments of their member jurisdictions (as one set of standards by which a Report on the Observance of Standards and Codes are performed) against the Key Attributes.

Members were of the view that while capacity building among financial sector supervisors in the region has been a challenge for a number of years, the global regulatory reforms developed in response to the financial crisis further highlight the need for well trained, experienced, adequately staffed and well-funded supervisory authorities.

The sixth meeting of the FSB RCG for SSA was held in October 2014 in Cape Town, South Africa. In addition to reviewing the FSB's workplan and regional and global vulnerabilities of the region, the Group discussed possible policy responses. In this context, they considered uncertainties in the global growth outlook, the unwinding of accommodative monetary policies in advanced economies and their impact on Sub-Saharan Africa.

Members further stressed the importance of financial inclusion and discussed how to align its

objectives with those of financial stability and anti-money laundering measures. Limited access to financial services contributes to the use of informal channels, which are vulnerable to illicit cross-border flows.

The Group reviewed the Basel Committee on Banking Supervision's consultative paper on the issue and discussed principles for dealing with weak banks, including the early identification of risks and the need for early intervention.

## MARKET AND TECHNICAL DEVELOPMENT

### OECD Phase II Review

Mauritius is a member of the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. In 2010 Mauritius voluntarily underwent both Phases 1 & 2 reviews of the OECD. The OECD Global Forum rated Mauritius Phase I assessment on the legal and regulatory framework for transparency and exchange of information, as 'all elements are in place' meaning that the legal & regulatory architecture are clearly laid down. The Phase II ratings were released on 22 November 2013 and Mauritius was assigned a "Largely Compliant" status. The Phase II review assessed the practical implementation of the legal & regulatory framework. This rating constituted the litmus test for the financial services industry in Mauritius.

The FSC Mauritius was involved and contributed in completing the Phase II review by addressing the comments made by the OECD Peer Review Group in terms of the supervision of Foundations. The FSC Mauritius collaborated with the Mauritius Revenue Authority and the Registrar of Companies towards monitoring the enforcement of the accounting obligations applying to Foundations.

### Industry Discussion Platform / Promoting Industry Partnership

The FSC Mauritius holds regular meetings with industry associations with the aim to maintain Mauritius as a competitive financial centre. These quarterly meetings serves as a platform for discussion with stakeholders on new avenues for development. It also helps in fostering dialogue with the industry and for addressing technical matters and issues to maintaining Mauritius as a competitive jurisdiction.

### Monitoring International Development

The changing global business climate and the

way multinationals do business pose particular challenges to revenue authorities. Furthermore, the increasing interconnectedness of domestic economies has highlighted gaps that can be created by interactions between domestic tax laws. As an IFC, Mauritius has the need to complement existing standards that are designed to prevent double non-taxation with a fundamentally new set of standards designed to establish international coherence in taxation. Governments are working together to tackle harmful tax practices and aggressive tax planning.

The Mauritius Financial Services sector is directly and indirectly impacted by policy changes in the international scene. Some of the major developments and hot topics being discussed by international experts and which may have significant impact on the Mauritius IFC are:

- Indian Tax Developments on the India-Mauritius Double Taxation Avoidance Agreement (DTAA);
- Indian Direct Tax Code and the Indian General Anti Avoidance Rule (GAAR);
- Indirect transfers of assets;
- Automatic Exchange of Information;
- Double Non-Taxation issues;
- Base Erosion and Profit Shifting (BEPS); and
- Indirect Taxation.

### Automatic Exchange of Information (AEOI)

AEOI has become the norm across many countries and is considered as a vital transparency tool that could help developing countries tackle illicit financial flows worth trillions of dollars that end up hidden in the financial centres and offshore centres. These flows include money from corruption and crime and especially tax dodging money, which deprives developing countries of resources needed to achieve economic development and ensure their citizens' basic human rights.

AEOIs are a powerful disincentive to anyone trying to evade taxes by hiding their money in another country. To this end, Mauritius has taken the initiative to sign an InterGovernmental Agreement (IGA) with the United States and is also an early adopter of the OECD Common Reporting Standards.

### OECD Common Reporting Standards (CRS)

Mauritius is an Early Adopter of the CRS. The Standard for Automatic Exchange of Financial Account Information in Tax Matters calls on governments to obtain detailed account information from their financial institutions and exchange that information automatically with other jurisdictions

on an annual basis. This provides a step change in the ability to clamp down on tax evasion, which reduces public revenues and increases the burden on those who pay their taxes. CRS aims to rapidly create a truly global system of automatic information exchange which leaves no hiding places for tax evasion. Mauritius, thus signed the Multilateral Competent Authority Agreement which is a multilateral framework with subsequent bilateral exchanges coming into effect between the signatories.

### **Convention on Mutual Administrative Assistance in Tax Matters**

To further demonstrate its engagement and to consolidate its framework on exchange of information, Mauritius took the commitment to become a party to the Convention on Mutual Administrative Assistance in Tax Matters. The Convention was jointly developed by the OECD and the Council of Europe. It will further improve the effectiveness of exchange of information mechanism and allow Mauritius to provide assistance to its partners in the collection of foreign taxes.

### **Base Erosion and Profit Shifting (BEPS)**

Currently, one of the major international tax issues that the international community, Governments and tax professionals are concerned about is the BEPS. The changing global climate and the way multinationals do business pose particular challenges for revenue authorities. These arise from the fact that existing domestic tax laws have not kept pace with current business practice. In an increasingly global marketplace, the interaction of the tax systems of different countries leads to widespread opportunities for base erosion and profit shifting by multinationals.

BEPS refers to tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations where there is little or no economic activity, resulting in little or no overall corporate tax being paid.

Mauritius is a member of the ad hoc Group working on the development of the Multilateral Instrument to implement the tax treaty-related BEPS Action plan.

### **Competency Standards<sup>1</sup>**

As part of its Fair Market Conduct Programme, the FSC Mauritius issued the Competency Standards in October 2014. The Competency Standards are in line with the statutory objectives of the

Commission and were developed to ensure that financial consumers are subject to professional conduct from the licensees of the FSC Mauritius.

The competence of a licensee of the FSC Mauritius is one of the elements of the fit and proper requirements. It is assessed with regard to the education, qualifications along with relevant experience of the licensee (or officers and/or employees of the licensee).

The Competency Standards focus on the competence element of the fit and proper requirements and the Standards formalise the minimum competence, in terms of technical knowledge and skills, which specific licensees are required to have. They provide an indication to the licensees on how to demonstrate and maintain competence.

The Competency Standards are defined in 3 components:

1. the minimum technical competencies to demonstrate competence;
2. the minimum qualifications, training and experience requirements to demonstrate competence; and
3. the minimum Continuous Professional Development requirements to maintain competence.

The Competency Standards apply to licensees and any of their officers and/or their employees involved in:

- the provision of advice
- the provision of intermediaries services
- the management and control function

The Competency Standards development process was divided in two phases:

- In first phase, the practices in Mauritius were benchmarked against international standards and international practices. A sample for each type of licensee was taken and their existing level of competence was assessed. Proposals were then drafted and submitted for consultation with relevant stakeholders in that phase; and
- In the second phase, the Competency Standards were drafted and circulated for final

<sup>1</sup>The Competency Standards were referred to as the Proficiency Standards in the Annual Report 2014. There has been a change in appellation and the final standards issued in October 2014 are referred to as the Competency Standards.

consultation with industry stakeholders. It was then finalised and became effective as from 01 January 2015.

## **Diversification and Promotion of Innovative Financial Products and Services**

### ***Credit Rating Agencies***

The FSC Mauritius is working on the implementation of a regulatory regime for credit rating agencies, one of the factors which supports the development of the corporate bond market. A survey was conducted between April to July 2014 to gather data from investors, bond issuers and credit rating agencies. The information collected gave an indication to the FSC Mauritius on the approach to be adopted for a proposed regulatory regime with respect to credit rating agencies.

In order to raise awareness about credit rating agencies, the FSC Mauritius issued a list of Frequently Asked Questions (FAQs) to inform the public about credit rating agencies and the IOSCO Objectives and Principles governing the regulation of the activities of credit rating agencies.

### **Captive Insurance**

Following the study of regional demands and a topology on legislations of leading Captive jurisdictions started in 2013, the FSC Mauritius finalised the provisions to be included in the new framework on Captive Insurance in 2014. (The focus was on Pure Captives - captives writing exclusively risks of parent and affiliated companies. This included "Group Captives" (risks of parent and subsidiaries were covered) but not Association Captives (i.e. captives owned and controlled by multiple unrelated companies) or third party captives).

The proposed legislations together with the technical rules to supervise such regulations were submitted to the relevant authorities and are now awaiting enactment by the relevant authorities.

### **Other Financial Products**

The FSC Mauritius also worked on recommendations for new legislations or changes to existing legislations. Introduction of new products to enhance the competitiveness of Mauritius as an IFC was also considered. Policy oriented research were carried out to look for financial products that complement the Mauritius Africa strategy.

## **Technical Assistance from World Bank – Insurance Sector**

In 2014, the World Bank approved a request for technical assistance in favour of the FSC Mauritius through the FIRST initiative. The project, implemented as from 2014, aimed at supporting the FSC Mauritius in strengthening prudential regulations, risk-based supervisory and resolution frameworks for the insurance sector. In long term, these would help insurance companies

- strengthen their compliance with regards to prudential regulations consistent with international best practices;
- improve risk management practices; and
- achieve financial soundness to ensure the benefits of policyholders and claimants remain protected.

The project is being carried out in a phased approach.





# Overview of Sectors



# Capital Markets

## International Overview

In 2014, the global economy continued its slow recovery process. In six years, after the financial crisis, one of the central banks' policy remained major key drivers of relative asset returns globally with liquidity provision overshadowing the effect of growth in most cases.

For many of the economies, 2014 remained another year of average returns for many stock markets. Investor sentiments were plagued by geopolitical issues in Europe, outbreaks of violence in the Middle East and a widespread epidemic of the Ebola virus in Africa.

However, as regards to the U.S. stock markets, the market was receptive to both veteran companies and debuts, with follow-on offerings leading in terms of capital raised and above average returns.

## Overview of Markets – Domestic Trends

Overall, the two Securities Exchanges namely the Stock Exchange of Mauritius Ltd (SEM) and the Bourse Africa Limited (BAL) experienced a good performance for the period under review. Several positive factors on the local scene contributed to this performance.

## Securities Exchanges

Table 1: Figures for Market Caps and SEMDEX

### Official Market

Particulars	Figures – Dec 2014	Figures – Dec 2013
No. of Listed Companies	46	43
Total Volume Traded (shares)	124,495,571	117,792,008
Total Value Traded (MUR)	1,007,402,766.62	878,554,314.77
Market Capitalisation (MUR billion)	229.89	212.93
SEMDEX	2,073.72	2,095.69

### Development Enterprise Market

Particulars	Figures – Dec 2014	Figures – Dec 2013
No. of Listed Companies	44	48
Total Volume Traded (shares)	11,733,311	57,012,116
Total Value Traded (MUR)	116,788,528.14	652,568,131.99
Market Capitalisation (MUR billion)	47.95	55.78
DEMEX	202.89	173.74

Source: Stock Exchange of Mauritius Ltd



### **Stock Exchange of Mauritius Ltd (SEM)**

The SEM operates two markets: the Official Market and the Development & Enterprise Market (DEM) respectively. SEM can list, trade and settle its products in USD, EUR, GBP, ZAR and MUR. The market is open to both domestic and foreign investors.

During the year, the market was characterised by several rebounds amidst occasional retreats. The market reached new highs on several occasions, as a result of good performance of listed companies in terms of good fundamentals, corporate restructuring, and solid earnings results of some bellwether stocks. However, as from the fourth quarter, the market became volatile and began to retreat until year end.

As at end 2014, the total market capitalisation for both markets on SEM amounted to MUR 277.70 billion as compared to MUR 268.72 billion in 2013. This represented 72 per cent of GDP. The total value of shares stood at MUR 18.81 billion in 2014 for an overall volume of 2.81 billion shares exchanged. Comparatively, for the year 2013, the total value of shares was MUR 14.3 billion and the volume of shares stood at 2.1 billion. This represented a growth of 31.45 per cent in terms of value traded and 33 per cent in respect of volume traded.

### **Member of Regulatory Oversight Committee**

The FSC Mauritius became a member of the Regulatory Oversight Committee (ROC) on 16 June 2014. The graduation of the FSC Mauritius as member of ROC further contributes to enhance the status of the Mauritius jurisdiction as an IFC of substance.

Following its membership to ROC, the FSC Mauritius sponsored the application of the CDS for the Pre-Local Operating Unit (LOU) Prefix for Pre-Legal Entity Identifier (LEI) Issuance. Prior to sponsoring CDS, the FSC Mauritius conducted the necessary verifications as to whether the CDS meets all required conditions in terms of infrastructure, tools and processes.

With this sponsorship, Mauritius becomes the third country in the African continent, besides South Africa and Nigeria, to introduce this codification. This will enable CDS to issue a pre-legal entity identifier to any entity domiciled in Mauritius that makes an application for registration with it. On 10 September 2014, the FSC Mauritius and CDS held a press conference to announce the membership

of the FSC Mauritius to ROC and the allocation of Pre-LOU Prefix to CDS with the sponsorship of the regulator.

In December 2014, the FSC Mauritius submitted its application to LEI ROC for CDS to become an endorsed Pre-LOU. A set of questions was submitted to the FSC Mauritius in respect of the review process so as to gain an understanding of CDS (as the Pre-LOU) operation systems and alignment with the requirements established by the ROC.

The replies were submitted to LEI ROC in January 2015 and as part of the endorsement exercise, the CDS conducted a demonstration in respect of its LEI web portal.

### **Bourse Africa Ltd**

For the year 2014, BAL as a multi-class exchange offered and traded in the Commodity Derivatives Segment, the Currency Derivatives Segment, and the Equity Segment.

For the Commodity Derivatives Segment, three contracts namely in gold, silver and Crude Oil (WTI) were offered while for the Currency Derivatives Segment, five currency pairs were traded namely EUR/USD, GBP/USD, JPY/USD, USD/MUR, ZAR/USD.

The performance of BAL was relatively positive with total turnover of USD 4,596,360,738 for a total volume amounting to 818,715 Lots for the year under review. Comparatively, the total turnover in 2013 was USD 5,666,473,122 for a volume of 689,269 Lots exchanged.

Table 2: Overview of the Performance of the BAL in the Different Segments for 2013 &amp; 2014

Particulars	Total Turnover (in USD Million)		Total Volumes (in Lots)	
	2014	2013	2014	2013
January	633,089,801	5,267,788	190,210	294
February	520,623,454	483,639,252	108,704	21,161
March	451,469,553	461,625,695	84,429	19,681
April	403,300,085	356,235,928	73,438	21,844
May	423,893,519	667,465,634	64,594	47,694
June	280,378,287	580,032,971	29,024	47,496
July	294,829,788	615,407,618	26,014	60,808
August	372,857,157	567,603,380	57,143	65,497
September	369,317,058	583,584,937	60,957	123,823
October	429,683,954	441,085,353	62,766	83,917
November	209,395,687	392,758,588	39,898	52,770
December	207,522,395	511,765,978	21,538	144,284
TOTAL FOR THE YEAR	4,596,360,738	5,666,473,122	818,715	689,269

Source: Bourse Africa Ltd

### Market Intermediaries

The Market Intermediaries consist of Investment Dealers, Investment Advisers and their representatives which are respectively licensed under Section 29 and 30 of the SA.

The core function of an Investment Dealer is to act as an intermediary in the execution of securities transactions on behalf of other persons. A domestic Investment Dealer has to be a member of any one of the Securities Exchanges (either SEM or BAL) in order to execute trade on the Trading platform.

The FSC Mauritius authorises financial institutions to carry out the functions or activities of an investment dealer under Section 29(3) of the SA. The Securities (Authorization of Foreign Investment Dealers) Rules 2010 apply to the authorisation of foreign investment dealers whose activities are restricted to trading on a securities exchange. These licences are applicable to foreign investment dealers who are already exercising these functions in a jurisdiction where there is a regulatory or supervisory framework in place consistent with international best practices. This is applicable to both exchanges in Mauritius.

The main activity of the investment adviser is to 'advise, guide or recommend other persons, or hold himself out to advise, guide or recommend other persons, whether personally or through printed materials or by other means, to enter into securities transactions' or to manage or hold himself out to manage, under a mandate, whether discretionary or not, a portfolio of securities'.

As at 31 December 2014, the number of domestic licensees in respect of Investment Dealers and Investment Advisers stood as follows:

Table 3: Domestic Investment Dealers and Advisers – as at 31 December

Activity	2014	2013
Investment Dealer	17	21
Investment Adviser	32	31
Representative of Investment Dealer	44	52
Representative of Investment Adviser	56	49

Source: Financial Services Commission, Mauritius

# Investment Funds and Intermediaries

During the year under review, the fund industry in Mauritius witnessed a number of changes, which were brought about to enhance the competitiveness of Mauritius as an IFC.

As at 31 December 2014, the statistics were as follows:

Table 4: Licences by Type

Type of Licensees	Number*		
	2014	2013	2012
Funds	893	876	836
Including:			
Collective Investment Funds	498	494	538
Closed-end Funds (CEF)	395	382	298
Collective Investment Scheme (CIS) Managers	333	307	N/A
Custodians	9	8	6
CIS Administrators	4	4	4

\* All figures refer to active entities, i.e. those applying for winding up and wound up entities are excluded.

Source: Financial Services Commission, Mauritius

# Insurance

## Long Term Insurance Business

During the year 2014, there were 7 licensed long-term insurers. Prior to the segregation of composite insurance companies, as at December 2010, there were 11 companies providing long term insurance. The value of assets stood at MUR 115 billion for 2014 (MUR 106 billion for 2013). Assets of long term insurers increased at an average yearly rate of 11 per cent for the last five years. The value of Assets includes managed pension.

The capital and reserves position, showed continuous increase each year for the past five years, which could be interpreted as insurers taking a more prudent and committed approach to policy liabilities and reducing probability of insolvency. The five year average rate of increase was at 21 per cent per annum.

Gross premiums increased to MUR 16 billion for 2014 (MUR 15 billion for 2013). Premiums have increased for the last five years with an average yearly rate of 8 per cent. While there was a marked increase of 26 per cent in year 2010, thereafter the premiums increased at a fairly constant rate.

Table 5: Trends in Long Term Insurance Business

Parameters	2014	2013	2012
Number of Insurers	7	7	7
Value of Assets (MUR billion)	115.25	84.23	92.64
Gross Premiums (MUR billion)	16.30	15.03	13.90
Number of Claims	49,258	63,193	32,321
Value of Claims (MUR billion)	13.01	11.06	10.05
Number of Policies	431,057	420,998	419,707

Source: Financial Services Commission, Mauritius

Please see Annex 2 for detailed statistics.

Claims on the other hand increased to MUR 13 billion for 2014 (MUR 11 billion for 2013). The average increase for the last five years has been at a rate of 15 per cent per annum. The year to year change in claims was however, volatile due to the fact that rate of mortality and other contingencies are uncorrelated to any given year.

The number of new policies decreased from last year to 52,571 (61,115 for 2013). Besides the huge increase in the number of new policies for year 2011 (497,228) with segregation of composite insurance companies, the average yearly rate of increase for the last five years averaged 20 per cent per annum.

## General Business

During the year 2014, there were 14 insurers licensed to conduct general insurance business. The value of assets stood at MUR 15 billion for 2014 compared to MUR 14 billion in 2013, representing an increase of 8 per cent over previous year. The five year average rate of increase of assets was 4 per cent yearly.

Capital and Reserves increased to MUR 7 billion in 2014 against MUR 6 billion in 2013. The Capital and Reserves increased at an average yearly rate of 3 per cent, over the last five years. A 28 per cent decline was noted in 2011, which could be explained by the fact that many composites had to separate into two entities and allocate their own capital.

Gross premiums for motor business stood at MUR 2.82 billion in 2014 as compared to MUR 2.76 billion in 2013, showing an increase of 2 per cent over the previous year. Gross Premiums for non-motor business on the other hand stood at MUR 4.59 billion in 2014 compared to MUR 4.22 billion in 2013, representing an increase of 7 per cent over 2013.

Motor premiums have been increasing at 6 per cent per annum over the past five years whereas Non-motor premiums have been increasing at 9 per cent yearly over the same period.

Underwriting profits stood at MUR 0.60 billion in 2014 higher than the MUR 0.50 billion in 2013, showing an increase of 19 per cent from the previous year. Operating profits on the other hand amounted to MUR 1.04 billion in 2014 against MUR 0.89 billion in 2013 representing a increase of 17 per cent over the previous year.

The underwriting profit has been fairly stable for the last four years compared to suffered losses of MUR 1 million in 2010.

The number of motor claims stood at 47,118 for 2014 higher than the 42,494 in 2013. On the other hand the number of non-motor claims amounted to 231,776 in 2014 up from 225,246 in 2013.

The majority of claims belonged to non-motor business averaging to 81 per cent for the last five years, whereas the motor business averaged 19 per cent, out of total claims.

Table 6: Trends in General Insurance Business

Parameters	2014	2013	2012
Number of Insurers	14	12	12
Value of Assets (MUR billion)	15.07	13.89	12.28
Gross Premiums (MUR billion)	7.41	7.03	6.18
Number of Claims	278,894	267,740	229,955
Value of Claims (MUR billion)	3.91	4.14	3.07
Number of Policies	514,104	475,024	469,616

Source: Financial Services Commission, Mauritius

### Insurance Intermediaries

The Commission's project of making its register of licensees available on its website is nearing completion for insurance intermediaries. The project started in 2013, where the records of Insurance Brokers and Agents were uploaded on the FSC Mauritius website. During the year 2014, the records for the Insurance Salespersons were updated and they are expected to be uploaded on the website early January 2015.

As at December 2014, there were 220 Insurance Agents, 51 Insurance Brokers and 1,907 Insurance Salespersons as follows:

Table 7: Number of Insurance Intermediaries licensees

Parameters	Domestic	Global Business	Total
Insurance Agents	218	2	220
Insurance Brokers	31	20	51
Insurance Salespersons	1,907	-	1,907

Source: Financial Services Commission, Mauritius

During the year 2014, several complaints were received from the public and insurance companies claiming that certain agents were issuing fake policy certificates. The FSC Mauritius duly conducted investigations on the premises of some agents and businesses leading to the matters being referred to the police, in some cases.

### New developments in the Insurance Sector

During the year 2014, the FSC Mauritius issued two new general insurance business licences to: Quantum II; and Swan Speciality Risk. These companies will now compete with the rest of the 12 insurers already licensed to conduct general insurance business.

One domestic insurer had decided to carry its investment overseas and invested into Africa by purchasing a holding company which subsequently holds four insurance companies in four different African countries. The domestic insurer was organised as a group structure prior to the new purchase, holding a Long Term insurer and a General insurer. Now, with the new acquisition, the group structure has changed to include cross-border structures.

### New Products

During the year 2014, the Commission noted that some companies were issuing new Term Assurance products. They went innovative by introducing a shorter time period of paying premiums when compared to the term of the contract.

Following the coming together of two long term companies, the superseding company decided to relook at the documentation of the existing linked products and accordingly revised and created

harmonised documents for all the linked products. Upon the request of the FSC Mauritius, the Company introduced a product summary for each of the linked products despite not compelled to do so by law.

There was also one Company who introduced new payment timing for its existing 'cash back endowment' product.

# Pensions

The regulation and supervision of private pension schemes in Mauritius was initiated with the coming into force of the PPSA in November 2012. Supervisory tasks included a compliance review of all private pension schemes deemed to be licensed under the PPSA. In keeping with its mandate to protect the best interests of members and beneficiaries of private pension schemes, the FSC Mauritius seeks to develop and maintain a comprehensive and robust system of assessment of licensees to determine whether they are being managed in a safe and fair manner.

The legal framework provides for a number of regulatory and supervisory actions, *inter alia* -

- Offsite analysis of data gathered through annual statutory filings;
- Meetings with members of governing bodies and other key stakeholders of the pensions industry;
- Conducting onsite examinations and making recommendations on probable regulatory actions, where required;
- Processing specific requests for approval from private pension schemes such as amendments to constitutive documents and authorisation to administer;
- Assessing compliance with statutory and regulatory requirements; and
- Using powers under the law, as and when required, to obtain information from various sources in order to protect the best interests of members and beneficiaries.

In 2014, the FSC Mauritius issued two FSC Rules under the PPSA, namely the Private Pension Schemes (Administration) Rules 2014 and the Private Pension Schemes (Returns) Rules 2014. As at date, seven FSC Rules under the PPSA have been issued by the FSC Mauritius. The regulatory

and supervisory framework for the private pensions industry is still being consolidated with the drafting of further FSC Rules under the PPSA.

Table 8: Private pension industry at a glance

Types of Pension Schemes	Number		
	2014	2013	2012
Insured Pension Schemes*	1,162	971	984***
Superannuation Funds **	35	34	31***
TOTAL	1,197	1,005	1,015

Source: Financial Services Commission, Mauritius

\* Superannuation funds are private pension schemes set up under the repealed Employees Superannuation Fund Act

\*\* "Insured pension schemes", as they are commonly known, are private pension schemes managed by Insurance Companies and are deemed to be licensed under section 58(2) of the PPSA.

\*\*\*Revised from 971 to 984 for Insured Pension Schemes and 34 to 31 for Superannuation Funds respectively

As at December 2014, the value of funds under management for the 1,197 private pension schemes stood at MUR 40.7 billion. The employee and employer contributions were MUR 265 million and MUR 760 million respectively. During the period, a total of MUR 534 million were paid as benefits.



## Non-Bank Financial Institutions (Second Schedule of the FSA)

The Second Schedule of the FSA includes entities which carry out financial business activities such as: Assets Management, Credit Finance, Custodian services (non-CIS), Distribution of financial products, Factoring, Leasing, Registrar and Transfer Agent, Treasury Management and

Payment Intermediary Services.

For the year 2014, the FSC Mauritius granted a total of three licences to domestic entities in the following categories:

Table 9: Number of Licensees (Second Schedule of the FSA) 2012-2014

S/N	Types of Pension Schemes	New in 2014	Number		
			2014	2013	2012
1.	Distribution of Financial Products	1	17	16	14
2.	Treasury Management	-	6	6	4
3.	Custodian (Non-CIS)	1	10	9	7
4.	Registrar & Transfer Agents	1	8	7	6
5.	Leasing	-	11	11	10
6.	Actuarial Services	-	2	2	4
7.	Pension Scheme Administrator	-	5	5	5

Source: Financial Services Commission, Mauritius

### Reporting Issuers (RIs)

During the year under review, the Commission granted registration to 20 entities as RIs pursuant to Section 86 of the SA. These Companies have either sought a listing on the SEM or have more than 100 shareholders. As at end 2014, there was a total number of 140 RIs which were registered with the FSC Mauritius. The Commission ensured that RIs were compliant to the applicable set of legislations as part of its supervisory framework in terms of disclosure obligations. These included prompt submission of financial statements and report, notification of interest in securities by insiders and other notifications. Companies listed

on a securities exchange are required, on a monthly basis, to file with the Commission and the securities exchange on which they are listed, a list of foreign investment transactions return.



## Global Business

The Global Business sector has witnessed a steady growth over the years despite the Euro Zone and financial crisis. Investors are showing a preference for the Mauritius jurisdiction as their suited financial hub for investment in Africa. The future is promising in the wake of the re-negotiation of the DTAA between India and Mauritius.

During the year under review 79 audited financial statements for Management Companies (MC)

& Corporate Trustees (CT) were received and reviewed.

The Total Income, as per the 79 audited financial statements received, amounted to USD 109 million and Profit before tax amounted to USD 39.4 million. The corresponding figures for the same population of 79 MCs for the year 2013 were USD 108 million for total income and USD 43 million for profits before tax.

### Market Trends

Table 10: Summary of financial results of Management Companies (inclusive of Corporate Trustees) (2010-2014)

	2010	2011	2012	2013	2014*
Number of Entities	149	153	165	172	174
Total Income (USD thousand)	151,303	176,937	176,717	194,688	205,700
Profit Before Tax (USD thousand)	53,884	53,884	56,398	57,929	50,000

Source: Financial Services Commission, Mauritius

Note \*: The figures for the year 2014 are estimated for all 174 MCs and CTs based on the audited financial statements received at the Commission and those of previous years.



# Legal and Regulatory Developments



# Legal and Regulatory Developments

## **Legislative changes in the Non-Banking Financial Services sector**

The aim of the Financial Services (Administrative Penalties) Rules 2013 is to impose administrative penalties on licensees who fail to comply with a specific legal obligation. The Rules came into operation on 01 April 2014.

## **Legislative changes specific to the Pensions Sector**

Two new Rules were issued under the PPSA namely The Private Pension Schemes (Administration) Rules 2014 and the Private Pension Schemes (Returns) Rules 2014.

The fundamental principle of the Private Pension Schemes (Administration) Rules 2014 is for the administrator of a private pension scheme to have adequate skills, experience and systems in place to perform administration functions pursuant to the requirements of the law, without conflict of interest and in a manner that instils confidence among stakeholders of the private pensions industry.

The primary objective of the Private Pension Schemes (Returns) Rules 2014 is for private pension schemes to provide the FSC Mauritius with timely, detailed and consistent disclosure of information so as to enable insightful analysis during offsite surveillance and monitoring by the Commission.

Moreover, the Financial Services (Consolidated Licensing and Fees) Rules 2008 were amended to clarify the fees structure and to review the variable annual fee payable by Pension Scheme Administrators. With this amendment, the processing fee in relation to the Pension Scheme Administrator Licence was increased from MUR 25, 000 to MUR 30, 000. Moreover, in the variable annual fee column, the term "Cos" was

replaced by the term "beneficiaries" as defined in the PPSA.

## **Legislative changes specific to the Capital Markets and Funds sectors**

The Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 was amended to provide for certain exemptions. Rule 8 was amended in order to exempt Exchange Traded Funds from publishing, in at least one local newspaper with a wide circulation, an announcement containing the information to be contained in the quarterly report.

Under Rule 16A, companies listed on a securities exchange in Mauritius are required, on a monthly basis, to file with the Commission and the securities exchange on which they are listed, a list of foreign investment transactions returns. Rule 16A was amended to exempt a reporting issuer which is dually listed on a securities exchange, in Mauritius and on a foreign securities exchange from submitting a list of foreign investment transactions returns to the Commission.

The Securities (Brokerage Fee for Government of Mauritius and Bank of Mauritius Securities) Rules 2011 were amended to provide for a new brokerage fee structure. The aim of this amendment was to encourage investors, especially retail investors, to trade in Bank of Mauritius securities and Government of Mauritius securities such as the Government of Mauritius savings bonds thus, promoting the Bond Market in Mauritius.

## **Legislative changes specific to the Global Business Sector**

### ***Amendment to the Guide to Global Business***

Section 71(6) of the FSA was amended by the Economic and Financial Measures (Miscellaneous

Provisions) Act 2013 to provide greater flexibility for corporations holding a Category 1 Global Business (GBC1s) Licence to conduct business in Mauritius, subject to such restrictions, terms and conditions as may be provided in any guidelines issued by the FSC Mauritius. Sections 4 and 5 of Chapter 4 of the Guide to Global Business were amended to provide guidance to investors and service providers with respect to the determination of conduct of business by GBC1s. The FSC Mauritius will take appropriate actions where a GBC1 fails to comply with any guidelines or Rules issued by the FSC Mauritius.



# Regulatory Approach



# Regulatory Approach

The FSC Mauritius adopts an integrated approach to regulation and supervision of the non-banking financial services and global business sectors in Mauritius. In its endeavour to ensure the sustained development of the Mauritius IFC as a competitive and sound jurisdiction, the FSC Mauritius continuously strengthens its regulatory and supervisory framework to align with changing international norms and best practices.

As an integrated regulator for the non-banking financial services and global business sectors, one of the core functions, as defined in the FSA, includes licensing, monitoring and regulating the conduct of business activities in these sectors.

The licensing stage is the first limb in the supervisory

process of the FSC Mauritius and has an important role in establishing high regulatory standards at the outset.

In the chain of operations, FSC Mauritius performs a pre-surveillance function at licensing stage and conducts a screening role so as to enable the Commission to reinforce its core duties of ensuring a sound and stable market from both prudential and conduct perspectives.

The Surveillance process at the Commission is two-fold such that licensees are assessed both through desk monitoring and onsite inspections which enable the Commission to gain an understanding of the level of risks posed by the licensees to the jurisdiction.

Figure 7: FSC Mauritius Regulatory Approach



Sources: Financial Services Commission, Mauritius







Licensing



# Licensing

The FSC Mauritius has as one of its key objectives to uphold the good reputation of the jurisdiction. It adopts a consolidated strategy to regulation and supervision of the non-banking financial services and global business sectors in Mauritius.

Licensing, being at the forefront, sets high regulatory standards at the very outset to fulfil its pre-surveillance function in line with the Commission's commitment to constantly produce high quality deliverables. Licensing acts as the nexus between the FSC Mauritius and the market players so as to strike the right balance between its business friendly approach and complying with international regulatory standards.

In line with its endeavour to align its processes to international best practices and to embrace modern regulatory approaches, the FSC Mauritius constantly ensures embedding these practices into its operations at the licensing stage. As a result, this provides for a more cohesive and transparent framework guiding further improvements in the Commission's regulatory approach.

The licensing procedure is clearly defined in laws, rules, regulations, guidance notes and circular letters issued by the FSC Mauritius. At Licensing, the FSC Mauritius has in place a transparent and well-established set of procedures leading to issue of licence or the rejection thereof. In assessing applications, the FSC Mauritius is required to conduct a number of assessments - including the fit and propriety of applicants, legitimacy of source of funds, lawfulness and moral standards of the proposed activity and any other relevant issues - in order to anticipate the impact of the proposed licensee on the industry. Where applications may cause harm to the good reputation of the jurisdiction, such applications are referred for rejection.

## Licences issued in 2014

With the number of applications for licences received in 2014, the Global Business and Non-Banking Financial Institutions (NBFI) sectors have been gaining momentum and systemic importance. The growing share of the NBFI sector in the

overall financial architecture calls for a robust risk management and prudential approach to be adopted especially as this sector's inter-connectivity with other financial intermediaries keeps increasing.

The FSC Mauritius issued 6 Management Licences for the year 2014 bringing the total to 174 as at 31 December 2014.

For the year under review, the FSC Mauritius issued 1,265 GBC1s licences out of which there were 77 authorisations under the SA to operate as Collective Investment Schemes / Closed-End Funds. In 2013, the FSC Mauritius had licensed 1,004 GBC1s out of which there were 70 authorisations under the SA to operate as Collective Investment Schemes / Closed-End Funds.

For GBC2s, 1,359 licences were issued in 2014 as compared to 1,191 in the previous year.

The figures below show the number of GBC1s and GBC2s licensed from 2012 to 2014:

Figure 8: Number of New Global Business Companies



Source: Financial Services Commission, Mauritius

In 2014, the FSC Mauritius rejected 11 applications with the purpose to protect the good reputation of the jurisdiction. The main reasons for which the applications were rejected are as follows:

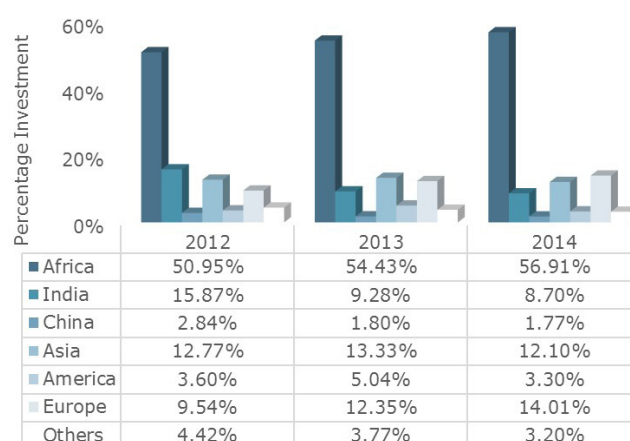
- Lack of fitness and propriety of the proposed Applicant;
- High riskiness to consumers of non-banking financial services; and
- Unlawful or immoral activities.

## Spread of Investments – in Global Business

In line with the trend in previous years, 2014 witnessed a continuous increase in the proposed investments into Africa bringing the percentage to 56.91.

Figure 9 shows the percentage of investments into Africa, India, China, Asia, America and Europe through Global Business Companies.

Figure 9: Spread of Investments - Global Business



Source: Financial Services Commission, Mauritius

## Domestic Non-Banking Financial Institutions

Non-Banking Financial Institutions play an important financial intermediation role, contributing to the overall economic development of Mauritius. During the year 2014, there were 552 licences issued to financial services providers / institutions other than banking institutions in the domestic market. The following table depicts the number of licences issued in 2014.

Table 11: Number of licensed Non-Banking Financial Institutions in 2014

Enabling Laws	Categorisation as per the FSC Rules	Number of entities licensed		
		2013	2012	2011
Financial Services Act	Financial Service Providers	3	7	2
	Specialised Financial Services/Institutions	1	2	-
	Corporate and Trust Service Providers	10	26	24
Securities Act	Capital Market Intermediaries	32	26	25
	CIS and CEFs	9	7	8
	CIS Functionaries and Professionals	2	2	5
Insurance Act	- Insurance agents	35	15	28
	- Insurance brokers	6	1	-
	- Insurance Salespersons	454	526	352

Source: Financial Services Commission, Mauritius

## Licensing - Related Initiatives

During the year under review, FSC Mauritius came forward with an array of proactive measures with a view to enhance the regulatory framework. Below are some of the highlights:

Table 12: Highlights of Changes

Subject	Purpose	Date
Communique: Amendments to the Guide to Global Business	A Communique was issued on amendments made to the Guide to Global Business. The amendments aimed at providing guidance to investors and service providers with respect to the determination of conduct of business by GBC1s.	28 February 2014
Communique: GBC2 – Management and Control	A Communique was issued to clarify matters on Mauritian residents holding management and control in a GBC2 and on the group structure of the GBC2 creating 'economic substance' in Mauritius.	25 July 2014
FAQ on Financial Intermediaries	The FAQ was issued to clarify any pertinent queries from the relevant stakeholders.	09 December 2014

Source: Financial Services Commission, Mauritius

## Ongoing

### Licensing Criteria

The FSC Mauritius has started updating 'Licensing Criteria' which will be published on its website for all licences/authorisations/approvals granted by the Commission. This exercise was kick-started with the objective of reducing turnaround time and introducing an element of predictability right in the initial stages of the licensing process. The harmonisation/updating of licensing criteria will assist applicants in submitting completed applications thus improving efficiency.

With these changes, it is expected that the turnaround time (licensing and processing time) and responsiveness of the Commission will improve over time and contribute in making the Mauritius jurisdiction a more competitive one and in line with best international practices.

### Online Applications

One of the pillars in the Commission's Strategic Plan 2014-2016 is to remain a competitive jurisdiction. In this respect, the Commission considered the setting up of an online submission platform as very important. Thus, in 2014, the FSC Mauritius started work on an 'Online Submission' project so as to improve the overall handling of applications, reduce the turnaround time and offer an enhanced customer service to all its stakeholders.





# Surveillance and Monitoring

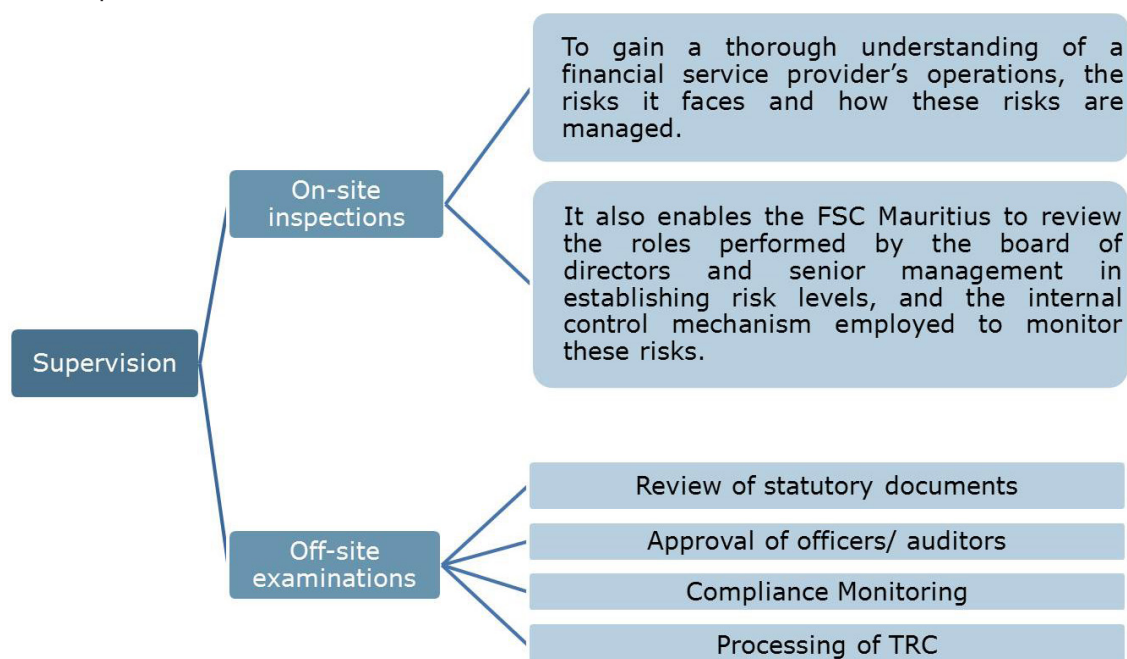




# Surveillance and Monitoring

An implicit overarching objective of the FSC Mauritius supervisory process is to ensure, amongst others, financial stability and consumer protection in the financial services industry. The supervisory process at the FSC Mauritius is two-dimensional. Licensees are assessed both through desk monitoring and onsite inspections which allows the FSC Mauritius to gain an understanding of the level of risks posed by the licensees to the Mauritius jurisdiction.

Figure 10: Supervision



Source: Financial Services Commission, Mauritius

In order to enable the achievement of its regulatory objectives, the FSC Mauritius adopted a risk-based approach towards monitoring and supervision of its licensees since 2009. The Risk Based Supervision (RBS) framework is based on the overall riskiness of a licensee which is determined by both the risk posed by the licensee to the supervisory objectives of the FSC Mauritius and the relative importance of the licensee on the sector within which it operates.

One of the key distinguishing features of RBS is that supervisory resources are allocated where they are mostly needed, based on the assessment of risks. The RBS is a long-term process calling for continuous improvements to address developments in the evolving financial services sector.

## RBS CYCLE 2014

The RBS system was designed with the objective to:

- enable the Commission to target and prioritise the use of available resources;
- decide on the intensity of future supervision and the amount and focus of supervisory action in accordance with the perceived risk profile of the licensee; and
- focus attention on those licensees whose failure could precipitate systemic crisis.

As from 2014, the FSC Mauritius revised the reporting cycle in relation to the RBS which would henceforth be every two years starting 01 September 2015. As such, RBS questionnaires and online forms would be launched on 01 September 2015 through the RBS platform and licensees would be given one month to submit their replies. The decision to conduct the RBS cycle over two years would not impact on the Commission's assessment in the detection of high risk entities.

Moreover, audited financial statements and statistical surveys submitted by licensees are being used in relation to the Financial Soundness and Impact Assessment on an annual basis. Licensees (Management Companies and Licensed Non-Bank Financial Institutions) were informed of this change through a Circular Letter (CL300514) issued to them on 30 May 2014.

### ONSITE INSPECTIONS

A central part of the Surveillance Directorate is the conduct of onsite inspections which represent "the first line of defence" to detect non-compliance with regulations. During such inspections, the Commission verifies information provided by licensees, such as financial data, roles and responsibilities performed by the board of directors and senior management, Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) procedures in place, internal control mechanism and risk management employed to mitigate these risks.

In addition, they allow the Commission to countercheck thematic or patterns of practice or circumstances that may be widespread in the industry or which might pose a heightened level of risk to the financial services sector. Following

onsite inspections, the FSC Mauritius can make any adjustment required to the risk level of each licensee in the RBS system or require licensees to take remedial actions accordingly.

Every year, the FSC Mauritius plans its programme of onsite inspections based on the following:

- the findings of previous inspections conducted;
- the conclusion of offsite reviews;
- the RBS score and the impact assessment; and
- recent market developments giving rise to new types of risks.

Onsite inspections are also conducted when issues cannot be dealt or resolved through offsite reviews.

Following onsite inspection, the FSC Mauritius monitors the conduct of the licensee thoroughly to ensure that the recommendations are implemented.

### SECURITIES:

#### Capital Markets

During the year 2014, the FSC Mauritius carried out 38 onsite inspections on licensees engaged in various financial services activities namely Investment Dealers, Investment Advisers, Distribution of Financial Products, Leasing, Treasury Management and Registrar and Transfer Agent. Apart from monitoring compliance with the laws, the focus in this inspection cycle was, to examine operational matters, the complexities and the business culture adopted by licensees. This exercise also aimed at ensuring that these licensees are conducting their business activities within the scope of the licences issued to them and they have in place appropriate robust control mechanism and risk management systems.

Table 13: Onsite Visits under the Capital Markets in 2014

Type of Licence	2014		2013		2012	
	Number of Licensees	Number of Onsite Visits	Number of Licensees	Number of Onsite Visits	Number of Licensees	Number of Onsite Visits
Exchanges	2	-	2	2	2	-
Clearing and Settlement Facilities	2	-	2	2	2	-
Investment Dealers	17	5	21	5	21	-
Investment Advisers	32	9	31	12	30	-

Sources: Financial Services Commission, Mauritius

## Joint Onsite Inspection

The BoM and the FSC Mauritius conducted two Joint onsite inspections as a pilot test in 2014 prior to the probable signature of the Protocol on FSC / BoM Joint Onsite Review.

As an initial stage, both institutions inspected companies holding a dual licence of deposit-taking and leasing. The exercise was carried out in July 2014 and aims at reinforcing cooperation between both regulators on areas such as supervision through sharing of information / data. It was also an opportunity for the officers of the FSC Mauritius and the BoM to share their experiences on common areas such as Corporate Governance and AML/CFT.

In December 2014 and January 2015 respectively, the FSC Mauritius and BoM issued separate inspection reports to the licensees on weaknesses observed along with recommendations.

## Investment Funds and Intermediaries (IFI)

For Investment Funds and Intermediaries, the entities under review were selected on the basis of conclusions from previous visits and breaches identified from offsite supervision, amongst others. The following table provides a breakdown of the onsite inspection carried out during the year under review:

Table 14: Onsite Visits under IFI in 2014

Type of Licence	2014		2013		2012	
	Number of Licensees	Number of Onsite Visits	Number of Licensees	Number of Onsite Visits	Number of Licensees	Number of Onsite Visits
CIS Managers	367	8	333	13	307	10
CIS Custodians	9	3	9	4	8	2
CIS Administrators	4	-	4	2	4	1
Funds	911	2	893	10	876	1

Source: Financial Services Commission, Mauritius

In addition to the above, following complaints from investors and breaches uncovered during offsite reviews, 5 CIS Managers and Funds holding Global Business Licences were inspected during the year.

In line with the Commission's strategic objectives, the onsite inspections assessed the licensees' operations, market conduct and reporting to investors. Some of the breaches and irregularities identified during the onsite inspections were as follows:

- improper record keeping of customer due diligence documents and transaction records;
- failure to establish and / or communicate general rules of conduct and internal controls to investors;
- non-submission of Renewed Insurance Policy by CIS Managers;
- failure to provide specific documents to potential investors;
- insufficient disclosures in offer documents;
- failure to comply with the FSC Code on Prevention of Money Laundering and Terrorist Financing;
- inappropriate infrastructure and system; and
- failure to comply with the conditions of the authorisation letter and licence.

The FSC Mauritius received a number of complaints from investors during this period, which were mostly geared towards potential mis-selling. Thus, onsite inspections were carried out with a view to gather information and the licensees were given the opportunity to make representations. The FSC Mauritius kept the complainants informed on the matter.

The FSC Mauritius continued to monitor the remedial actions taken by licensees following the findings of the onsite inspections. During the cycle, one entity was earmarked as high-risk and is subject to consistent monitoring. In addition to being a valuable supervisory tool, the onsite visits remain an efficient way to communicate with licensees.

Based on the findings of the investigation conducted at their respective registered offices, the FSC Mauritius issued public notices against two GBC1 authorised as Collective Investment Schemes namely Lancelot Global PCC and The Four Elements PCC. The FSC Mauritius also initiated enforcement actions against these two entities.

## Insurance

During the period under review, as regards the insurance sector, the FSC Mauritius completed the cycle of onsite inspection of insurance companies for 2013 and embarked on a full cycle of onsite inspection of Insurance Brokers.

In 2014, the FSC Mauritius completed inspection on eight insurance brokers. The findings were discussed with the insurance brokers and then communicated in inspection reports. The FSC Mauritius is closely monitoring the implementation

of remedial actions submitted by the insurance brokers which aims to remedy the weaknesses identified.

One particular case, where significant issues were identified, was referred to the Enforcement Unit of the FSC Mauritius for further action.

The FSC Mauritius also conducted subsequent inspection on an insurance company to follow up on material issues identified in the initial inspection. Furthermore, investigations on three insurance agents were also conducted.

Table 15: Onsite Visits under Insurance in 2014

Type of Licence	2014		2013		2012	
	Number of Licensees	Number of Onsite Visits	Number of Licensees	Number of Onsite Visits	Number of Licensees	Number of Onsite Visits
Long Term Insurance	7	-	7	6	7	2
General Insurance	13	1	12	3	12	3
Insurance Brokers	31	8	-	-	-	-

Source: Financial Services Commission, Mauritius

## Pensions

During the year under review, FSC Mauritius conducted four onsite visits with regard to private pension schemes that submitted applications for authorisation to governing bodies to administer them. In assessing the requests for authorisation, the FSC Mauritius has regards to, *inter alia* -

- the nature, objects and size of the private pension scheme;
- the administrative capacity, including staff, systems, processes and funding of the private pension scheme; and
- the best interests of members, beneficiaries and sponsoring employers.

FSC Mauritius also conducted an onsite visit with regards to a non-occupational private pension scheme that was already operating prior to the coming into force of the PPSA. The FSC Mauritius is working closely with the latter to ensure its compliance with the PPSA.

In addition to onsite visits, the FSC Mauritius also conducted an inspection on a pension scheme administrator. Findings were discussed extensively with the pension scheme administrator along with recommendations that were subsequently taken into consideration by the pension scheme administrator. The onsite inspection assisted the

pension scheme administrator in enhancing further its compliance, internal control procedures, risk management and complaints handling.

The FSC Mauritius also conducted an investigation on a high risk private pension scheme which was in breach of its obligations in respect of payment of pension benefits to beneficiaries. The FSC Mauritius carried out a thorough investigation along with an onsite visit at the premises of the private pension scheme. Subsequently, the licensee took reasonable steps to meet all obligations due and is under close monitoring by the FSC Mauritius.

Table 16: Onsite Visits in 2014 in Respect of Request of Governing Body for Authorisation to Administer Scheme

Type of Licence	No of onsite visits by FSC Mauritius	Number of onsite inspections
Private Pension Schemes	6	Nil
Pension Scheme Administrator	Nil	1

Source: Financial Services Commission, Mauritius

## Global Business Sector

Since the beginning of the year under review for the Global Business Sector, the FSC Mauritius embarked mostly on a thematic-styled inspection - which focussed on:

- client monitoring procedures;
- AML/CFT principles (including the extent of compliance with the Code on the Prevention of Money Laundering and Financing of Terrorism);
- risk management; and
- corporate governance standards.

Officers holding key positions in the MC (including but not limited to an executive director who sat on the Board of Directors of the MC and had day-to-day involvement in the business activities of the MC; the Money Laundering Reporting Officer (MLRO); and the Compliance Officer) were requested to assist the Commission's inspection team in this respect.

During the conduct of such inspections, the FSC Mauritius dealt lengthily on the above aspects. The

thematic inspections revealed that some MCs were deficient in terms of embedding fully the principles of corporate governance as contained in the Report of Corporate Governance for Mauritius. Some of these licensees did not have their AML/CFT and risk management machinery in good order. Within a given time frame, the findings / deficiencies were reported to the licensees for appropriate remedial actions. Where the deficiencies were considered major, these were referred to the Enforcement Cluster of the FSC Mauritius for relevant enforcement actions.

In 2013 the FSC Mauritius appointed an external consultant with considerable AML/CFT experience and internationally recognised in the conduct of regulatory investigations / inspections. The external consultant was designated by the Chief Executive under Section 43(5) of the FSA to assist the team of officers of the FSC Mauritius in conducting the thematic inspections. Those thematic inspections continued in 2014. For the year under review, the FSC Mauritius carried out 55 such inspections.

Table 17: Onsite Visits under Global Business in 2014

Type of Licence	2014		2013		2012	
	Number of Licensees	Number of Onsite Visits	Number of Licensees	Number of Onsite Visits	Number of Licensees	Number of Onsite Visits
Management Companies	174	55	172	46	165	159

Source: Financial Services Commission, Mauritius

## OFFSITE SUPERVISION

Monitoring of licensees enables the FSC Mauritius to ensure that they are complying with the legal and regulatory framework in place. This involves the general good standing of GBCs / MCs in relation to:

- customer due diligence requirements;
- changes in directorships;
- change in ownership;
- overview of the compliance history of shareholders / beneficial owners / directors; and
- monitoring the status of the licensees in accordance with the provisions of the laws.

Offsite supervision is fundamental to continuously monitor the conduct of business of licensees. This exercise includes ensuring that licensed entities fulfill post-licensing obligations, including obtaining regulatory approvals, filing of documents and

audited financial statements within the prescribed deadlines, adherence to laws and regulations and their licensing conditions.

## SECURITIES:

### Capital Markets

For the year under review, the FSC Mauritius, as the regulator for Capital Markets, pursued its role in line with best international practices. This includes among others:

- protecting investors;
- ensuring that markets are fair, and efficient and transparent; and
- reducing systemic risk.

While performing the surveillance functions, the FSC Mauritius ensures that the licensees are complying with the requirements of the applicable legislations and are satisfactorily meeting the



criteria or standards as required. The FSC Mauritius continued to intensify its supervisory oversight through regular onsite examinations, enforcement and intervention actions.

## Global Business

For the year under review, offsite supervision revealed that some MCs recurrently failed to adopt sound prudential measures and good market conduct practices such as:

- not seeking the approval of the FSC Mauritius for the appointment of officers and transfer / issue of shares;
- not informing the FSC Mauritius of resignation of officers;
- incomplete applications in relation to appointment of officers (e.g CDD deficiencies, incomplete PQ forms);
- non-compliance with the Code on Corporate Governance;
- insufficient monitoring by MCs of their client companies whose licences have lapsed;
- misplacement of original global business licences;
- insufficient knowledge on the part of MCs to know and understand the business of their client companies;
- inadequate knowledge as regards the duties of an MC in accordance with the relevant legislation, codes and guidelines; and
- failure to file the audited financial statements/ financial summaries of GBC1s / GBC2s within the statutory deadline.

Following reminders or instructions to remedy the situation, the MCs which were not fully compliant with the laws were earmarked for onsite inspections or for appropriate enforcement actions.

## Review of Accounts

The FSC Mauritius reinforced its in-depth approach towards the review of accounts submitted by investment funds, fund intermediaries and capital market intermediaries, given their responsibility towards the public. This initiative follows from the vision of the FSC Mauritius to promote sound business in line with international standards for the benefit of investors.

The Financial Services (Administrative Penalties) Rules 2013 issued by the FSC Mauritius became effective on 01 January 2014. The industry made representations following which the Board of the FSC Mauritius allowed for an exemption in relation to the payment of administrative penalties until

30 March 2014. The FSC Mauritius issued an FAQ to guide licensees on the application of this Rule which was published on the Commission's website.

Since the introduction of this Rule and the more comprehensive approach to review of accounts, the FSC Mauritius has noted a favourable response from the licensees in terms of timely submission and disclosure requirements.

## Regulatory Approvals

The FSC Mauritius carried out interviews with proposed officers (including directors and fund managers) prior to their appointment to ensure that they meet the fit and proper person requirements as stipulated under Section 20 of the FSA. The purpose of the interview, in addition to the existing procedures of the FSC Mauritius, is to ensure that the interviewee is knowledgeable, skilled and of sufficient calibre.

This effort was complemented by the introduction of the Competency Standards on 27 October 2014 as a means to set out the minimum technical competencies for each category of licensees. The Competency Standards became effective as from 01 January 2015.

## COMPLIANCE MONITORING

### Capital Market

The FSC Mauritius undertakes routine monitoring of both its two licensed securities exchanges namely the SEM and BAL to ensure the development of a fair, orderly and transparent market and boost up investors' confidence. The monitoring of Exchanges includes monitoring of securities online in terms of orders, volumes, prices and detecting any abnormalities or irregularities at the onset.

During the period under review, the FSC Mauritius identified situations whereby abnormal trading had been noted. In such cases, trade details were requested from the Central Depository & Settlement Co. Ltd (CDS) and preliminary enquiry was conducted. No cases of market abuse were noted for the year. In addition to the above, the FSC Mauritius kept track of new developments on the Market through publications and press reviews.

Further, the FSC Mauritius ensured that the Exchanges were compliant to their on-going obligations as per prescribed laws. The periodical reports in terms of trading of operations were analysed. No failed trades were reported on the SEM for 2014.

In respect of BAL, the FSC Mauritius kept a close watch on development in respect of disinvestment of stake held by the Financial Technologies Group Investments Pvt Ltd (FTIL) in BAL. Several meetings were held with representatives of BAL and FTIL in respect of the acquirer. In November 2014, FTIL and Continental Africa Holdings Limited entered into a Share Purchase Agreement for the sale of the entire stake in BAL (together with its wholly owned subsidiary Bourse Africa Clear Ltd).

### Submission of Statutory Requirements

The FSC Mauritius ensured that its licensees had submitted all statutory requirements as per the relevant Acts. This included filing of:

- Register of interests by Investment Dealers in respect of the disclosure in respect of dealings of Directors and staff of Investment Dealers under the Stock Exchange (Register of Interests) Rules 1994;
- Foreign Investments returns by Listed Companies (as Reporting Issuers) as per the Securities (Disclosure of Reporting Issuers) Rules 2007;
- Annual Reports for securities exchanges, clearing & settlement facility, investment dealers, investment advisers and RIs (including quarterly accounts) as per the SA; and
- Audited Financial Statements for Section 14 Companies under the FSA.

### Notifications and Approvals

In respect to Prudential Conduct of Business, the FSC Mauritius ensured that the licensees had submitted the following notifications in terms of:

- Notifications of insiders' interests and periodical disclosures (communiqués) by RIs under the Securities (Disclosure of Reporting Issuers) Rules 2007;
- For new licensees, post-licensing requirements such as: final internal manuals, contracts/agreements entered with third parties among others. Reminders were also sent to new licensees who failed to comply with the post-licensing requirements within one month of obtaining their licences.

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

- Approvals for Officers under the FSA;
- Approvals for Transfer of Shares;
- Approval for Waivers in terms of Takeovers by RIs under the Securities (Takeovers) Rules 2010;

- Approval for extension of publication of Accounts as per the SA;
- Registration of Listed Companies and other entities such as RIs under the SA and the Securities (Disclosure for Reporting Issuers) Rules 2007;
- Approval to amendments to SEM Rules; and
- Request for exemption under the SEM's ATS Schedules of Procedures.

### Investment Funds and Intermediaries

During the year under review, the FSC Mauritius continued its monitoring of the fund industry.

### Management companies as promoters

The FSC Mauritius received a few applications whereby it was noted that beneficial owners of MCs in Mauritius have applied for Collective Investment Schemes and Closed-end Funds. In line with its mandate to ensure fairness, efficiency and transparency of the financial sector and capital markets in Mauritius; and to protect consumers of non-banking financial products and services, the FSC Mauritius conveyed to the Industry in its Newsletter dated 01 May 2014 that the Commission is not considering applications where beneficial owners of MCs are also promoting other financial services entities.

### Minimum Stated Unimpaired Capital for CIS Managers

In its Newsletter dated 01 Jul 2014, the FSC Mauritius reminded the entities holding CIS Manager licences of the requirement to maintain a minimum stated unimpaired capital as prescribed under Regulation 38(1) of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008. Those Regulations provide that a CIS Manager shall maintain a minimum stated unimpaired capital of at least MUR 1 million or equivalent amount. The FSC Mauritius has established that the minimum stated unimpaired capital should be interpreted as "stated capital plus revenue reserves", i.e. stated capital plus retained earnings.

It has also been clarified that the stated capital should be fully paid while determining whether the minimum stated unimpaired capital has been met. Furthermore, to 'maintain' a minimum stated unimpaired capital of at least MUR 1 million or equivalent amount implies that the minimum requirement should be met at all times.



### Creation of cells and sub-funds

In view of preventing market abuses, the FSC Mauritius adopted a more stringent method with respect to the assessment of requests for creation of cells and sub-funds. The requests were considered on the merit of each case and were subject to a thorough review of the purpose and operations of the cell or sub-fund. In few instances, the Commission did not approve the creation of cells and sub-funds on the ground that there was no substance in the creation of same.

### Guidelines for Advertising and Marketing of Financial Products

In line with its statutory mandate to take measures

for the better protection of consumers of financial services, the FSC Mauritius issued the Guidelines for Advertising and Marketing of Financial Products. It is expected that the Guidelines will set the minimum standards and contribute to investors making informed-decisions.

### Exemptions Granted

During the year under review, the FSC Mauritius received request from funds registered as RIs, to depart from Rules 6, 7, 8, 9, 11 and 14 of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 by virtue of the provisions of Section 88 of the SA. The requests were granted in the case of four entities in 2014.

Table 18: Exemptions Granted during 2014

Total exemption granted	Rule from the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007					
	6	7	8	9	11	14
Number of domestic funds	1	1	1	1	0	0
Number of global funds	0	0	0	0	2	1
Number of request for exemption granted	1	1	1	1	2	1

Source: Financial Services Commission, Mauritius

### Insurance

During the offsite review of insurance companies and insurance intermediaries, the following were observed amongst others:

- failure to comply with statutory reporting obligations and within the prescribed time limit (in some instances incomplete submission were also noted);
- failure to ensure compliance with the National Code of Corporate Governance as required by Circular Letter CL010705;
- notification for the opening of branches not submitted on time;
- failure to seek prior approval for change in shareholdings and change in officers;
- failure to use internationally approved actuarial standards for valuing 'Unearned premium reserves' (UPR);
- inconsistencies in reported figures noted between Audited Financial Statements and Statutory returns;
- failure to comply with termination procedures;
- failure to notify termination of agents and salespersons in a timely manner; and
- failure to settle licence fees and charges.

The Commission as part of its ongoing surveillance of insurance companies, by virtue of its powers conferred upon it by the FSA, conducted a study on companies licensed to conduct insurance business on the following areas:

- securities held by insurers;
- analysis of premium received;
- analysis of premiums; and
- information of 10 top claims over the last 5 years.

Moreover, the Commission also conducted a survey on the persistency rate of Long Term Insurers.

### Pension

The offsite supervisory process of the FSC Mauritius with regard to private pension scheme supervision constitute of, *inter alia* -

- monitoring and liaising with governing bodies, pension scheme administrators, auditors, actuaries and investment managers of private pension schemes to improve and enhance their compliance culture;
- following up on deemed-to-be-licensed private

pension schemes not yet fully compliant with the PPSA;

- varying the licences of pensions business service providers due to new legal provisions introduced in the PPSA; and
- handling of complaints from members and beneficiaries of private pension schemes e.g. complaints relating to payment/ non-payment of pension benefits.

During the period under review, the FSC Mauritius focused its supervision on multi-employer schemes, especially those managed and promoted by insurance companies, by requiring them to adhere to the provisions of the PPSA.

In 2014, insurance companies that provided pensions business, have looked into the different possible approaches to restructure their operating and legal structures to ensure compliance with the PPSA. Subsequently, the insurers submitted proposals to restructure their pensions business to a 'master trust' or 'standalone trust'. Some insurance companies completed the restructuring process and are already promoting the newly established multi-employer private pension schemes which are compliant with the PPSA. FSC Mauritius is closely monitoring and guiding the insurance companies which have yet to achieve full compliance with the requirements of the PPSA.

The FSC Mauritius is also fully engaged to ensure that private pension schemes comply with the FSC Rules, including the Private Pension Schemes (Investments) Rules 2013 and the Private Pension Schemes (Technical Funding Requirement) Rules 2013.

With the Private Pension Schemes (Investments) Rules 2013 coming into force, it is now compulsory for all private pension schemes to have and abide to a prudent written investment policy. During the period under review, the FSC Mauritius found that some private pension schemes were not fully compliant with the Private Pension Schemes (Investments) Rules 2013. The FSC Mauritius is closely monitoring the submission of prudent written investment policies by private pension schemes in order to ensure that these investment policies are compliant with the Private Pension Schemes (Investments) Rules 2013 before the end of the transitional period ending June 2015. During this compliance process, the FSC Mauritius liaised extensively with private pension schemes thereby raising their level of awareness on the need to have a well-diversified and prudent investment portfolio of assets.

The Private Pension Schemes (Technical Funding Requirement) Rules 2013 brought forward several provisions to standardise the actuarial valuation of private pension schemes by providing *inter alia* how a private pension scheme should value its assets and liabilities, assess its funding level, as well as prepare contingency plans in cases where the funding level is below the level prescribed in the FSC Rules. During the period under review, the FSC Mauritius received several actuarial valuation reports in line with the requirements of the new FSC Rules. Following assessment of these actuarial valuation reports, it was noted that several Defined Benefit private pension schemes were underfunded. The actuary of these underfunded schemes have recommended either a capital injection or an increase in the contribution rate over a specified period of time in order to bring the schemes to "fully funded" status. The FSC Mauritius is closely monitoring the implementation of these recommendations set out by the scheme actuaries to ensure that these requirements as per the of the Private Pension Schemes (Technical Funding Requirement) Rules 2013 are being met.

## TAX RESIDENCE CERTIFICATE

In order to avail tax benefits under the DTAA, it is imperative for a GBC1 entity to hold a valid TRC. Such TRC is issued by the Mauritius Revenue Authority upon recommendation from the FSC Mauritius.

Over the last five years, there has been significant increase in the DTA network. During the year under review, the FSC Mauritius recommended 7,198 TRC applications out of which 897 were new and 6,301 were renewals.

Additional substance requirements in the Global Business sector, following the amendment made to Section 3 of Chapter 4 of the Guide to Global Business, would become effective as from 01 January 2015. Necessary internal procedures were set up to ensure that licensees applying for TRCs adhere to the revised criteria amongst others. Moreover, in order to smooth the TRC application process and render it more user friendly and eco-friendly, the FSC Mauritius is considering coming up with an electronic submission of TRC Application Form in due course.

## **PUBLIC REGISTER**

The updating exercise of the Public Register of FSC Mauritius in respect of insurance intermediaries, which had begun in 2013, is nearing completion. Updated records for Insurance Salespersons were expected to be uploaded on the FSC Mauritius website by early 2015, which would complete the project and make publicly available the list of all insurance service providers licensed with FSC Mauritius.



# Enforcement Actions



# Enforcement Actions

The FSC Mauritius reinforced its enforcement actions over the past two years. Regulators worldwide are called to perform a hard task as they are assigned the responsibility to foster business, implement a prompt and robust supervisory mechanism and to take the right enforcement action.

Inasmuch as enforcement actions are concerned, proportionality in the sanctions imposed is a key element to deter deviant non-compliant behaviour. The challenge is the ability to impart the right message to all stakeholders in the industry. Therefore, licensees are aware that the FSC Mauritius will take necessary enforcement actions in all fairness in case such behaviour is reiterated. Moreover, consumers of financial products should feel that their interests lie at the heart of the objects of the FSC Mauritius.

From the point of view of deterrence, this can be challenging since the enforcement actions should embody fairness and proportionality but also be an instrument that will induce other market players to comply so as to avoid sanctions.

## Regulatory actions taken in the year 2014

### ***Suspension versus Revocation***

The FSA provides for two possible enforcement actions, namely Suspension and Revocation.

Suspension operates as an interlocutory sanction which implies that a licensee cannot be suspended on an indefinite basis. Hence, suspension cannot be a permanent situation. The FSC Mauritius may suspend the business activities of a licensee where there are grounds to believe that if the licensee is allowed to continue its business normally,

- the interests of the clients of the licensee or the interest of the public in general may be at stake, or
- that the good repute of Mauritius or integrity of the financial services industry may be compromised.

On the other hand, revocation is a more drastic measure in that the FSC Mauritius holds the view that the licensee should not be allowed to further conduct business and therefore should cease to be the holder of an FSC licence.

In light of the provisions of the FSA and depending on the circumstances of a case, the FSC Mauritius may have recourse to revocation without suspending the licence.

### ***Investigations on Licensees***

Pursuant to Section 44 of the FSA, the FSC Mauritius conducted five investigations into the business conduct of the licensees of the FSC Mauritius and three investigations on the officers of the licensees of the FSC Mauritius licensees.

### ***Investigations on Unregulated Entities***

The FSC Mauritius also carried out investigations on seven unregulated entities further to intelligence gathered.

### ***Investor Alerts***

During the year, the FSC Mauritius issued several Investor Alerts to warn investors against fraudulent investment schemes and/or fictitious companies which claimed to be licensees of the FSC Mauritius.

### ***Directions Issued***

In accordance with Section 46 of the FSA, the FSC Mauritius gave twelve directions during the year 2014.

### ***Suspension/Revocation of Licences***

In order to take measures for better protection of consumers of financial services and to ensure sound conduct of business in the financial services and the global business sectors, the FSC Mauritius suspended three licences during the year 2014 in line with the procedures under the FSA.

## Disqualification of Officers

During the period under review, two officers were disqualified from holding any office / position as officer in any licensee of the FSC Mauritius for a specified period of time as they were not considered fit and proper to operate in the financial services sector in accordance with the criteria under Section 20 of the FSA. These disqualifications aim to promote behavioural change in the industry.

Table 19: Enforcement Action by Type during 2014

Type of Enforcement Action	2014	2013	2012
Inquiries	6	14	6
Investigations on Licensees	5	13	2
Investigations on Officers of Licensees	3	4	-
Investigations on Unregulated Entities	7	36	-
Investor Alerts - Unauthorised	11	9	5
Directions Issued	12	7	2
Suspension of Licences	3	9	1
Revocation of Licences	-	5	-
Disqualification of Officers	2	5	-

Source: Financial Services Commission, Mauritius

## Intelligence Gathering and Exchange of Information

Since the global financial crisis, financial services regulators around the world have adopted a more aggressive approach to the regulation of firms. Capital flows know no geographic boundaries. Global financial services businesses are increasingly facing sprawling investigations spanning multiple jurisdictions and regulators.

Regulatory investigations and enforcement actions have proliferated. Complex cases, involving cross-border conduct, cannot be effectively investigated and prosecuted without close cooperation of financial regulators in different countries. Therefore, regulators across jurisdictions are exchanging information and often coordinating in relation to investigations.

Cross-border cooperation is now being promoted as an essential part of the regulatory tool kit. This trend towards regulatory cooperation and coordination is set to continue.

In 2014, the Request for Information Committee of the FSC Mauritius entertained 232 (152 local and 80 international) formal requests for assistance from its counterparts. The FSC Mauritius made 120 formal requests for assistance to its counterparts (36 local and 84 international) in 2014.

The FSC Mauritius also worked in collaboration with several IOSCO counterparts to gather and corroborate evidences on a case.

The rise in demand for international regulatory assistance by the FSC Mauritius is driven by an increase in complex cross-border regulatory investigations which require cooperation between several regulators based in different jurisdictions.

Table 20: Information Exchanged over the Years

Year	International	Local	Total
2001 - 2005	N/A	N/A	N/A
2006	56	12	68
2007	61	38	99
2008	61	52	113
2009 - 2010	69	38	147
2011	70	39	109
2012	81	45	126
2013	103	190	293
2014	80	152	232

Source: Financial Services Commission, Mauritius



Communications





# Communications

For the year under review, the FSC Mauritius pursued its role in terms of the development and implementation of its internal and external corporate communication plans and initiatives. In this regard, the FSC Mauritius has proactively streamlined and managed critical information for its various stakeholders.

Along with the issue of releases and reports on events, the FSC Mauritius also ensured that activities and publications related to the Commission are adequately covered in the media. The FSC Mauritius was regularly contacted by the media on a number of issues, to which it responded effectively, within the limits set by the relevant laws.

## Newsletters

The FSC Mauritius continued the dissemination of the Commission's organisational, operational and industry related information to its staff and external stakeholders through its weekly internal newsletter (Your 'Newsweek') and the monthly external newsletter (FSC Newsletter).

## Website

Updating and monitoring of information on the FSC Mauritius website is done regularly. The aim is to ensure that all the Commission's stakeholders get exact and precise information on the organisation, its operations and publications for proper decision

making. Communicating correct and up-to-date information ultimately consolidates the position of Mauritius as an IFC with a sound regulatory framework, adhering to international norms and standards and effective disclosure of information. The website is an important tool in ensuring that the FSC Mauritius maintains its image as a regulator committed to communicating effectively with its licensees, media, public and stakeholders in general.

## Publications

One of the important objectives of the Communication Unit is to ensure timely release of the FSC Mauritius publications such as the Annual Report and the Annual Statistical Bulletin. In addition, the Unit provides input for other publications including corporate brochures, press notices, communiqués and updating of information on the FSC Mauritius in local and international press and business directories.

## Brochures

The FSC Mauritius believes that all stakeholders including the general public, investors and potential investors should be aware of the risks and benefits linked to financial services and product. To this effect, the FSC Mauritius continuously issues new sets of brochures to maintain financial literacy for consumers and investors.

Table 21: List of 2014 FSC Mauritius Publications

Publication Name	Objective	Date of Issue
<b>FREQUENTLY ASKED QUESTIONS (FAQ)</b>		
Conduct of Global Business	It provides information about Global Business Companies, their licensing and the types of business they can conduct.	28 February
FSC Mauritius Survey and FAQs on Credit Rating Agencies	To provide information about CRAs and what they do amongst others. It covers what CRA do with respect to bond issues and why should bonds be rated. It also covers the international standards for CRAs and the code for CRAs issued by IOSCO.	22 April

Publication Name	Objective	Date of Issue
Management and Control of GBC2	To provide more information regarding GBC2s and issues such as management and control and economic substance.	25 July
Securities Exchange	To provide information about the securities exchanges, their stakeholders, number of securities exchanges in Mauritius, its role and standards followed. It also provides the criteria for licensing of securities exchanges by the FSC Mauritius.	27 August
Guidelines for Advertising and Marketing of Financial Products	Following the issue of the Guidelines for Advertising and Marketing of Financial Products, this FAQ provides more information about the guidelines and requirements thereunder.	27 October
Funeral Plan	To inform the public about Funeral Plans. This was issued following several requests received from members of the public enquiring on whether the FSC Mauritius regulates Funeral Plans.	18 November
IFRS for SMEs	To inform about the International Financial Reporting Standards for Small and Medium-Sized Entities and the reason for IFRS to come up with this standard.	28 November
Financial Intermediaries	To inform about Financial Intermediaries and their definition under the various relevant laws.	09 December

Sources: Financial Services Commission, Mauritius



# Financial Literacy and Consumer Protection



# Financial Literacy and Consumer Protection

The Commission's Consumer Policy seeks to promote consumer awareness complemented by appropriate consumer protection measures. The FSC Mauritius strongly believes that ensuring better informed and financially literate consumers is the best way to achieve quality and value.

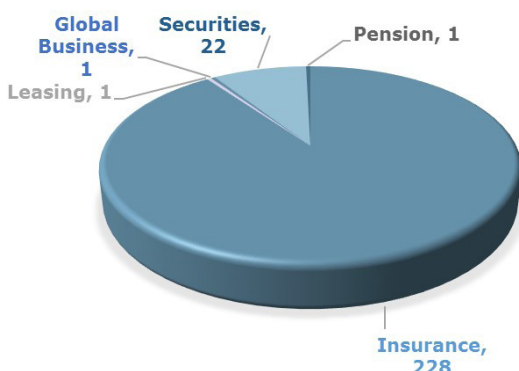
The FSC Mauritius has adopted a multi-fold approach:

- Long term promotion of public understanding (to facilitate effective consumer decision-making);
- Intervention in crises as they occur (e.g. financial scams / unregulated schemes of the 'Ponzi' type); and
- A focus on conduct regulation of service providers (Guidelines on Advertising & Marketing of Financial Products, Competency standards under Treating Customers Fairly Programme).

## Complaints Handling

The Communications Unit handles complaints on a daily basis. Complaints are received in relation to Insurance and Securities amongst others. Logging of consumer complaints in the complaints logging system is done according to the FSC Mauritius procedures in a timely, efficient and professional manner. These are then streamlined to the appropriate departments for necessary action. The figure below shows the number of complaints received during 2014 by sector / category:

Figure 11: Complaints by Type received in 2014



Sources: Financial Services Commission, Mauritius

## Complaints under Insurance

The FSC Mauritius receives complaints by different means (by phone, walk-in, via email and in writing) which are duly attended to. As per insurance legislations, complaints received in writing (or on the prescribed form of the FSC Mauritius, as published on its website), in relation to insurance are processed by the Surveillance Insurance Cluster. Out of 228 complaints, 169 fall under this category.

During the year 2014, the Commission received 169 complaints under the Insurance category. Out of the 169 complaints, 19 required no action from the FSC Mauritius as they were outside the remit of the relevant Acts, 45 were referred to the complaints coordinator of the respective insurers as per procedures laid down in the guidelines issued by the FSC Mauritius on complaints handling, 5 were referred to the provisional liquidator / liquidators of insurance companies in provisional liquidation, 16 were referred to Motor Vehicle insurance Arbitration Committee (MVIAC) for the settlement of disputes under the of the Road Traffic Act and 64 were resolved. Complaints which were misdirected were referred to relevant authorities and amounted to 6. The Commission is still processing 14 complaints for the period under review.

Table 22: Complaints under Insurance in 2014

Particulars	Number
<b>Total Incoming Complaints</b>	<b>169</b>
<b>No Action required from the FSC Mauritius (*)</b>	<b>19</b>
<b>Action taken</b>	<b>150</b>
<ul style="list-style-type: none"> <li>• Matter resolved **</li> <li>• Referrals for action by other Authorities/Institutions/Entities ***</li> </ul>	64

Particulars	Number
- to Motor Vehicle Insurance Arbitration Committee ('MVIAC')	16
- to Complaints Coordinator	45
- Liquidator	5
- Misdirected	6
• In Progress	14

\* These complaints did not require any action from the FSC Mauritius as they were outside the remit of the relevant Acts.

\*\* Matters resolved represent (i) resolution of complaints and (ii) closure of complaints cases in which the Commission cannot intervene further.

\*\*\*As per procedures laid down in the guidelines issued by the FSC Mauritius on complaints handling, these matters were referred to the complaints coordinators of the respective insurers, to liquidators of insurance companies in provisional liquidation or to the MVIAC for settlement of disputes under the Road Traffic Act.

Sources: Financial Services Commission, Mauritius

## Consumer Education

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

## Young Talent Competition (YTC) 2014

FSC Mauritius completed the third edition of the YTC during the year under review. The aim of the YTC is to create awareness and encourage interest of financial services amongst students. It also enables students to get a better understanding of

financial services for general knowledge and future employability. The theme for the year 2014 was "The Mauritius International Financial Centre."

The 2014 edition of the YTC turned out to be very popular amongst secondary school students with a total of 201 entries received for both the Quiz and Essay Competitions. The Quiz Competition tests knowledge of level 4 & 5 secondary students on Financial Services while the Essay Competition, followed by a viva voce session, aims at encouraging level six secondary students to research and present their ideas on the chosen theme. The participants went through various selection processes to reach the finals. The Award Ceremony of the FSC Mauritius Young Talent Competition was held on 17 June 2014 at FSC House in Ebene.

## Consumer Outreach Programme 2014

Following the cases of scams which hit the country's financial industry, the FSC Mauritius stressed its consumer education campaign on high yield investment so as to provide the general public maximum information on how to invest in a secure manner in order to avoid becoming victims of unregulated schemes or frauds. A Financial Literacy Snakes & Ladders Board game, with useful information on do's and don't of investment, designed by the Commission was also distributed during the various sessions held. The Consumer Outreach Programme, while helping in the Commission's sensitisation effort on benefits and risks associated with financial services and products, is also an important tool to detect cases of financial fraud through contact with the public.

The calendar of activities for the Consumer Outreach Programme for the year 2014 was as per below:

Table 22: Calendar of Activities for the year 2014

Date	Benefiting organisation	Target Audience	Type of Initiative
29 January	Municipal Council of Vacoas Phoenix	Staff Members	Consumer outreach programme to sensitise consumers of financial services.
10 February	Mauritius Alliance of Women headquarters in Quatre Bornes	Women Associations	Information session on the benefits and risks linked to investment in financial services and products.
20 March	Dr James Burty David Recreational Centre at Pointe-Aux-Sables	Senior Citizens Associations	Information session on the benefits and risks linked to investment in financial services and products.
21 May	Head Quarters of the Mauritius Alliance of Women in Quatre-Bornes	Women International Association	Consumer outreach programme to sensitise consumers of financial services.

Date	Benefiting organisation	Target Audience	Type of Initiative
30 July	Pointe Aux Piments Social Centre	Community Associations	Informative Session with regards to Financial Products and Services.
07 August	16ème Mille Forest Side Community Centre	Local community	Informative session on non-banking financial services.
23 September	Lady Sushil Ramgoolam Recreation Centre	Senior citizens	Informative session on non-banking financial services.
08 October	Mare D'Albert Social Welfare Centre	Women Association	Informative Session on opportunities and risks linked to financial products and services.
27 November	Mare Tabac Social Welfare Centre	Community Associations	Informative Session on opportunities and risks linked to financial products and services.
17 December	Rabindranath Tagore Institute – Ministry of Youth and Sports	Youth Associations	Sensitisation on financial services and FSC Mauritius initiatives in relation to youth.

Sources: Financial Services Commission, Mauritius

### Consumer Education Poster

The FSC Mauritius created cartoon posters in creole (the Mauritian local language) in order to reach out to the mass. The objective of the FSC Mauritius Consumer Education Posters is to sensitise consumers of financial services and products on the do's and don't of investment and the need to be informed and to invest only with duly licensed, credible and trustworthy entities so as to avoid being scammed.

A series of four posters is still being distributed in secondary schools, community centres and posted in public places so as to sensitise people on issues such as:

- Unregulated Schemes;
- Licensing;
- Investment; and
- Insurance.

### Consumer Education Website

For the soundness and stability of our financial system, the FSC Mauritius believes in promoting initiatives that create an enabling environment to make the on-boarding process of all consumers of financial services and products simpler. Hence, on 24 November 2014, the FSC Mauritius launched the FSC Mauritius Consumer Education Website: [www.Protectyourfinance.com](http://www.Protectyourfinance.com).

[www.Protectyourfinance.com](http://www.Protectyourfinance.com) is an important initiative under the Consumer Education and Financial Literacy Programme aimed at reaching out to a maximum number of Mauritians. Taking consumer financial education to the World Wide Web is a novel way for the FSC Mauritius to spread the message of Consumer Financial Education to all Mauritians.

### O.W.L, Mascot of the FSC Mauritius consumer education website

The FSC Mauritius decided to explore the option of creating a Mascot, an identifiable logo / character that users can relate to. Thus, the O.W.L. (One Who Learns) was created. The concept of the owl was first introduced in the consumer education cartoon posters in December 2013.

The mascot of the FSC Mauritius Consumer Education and Financial Literacy Programme is a symbol of wisdom, guiding consumers and investors in making informed financial decisions.

### Launch of the Snakes and Ladders Consumer Education Board Game

The FSC Mauritius also launched the FSC Mauritius Snakes and Ladders Consumer Education Board Game on 24 November 2014. The Board Game targets both youngsters and adults to enable them learn about the risks and benefits involved when dealing with financial services and products. This is yet another tool of the FSC Mauritius to sensitise the public on the benefits and risks associated with financial services and products.

### Investor Education: Investor Alerts

The FSC Mauritius issues communiqués to inform and protect investors against illegal, dishonourable and improper practices, market abuse and financial fraud in the financial services and global business sectors. As part of its surveillance mechanism, the FSC Mauritius ensures proper dissemination



of investor alerts and warnings from international bodies such as the IOSCO and other regulatory bodies to relevant stakeholders. These investor alerts and warnings typically refer to entities which are not authorised to provide investment services from the relevant jurisdictions. The FSC Mauritius continuously issues investor alerts on its website, [www.fscmauritius.org](http://www.fscmauritius.org) and its consumer education website [www.Protectyourfinance.com](http://www.Protectyourfinance.com).



# Strengthening Stakeholders Relations



# Strengthening Stakeholder Relations

## Stakeholders

The FSC Mauritius actively engages with all stakeholders at national, regional or international levels. At the international and regional levels, the FSC Mauritius participates in meetings and collaborates in terms of attachment programmes and organisation of events such as conferences and workshops. The FSC Mauritius engages regularly with local stakeholders such as ministries, authorities, institutions, organisations and licensees. Engagement with local stakeholders takes the form of meetings, workshops and consultations amongst others.

## International Engagement

### *Memorandum of Understanding*

MoUs relating to supervision of AIFMD entities with and Gibraltar Financial Services Commission and Autorité des marchés Financier, France were signed respectively in 2014.

The Memoranda of Understanding (MoU) came to reaffirm FSC Mauritius commitment to the highest standards of international engagement, information sharing, and contribute in making Mauritius an attractive jurisdiction internationally for basing funds.

The AIFMD primarily introduces a number of requirements with the objectives to:

- a) create a comprehensive and effective regulatory and supervisory framework for AIFMs;
- b) enhance the transparency of the activities of these AIFMs and their funds (broadly categorised as non-harmonised funds / Alternative Investment Funds in the form of hedge funds, private equity funds and real estate funds amongst others) towards investors and public authorities; and
- c) improve the macro-prudential oversight of the sector in the EU.

The FSC Mauritius has already signed 25 MoUs concerning consultation, cooperation and exchange of information related to the supervision of AIFMD entities with EU Securities Regulators. MoUs were signed as follows:

- On 22 July 2013 with 23 European Union/ Europe Economic Area regulators;
- On 22 July 2014, MoU signed with Gibraltar Financial Services Commission; and
- On 15 October 2014, MoU signed with Autorité des Marchés Financiers France.

### ***FSC Mauritius signed bilateral MoU with the Comissão do Mercado de Capitais, Angola***

The FSC Mauritius entered into a bilateral MoU concerning consultation, cooperation and exchange of information with the Comissão do Mercado de Capitais, Angola, on 29 September 2014 during the 39th International Organization of Securities Commissions Annual Conference held in Rio de Janeiro. This bilateral MoU establishes a common framework of cooperation between the two regulatory authorities to promote mutual assistance and to facilitate exchange of information to enable them to effectively perform their respective duties.

*Refer to the List of MoUs in Appendix 5*

## **Attachment Programmes / Study Visits**

To reinforce the commitment of the FSC Mauritius in ensuring effective cross border cooperation, information sharing and capacity building, the Commission regularly conducts attachment programmes, within the spirit of the Multilateral Memorandum of Understanding (MMoUs) and MoUs signed.

In 2014, the FSC Mauritius welcomed the following delegations for an attachment programme/ study visit:

### ***Delegation from Comissão do Mercado de Capitais, Angola***

A delegation from Capital Markets Commission, Angola, was on a study tour to the FSC Mauritius from 24 to 25 March 2014. Discussions encompassed the overview of financial services sector and Commission's objectives, Capital Markets in Mauritius, an overview of the fund industry in Mauritius, licensing and supervisory approaches, and enforcement policies. Visits to some stakeholders were also on the programme of visit of the delegates.

### ***Delegation from Rwanda Revenue Authority***

Two State Attorneys from the Rwanda Revenue Authority, accompanied by a representative from the Mauritius Revenue Authority, attended a meeting at the FSC House on 20 August 2014. The objective of the meeting was to provide the delegates with an overview of the Mauritius Global Business and the Non-Banking Financial Services Sector. The Chairman and four staff of the FSC Mauritius attended the meeting. A presentation covering the regulations of the Mauritius financial services sector, key developments in Taxation, and a sector-wise overview were made to the delegates. Fruitful deliberations resulted from this visit which was in line with the FSC Mauritius continuous commitment in ensuring effective cooperation and information sharing.

### ***FSC Mauritius reinforced dialogue with African Investment Promotion Agencies***

29 representatives of several African Investment Promotion Agencies (IPAs) attended a presentation on 27 June 2014 at the FSC Mauritius. This meeting came to reinforce the initiatives of the FSC Mauritius to foster dialogue and enhance cooperation with other counterparts. The meeting was also an opportunity for participants to be aware of opportunities which investors could benefit from when conducting business in Mauritius. Officers of the Commission made a presentation on the financial services sector, and gave an overview of the functions and activities overseen by the FSC Mauritius. Participants were also provided with information on investment flows with African countries.

### ***Delegation from Tanzania Insurance Regulatory Authority***

Two delegates from the Tanzania Insurance Regulatory Authority visited the FSC Mauritius from 27 to 31 October 2014. Discussions encompassed

the financial services sector in Mauritius, the Commission's objectives, as well as, an overview of internal audit and quality management system at the Commission. This study visit was in line with the objectives of FSC Mauritius to foster cooperation with regional counterparts.

### ***Hosting of International Conferences & Meetings***

#### ***2014 IOSCO GEM Committee Meeting and Conference***

The FSC Mauritius hosted the 2014 IOSCO Growth and Emerging Markets Committee (GEMC) Meeting and Conference from 23 to 25 April 2014. This international event provided a high-level platform for members to discuss the promotion of an investment culture in emerging economies. The main theme for the GEMC Conference was "Long Term Financing". 86 participants from 36 jurisdictions of Latin America, North America, Europe and Africa, including Mauritius and 46 staff of the FSC Mauritius attended the conference. This was an opportunity for them to take note of the latest developments with regards to Long Term Financing and to foster interactions with other participants.

The GEMC is the largest Committee within the IOSCO, representing 75 per cent of the IOSCO's ordinary membership. The Committee which comprises 88 members seeks to promote the development and greater efficiency of emerging securities and futures markets by establishing principles and minimum standards, provide greater focus towards balancing growth and implementation of regulation, providing training programmes and technical assistance for members and facilitating the exchange of information and transfer of technology and expertise. The GEMC has the potential to contribute to global discussions and to be a highly visible, effective and inclusive grouping for emerging markets. It is also represented at the Financial Stability Board Plenary and on the IFRS Foundation Monitoring Board.

#### ***Training Programme on 'Crisis Preparedness for Regulators'***

The FSC Mauritius organised an in-house training programme, from 30 June to 04 July, on 'Crisis Preparedness for Regulators' in collaboration with the Toronto Centre. The training was organised in relation to the Financial Stability Board's call to national regulators to take measures for preventing future financial crisis akin to the global financial crisis.

The training emphasised the importance of preparedness of regulatory authorities to respond to such crisis. The programme included crisis simulation exercises to better prepare supervisors for these high impact events, sessions on macro-prudential regulation, systemic risk assessment frameworks, resolutions and contingency planning.

### ***Regional Training Programme for Pensions Supervisors: Developing Practical Approaches to Risk Based Supervision***

The FSC Mauritius in collaboration with the Toronto Centre hosted a Regional Training Programme for Pensions Supervisors: Developing Practical Approaches to Risk Based Supervision in Mauritius from 10 to 14 November 2014.

The programme was designed as a course on a risk focused approach to pension supervision. Within the framework of a risk based supervisory approach, case studies and vignettes were used to identify the chronology of problem evolution and identification of risks and fraud. The programme was highly interactive and practical, using case studies, a simulation, group discussions and breakout sessions to foster debate and effectively transfer knowledge from presenters to participants.

### **Engaging with Local Stakeholders**

#### ***Building Mauritius as a Competitive International Financial Centre***

In line with its vision, statutory objectives and the Strategic Plan 2011 - 2013, the FSC Mauritius organised a Workshop on "Building Mauritius as a Competitive IFC" in collaboration with the Global Finance Mauritius in October 2012. Following the workshop, Dr. Mistry, the facilitator, submitted a report "Building Mauritius as a Competitive International Financial Centre: A Roadmap for the Mauritian Financial Services Industry" to the FSC Mauritius which was later published as a book under his own banner.

The FSC Mauritius invited Dr. Mistry to make a presentation of the report on 15 January 2014. On the same occasion, the FSC Mauritius invited stakeholders to be part of Working Groups (WGs) being set up to work on Dr. Mistry's recommendations. The objectives of the WGs were to suggest actions which should be taken by stakeholders to develop Mauritius as a competitive IFC.

The meetings of WGs were held fortnightly and weekly whenever required. The WGs were expected to take into consideration the recommendations made by Dr. Mistry in his report. They had to look at whether the recommendations were feasible and consider how to implement the agreed recommendation within the timeframe (short, medium or long term).

A joint meeting of all four WGs was held on 15 July 2014 at the FSC House. The objective of the joint meeting were:

- to take note of the progress / recommendations made by the WGs;
- to consider issues of common interest; and
- to discuss and share viewpoints under the different themes.

The Chairpersons of each WG presented highlights of discussions and recommendations which they considered important. The state of affairs in the sectors and constraints were also discussed. The speakers also pointed out, where they deemed fit, the reasons for being more realistic, since Dr. Mistry's report was considered too ambitious in relation to certain areas/sectors.

Following, the joint meeting, the FSC Mauritius compiled the Actions Plans prepared with the assistance of the four WGs which was then submitted to the Ministry of Finance and Economic Development for further consideration. The Compiled Action Plan has taken on board views and comments of all stakeholders involved in the process. Thereafter, the relevant authorities would have to work out the way forward in terms of coordinating the implementation of the proposals in the Action Plan.

#### ***Presentation on Building Mauritius as a Competitive International Financial Centre (IFC) - A Roadmap for the Mauritian Financial Services Industry***

The FSC Mauritius hosted a presentation by Dr. Percy Mistry on his report on "Building Mauritius as a Competitive International Financial Centre (IFC) - A Roadmap for the Mauritian Financial Services Industry" at the FSC House on 15 January 2014. Dr. Mistry is the Chairman and CEO of Oxford International Group and the Principal Advisor to key multinational and sovereign clients (India and Mauritius).

The presentation of the roadmap to build Mauritius as a competitive IFC underlined potential challenges and proposed the following recommendations:

- Private Banking & Wealth Management (PBWM);
- Asset Management;
- Insurance & Re-Insurance
- Transfer Pricing & Tax Management - Constraints/Opportunities;
- Capital Market Deepening & Development (for use by Outsiders) i.e. Debt, Derivatives, Currencies, Commodities, Africa, ETFs; and
- Complex Financial Engineering: Domestic, Regional, Africa such as Mergers & Acquisitions (M&A); Privatizations / Divestitures of SOEs; and Public Private Partnerships (PPPs) for Infrastructure.

According to Dr. Mistry, "one of the stronger aspects of Mauritius in terms of its International Financial Centre is its regulation which is actually quite good. It is quite flexible, it has got the right balance between being too heavy handed and too light handed. At the same time, it divides reasonably specific and reasonably firm guidance to what firms can and cannot do. The two regulators of the financial services sector, namely the FSC and the BoM, are very well respected and recognized."

### **Industry Update on Statistics**

Last year on 03 December 2014, the Commission conducted for the first time an industry update on Statistics. It was attended by numerous stakeholders (namely BoM, Statistics Mauritius, and licensees). It was an opportunity to update the licensees on various initiatives undertaken by the Commission including sharing with them of compiled data on various sectors under the purview of the FSC Mauritius on a consolidated basis.

### **Launch of FSC Mauritius Annual Statistical Bulletin 2014**

The Commission released its seventh Annual Statistical Bulletin on the 03 December 2014. Pursuant 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 Bulletin provides up-to-date figures on the sectors regulated by the FSC Mauritius and presents a synopsis of current trends in the financial services sector (other than banking) in 2013 and 2012.

### **Consultations**

Consultation is a vital part of the Commission's Stakeholder Engagement policy and an essential means of two-way communication between the regulator and stakeholders which include at the international level, international standard setting bodies, fellow regulatory counterparts and at the local level comprises ministries, authorities, institutions, organisations, licensees, investors, consumers of financial products and the public in general. The purpose of consultation is to gather views and comments so that issues are decided, as far as possible, on consideration of all the relevant information and arguments. It informs the decision-making process, raising points to be taken into account that might otherwise have been overlooked.

Consultation at the Commission is done in different forms based on circumstances in order to ensure effectiveness and in line with the Commission's functions and objects in the FSA. While consulting stakeholders, the Commission, at times, posts certain documents such as Consultation Papers, Drafts Papers etc. on its Website.

During 2014, the following consultations were conducted using the Website:

Table 24: Consultation posted on the FSC Mauritius website

Date	Consultation
18 December	<ul style="list-style-type: none"> <li>• Draft Insurance (Linked Long Term Insurance Business) Rules</li> <li>• Proposed Insurance (Linked Long Term Insurance Business) Rules 2014</li> </ul>
05 December	Stakeholders on the "Code of Business Conduct"
25 September	IFRS for SMEs

Date	Consultation
24 March	Consultative papers on Competency Standards for Securities and Capital Markets Intermediaries
01 March	FSB Consultation Paper: Feasibility study on approaches to aggregate OTC derivatives data
16 January	Draft Insurance (Insurance Agents) Rules 2014
16 January	Draft Insurance (Insurance Salespersons) Rules 2014

## Surveys

During the year under review, the FSC Mauritius Statistics Unit conducted surveys, participated in various committees at national level as well interacted with IMF Mission on Statistics including the Article IV Mission.

## Online Data Capture System

The FSC Mauritius always strives to adhere to the best statistical standards and practice. However, an increase in transparency often translates into an increase in compliance costs. In this respect, the FSC Mauritius embarked into the implementation of an Online Data Capture System to ease collection, compilation and analysis of financial data from the industry. This system would enable the licensees of the Commission to submit their respective data using this platform in a secured and user-friendly environment. The system is expected to be operational by the end of the 2015.

## IMF Monetary and Financial Statistics

The Government of Mauritius has expressed interest to adhere to SDDS Plus, which is the third tier of the IMF's data standards initiatives. The SDDS+ was approved by the IMF's Executive Board in February 2012. Mauritius is now aiming at achieving SDDS+ by 2019. In light of the preparation of Mauritius to adhere to the SDDS+, one of the requirements is to collect Monetary and Financial Statistics from Other

Financial Corporations which are under the purview of the FSC Mauritius.

A mission from the IMF's Statistics Department visited Mauritius from 19 March to 01 April 2014 and made recommendations to expand the coverage of monetary statistics which cover the stock positions and flows of the assets and liabilities of the resident Financial Corporation sector with respect to all other resident institutional sectors and non-residents.

Financial Statistics (or flow-of-funds statistics) extend the range of monetary statistics to include stock positions and flows of the assets and liabilities between all sectors of the economy and between the sectors of the economy and non-residents.

The FSC Mauritius and BoM have set up a joint working group to look at which data are readily available and started work on a Mapping exercise which aims to look at which data are reported by the licensees in their Audited Financial Statements and map them with the Monetary and Financial Statistics requirements. As at 31 December 2014, the following sectors have already been covered as part of the FSC-BoM exercise: General Insurance business, Long Term Insurance business, Pension Scheme Administrator, Pension Funds, CIS Managers, CIS Funds, Corporate Trustee, Management Companies, Credit Finance Companies, Factoring Companies, Insurance Broker, Investment Adviser, Investment Dealer, Leasing Companies, Registrar & Transfer Agent and Treasury Management.



**FSC Mauritius Surveys**

Table 25: Surveys conducted by the FSC Mauritius

Survey Name	Details
Quarterly Balance of Payment (BoP)	The Commission started to collect quarterly BoP estimates on GBC1s transactions as from the third quarter of 2014 in view to assist the BoM to enhance the quality of the quarterly dissemination of the BoP.
Bi-Annual CPIS Coordinated Portfolio Investment Survey (CPIS)	The IMF had made enhancements to the Coordinated Portfolio Investment Survey in terms of scope, frequency and timeliness. The main purpose of these enhancements was to minimise gaps as highlighted by the recent financial crisis. The FSC Mauritius henceforth would conduct the CPIS on a semi-annual basis (instead of annual) with snapshot dates end-June and end-December.
Submission of GBC2s in EXCEL Template	In view of facilitating the submission of Financial Summaries, GBC2s are now required to use a standardised EXCEL template (based on the Ninth Schedule of the Companies Act 2001) available on the website of the Commission (GBC2s Financial Summaries Template). A circular letter (CL310714) to that effect dated 01 August 2014 was issued to Directors of MCs. The submission of the completed EXCEL sheet were to be sent to <a href="mailto:filing@fscmauritius.org">filing@fscmauritius.org</a> followed by the submission of a true and exact (hard signed) copy within seven business days to the Commission. This applies to all GBC2s whose financial year ends as from 31 March 2014.



Corporate Services



# Administration and Enterprise Risk

The year 2014 has been a year of continuous improvement for the Administration and Enterprise Risk (AER) Cluster of the FSC Mauritius. Various initiatives were undertaken to help the Commission achieve its objectives as per the Strategic Plan 2014-2016. Existing processes were reviewed and reengineered where required, to ensure quality in the processes and systems. Obsolete and outdated assets were replaced with better performing assets with a view to improve efficiency across the organisation.

## Quality Management System

With the implementation of a Quality Management System at the Commission, emphasis has been laid on the setting up of an effective quality management programme which is critical for operational success. The Quality Unit conducted internal compliance audits on selected processes and simultaneously verified that the systems meet the requirements of the FSC Mauritius and, where required, some processes were streamlined. The quality audits conducted provided management with an independent assessment of conformance and the effectiveness of the Commission's processes against predefined standards. The findings of the quality audits were used as a means to strengthen the quality system by removing barriers that may impede the continuous improvement of processes. Consequently, recommendations and action plans were set up to render the internal processes more effective and efficient.

The Quality Management Programme at the FSC Mauritius is part of an overall continuous improvement process rather than an end in itself.

## IP over phone Telephony System

The FSC Mauritius changed its telephony system from PABX to IP over phone in 2014. The previous telephone system had become outdated and was no longer supported by the service provider. Furthermore, all the existing lines were exhausted and additional lines could not be inserted for new staff joining the FSC Mauritius.

Consequently, management took the decision to change the current system to IP over phone. The CISCO Business Edition 6000 model, which is designed for up to 1,000 extensions was chosen. The solution offered premium voice, video, mobility, messaging, conferencing, instant messaging and presence, and contact centre features on a single, integrated platform. The objective was to provide better assistance to licensees, consumers of financial services and other stakeholders calling the FSC Mauritius.

## Facilities Management

In 2014, the priority for the AER Cluster was to address the immediate risks to the building and premises of the FSC Mauritius in case of disasters. The building was purchased in 2008, and after 5 years of occupation, the FSC Mauritius embarked on an audit of its building infrastructure to ensure that its premises and equipment provide staff with a clean and appropriate working environment and are maintained in good condition and upgraded as and when required. The emphasis is on preventive maintenance and on the enhancement of safety and security at the Commission. An electrical audit of the building was subcontracted to an expert consultancy firm to independently assess whether the building meets safety norms. Recommendations for improvements are still being implemented and a second review will be carried out after the remedial works are completed.

## Business Continuity Management

The Commission has reached the final phase of the implementation of a Business Continuity Management (BCM) system into its Corporate Governance framework. During the year 2014, all the overarching BCM policies and plans, based on the Business Impact Analysis and Risk Assessment exercises, were finalised including the setting up of the BCM Team, Incident Management Team, Disaster Recovery Team and Crisis Management Team.

The BCM System is in line with best practice guidelines produced by the International Standards

Organisation (ISO 22301:2012: Business Continuity Management Systems - Requirements), and is consistent with Corporate Governance best practices. It will ensure the commitment of the FSC Mauritius to operation resilience and will provide the capability for an effective response which safeguards the interests of its employees, key stakeholders, reputation and brand and value creating activities.

The FSC Mauritius is still building on the recovery capabilities of the Disaster Recovery site as well drafting additional plans that will encompass all the business functions of the commission. By 2015, the FSC Mauritius will have a fully functional BCM.

### Health and Safety

The FSC Mauritius gives critical importance to the safety, health and welfare of its staff. Whilst promoting the wellbeing of its staff, the Commission makes every effort to ensure that the work environment contributes to the health, safety and welfare of the staff member. The FSC Mauritius believes that proper work environment leads to increased motivation and increased quality of services provided to its stakeholders

The focus for 2014 has been on:

- the safety of the work environment;
- the safety of systems of work;
- that occupational health problems are prevented or addressed;
- the safety of equipment and other technologies; and
- the appropriate training of staff.

A system of risk assessment, through the BCM, is in place to identify and manage key risks relating to staff and the business. With respect to risk assessment of the FSC House, BCM and Facilities Management are working closely on major rectification and improvements of the Mechanical, Electrical and Plumbing (MEP) systems.

### Asset Management

All assets owned by the FSC Mauritius are effectively maintained on the Fixed Asset Register (FAR). Any obsolete or damaged assets are replaced to prevent health hazards to staff, to free up additional space for the Commission's growing manpower and also to eliminate unnecessary costs of maintaining the ageing assets.

### Procurement

The procurement process at the FSC Mauritius is governed by the Public Procurement Act 2006, as well as the related regulations and directives issued by the Procurement Policy Office (the 'PPO').

All procurement activities are centralised at the Procurement Unit which is committed to ensure that the FSC Mauritius gains value for money through its procurement activity and subsequent contract management. In line with the quality objective of the FSC Mauritius, current procedures have been reviewed making them leaner and ensuring transparency and integrity of officers involved in the process.

Proper disclosure procedures are followed in line with the requirement of the Public Procurement Act 2006 such as:

- submission of the annual procurement plan;
- submission of annual return;
- notification of award of contract; and
- appropriate and timely response mechanism to queries and clarifications.

### Registry and Archives

In 2012, the FSC Mauritius invested in a fire retardant filing system so as to ensure its documents are well protected against fire hazard. As per the continuous improvement philosophy and in line with the BCM framework, since 2013, all documents received at the FSC Mauritius are digitally recorded, managed and stored. Concurrently, selected files and documents received prior to 2013 are also being converted into digital format. The documents which are being converted to digital format, are properly indexed and have search capabilities so that files and parts of files can be easily located and retrieved.

This ensures that the Commission complies with the Corporate Governance requirements as well as with its statutory requirement under the FSA for maintaining records.

FSC Mauritius has an Archiving Unit, whereby documents which are no longer actively used are transferred to a separate storage area, in the same building, for long-term retention. These records are maintained for future reference, as well as for regulatory compliance.

# Information Technology

Information and Communication Technology (ICT) has been earmarked as the underlying tool to support the effort of the FSC Mauritius towards its objective of becoming a high performance organisation of international repute in the field of Financial Supervision. In this respect, major investments were made during the year for the implementation of latest Information Technology infrastructure and software applications.

## Renew and Upscale of IT Infrastructure

The IT and Security infrastructure which had been supporting the organisation's processes since 2006, was 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 with regards to the above is the provision of optimised IT resources and performance in terms of networking / computing facilities, enhanced availability of services and up to the standards security environment.

The main projects which were identified, budgeted and activated as part of the IT infrastructure review at the FSC Mauritius, following the evaluation exercise were:

1. the review of network and security systems;
2. remote data centre and connectivity selection for IT Disaster Recovery environment setup;
3. the review of data centre environment at the FSC House; and
4. the renewal and scale up of IT infrastructure and IT Disaster Recovery Setup at remote data centre.

## Online Submissions Platform

The FSC Mauritius embarked on the Online Submissions Platform (OSP) project to convert much of its current paper-based application processes into online submissions, and introduce online payments.

The objectives of the project are *inter-alia*:

- a. to implement an online system for submission of applications;
- b. to allow applicants to pay online for applicable fees;
- c. to provide an interactive platform among relevant Government agencies to enhance the ease of doing business in Mauritius; and
- d. to position Mauritius as a regional ICT hub.

The OSP will become operational in 2015. The strategy, as regards to the deployment of OSP, is to operate in a phased manner. Ultimately, the OSP will be extended to the public at large including Domestic Companies and Global Business Companies.

## Enterprise Resource Planning

Implementation of further requirements in the Enterprise Resource Planning (ERP) system were undertaken with the view to address the emerging needs of the FSC Mauritius in line with constant improvement of its processes. This included provision of additional reports and enhancement of controls. An upgrade of the version of the software suite was conducted as well as the migration of the current system to a new hardware platform, thus keeping in pace with up-to-date technology in terms of infrastructure and software application.

## Electronic Document Management System

With the aim to deliver immediate value, to streamline business processes and to increase organisational efficiency and effectiveness, the FSC Mauritius invested in the implementation of an Electronic Document Management System (EDMS) to be used as a mandatory tool. A phase-wise implementation approach was adopted due to the high number, diversity and complexity of the business processes across the Clusters and Units in the organisation. The system is expected to eliminate laborious, paper-based processes and to streamline business processes.

This will also allow centralised management of documents with controlled access and integration to existing systems at the FSC Mauritius. Staff will be able to complete daily tasks more quickly and to locate critical information almost instantaneously. Much emphasis has been placed on the people factor so as to ensure a smooth transition to successful implementation of the system and of EDMS becoming ingrained in the culture at the FSC Mauritius.

### **Employee Self Service**

Following the implementation of a Human Resource Information System (HRIS), an Employee Self Service (ESS) platform is being developed as Phase 2 of the project. The ESS will empower the employees to easily carry out daily HR-related transactions such as update of qualifications, leave applications and updating of passage benefits on the system with just a few clicks. With the ESS, employees enter and update their own personal information. Hence higher data accuracy and process quality will be achieved.

The ESS will speed up the transactions and ease communication between HR staff and employees through automated workflow for approval requests and management of online information. Besides improving employee satisfaction, this will reduce staff demand for HR administrative tasks thus allowing HR staff to focus more on strategic tasks.

# Human Resources

The FSC Mauritius is committed to creating and fostering a conducive work environment while ensuring that all staff are treated with fairness and equity and are given the opportunity to grow, develop, and add value to the Commission.

The FSC Mauritius always aims to find the right individuals who can transform the organisation and build comprehensive talent recruitment plans that can unify business goals and talent aspirations. The work culture is embedded with its internal core values namely Ethical Behaviour, Teamwork, Professionalism and Compliance with Rules which are depicted in the daily operations.

As at 31 December 2014, the Commission had a staff strength of 206, with a gender distribution of 58 per cent female and 42 per cent male. The movement of staff for the periods 2013 and 2014 are depicted in the table below:

Table 26: Breakdown of Staff Movement (2013 – 2014)

Job Family	New Recruits		Leavers		Number of Officers	
	2014	2013	2014	2013	2014	2013
Executive	0	1	3	0	18	21
Technical	6	8	3	5	145	140
Administration & Support	2	3	0	0	43	43
<b>Total</b>	<b>8</b>	<b>12</b>	<b>6</b>	<b>5</b>	<b>206</b>	<b>204</b>

Source: Financial Services Commission, Mauritius

The rate of staff turnover for the year 2014 was 2.9 per cent.

## Performance Based Culture

The FSC Mauritius aims to sustain a performance-based culture and continuously strengthens this culture to achieve desired results. The Commission is aware that the performance of individuals and teams is at the crux of its success.

With the enhanced performance framework, each staff is fully aware of the impact of his / her performance on the organisation. Continuous monitoring, feedback and coaching are integral part of the PMS framework.

## Attracting and Retaining Talent

The Commission is conscious that its capacity to regulate depends essentially on its people. As such, it ensures that the right mix of talent having the right knowledge, skills, competencies and attitudes are recruited in a timely basis through a rigorous recruitment and selection process.

In its continuous quest to attract and retain high calibre talent, the Commission has reinforced its workforce during the year under review.

The 360° feedback evaluation which focusses on behavioural competencies, is carried out in respect of each staff and at all levels. It assists the Commission in fostering an open culture for continuous performance improvement.

This multi-dimensional approach also allows the staff to:

- understand how their managers, peers and subordinates view their behaviours;
- know their strengths; and
- gain valuable insights into opportunities for improvement.



## Capacity Building

One of the Commission's main priorities as a high performance, learning and knowledge-based organisation is the on-going development and nurturing of talent. It has always recognised that continuous learning provides a competitive edge to succeed in today's rapidly changing competitive environment. As such investing in the growth and development of people with the aim to allow them better respond to challenges, business needs and ever changing expectations of stakeholders remains a priority for the Commission.

As customary, training needs are identified during a Competency Needs Assessment exercise. The Commission has enhanced its Learning and

Development Strategy for identifying inter-related performance factors, prioritising learning needs and focusing annual learning plans on corporate objectives. In order to ensure that all staff are equipped with the right knowledge underpinning effective performance, trainings are classified into three competency levels: Basic, Intermediate or Advanced. This has created a blended approach to training delivery; using a variety of training formats to allow particular skills to be taught and in a style consistent with employees' personal learning preferences.

The Commission embraces a multi-fold approach for the conduct of its training programmes. These are classified into a myriad of strategies in the table below:

Table 27: Continuous Learning at the FSC Mauritius

Strategies		Types of Interventions
Training	In House	By: <ul style="list-style-type: none"><li>- Internal Resource persons</li><li>- External Resource persons</li></ul>
	Local	By External Resource persons
	Overseas	Workshops / Conferences / Training Programmes / Exchange Programmes / Attachments
	Others	<ul style="list-style-type: none"><li>- E Learning / Distance Learning</li><li>- Webinars</li><li>- Audio Calls</li><li>- Speakers’ Series</li></ul>
On the Job	Self Help / Peer Sharing Experience Job Challenges – Job Rotation/ Enrichment Projects / Cross Functional Teams Communities of Practice (CoPs)	
Coaching & Mentoring		

Source: Financial Services Commission, Mauritius

For the year ended 31 December 2014, the average training contact hours per staff was 59 hours.

Table 28: Summary of Training Sessions (2014 & 2013)

Types of Training	Number of Training Sessions		Contact Hours	
	2014	2013	2014	2013
In-House	85	86	8,160	12,138
• Leadership/ Management	13	3	2,046	1,225
• Peer to Peer	13	38	673	1,357
• Personal Development	13	5	1,592	188
• Technical	29	16	3,324	7,366
• Webinar	13	15	228	398
• Other	4	9	296	1,604
Local	44	77	1,790	2,545
Overseas	30	43	2,136	2,536
Total	159	206	12,086	17,219

Source: Financial Services Commission, Mauritius

### Collaboration with the Toronto Centre

The Commission collaborated with the Toronto Centre-Global Leadership in Financial Supervision, in the organisation of training programmes for the sector. The first training programme conducted in July 2014 at the FSC House was on Crisis Preparedness for Banking and Securities Regulators. This intensive training programme regrouped six top-notch international speakers to discuss issues linked to crisis preparedness.

A second training programme on Developing Practical Approaches to Risk Based Supervision was conducted in November 2014 which benefited staff as well as regional delegates. The main focus of the training was on the framework of a risk-based supervisory approach to pension supervision.

### Diploma Programme and Effective Communication Skills Programme

With a view to enhance the development of staff in the Administrative job family, the Commission embarked on a new venture by providing them with a customised Diploma Course in Management and Financial Services. The course has been tailor-made to train staff on a vast array of subjects such as administration, economics and financial knowledge which are required in dealing with situations within the financial environment.

Effective communication is an important tool for any organisation. As such, the Commission designed and conducted a training programme on Effective Communication Skills for members of its staff.

### Leadership

The FSC Mauritius believes that Leadership is crucial in driving high-performance within the organisation. Leadership is combined with strategy and it is on-going, consistent and grounded in on-the-job learning. Moreover, it is supported by formal learning and leadership initiatives at the Commission.

In line with the Commission's policy to develop its talent pipeline and with a view to develop a robust pipeline future leaders, the Leadership Development Programme for the second cohort of emerging leaders was successfully completed. The Leadership training conducted allowed young leaders at the FSC Mauritius to sharpen their business acumen and build assertiveness, and assist the Commission in its quest to prepare these high potentials (HiPos) for higher roles and responsibilities upon their readiness.

### Coaching and Mentoring

Considering effective coaching and mentoring as key for people development, the FSC Mauritius sustained its coaching and mentoring culture. All

new recruits, including trainees who joined the Commission, were assigned a mentor to help them in their growth and journey at the Commission.

### **Young Graduate Development Programme**

A new batch of 14 young graduates recently joined the Commission under the Young Graduate Development Programme (YGDP) 2014-15. This one-year non-renewable training programme is designed to give the graduates valuable work-based experience, which will help them prepare for future employment in the financial services sector. All new trainees went through a well-structured onboarding process, which included a two-day Induction Training Programme prior to joining their respective teams and Clusters.

### **Special Young Graduate Scheme for Actuarial Science**

In the same vein as the Young Graduate Development Programme, the Commission designed and launched a Special Young Graduate Scheme (SYGS) for the year 2014-15. The aim of the SYGS is to ensure the availability of qualified and trained manpower in the field of Actuarial Science to meet the forthcoming needs of the Commission as well as the sector.

### **Human Resource Information System**

The Commission acknowledges that in today's business, where speed and accuracy are keys to efficiency and competitiveness, an online fully integrated HR and Payroll system is *sine qua non* in assisting the FSC Mauritius to better respond to the HR challenges. Following the successful implementation of payroll and some HR functions, the HRIS is being further developed to cater for modules such as Performance Management System, Learning & Development, Employee Self Service amongst others.

### **Knowledge Management**

Knowledge management ranks high on the Commission's agenda. The FSC Mauritius continuously reinforces its strategies and tools with a view to sustain its effort to transform the Commission into a Knowledge Based Organisation.

A new collaborative tool - WeConnect - was launched during the year under review in order to enable more effective collaboration and sharing of knowledge within the Commission. This platform is regularly updated and leveraged on to enhance communication and facilitate effective and timely

dissemination of knowledge. Features such as online discussion forums and blogs amongst others are features which are used on a regular basis.

Recognising that knowledge is a critical asset which needs to be managed strategically, the Commission continued to provide its people with the Communities of Practice (CoP) platform for sharing knowledge, experience and best practices. In addition to existing CoPs such as CoP-Taxation, CoP-Fraudulent Financial Schemes / Activities, CoP-Coaching amongst others, an additional thematic CoP was set up: CoP-FSC Mauritius Leadership. This new CoP aims, *inter alia*, to create the synergy required for achieving the vision of the FSC Mauritius and that of being a High Performance Organisation.

Cross-functional teams / projects also provide opportunity to capture and spread ideas and know-how. Several cross-functional teams were set up allowing staff to share their experiences as well as sharpen their knowledge and skills which is important for their self-development.

### **Engaging Employees**

The Commission endeavours to always have a committed and strong team behind its success. In order to make this happen, the FSC Mauritius believes in actively engaging its people. Fostering a truly engaged workforce results in happier and productive employees thus, creating a better experience for all stakeholders. To this effect, having taken cognizance of organisational factors that drive employee engagement based on the findings of the employee engagement survey carried out in 2013, a number of actions were initiated to improve and sustain engagement during the year under review.

### **National 'dis'Ability Excellence Award 2014**

The FSC Mauritius participated in the National 'dis'Ability Excellence Award 2014 organised by the Training and Employment of Disabled Persons Board (TEDPD) in collaboration with the Ministry of Social Security, National Solidarity & Reform Institutions.

Entries were submitted for both categories:

1. Category A: Best Employer Award
2. Category B: Best Disabled Employee Award

The FSC Mauritius nominated three staff namely, Shirley Mandary, Arunen Murthay and Satyam Hurrynag.

At the Award Ceremony, held on 03 December 2014:

- the FSC Mauritius won the Best Employer Award – Silver
- Arunen Murthay won the Best Disabled Employee Award – Silver

### **Encouraging Bonding and Closer Collaboration**

#### ***Among FSC Mauritius Leadership Team***

A one-day retreat was organised in March 2014 for the FSC Mauritius Leadership Team (LT) with a view to ensure that the LT is fully aware of its role and the strategic impact it is expected to make at the organisational, national and international levels. The retreat provided the participants the opportunity to (i) conduct their self-assessment as a Leader; (ii) collectively assess the FSC Mauritius LT (iii) reflect on what the FSC Mauritius Leadership should stand for and how to bridge the gaps and (iv) sharpen their leadership saws while enhancing the team spirit and bonding among the FSC Mauritius Leadership Team.

In addition, to further reinforce the desired behaviours required from the LT in terms of required knowledge, skills and competencies in order to be an effective leader, a half day in-house retreat was organised in June 2014. The aim was to strengthen the leadership culture - "the glue that holds all together".

In the same line, an interactive session with the LT was conducted in June 2014. The team was provided with useful insights on Holistic Living and Leadership. The focus was also on keeping the connectivity going in order to be a better leader.

### **With our People**

#### ***Annual Staff Workshop 2014***

The FSC Mauritius Annual Staff Workshop is amongst one of the key events organised at the beginning of the year. This yearly event aims at ensuring a shared vision and understanding on a specific theme. Following last year's workshop on "Reinforcing the FSC as a Great Place to Work", the theme chosen for the year 2014 was "Consolidating the FSC as a High Performance Organisation (HPO)".

The objective of this year's workshop was to provide all staff a moment to pause and collectively reflect on what is meant by an HPO and voice out their opinions on the contribution of each to enhance the image and reputation of the FSC Mauritius as an HPO. Cross-functional teams were constituted for the working sessions and staff participated actively during this half day workshop.

#### ***Meet your Leadership Team – MyLT***

During the year under review, a new initiative "Meet your Leadership Team" - MyLT - was launched. MyLT serves as a platform where staff are given the opportunity to meet and interact with the LT in an informal set-up. This initiative aims at enhancing communication between staff and the LT through 'free talk' whilst promoting a sharing culture. It also provides an opportunity to all staff to meet, interact with and better know the LT as well as enhance the bonding amongst staff.

#### ***Employee Welfare, Wellness and Work-Life Balance***

The FSC Mauritius continued its dedication to create and maintain a supportive and healthy work environment with a view to enable staff to have a quality work-life balance, thereby strengthening employee loyalty and productivity.

In this context, a wide variety of initiatives were put in place to help employees with respect to employee welfare, wellness and work-life balance, such as a gym, zumba sessions, walking trips and football matches organised by the FSC Mauritius Football Club amongst others.

Moreover, several health talks were organised to make the staff more conscious about their health and well-being.

### ***Celebrating FSC Mauritius 13th Anniversary***

An event was held on 01 December 2014 to commemorate the 13th Anniversary of the Commission. The Commission also seized this opportunity to thank and recognise the effort of employees for their long service and dedication to the Commission.

#### ***Launching of 'WeCare Initiative'***

As part of its employee assistance programme, the Commission launched the 'WeCare Initiative' in 2014 with a view to ignite the sharing and caring spirit amongst its staff. Support was provided to two staff for their overseas medical treatment. As a caring employer, management and staff demonstrated their support by way of donations.

#### ***Celebration of Independence Day***

To mark the 46th Anniversary of the Independence of Mauritius and the 22nd Anniversary of the Republic of Mauritius, the Commission, as customary, celebrated this event by organising several competitions for staff and their children. In order to emphasise on the national theme 'Enn Pei, Enn Nasion, Enn Destin' and demonstrate its solidarity and sense of sharing towards the needy children, the FSC Mauritius organised a charity donation for the children of Ecole Ste Famille, Bois Marchand.

### ***With our Families***

#### ***FSC Annual Family Day 2014***

The FSC Mauritius Annual Family Day was held in August 2014, as part of the Commission's objectives to ensure the wellbeing of staff so as to create and nurture a spirit of sharing and team building within and beyond the workplace. Staff and their families participated actively in this event.

# Corporate Social Responsibility

## **With our Local Community**

The FSC Mauritius believes that Corporate Social Responsibility is another aspect of the positive workplace environment and as such engages in socially responsible initiatives. To demonstrate its commitment towards the community, the internal CSR Committee was engaged in numerous activities during the year under review. CSR Champions were designated in each Cluster in order to facilitate the implementation of these initiatives.

and Consulates, members of the FSC Mauritius Board, expatriates from the African Continent working in different Financial Institutions in Ebene, client companies investing into Africa under the administration of a Management Company, African students studying at the University of Mauritius and FSC staff were invited.

## ***FSC Annual Blood Donation***

The Blood Donation Day which is now an annual feature at the Commission, took place in June 2014. FSC Mauritius Staff, licensees and other corporate bodies, both public and private, within the vicinity of Ebene participated actively in this life saving endeavour.

## ***Financial Literacy for Secondary Students***

A presentation on financial services was conducted for students of the St Esprit College in September 2014 at the FSC House. The objective of this initiative was to give students an overview of the financial services industry.

## ***Charity Donation at École Ste Famille, Bois Marchand***

In May 2014, the FSC Mauritius was at Ecole Ste Famille, Bois Marchand, for a charity donation organised for the needy children. Staff of the Commission generously donated school materials and other related items to assist these children in their development.

## ***Celebration of FSC Africa Day***

In the context of the International Africa Day, celebrated around the world on the 25 May, the Commission organised an "FSC Africa Day" on 23 May 2014. This event reiterated the Commission's commitment towards reinforcing the partnership of Mauritius with other African Countries. On this occasion, Representatives of African Embassies





# 2014 Highlights





# Statistics - Year Highlights

## Statistical Highlights

Table 29: Statistical Highlights

	2012		2013		2014 <sup>1</sup>	
	Contribution to GDP (%)	Growth Rate (%)	Contribution to GDP (%)	Growth Rate (%)	Contribution to GDP (%)	Growth Rate (%)
<b>Financial and Insurance Activities</b>	<b>10.3</b>	<b>5.7</b>	<b>10.2</b>	<b>5.4</b>	<b>10.3</b>	<b>5.4</b>
Monetary Intermediation	6.2	6.3	5.9	5.5	6.0	5.5
Financial Leasing and Other Credit Granting	0.6	6.0	0.6	6.5	0.7	6.5
Insurance, Reinsurance and Pension	3.0	4.6	3.1	4.9	3.0	5.0
Other	0.5	5.0	0.6	5.4	0.6	5.5

Source: <sup>1</sup> Statistics Mauritius - National Accounts – March 2015 Issue (Revised data)

<sup>1</sup> Revised <sup>2</sup> Forecast

Table 30: Selected Economic Indicators

S.N.	Selected Economic Indicators	Unit	2011	2012 <sup>1</sup>	2013 <sup>1</sup>	2014
1	GDP at basic prices	MUR Million	285,280	302,617	322,938	342,287
2	GDP (Growth Rate) at basic prices	%	+3.6	+3.4	+3.2	+3.5
3	GDP (Growth Rate) (Exclusive of Sugar)	%	+3.6	+3.5	+3.3	+3.5
4	GDP at market prices	MUR Million	323,011	343,835	366,208	386,336
5	Gross National Income (GNI)					
	at basic prices	MUR Million	323,849	344,956	366,637	380,281
	at market prices	MUR Million	316,670	356,230	371,919	380,436
6	Gross National Income Per Capita					
	at basic prices	MUR	258,225	274,321	291,019	301,521
	at market prices	MUR	252,500	283,287	295,212	301,644
7	GDP Per Capita at market prices	MUR	257,556	273,430	290,678	306,322
8	Inflation Rate	%	6.5	3.9	3.5	3.2
9	Unemployment Rate	%	7.8	8.0	8.0	7.8

S.N.	Selected Economic Indicators	Unit	2011	2012 <sup>1</sup>	2013 <sup>1</sup>	2014
10	Gross National Saving (GNS)					
	Exclude Global Business Companies	MUR Million	46,774	49,584	46,686	41,452
	Include Global Business Companies	MUR Million	39,275	60,105	51,685	41,408
11	Gross National Saving (GNS) as a % of GDP at market prices	%	13.0	12.6	11.8	11.5
12a	Foreign Direct Investment in Mauritius	MUR Million	12,894	20,373	9,512	14,151
12b	Foreign Direct Investment in Mauritius by Financial and Insurance Activities	MUR Million	1,972	5,512	716	1,815
13	Financial and Insurance Activities	MUR Million	28,965	31,262	32,799	35,301
	<i>Monetary intermediation</i>	MUR Million	17,130	18,615	19,201	20,687
	<i>Financial leasing and other credit granting</i>	MUR Million	1,741	1,892	2,062	2,244
	<i>Insurance, reinsurance and pension</i>	MUR Million	8,549	9,094	9,740	10,442
	<i>Other</i>	MUR Million	1,545	1,662	1,796	1,928
14	Financial and Insurance Activities (Growth Rates)	%	+5.6	+5.7	+5.4	+5.4
	<i>Monetary Intermediation</i>	%	+6.3	+6.3	+5.5	+5.5
	<i>Financial leasing and other credit granting</i>	%	+6.0	+6.0	+6.5	+6.5
	<i>Insurance, reinsurance and pension</i>	%	+4.5	+4.6	+4.9	+5.0
	<i>Other</i>	%	+3.7	+5.0	+5.4	+5.5
15	Financial and Insurance Activities (Contribution to GDP)	%	10.2	10.3	10.2	10.3
	<i>Monetary Intermediation</i>	%	6.0	6.2	5.9	6.0
	<i>Financial leasing and other credit granting</i>	%	0.6	0.6	0.6	0.7
	<i>Insurance, reinsurance and pension</i>	%	3.0	3.0	3.1	3.1
	<i>Other</i>	%	0.6	0.5	0.6	0.6
16	Survey of Employment and Earnings*			303,870	304,937	305,694
	<i>Financial and Insurance Activities</i>		11,727	11,699	12,086	12,365
	<i>Of which:</i>					
	<i>Monetary Intermediation</i>		7,180	7,240	7,600	7,809
	<i>Financial leasing and other credit granting</i>		955	956	868	850
	<i>Insurance, reinsurance and pension funding</i>		2,548	2,447	2,516	2,611

Source: Statistics Mauritius

# Financial Highlights

During the year under review, surplus and other comprehensive income for the year amounted to MUR 611 million representing a growth of 7 per cent (MUR 570 million) over last year.

Surplus of income over operating expenses grew by 2 per cent and amounted to MUR 606 million (2013: MUR 595 million).

In line with the requirements of the FSA, the Commission paid an amount of MUR 321 million and provided an additional amount of MUR 277 million as contribution to the Consolidated Fund.

## Income Review

Fee income for the year amounted to MUR 885 million, representing a growth of MUR 49 million over the last year driven by increase in number of Global Business Companies (GBCs), volume of activities, introduction of administrative penalty fees and an increase in average exchange rate of the USD 1 to MUR 30.11 in 2013 to USD 1 to MUR 30.50 in 2014.

The average number of GBCs which renewed their licences were 9,505 GBC1s and 9,750 GBC2s in 2014 as compared to 9,193 GBC1s and 9,262 GBC2s in 2013.

The increase in volume of activities in the Insurance and Capital Market Sectors ranged from 9 to 27 per cent.

Interest income reached MUR 49 million with an average yield of 3.33 per cent per annum during the year albeit lower level of funds available for investments (due to higher contribution to the Consolidated Fund). The currency-wise mix of investment currencies was in line with the risk management policies of the Commission.

## Expenses Review

Operating expenses amounted to MUR 329 million comprising mainly of salaries and allowances. Operating expenses grew by 11 per cent (MUR 32

million) compared to last year mainly on account of increase in legal and professional fees, salaries and allowances and maintenance costs. The Commission incurred consultancy fees relating to Captive Insurance Regulatory Framework, and professional fees for inspection and compliance exercises. The Commission embarked on a Voluntary Retirement Scheme (VRS) for its employees in 2013. Higher salaries and allowances are partly attributable to payment to employees who availed of VRS Scheme in 2014. Higher maintenance costs was mainly due to maintenance and reinforcement of FSC House and waterproofing of external facade of the FSC Mauritius Building.

In line with the requirements of the IAS 19 for Employee Benefits, an amount of MUR 47 million was accrued as remeasurement of defined benefit obligation.

## Capital Expenditure

The main capital expenditure during the year was the purchase of computer server and upgrade of database to support forthcoming IT initiatives such as Online Submission Platform and Document Management System.

## General Reserve Fund and Contribution to Consolidated Fund

For the year under review, the Commission paid an amount of MUR 321 million and provided an additional amount of MUR 277 million as contribution to the Consolidated Fund.

Total contribution to the Consolidated Fund amounted to MUR 4,753 million from 2001 to 2014 as follows:

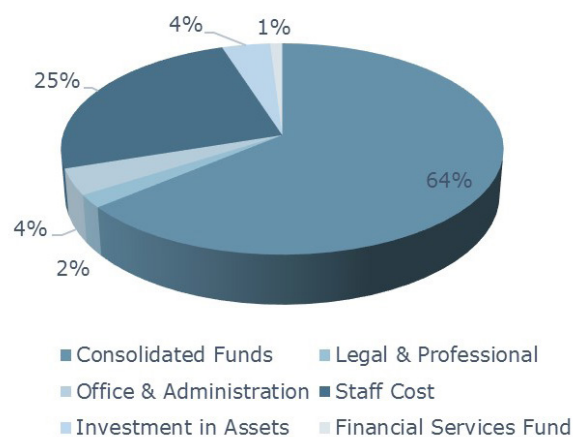
Table 31: Contribution to Consolidated Fund

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
<b>TOTAL</b>	<b>4,753</b>

\* Contribution to the Consolidated Fund for 2010 is on an 18 months basis

The following pie chart provides an indication of the apportionment of the value addition during 2014.

Figure 12: Value Added Pie Chart for 2014



Source: Financial Services Commission, Mauritius



# Statutory Reporting



# Report of the Audit and Risk Committee

To the Board of  
the Financial Services Commission

## Preamble

As per the requirements of the Code of Corporate Governance for Mauritius, the Financial Services Commission has set up an Audit and Risk Committee whose responsibilities are described in the Terms of Reference as approved by the Board and the Audit and Risk Committee has been discharging its responsibilities according to the said Terms and Conditions.

## Composition of the Audit and Risk Committee

The FSC's Audit and Risk Committee comprised of three Non-Executive Board Directors namely Mr Raj Makoond (Chairperson), Mr Radhakrishna Chellapermal and Mr Sanjay Gopaul for the reporting year. The Secretary to the Board, Mr Ramanaidoo Sokappadu, also acts as Secretary to the Committee.

## Meetings

During the year 2014, the Audit and Risk Committee held two meetings. The Audit and Risk Committee met with the external auditors and the Internal Auditor attended the meetings of the committee as and when required.

## Responsibilities of the Audit and Risk Committee

The main responsibilities of the Audit and Risk Committee are:

- Monitoring and reviewing the integrity of the FSC's financial statements and accounting policies;
- Making recommendations for approval of FSC 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 upon and implemented.



## Key Issues discussed in 2014 meetings

During 2014, the Committee considered the following:

- Discussed with the external auditors on issues raised by the latter on the audited accounts year ended 31 December 2013 and how to resolve the issues in the best interest of the Commission.
- Deliberated on the reports submitted by the internal auditor as per the annual approved internal audit plan which included processes and procedures; internal controls, projects and corporate activities reviews.
- Reviewed and revised the estimated useful life of Property, plant and equipment.



.....  
**R. Makoond**  
*Chairperson*



.....  
**R. Chellapermal**  
*Member*

# Corporate Governance Report of the Financial Services Commission

To the Board of  
the Financial Services Commission

## Preamble

The Code of Corporate Governance for Mauritius (the "Code") requires that Boards should appoint a Corporate Governance Committee and include in its terms of reference the key areas normally covered by a Nomination Committee and a Remuneration Committee so as to ensure that the reporting requirements on Corporate Governance are in accordance with the principles of the Code.

## Composition of the Corporate Governance Committee (the "Committee")

For the financial year 2014 (from 1st January to 31st December 2014), the Corporate Governance Committee of the Commission consisted of three members namely Ms Mary Anne Philips (Vice Chairperson of the Commission for the year 2014), Mr. Raj Makoond and Mr. Y.W. Appado. The Secretary to the Board, Mr. Ramanaidoo Sokappadu acted as Secretary to the Committee.

## Role of the Corporate Governance Committee

The object of the Committee is to ensure that the Commission complies, as far as is applicable, with the Code. The Committee also ensures that the required disclosures regarding conflicts of interests are made. During the period under review, the Committee met on one occasion on 4th December 2014. Otherwise members of the Committee fulfilled their duties and communicated with each other and with the Compliance Officer (Mr. Ajmal Burthun) by e-mail.

The Commission has set up a mechanism to review compliance with the Code on a periodical basis and the Compliance Officer is required to report on the extent of compliance of the Commission to the Committee.

The Commission has generally met the disclosure requirements of the National Code of Corporate Governance.

## Management

The Commission is governed by a Board consisting of non-executive members (appointed in accordance with the provisions of section 4 of the Financial Services Act 2007) while the day to day management of the Commission is under the responsibility of the Chief Executive.

## Attendance and remuneration of Board members

A Board meeting is held at least once per month and is attended by the Chief Executive.

Apart from the Corporate Governance Committee, the Board has appointed an Audit and Risk Committee and a Staff Committee.

Attendance to meetings of the Board and its Committees for the year 2014 was as set out below:-

Members	Board Meeting	Corporate Governance Committee	Audit and Risk Committee	Staff Committee
<b>Number of Meetings</b>				
Rajesh Ramlooll (*)	7/8			3/3
Marc Hein	4/5			2/2
Mary Ann Phillips	11/12	1/1		5/5
R. Chellapermal	11/12		2/2	
Raj Makoond	11/12	1/1	2/2	
Sanjay Gopaul	2/4		2/2	0/1
Oliver Lew	4/4			
Y. W. Appado	9/12	0/1		
Clement L. Stephen (*)	7/8			3/3

\*Mr Rajesh Ramlooll and Mr Clement Luc Stephen were appointed as Board members in May 2014. Mr Rajesh Ramlooll was appointed Chairperson of FSC with effect from 01 June 2014.

The profile of the Board members and of the Chief Executive for the financial year 2014 is at pages 4-5 and 16 of the Annual Report.

Board fees, salaries and allowances paid are shown in Notes 18 of the Financial Statements.

## Disclosures for the financial year 2014

- Mr Ramlooll's spouse was a minor shareholder at MCB, which is a listed company.
- Ms Philips' sister was employed at management level at Harel Mallac Ltd. The latter is a listed company whose related companies are licensed by the Commission.
- Mr Stephen was a director at CIM Forex, which is part of CIM Group. The latter is a listed company and its related companies are licensed by the Commission.
- Mr Makoond was a Board Member of Les Moulins de la Concorde Ltd. The latter is a listed company and its related companies are licensed by the Commission.
- Mr Marc Hein indirectly holds 1% of shares in a GBC1 promoted by Omnicane Ltd, a reporting issuer.
- Mr O.Lew Kew Lin was a director of companies which are related to Harel Mallac Ltd. The latter is a listed company and holds entities which are licensed by the Commission.

## Protection from Liability

Under section 88 of the Financial Services Act, any member of the Board or of a 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.



**M.A.Philips**



**Mr . Y. Appado**

# Board's Report 2014

The Board of the Financial Services Commission presents its report and the audited financial statements of the FSC for the period ended 31 December 2014.

## 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 licences, 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, that 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 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.

Approved by the Board of the FSC on 29 May 2015.

# Independent Auditors' Report

To,

The Chairman of the Board of  
the Financial Services Commission, Mauritius

1. We have audited the accompanying Statement of Financial Position of the Financial Services Commission (the Commission) as at 31 December 2014, and also the Statement of Financial Performance, Statement of Changes in Funds and the Statement of Cash Flows for the year ended 31 December 2014, and notes to the financial statements which include a summary of significant accounting policies and other explanatory notes.
2. These financial statements have been prepared in accordance with the relevant International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

### 3. Responsibilities of the Board of the Commission

The Board of the Commission is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, The Financial Services Act 2007, The Statutory Bodies (Accounts & Audit) Act 1972 and The Financial Reporting Act 2004. This responsibility *inter alia* includes complying with the relevant statutes, safeguarding the assets, designing, implementing and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### 4. Responsibilities of the Auditors

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

### 5. Basis of Opinion

- a) We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We planned and performed our audit so as to obtain the relevant information, explanations, and management representations and undertake examinations on test basis, which we considered necessary in order to provide us with sufficient and appropriate evidence to give reasonable assurance that the financial statements are free from material misstatement.
- b) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including assessment of the risk of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commission as well as evaluating the overall presentation of the financial statements.

- c) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## 6. Opinion

In our opinion, the financial statements on pages 137 to 169 present fairly in all material respects the financial position of the Commission as at 31 December 2014, the financial performance and cash flows of the Commission for the year ended 31 December 2014 in accordance with IFRS.

## 7. Report on the Other Legal and Regulatory Requirements

### 7.1 Reporting for compliance with the Financial Services Act, 2007

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit and in our opinion proper accounting records have been maintained;

In our opinion, the provisions of the Financial Services Act, 2007 in so far as they relate to the accounts have been complied with.

#### *Emphasis of Matter*

*We draw attention to note 1.2(b) of the financial statements which mentions that section 69 of the Financial Services Act, 2007 requires the setup of a Management Committee for administration of the Financial Services Fund. This Management Committee had not been established yet. Our opinion is not qualified in respect of this matter.*

### 7.2 Reporting for compliance with the Statutory Bodies (Accounts and Audit) Act, 1972

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;

In our opinion, in all material respects, *read with note 3.2* to the financial statements in regard to extravagant or wasteful nature of expenditure incurred and application of resources and carrying out the operations fairly and economically, the activities, financial transactions and information reflected in the financial statements are in compliance with the Statutory Bodies (Accounts and Audit) Act, 1972 and no directions have been received from the Minister during the year under audit so far as they relate to the accounts.

### 7.3 Reporting for compliance with the National Code of Corporate Governance under the Financial Reporting Act, 2004

The directors are responsible for preparing the Corporate Governance Report and making disclosures required by Section 8.4 of the Code of Corporate Governance for Mauritius. Our responsibility is to report on these disclosures.

In our opinion, the disclosures in the Corporate Governance Report are generally consistent with the requirements of the Code of Corporate Governance for Mauritius.

#### **7.4 Reporting for compliance with the Public Procurement Act, 2006**

The Commission is responsible for 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 Bidding Process have been complied with.

In our opinion, based on test checks as considered appropriate, provisions of Part V of the Public Procurement Act, 2006, in regard to the bidding process, have been complied with.

For Chokshi & Chokshi  
Chartered Accountants  
Kemps Corner,  
Mumbai, India  
FRN 101872W / W100045  
Licensed By FRC



Mitil Chokshi  
Partner  
M.No.47745  
Date: 29th May 2015



# Financial Statements





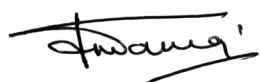
# Statement of Financial Position

## As at 31 December 2014

	NOTE	2014 Rs	2013 Rs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	<b>6(a)</b>	191,503,091	192,023,734
Intangible assets	<b>6(b)</b>	7,682,445	9,456,461
Assets held to maturity	<b>7</b>	311,785,944	314,070,644
Other financial assets	<b>8</b>	29,667,508	17,861,850
		<b>540,638,988</b>	<b>533,412,689</b>
<b>Current Assets</b>			
Receivables	<b>9</b>	42,460,691	31,429,475
Other financial assets	<b>8</b>	10,575,796	5,915,961
Cash and bank balances	<b>11</b>	252,804,767	231,844,913
Bank deposits		503,197,004	1,157,909,614
		<b>809,038,258</b>	<b>1,427,099,963</b>
<b>TOTAL ASSETS</b>		<b>1,349,677,246</b>	<b>1,960,512,652</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	<b>12</b>	474,728,392	447,222,032
Provisions	<b>13</b>	32,593,261	29,327,497
Contribution to the Consolidated Fund	<b>1.2</b>	277,451,159	979,126,617
		<b>784,772,812</b>	<b>1,455,676,146</b>
<b>Non-Current liabilities</b>			
Retirement Benefits Obligation	<b>14</b>	100,665,095	52,821,527
		<b>885,437,907</b>	<b>1,508,497,673</b>
<b>TOTAL LIABILITIES</b>		<b>885,437,907</b>	<b>1,508,497,673</b>
<b>NET ASSETS</b>		<b>464,239,339</b>	<b>452,014,979</b>
<b>REPRESENTED BY:</b>			
General Fund		-	-
General Reserve Fund		400,000,000	400,000,000
Financial Services Fund		64,239,339	52,014,979
		<b>464,239,339</b>	<b>452,014,979</b>

Approved by the Board of the Commission on 29 May 2015.

Signed on their behalf



**D. Manraj, GOSK**  
Chairperson



**R. Ramloll**  
Board Member



**P.K. Kuriachen**  
Acting Chief Executive

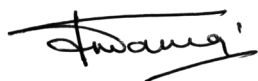
The accounting policies on pages 142 to 155 and the notes on pages 142 and 156 to 169 form an integral part of these financial statements.

# Statement of Financial Performance

## For the year ended 31 December 2014

	NOTE	2014 Rs	2013 (Restated) Rs
<b>INCOME</b>			
Fees	15	885,236,406	835,799,253
Interest	16	48,906,172	55,722,555
Other income	17	232,064	15,925
		<b>934,374,642</b>	<b>891,537,733</b>
<b>OPERATING EXPENSES</b>			
Salaries and allowances	18	209,966,279	197,518,016
Training and seminars	19	22,732,519	22,096,478
Legal and professional fees	20	17,654,843	5,911,951
Office and administrative expenses	21	36,373,920	30,815,684
Depreciation and amortisation	6(a), 6(b)	41,923,402	40,012,646
		<b>328,650,963</b>	<b>296,354,775</b>
<b>SURPLUS OF INCOME OVER OPERATING EXPENSES</b>		<b>605,723,679</b>	<b>595,182,958</b>
Exchange fluctuation gain		52,407,004	10,083,955
<b>SURPLUS FOR THE YEAR</b>		<b>658,130,683</b>	<b>605,266,913</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<u>Items that will not be reclassified to surplus or deficit</u>			
Remeasurement of defined benefit obligation	14	(46,912,690)	(34,817,559)
<b>SURPLUS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>611,217,993</b>	<b>570,449,354</b>

Approved by the Board of the Commission on 29 May 2015.  
Signed on their behalf



**D. Manraj, GOSK**  
Chairperson



**R. Ramloll**  
Board Member



**P.K. Kuriachen**  
Acting Chief Executive

The accounting policies on pages 142 to 155 and the notes on pages 142 and 156 to 169 form an integral part of these financial statements.

# Statement of Changes in Funds

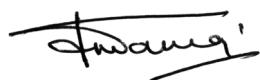
## For the year ended 31 December 2014

	<b>General Reserve Fund Rs</b>	<b>Financial Services Fund Rs</b>	<b>General Fund Rs</b>	<b>TOTAL Rs</b>
<b>Balance brought forward - 01 January 2014</b>	<b>400,000,000</b>	<b>52,014,979</b>	<b>-</b>	<b>452,014,979</b>
Surplus of the year	-	-	658,130,683	658,130,683
Other Comprehensive Income for the Year	-	-	(46,912,690)	(46,912,690)
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.	-	12,224,360	(12,224,360)	-
Contribution of the Consolidated Fund during the year	-	-	(321,542,474)	(321,542,474)
Proposed Contribution to the Consolidated Fund	-	-	(277,451,159)	(277,451,159)
<b>At 31 December 2014</b>	<b>400,000,000</b>	<b>64,239,339</b>	<b>-</b>	<b>464,239,339</b>

	<b>General Reserve Fund Rs</b>	<b>Financial Services Fund Rs</b>	<b>General Fund Rs</b>	<b>TOTAL Rs</b>
<b>At 01 January 2013</b>	<b>820,086,251</b>	<b>40,605,992</b>	<b>-</b>	<b>860,692,243</b>
Surplus for the year	-	-	605,266,913	605,266,913
Other Comprehensive Income for the year	-	-	(34,817,559)	(34,817,559)
Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The Financial Services Act, 2007.	28,522,468	-	(28,522,468)	-
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.	-	11,408,987	(11,408,987)	-
Proposed Contribution to Consolidated Fund	(448,608,719)	-	(530,517,899)	(979,126,618)
<b>At 31 December 2013</b>	<b>400,000,000</b>	<b>52,014,979</b>	<b>-</b>	<b>452,014,979</b>

Approved by the Board of the Commission on 29 May 2015.

Signed on their behalf



**D. Manraj, GOSK**  
Chairperson



**R. Ramlool**  
Board Member



**P.K. Kuriachen**  
Acting Chief Executive

The accounting policies on pages 142 to 155 and the notes on pages 142 and 156 to 169 form an integral part of these financial statements.

# Statement of Cash Flows

## For the year ended 31 December 2014

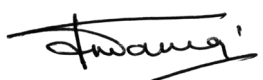
	NOTE	2014 Rs	2013 Rs
<b>Cash Flow from operating activities</b>	<b>22</b>	653,908,074	700,444,819
<b>Cash Flow from investing activities</b>			
Acquisition of property, plant and equipment		(33,174,207)	(11,410,327)
Acquisition of intangible assets		(6,454,536)	(10,789,721)
Proceeds from disposal of property, plant and equipment		230,000	-
<b>Net Cash used in investing activities</b>		<b>(39,398,743)</b>	<b>(22,200,048)</b>
<b>Cash flow from financing activities</b>			
Contribution to the Consolidated Fund		(1,300,669,091)	(844,259,198)
<b>Net Cash used in financing activities</b>		<b>(1,300,669,091)</b>	<b>(844,259,198)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(686,159,760)</b>	<b>(166,014,427)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,389,754,527</b>	<b>1,545,684,999</b>
Exchange gain on cash and cash equivalents		52,407,004	10,083,955
<b>Cash and cash equivalents at end of year</b>		<b>756,001,771</b>	<b>1,389,754,527</b>

Cash and cash equivalents consist of cash in hand, balances with the bank in savings account and investments in fixed deposits, which are held for less than one year.

### Cash and cash equivalents included in the Cash Flow Statement comprise of

Cash and bank balances	<b>11</b>	252,804,767	231,844,913
Bank deposits		503,197,004	1,157,909,614
		<b>756,001,771</b>	<b>1,389,754,527</b>

Approved by the Board of the Commission on 29 May 2015.  
Signed on their behalf



**D. Manraj, GOSK**  
Chairperson



**R. Ramlool**  
Board Member



**P.K. Kuriachen**  
Acting Chief Executive

The accounting policies on pages 142 to 155 and the notes on pages 142 and 156 to 169 form an integral part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2014

## 1. GENERAL INFORMATION

### 1.1 Corporate information

The financial statements of the Commission for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board on 29 May 2015. 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

The Commission, 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.400 million represented by assets net of liabilities, or such other amount as the Minister may, after consultation with the Chief Executive, determine) to attain its objectives under Section 82 and Section 82A of the FSA:

- (a) The Commission has created a General Fund into which all money received by the Commission has been accumulated, and out of which all payments required to be made including future charges and commitments, have been adjusted.
- (b) The Commission allocates 2% from the audited surplus for the year determined in accordance with IFRS, from the General Fund to the Financial Services Fund at the end of every financial period. Pending designation / set up of the Managing Committee for the Financial Services Fund as referred under Section 69 of the Financial Services Act 2007. The funds are parked in investments of the Commission.
- (c) The Commission has, after the allocations to the Financial Services Fund, provided for transfer of the remaining balance in the General Fund to the Consolidated Fund of the Government of Mauritius.

During the financial year the Commission has contributed Rs.1,300,669,091 towards the Consolidated Fund, and has made a further provision for the transfer of Rs.277,451,159 to the Consolidated Fund of the Government of Mauritius.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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.

## 2.1 Basis of presentation

The Commission has been excluded from the Part I of the Second Schedule to the Statutory Bodies (Accounts and Audit) Act in terms of the Government Notice number 210 of 2011 and hence is not required to prepare its financial statements in accordance with the International Public Sector Accounting Standard (IPSAS). Accordingly, the Commission has prepared its financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These statements have been prepared on the historical cost basis, except for financial assets and liabilities. These financial statements are presented in Mauritian Rupee being the reporting currency and rounded off wherever appropriate. The accounting policies adopted for the current period are consistent with those of the previous financial year except that the Commission has adopted new/ revised standards and interpretations mandatory for financial years beginning on or after January 1, 2014.

## 2.2 Adoption of New and Revised International Financial Reporting Standards

In the current year, the Commission has applied all of 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 accounting periods beginning on 01 January 2014.

## 2.3 New and revised IFRSs applied with no material effect on the financial statement

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 10 Consolidated Financial Statements -- Definition for 'an investment entity' provided and exception from the requirement to consolidate subsidiaries introduced
- IFRS 12 and IAS 27 Separate Financial Statements -- New disclosure requirements for investment entities
- IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 Levies – Recognition of liability for a levy imposed by a government

## 2.4 Amendments to IFRS

The Board has assessed the relevance of the standards, interpretations and amendments to existing standards that have been published and mandatory for accounting periods beginning on or after 01 January 2015 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 31 December 2014.

- IFRS 1 - Meaning of effective IFRSs
- IFRS 2 - Definition of 'vesting condition'
- IFRS 3 - Accounting for contingent consideration in a Business Combination
- IFRS 3 - Scope exceptions for joint venture
- IFRS 8 - Aggregation of Operating Segments
- IFRS 10 / IAS 28 – Sale or contribution of assets between an investor & its associate or joint venture
- IFRS 10 / IFRS 12 & IAS 28 - Investment entities: Applying the consolidation exception
- IFRS 11 - Accounting for acquisition of interests in Joint Operations
- IFRS 13 - Short term receivables & payables
- IFRS 13 - Scope of paragraph 52 (portfolio exception)
- IAS 1 - Disclosure initiative
- IAS 16 / IAS 38 - Revaluation method – proportionate restatement of accumulated depreciation
- IAS 19 - Employee Benefits



- IAS 24 - Key Managerial Personal
- IAS 27 - Equity method in separate financial statements
- IAS 40 - Clarifying the interrelationship of IFRS 3 & IAS 40 when classifying property as investment property or owner occupied property.

## 2.5 Improvements to IFRSs

In September 2014, the IASB finalised Annual Improvements to IFRSs 2012-2014 cycle. The amendments are effective for annual periods beginning on or after 1 January 2016. However, the Commission has not early adopted the same and concluded these will not have a significant impact on the financial statements for the year ended 31 December 2014.

### Cycle 2012- 14

- IFRS 5 : Changes in methods of disposal
- IFRS 7 : Serving Contracts
- IFRS 7 : Applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 : Regional market issue
- IAS 34 : Disclosure of information "elsewhere in the interim financial report"

## 2.6 Future Applicability

Standards issued but not yet effective up to the date of issuance of the Commission's financial statements are listed below. This listing of standards and interpretations issued are those that the Commission reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Commission intends to adopt these standards when they become effective.

### ***IFRS 9 Financial Instruments: Classification and Measurement***

IFRS 9 introduces new requirements for classifying and measuring financial assets. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirement for financial assets and b) limited amendments to the classification & measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

With regard to the measurement of financial liabilities designated as fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

Greater flexibility introduced under IFRS 9, to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'.

These amendments will become effective for annual periods beginning on or after 1 January 2018.

### ***IFRS 11 Accounting for Acquisition of Interests in Joint Operations***

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and

only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations. These amendments will become effective for annual periods beginning on or after 1 January 2016.

### ***IFRS 15 Revenue from Contracts with Customers***

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of IFRS 15 is that the entity should recognize revenue to depict the transfer of promised goods & services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. These amendments will become effective for annual periods beginning on or after 1 January 2017.

### ***IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation***

The amendments to IAS 16 prohibit entities from using a revenue based depreciation method for items of property, plant & equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in two circumstances: (1) when the intangible asset is expressed as a measure of revenue or (2) when it can be demonstrated that revenue and consumption of the economic benefits of the tangible asset is highly correlated. This amendment will become effective for annual periods beginning on or after 1 January 2016.

### ***IAS 19 Employee Benefits***

The amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a partial expedient if the amount of contributions is independent of the number of years of service, in that contribution, can but are not required, to be recognised, as a reduction in the service cost in the period in which the related service is rendered. This amendment becomes effective for annual periods beginning on or after 1 July 2014.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

### **3.1 Significant Accounting Policies**

#### **a) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Commission and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

#### **Fees from licensees**

Revenues arising from processing, annual license, registration and brokerage, where no significant uncertainty as to its collectability exists, have been accounted on accrual basis.

#### **Administrative Penalties**

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.

## Expenditure

All expenses have been accounted on accrual basis. Office rental payments termed operating lease are charged off on straight line basis over the lease period.

## Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income or expense is recorded using the effective interest rate (EIR), 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 on Treasury Notes are amortised on straight line basis over the duration of the Treasury Notes.

Interest on bank deposit and treasury bills have been accounted for, on an accrual basis.

## b) Pensions and other post-employment benefits

### Defined Benefit Scheme

The Commission 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 employment 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 as 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.

### Defined Contribution Scheme

Following changes brought 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.

## c) Foreign currency transactions and balances

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 translation 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

#### **d) Property, plant and equipment**

All property, plant and equipment of the Commission are shown at historical cost less accumulated depreciation and/or accumulated impairment losses, if any. 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, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from its use or after / since disposal. Gains and losses on disposal or retirement of assets are determined by comparing proceeds with carrying amounts and are included in operating surplus or deficit. Repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Building and leasehold rights are measured at fair value less accumulated depreciation on building and accumulated impairment losses, if any, recognised.

Depreciation is calculated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life as follows:-

<b>Item</b>	<b>%</b>
Motor Vehicles	25
Furniture	20
Fixtures and fittings	10
Office Equipment	20
Computer Equipment	33.33
Building	30 years
Leasehold rights	30 years

The Commission reviews residual values of the properties for the purpose of depreciation calculations, and impairment provisions.

#### **e) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Lease payment under an operating lease is recognised as an expense on straight-line basis over the lease term. The Commission has acquired leasehold rights effective from 11 February 2008 for an initial period of 30 years with an option for its renewal for a further period of 30 years over land on which the office building of the Commission is constructed.

#### **f) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is reflected in the Statement of Financial Performance in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of every three reporting periods. 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation 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 over the estimated period of utilisation not exceeding three years.

## **g) Financial instruments – initial recognition and subsequent measurement**

### **(i) Financial assets**

#### **Initial recognition and measurement**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Commission determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through the Statement of Financial Performance. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Commission commits to purchase or sell the asset.

The Commission's financial assets include cash, short-term deposits, treasury note, fees receivables, staff loans and other receivables.

#### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as described below:

#### **Financial assets at fair value through profit or loss**

The Commission did not have any financial assets at fair value through profit or loss during the year 2014 and 2013.

The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

#### **Staff loans and fees receivables**

Staff loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. 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 EIR. The EIR amortisation is included in

the Statement of Financial Performance. The losses arising from impairment are recognized in the Statement of Financial Performance.

### **Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Commission has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less any provision for impairment.

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 EIR. The EIR amortisation is included in the Statement of Financial Performance. The losses arising from impairment are recognised in the Statement of Financial Performance.

If the Commission was to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale.

The Commission has the positive intent and ability to hold its investments in Treasury Notes as held-to-maturity investments for the reporting year.

### **Available-for-sale financial investments**

The Commission did not have any Available-for-sale financial investments during the year 2014 and 2013.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

1. The rights to receive cash flows from the asset have expired
2. The Commission has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Commission has
  - (a) transferred substantially all the risks and rewards of the asset, or
  - (b) neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Commission has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Commission's continuing involvement in the asset. In that case, the Commission also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Commission has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Commission could be required to repay.

## **Impairment of financial assets**

The Commission assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### **Financial assets carried at amortized cost**

For financial assets carried at amortized cost, the Commission first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Commission determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Commission. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the Statement of Financial Performance.

## **(ii) Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Commission determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value plus directly attributable transaction costs.

The Commission's financial liabilities consist of accounts payable and provision for contribution to the Consolidated Fund.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification as described below:



## **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognized in the Statement of Financial Performance.

### **(iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognized amounts; and
- There is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### **(iv) Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by 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, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

## **h) Impairment of non-financial assets**

The Commission assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Commission estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Commission bases its impairment calculation on detailed budgets and forecast calculations, which generally cover a period of five years.

For assets an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Commission estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss



been recognised for the asset in prior years. Such reversal is recognised in the income statement, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually as at end of financial year individually, and when circumstances indicate that the carrying value may be impaired.

#### **i) Cash and cash equivalents**

For the purposes of the Statements of Cash Flows, cash and cash equivalents comprises of cash at bank, cash in hand and bank deposits.

#### **j) Provisions**

Provisions are recognised when the Commission has a present obligation (legal or constructive) as a result of a past event, 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 the Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

#### **k) Taxation**

The Commission is exempt from payment of tax as per the provisions of the Income Tax Act 1995 (as amended).

#### **l) Related Parties**

Parties are considered related to the Commission if they have the ability, directly or indirectly, to exercise significant influence over the Commission in making financial and operating decisions, or vice versa. Related parties may be individuals or other entities.

#### **m) Comparatives**

Comparative figures have been reclassified and restated to conform with the presentation of the current period.

### **3.2 Significant accounting judgements, estimates and assumptions**

The preparation of the Commission's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Commission based 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 the Commission. Such changes are reflected in the assumptions 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.

## 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 using these assumptions.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

## 4. CONTINGENT LIABILITIES / COMMITMENTS

### 4.1 Contingent Liabilities

There are pending lawsuits against the Commission with claims estimated at Rs164.13 million, excluding interests and costs (previous year- Rs.170 million). The Commission is of the view that the liabilities, if any, that may arise in future shall be appropriately dealt with in the year of settlement of the claims.

### 4.2 Financial Commitments

The Commission has approved, in principle, plans aimed at enhancing the tangible and intangible infrastructure commensurate with the scale of operations. The total amounts committed internally and externally as at the 31st December 2014 is Rs.28,822,345.

### 4.3 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 Rs197,227,624 (previous year Rs199,527,624) are lien marked in favour of the Commission, and not included in the Statement of Financial Position.

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 5.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of the following types of risk: interest rate risk, currency risk, and other price risk, such as equity price risk. Financial instruments affected by market risk include receivables, bank deposits, accounts payable denominated in foreign currency, and provision for contribution to the Consolidated Fund.

The sensitivity analyses in note 24 (a) and (b) relate to the positions as at 31 December in 2014 and 2013.

The following assumptions have been made in calculating the sensitivity analyses:

- The statement of financial position sensitivity relates to financial assets and liabilities
- The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2014 and 2013.

## 5.2 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.

## 5.3 Foreign currency 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) which includes the Commission's bank deposits.

Foreign currency risk is managed by maintaining the Commission's funds in a spread of currencies including USD, NZD and MUR.

## 5.4 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Commission is exposed to credit risk from its operating activities (primarily for fees receivables and staff loans) and from its financing activities, including deposits with banks and financial institutions.

### Fees receivable

Licensee credit risk is managed subject to the Commission's established policy, procedures and control relating to licensee credit risk management. Only cases where collectability is certain are accounted as fees receivable.

### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Commission in accordance with its investment policy. Investments of surplus funds are made only with approved counterparties. Counterparty credit limits are reviewed by the Commission's Investment Committee on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

Risks arising from staff loans are managed by way of eligibility criteria, personal guarantee and/or pledge on the assets of the loanee.

## 5.5 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 debts, nor does it plan to raise debts in the foreseeable future.

## 5.6 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.

## 5.7 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 90% (2013: 90%) of its regular income from the Global Business sector (excluding administrative penalty of Rs.15.93 million), 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, the Commission is taking various measures to further diversify the markets within the financial services sector, through increased partnership with emerging markets, in particular in other African jurisdictions. The Commission is also working with local stakeholders to further develop the local financial services market.

Moreover, various financial management control measures are being considered to ensure that the Commission is able to maintain its operational capabilities, should there be any substantial decrease in the activities of the Global Business sector.

**6 (a) Property, Plant and Equipment**

	<b>MOTOR VEHICLE Rs</b>	<b>FURNITURE Rs</b>	<b>COMPUTER EQUIPMENT Rs</b>	<b>OFFICE EQUIPMENT Rs</b>	<b>BUILDING and LEASEHOLD RIGHTS Rs</b>	<b>FIXTURES &amp; FITTINGS Rs</b>	<b>TOTAL Rs</b>
<b>COST</b>							
At 1 January 2014	19,820,346	23,964,496	21,412,678	8,989,376	173,275,311	81,105,100	328,567,307
Purchases	-	1,208,109	27,809,901	2,799,052	-	1,357,145	33,174,207
Reclassification Adjustment	-	-	3,618,048	(3,618,048)	-	-	-
Disposals	-	-	(633,173)	-	-	-	(633,173)
<b>At 31 December 2014</b>	<b>19,820,346</b>	<b>25,172,605</b>	<b>52,207,454</b>	<b>8,170,380</b>	<b>173,275,311</b>	<b>82,462,245</b>	<b>361,108,341</b>
<b>DEPRECIATION</b>							
At 1 January 2014	12,779,381	18,104,244	19,002,085	5,823,493	34,655,062	46,179,308	136,543,573
Charge for the year	3,534,087	2,453,925	12,799,735	885,182	5,775,844	8,246,077	33,694,850
Reclassification Adjustment	-	-	1,312,472	(1,312,472)	-	-	-
Disposal adjustments	-	-	(633,173)	-	-	-	(633,173)
<b>At 31 December 2014</b>	<b>16,313,468</b>	<b>20,558,169</b>	<b>32,481,119</b>	<b>5,396,203</b>	<b>40,430,906</b>	<b>54,425,385</b>	<b>169,605,250</b>
<b>NET BOOK VALUE</b>							
<b>At 31 December 2014</b>	<b>3,506,878</b>	<b>4,614,436</b>	<b>19,726,335</b>	<b>2,774,177</b>	<b>132,844,405</b>	<b>28,036,860</b>	<b>191,503,091</b>

	MOTOR VEHICLE Rs	FURNITURE Rs	COMPUTER EQUIPMENT Rs	OFFICE EQUIPMENT Rs	BUILDING and LEASEHOLD RIGHTS Rs	FIXTURES & FITTINGS Rs	TOTAL Rs
<b>COST</b>							
At 1 January 2013	14,893,080	22,953,518	20,642,018	5,694,108	173,275,311	79,698,945	317,156,980
Purchases	4,927,266	1,010,978	770,660	3,295,268	-	1,406,155	11,410,327
<b>At 31 December 2013</b>	<b>19,820,346</b>	<b>23,964,496</b>	<b>21,412,678</b>	<b>8,989,376</b>	<b>173,275,311</b>	<b>81,105,100</b>	<b>328,567,307</b>
<b>DEPRECIATION</b>							
At 1 January 2013	5,920,517	15,745,470	16,278,041	4,623,043	25,991,297	34,297,088	102,855,456
Charge for the year	6,858,864	2,358,774	2,724,044	1,200,450	8,663,765	11,882,220	33,688,117
<b>At 31 December 2013</b>	<b>12,779,381</b>	<b>18,104,244</b>	<b>19,002,085</b>	<b>5,823,493</b>	<b>34,655,062</b>	<b>46,179,308</b>	<b>136,543,573</b>
<b>NET BOOK VALUE</b>							
<b>At 31 December 2013</b>	<b>7,040,965</b>	<b>5,860,252</b>	<b>2,410,593</b>	<b>3,165,883</b>	<b>138,620,249</b>	<b>34,925,792</b>	<b>192,023,734</b>

	2014	2013
Leasehold rights	4,216,667	4,400,000
Building	128,627,738	134,220,249
	<u>132,844,405</u>	<u>138,620,249</u>

**6 (b) Intangible Assets**

	<b>2014 Rs</b>	<b>2013 Rs</b>
<b>COST</b>		
At January	44,666,678	33,876,957
Purchases	6,454,536	10,789,721
<b>At 31 December</b>	<b>51,121,214</b>	<b>44,666,678</b>
<b>AMORTISATION</b>		
At January	35,210,217	28,885,688
Charge for the year	8,228,552	6,324,529
<b>At 31 December</b>	<b>43,438,769</b>	<b>35,210,217</b>
<b>NET BOOK VALUE</b>		
<b>At 31 December</b>	<b>7,682,445</b>	<b>9,456,461</b>

Intangible assets consists of acquired computer software as well as one-off licenses paid, that enable the use of application software.

**7 ASSETS HELD TO MATURITY**

Treasury Notes	316,856,100	316,856,100
Less amortisation of premium on Treasury Notes	(5,070,156)	(2,785,456)
	<b>311,785,944</b>	<b>314,070,644</b>

**8 OTHER FINANCIAL ASSETS**

<u>Staff loans, restated at fair value</u>	(Note 10)		
Within 1 year		10,575,796	5,915,961
After more than 1 year		29,667,508	17,861,850
		<b>40,243,304</b>	<b>23,777,811</b>

**9 RECEIVABLES**

Fees receivable	(Note 24.1)	18,569,603	14,780,195
Prepayments		17,429,959	10,087,957
Accrued interest	(Note 24.2)	6,461,129	6,561,323
		<b>42,460,691</b>	<b>31,429,475</b>

**10 STAFF LOANS**

	<b>2014 Rs</b>	<b>2013 Rs</b>
Total staff loans at face value	47,896,843	30,977,453
Less adjustment for fair value	(7,199,642)	(8,083,799)
Interest adjustment, calculated on fair value	(453,897)	884,157
Balance at fair value	<b>40,243,304</b>	<b>23,777,811</b>
<u>Shown under other financial assets:-</u> (Note 8)		
Within 1 year	10,575,796	5,915,961
After more than 1 year	29,667,508	17,861,850
	<b>40,243,304</b>	<b>23,777,811</b>

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 / Autocycle Loan, Computer Loan and Multipurpose Loan.

**Staff Loans - Secured**

Secured staff loans consist of Housing Loan, Car Loan and Motorcycle / Autocycle Loan which are secured by way of inscription / lien on the property of the staff.

**Staff Loans - Unsecured**

Unsecured loans consists 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 31 December 2014, management is satisfied that none of the loans have suffered impairment.

Following review of Staff Salary Terms and Conditions in the year 2013, granting of staff loans was discontinued with effect from 01 July 2014.

**Balances of Loans are as Follows:**Secured

Total secured staff loans at face value	20,147,528	21,042,517
Less adjustment for fair value	(6,439,632)	(6,681,613)
Balance at fair value	<b>13,707,896</b>	<b>14,360,904</b>

Unsecured

Total Unsecured Staff Loans at face value	27,749,315	9,934,938
Less adjustment for fair value	(1,213,907)	(518,029)
Balance at fair value	<b>26,535,408</b>	<b>9,416,909</b>

**11 CASH AND BANK BALANCES**

Cash in hand	22,692	12,985
Bank balances	252,782,075	231,831,928
	<b>252,804,767</b>	<b>231,844,913</b>



**12 PAYABLES**

	<b>2014 Rs</b>	<b>2013 Rs</b>
Other creditors and accruals	13,237,343	40,378,588
Deposit from Management Companies	19,855,804	19,946,338
Prepaid licence fees	441,635,245	386,897,106
	<b>474,728,392</b>	<b>447,222,032</b>

**13 PROVISIONS**

Sick Leave	17,501,711	16,487,644
Passage Benefits	10,234,406	8,197,113
Gratuity	3,366,366	3,301,162
Annual Leaves	1,490,778	1,341,578
	<b>32,593,261</b>	<b>29,327,497</b>

	<b>Sick Leave Rs</b>	<b>Passage Benefits Rs</b>	<b>Gratuity Rs</b>	<b>Annual Leaves Rs</b>	<b>Total Rs</b>
Balance at 01 January 2014	16,487,644	8,197,113	3,301,162	1,341,578	<b>29,327,497</b>
Charge in the Statement of Financial Performance	4,299,697	6,565,945	1,583,120	159,986	<b>12,608,748</b>
Exchange differences	(5,812)	-	39,889	-	<b>34,077</b>
Paid during the year	(3,279,818)	(4,528,652)	(1,557,805)	(10,786)	<b>(9,377,061)</b>
Balance at 31 December 2014	<b>17,501,711</b>	<b>10,234,406</b>	<b>3,366,366</b>	<b>1,490,778</b>	<b>32,593,261</b>

Provisions are in accordance with the salary terms and conditions and contract of employment.

## 14 RETIREMENT BENEFITS OBLIGATION

The pension scheme is a defined benefit plan and is fully funded. The assets of the funded plan are held independently and administered by SICOM.

The amounts recognised in Income Statement are as follows:

	2014 Rs	2013 Rs
Current Service Cost	12,258,329	8,313,659
Employee Contributions	(6,198,551)	(5,105,290)
Fund Expenses	328,693	271,201
Interest expense	3,925,294	1,339,785
<b>Total included in Staff Costs</b>	<b>10,313,765</b>	<b>4,819,355</b>

Actual return on plan assets

**4,605,371**      **6,595,551**

### Movements in liability recognized in statement of financial position as determined by the actuarial valuation

Opening balance	52,821,527	20,868,226
Total staff costs as above	10,313,765	4,819,355
Actuarial reserves transferred in	-	(25,734)
Contributions paid by the Commission	(9,382,887)	(7,657,879)
Amount Recognised in Other Comprehensive Income	46,912,690	34,817,559
<b>As at the close of the year</b>	<b>100,665,095</b>	<b>52,821,527</b>

### Reconciliation of the present value of the defined benefit obligation

Present value of obligation at start of year	131,506,377	84,715,694
Current service cost	12,258,329	8,313,659
Interest cost	10,520,511	6,777,256
(Benefits paid)	(7,742,036)	(4,275,870)
Liability (gain) / loss	44,922,843	35,975,638
<b>Present value of obligation at end of year</b>	<b>191,466,024</b>	<b>131,506,377</b>

### Reconciliation of fair value of the plan assets

At the start of the year	78,684,850	63,847,468
Expected return on plan assets	6,595,217	5,437,471
Asset (loss) / gain	(1,989,847)	1,158,079
Actuarial reserves transferred in	-	25,734
Contributions from the employer	9,382,887	7,657,879
Contributions from the employees	6,198,551	5,105,290
Benefits paid + other outgo	(8,070,729)	(4,547,071)
<b>At close of the year</b>	<b>90,800,929</b>	<b>78,684,850</b>

**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:**

	<b>2014</b> <b>%</b>	<b>2013</b> <b>%</b>
Government Securities and Cash	57.10	59.10
Loans	4.10	4.90
Local Equities	21.10	21.90
Overseas bonds and equities	17.00	13.40
Property	0.70	0.70
	<b>100.00</b>	<b>100.00</b>

**Components of the amount recognised in Other Comprehensive Income**

	<b>Rs</b>	<b>Rs</b>
Assets experience gain / (loss) during the period	(1,989,847)	1,158,079
Liability experience gain / (loss) during the period	(44,922,843)	(35,975,638)
	<b>(46,912,690)</b>	<b>(34,817,559)</b>

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 were as follows:

	<b>%</b>	<b>%</b>
<i>Discount Rate</i>	8.00	8.00
<i>Expected return on plan assets</i>	8.00	8.00
<i>Future Salary increases</i>	6.50	5.50
<i>Future Pension increases</i>	5.00	3.50

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 analyses below have been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period.

**Impact on defined benefit obligation**

	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
Discount Rate	100 basis points	Decrease by Rs34.5m	Increase by Rs46.3m
Future Salary increase	100 basis points	Increase by Rs27.0m	Decrease by Rs21.7m
Life expectancy	1 year	Increase by Rs5.1m	Decrease by Rs5.1m

The above sensitivity analyses 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 depends to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

**Defined Contribution Scheme**

<b>2014</b>	<b>2013</b>
<b>Rs</b>	<b>Rs</b>
1,088,817	169,258

Defined contribution scheme

**15 FEES**

Global Business  
 Brokerage  
 Non-banking financial institutions

798,813,192	753,060,809
18,021,095	14,142,055
68,402,119	68,596,389
<b>885,236,406</b>	<b>835,799,253</b>

**16 INTEREST**

Treasury Notes  
 Amortisation of premium on Treasury Notes  
 Bank deposits  
 Staff loans

<b>2014</b>	<b>2013 (Restated)</b>
<b>Rs</b>	<b>Rs</b>
15,190,000	15,148,383
(2,284,700)	(2,214,114)
33,643,148	41,191,440
2,357,724	1,596,846
<b>48,906,172</b>	<b>55,722,555</b>

**17 OTHER INCOME**

Gain on disposal of old assets  
 Cash rebates

<b>2014</b>	<b>2013</b>
<b>Rs</b>	<b>Rs</b>
230,000	15,925
2,064	-
<b>232,064</b>	<b>15,925</b>

**18 SALARIES AND ALLOWANCES**

Staff salaries and allowances  
 Adjustment to staff cost due to restatement of staff loans at fair value  
 Pension contribution  
 Family Protection Scheme  
 National Savings Fund  
 Passage benefits  
 Board and committee fees  
 Travelling  
 Staff welfare

152,332,770	144,834,813
453,897	242,551
15,870,007	14,083,130
4,100,692	3,811,298
954,782	699,228
6,565,945	5,699,691
2,224,190	2,423,760
19,051,922	17,547,262
8,412,074	8,176,283
<b>209,966,279</b>	<b>197,518,016</b>

**Board Fees, Salaries and Allowances to Key Managerial Persons**

		<b>2014 Rs</b>	<b>2013 Rs</b>
Mr R. Ramlooll, Chairperson (Member from 01 May 2014 to 31 May 2014) (Chairperson from 01 June 2014 to date)	Board Fees and Travelling Allowances	429,290	-
Mr R.M.M. Hein, Chairperson (19 March 2012 to 30 May 2014)	Board Fees and Travelling Allowances	334,900	803,760
Ms M. Philips, Vice-Chairperson	Board Fees	300,000	300,000
Mr R. Chellapermal	Board Fees	240,000	240,000
Mr R. Makoond	Board Fees	240,000	240,000
Mr S. Gopaul	Board Fees	80,000	240,000
Mr O. Lew Kew Lin	Board Fees	80,000	240,000
Mr Y.W. Appado	Board Fees	240,000	240,000
Mr L.C. Stephen	Board Fees	160,000	-
Ms Clairette F.T. Ah-Hen, Chief Executive	Salaries and Allowances	5,190,818	5,701,500

**19 TRAINING AND SEMINARS**

Overseas conferences and seminars	9,923,013	10,768,801
Local events	6,333,714	6,537,857
Staff training	6,475,792	4,789,820
	<b>22,732,519</b>	<b>22,096,478</b>

**20 LEGAL AND PROFESSIONAL FEES**

Auditor's fees	2,272,047	1,692,070
Professional advisory fees	15,382,796	4,219,881
	<b>17,654,843</b>	<b>5,911,951</b>

**21 OFFICE AND ADMINISTRATIVE EXPENSES**

	<b>2014</b>	<b>2013</b>
	<b>Rs</b>	<b>(Restated)</b>
	<b>Rs</b>	<b>Rs</b>
Maintenance of office premises	6,983,706	4,009,777
Land lease	222,730	249,425
Insurance of office premises	430,697	816,964
Post, telephone, internet and fax charges	4,859,091	2,637,130
Electricity and water	3,822,719	3,429,940
Stationery	2,346,880	2,787,607
Subscription**	6,306,625	5,823,010
General office expenses	5,230,562	5,790,226
Vehicle expenses	1,723,133	1,877,350
Advertising and publication	4,447,777	3,394,255
	<b>36,373,920</b>	<b>30,815,684</b>

\*\*Includes membership fees for IAIS, IOPS, IOSCO and software licenses

**22 CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2014</b>	<b>2013</b>
	<b>Rs</b>	<b>Rs</b>
Surplus for the year	658,130,683	605,266,913
Adjustments for:		
Staff loans restated to fair value	7,199,642	8,083,799
Interest on staff loans restated to fair value	453,897	(884,157)
Gain on disposal of property, plant and equipment	(230,000)	-
Retirement benefit obligation	930,878	(2,864,258)
Unrealised exchange gain	(52,407,004)	(10,083,955)
Amortisation of premium on Treasury Notes	2,284,700	2,214,114
Depreciation and amortisation	41,923,402	40,012,646
<b>Cash flow from operating activities, before working capital changes</b>	<b>658,286,198</b>	<b>641,745,102</b>
Increase in fees receivable	(3,789,408)	(729,857)
Increase in staff loans	(24,119,032)	(8,527,054)
Decrease in interest receivable	100,194	17,863,856
Increase in prepayments	(7,342,002)	(7,298,550)
Increase in accrued expenses and other payables	30,772,124	57,391,322
<b>Net cash flow from operating activities</b>	<b>653,908,074</b>	<b>700,444,819</b>

## 23 LIQUIDITY RISK

The liquidity risk with regard to outflows is limited to contribution to the Consolidated Fund and operative expenses. The outflows to the Consolidated Fund are matched with the corresponding bank deposits of maturities around the expected time of outflows. The outflows to operative expenses are matched with the corresponding licence fee income based on budget estimates. The surplus are invested with maturity profiles as at 31 December 2014.

Maturity profiles are as under:-

	Maturity		Total
	0 - 1 Year	> 1 year	
Financial assets	Rs	Rs	Rs
Other financial assets	10,575,796	29,667,508	40,243,304
Receivables	38,865,032	-	38,865,032
Cash and bank balances	252,804,767	-	252,804,767
Bank deposits	503,197,004	-	503,197,004
Assets held to maturity	311,785,944	-	311,785,944
<b>Financial liabilities</b>			
Payables	65,686,408	-	65,686,408
Contribution to Consolidated Fund	277,451,159	-	277,451,159

The Commission monitors the adequacy of cash inflows in terms of the budget estimates at all times.

## 24 CREDIT RISKS

In the normal course of business, the Commission is exposed to the credit risk from accounts receivable, loans to staff and transactions with banking institutions.

The Commission manages its exposure to credit risks as follows:-

- (a) with regards to Accounts Receivable, credit risk is limited as the Commission is a regulatory body, and fees are charged in terms of the legislation;
- (b) 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; and
- (c) for transactions with banking institutions, it holds bank balances and short term deposits with the State Bank of Mauritius Ltd, Mauritius Post and Cooperative Bank 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 carries out periodic assessment of its receivables to identify events or changes in circumstances that lead to impairment of these receivables. Based on the assessment management is of view that the assets have not suffered from impairment. The ageing analysis of these receivables are as follows:

**24.1 Fees receivable**

Up to 3 months

<b>2014 Rs</b>	<b>2013 Rs</b>
18,569,603	14,780,195

**24.2 Accrued interest**

Up to 3 months

3 to 6 months

6 months to 1 year

-	-
4,648,300	3,329,315
1,812,829	3,232,008
<b>6,461,129</b>	<b>6,561,323</b>

**25 CURRENCY AND EXCHANGE RISK**

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 and NZD. The fund has been maintained in USD and NZD over the financial year. The exchange fluctuation of Rs. 52,407,004 has occurred mainly due to translation of the foreign currencies. During the year 2014, USD and NZD appreciated against MUR by 136 basis points and by 7 basis points, respectively. The exchange fluctuation for the year is as follows:

Translation gain / (loss)

Gain on sale of foreign currencies

Exchange (loss) / gain on receipt and payments

**Exchange fluctuation gain**

<b>2014 Rs</b>	<b>2013 Rs</b>
30,216,849	(2,856,829)
23,357,206	8,052,005
(1,167,051)	4,888,779
<b>52,407,004</b>	<b>10,083,955</b>

Currency profile is as under:-

	<b>Assets</b>		<b>Liabilities</b>	
	<b>2014 Rs</b>	<b>2013 Rs</b>	<b>2014 Rs</b>	<b>2013 Rs</b>
New Zealand Dollars	134,926,962	131,280,509	-	-
US Dollars	344,731,352	874,683,024	19,855,804	19,946,338
Indian Rupees	-	-	-	1,812,472
Mauritian Rupees	667,237,737	751,117,202	323,281,763	1,047,020,230
	<b>1,146,896,051</b>	<b>1,757,080,735</b>	<b>343,137,567</b>	<b>1,068,779,040</b>

The assessment of currency fluctuation risks are being reviewed by the Commission from time to time.



**25(a) Interest Rate Risk**

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with specific financial assets whose interest rates periodically change as per market rate. The following table demonstrates the sensitivity of the Commission's Surplus to interest rate changes, all other variables held constant:

	<b>Change in Yield (basis point)</b>	<b>Effect on Surplus 2014 Rs</b>	<b>Effect on Surplus 2013 Rs</b>
Bank balances	+50	1,245,333	1,175,402
	-50	864,850	664,616

**25(b) Foreign Currency Risk**

The following table shows the sensitivity of the Commission's Funds to exchange rate changes, all other variables held constant:

	<b>Change MUR exchange rate</b>	<b>Effect on Funds 2014 Rs</b>	<b>Effect on Funds 2013 Rs</b>
Financial assets and liabilities	+1 Rupee	16,055,636	34,171,388
	-1 Rupee	(16,055,636)	(34,171,388)

**26 RELATED PARTY TRANSACTIONS DISCLOSURE**

<b>Name of Key Management Personnel</b>	<b>Designation</b>	<b>Interest in related entities of self or family members</b>	<b>Transactions undertaken with interested entities by FSC during the year 2014</b>
Ms C. Ah-Hen	Chief Executive	No	No
Mr R. Ramloll	Chairperson	Yes <sup>1</sup>	No
Ms M. Philips*	Vice Chairperson	Yes <sup>2</sup>	No
Mr L.C. Stephen*	Board Member	Yes <sup>3</sup>	No
Mr R. Chellapermal*	Board Member	No	No
Mr R. Makoond*	Board Member	Yes <sup>4</sup>	No
Mr M. Hein*	Former Chairperson	Yes <sup>5</sup>	No
Mr Y.W.M. Appado*	Former Board Member	No	No
Mr O. Lew Kew Lin*	Former Board Member	Yes <sup>6</sup>	No
Mr S. Gopaul*	Former Board Member	No	No

<sup>1</sup> Mr Ramloll's spouse is a minor shareholder at MCB, which is a listed company.

<sup>2</sup> Ms Philips' sister is employed at management level at Harel Mallac Ltd. The latter is a listed company and holds entities which are licensed by the FSC.

<sup>3</sup> Mr Stephen was a director at CIM Forex, which is part of CIM Group. The latter is a listed company and holds entities which are licensed by the FSC.

<sup>4</sup> Mr Makoond is a Board Member of Les Moulins de la Concorde Ltd. The latter is a listed company and holds entities which are licensed by the FSC.

<sup>5</sup> Mr Marc Hein indirectly holds 1% of shares in a GBC1 promoted by Omnicane Ltd, a reporting issuer.

<sup>6</sup> Mr O.Lew Kew Lin was a director of companies which are related to Harel Mallac Ltd. The latter is a listed company and holds entities which are licensed by the FSC.

\* The person is no longer a Board Member of the FSC.

These transactions have been undertaken at market quotations and are at arm's length price.

## **27     RESTATED ITEMS**

The following items have been restated for the year ended 31 December 2013:

1. Other income amounting to Rs15,925 has been reclassified from Other Comprehensive Income to Other Income shown under Income.
2. Amortisation of premium on Treasury Notes amounting to Rs2,214,114 has been reclassified from Office and administrative expenses to Interest and shown under Income.

## **28     REPORTING CURRENCY**

The Financial Statements have been presented in Mauritian rupees.





# Appendices



# Appendix 1:

## Market Trends in Securities

Figure 13: Evolution OF SEMDEX - 2013 / 2014 (End Month)

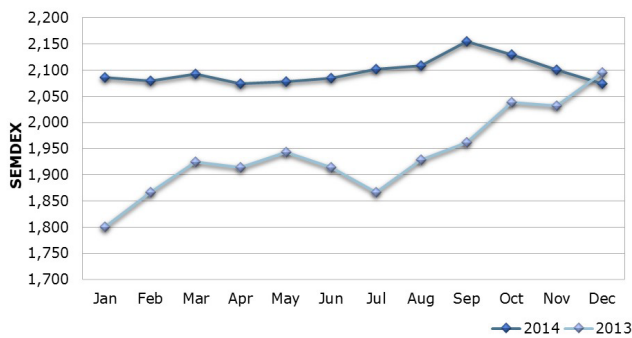


Figure 16: Evolution of DEMEX - 2013 & 2014 (End Month)

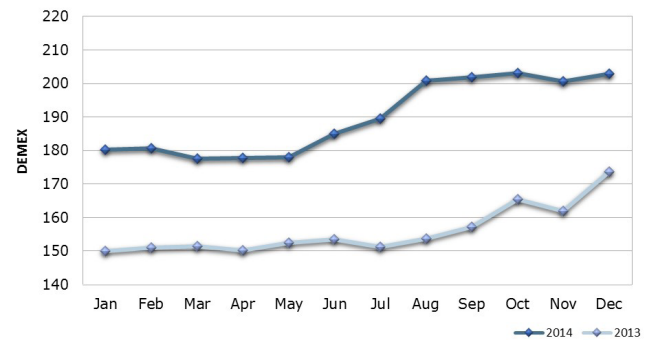


Figure 14: Evolution of SEM-7 - 2013 / 2014 (End Month)

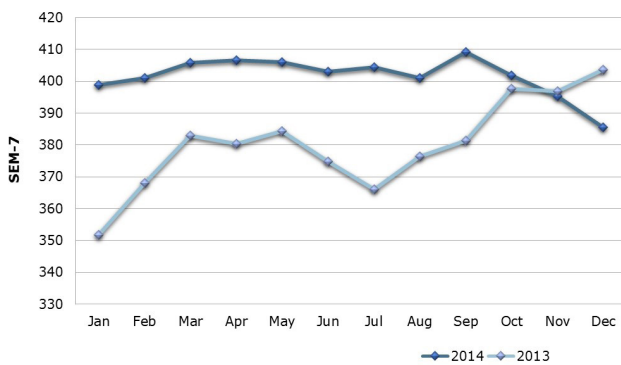


Figure 17: Evolution of DEMTRI (Rs. & \$) for 2013 & 2014 (End Month)

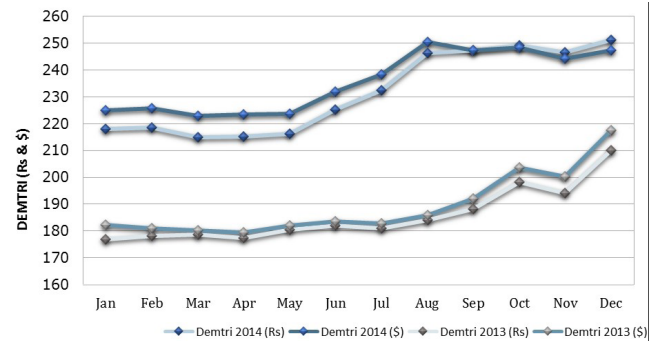


Figure 15: Evolution of SEMTRI (Rs. & \$) for 2013 & 2014 (End Month)

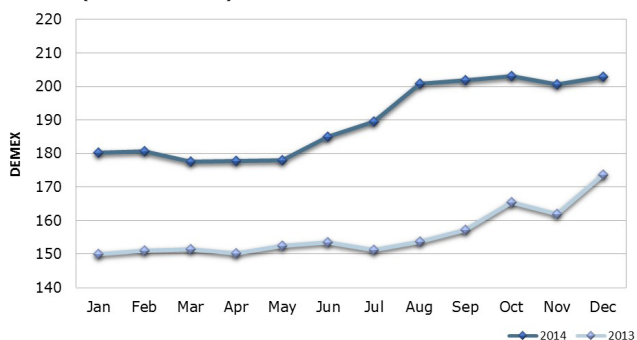
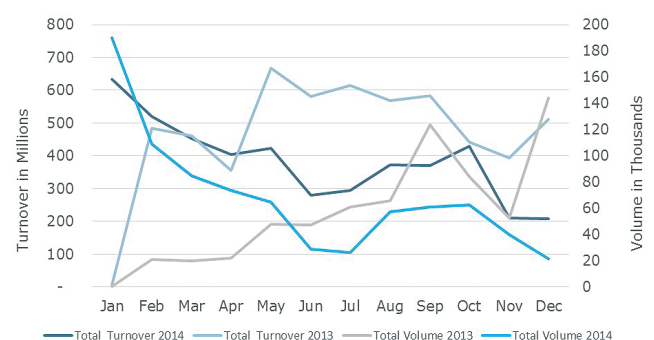


Figure 18: BAL - Total Turnover - 2013 & 2014



# Appendix 2:

## Trends in Insurance

Table 32: Long Term Insurance Business Figures

	2010	2011	2012	2013	2014	Average
<b>Assets (MUR Million)</b>	<b>75,380</b>	<b>84,244</b>	<b>92,640</b>	<b>106,428</b>	<b>115,246</b>	<b>94,787</b>
<b>% Change in Assets</b>	<b>16%</b>	<b>12%</b>	<b>10%</b>	<b>15%</b>	<b>8%</b>	<b>11%</b>
<b>Asset Mix:</b>						
Property (MUR Million)	2,107	1,863	2,428	5,039	5,645	3,416
% Change	3%	-12%	30%	108%	12%	35%
% of Total Assets	3%	2%	3%	5%	5%	3%
Equities (MUR Million)	19,938	20,671	20,349	19,952	23,021	20,786
% Change	18%	4%	-2%	-2%	15%	4%
% of Total Assets	26%	25%	22%	19%	20%	22%
Govt Bonds (MUR Million)	13,714	14,371	16,869	12,415	12,830	14,040
% Change	9%	5%	17%	-26%	3%	0%
% of Total Assets	18%	17%	18%	12%	11%	15%
Other Bonds	589	998	584	908	1,120	840
% Change	45%	69%	-41%	55%	23%	27%
% of Total Assets	1%	1%	1%	1%	1%	1%
Policy Loans	471	490	514	560	602	527
% Change	10%	4%	5%	9%	8%	6%
% of Total Assets	1%	1%	1%	1%	1%	1%
Other loans	5,964	7,331	14,090	13,315	14,354	11,011
% Change	2%	23%	92%	-6%	8%	29%
% of Total Assets	8%	9%	15%	13%	12%	11%
Cash equivalents	9,439	10,813	13,416	9,046	8,692	10,282
% Change	21%	15%	24%	-33%	-4%	1%
% of Total Assets	13%	13%	14%	9%	8%	11%

	2010	2011	2012	2013	2014	Average
Other Assets	23,157	27,707	24,388	45,192	48,982	33,885
% Change	23%	20%	-12%	85%	8%	25%
% of Total Assets	31%	33%	26%	42%	43%	35%
<b>TOTAL</b>	<b>75,380</b>	<b>84,244</b>	<b>92,640</b>	<b>106,428</b>	<b>115,246</b>	
Life Fund	52,280	55,320	61,167	69,999	76,310	63,015
% Change in Life Fund	14%	5%	10%	13%	8%	9%
Capital and Reserves	5,507	8,882	9,855	10,636	11,230	9,222
% Change in C & R	3%	61%	11%	8%	6%	21%
Other Liabilities	17,593	20,042	21,618	25,793	27,705	22,550
% Change of C & R to Life Fund	11%	16%	16%	15%	15%	16%
Net Premiums	11,654	12,643	13,538	14,497	15,894	13,645
Reinsurance	309	311	360	530	406	383
Gross Premiums	11,963	12,953	13,898	15,027	16,300	14,028
% Change in Gross Premiums	26%	8%	7%	8%	8%	8%
Net Claims	7,711	10,511	9,894	10,983	12,889	10,398
Reinsurance	76	73	156	73	118	99
Gross Claims	7,787	10,584	10,050	11,056	13,007	10,497
% Change in Gross Claims	28%	36%	-5%	10%	18%	15%
Number of policies:						
In force	437	497	420	421	431	
% Change in In Force	3%	14%	-16%	0%	2%	0.81%
New Business	59	166	57	61	53	
% Change in In New Business	-11%	181%	-66%	7%	-14%	20%
Termination	47	59	32	63	49	
% Change in In Termination	4%	27%	-46%	96%	-22%	12%
Management Expenses and Net Commissions	1,453	1,474	1,582	1,651	2,204	
Expenses as a % of Premiums	12%	11%	11%	11%	14%	12%



Table 33: General Insurance Business Figures

	2010	2011	2012	2013	2014	Average
<b>Assets (MUR Million)</b>	<b>13,158</b>	<b>11,659</b>	<b>12,404</b>	<b>13,888</b>	<b>15,066</b>	<b>13,210</b>
<b>% Change in Assets</b>	<b>11%</b>	<b>-11%</b>	<b>6%</b>	<b>12%</b>	<b>8%</b>	<b>4%</b>
<b>Asset Mix:</b>						
Equities (MUR Million)	1,566	1,333	1,312	1,544	2,145	1,580
% Change in Equities	-29%	-15%	-2%	18%	39%	10%
% Change of Total Assets	12%	11%	11%	11%	14%	12%
Cash Equivalents (MUR Million)	2,645	2,924	3,496	3,579	3,390	3,207
% Change in Cash Equivalents	23%	11%	20%	2%	-5%	7%
% Change of Total Assets	20%	25%	28%	26%	22%	25%
Govt Bonds (MUR Million)	1,387	404	478	409	433	622
% Change in Cash Equivalents	5%	-71%	18%	-15%	6%	-15%
% Change of Total Assets	11%	3%	4%	3%	3%	3%
Other Bonds (MUR Million)	406	510	207	386	305	363
% Change in Other Bonds	285%	26%	-59%	86%	-21%	8%
% Change of Total Assets	3%	4%	2%	3%	2%	3%
Property (MUR Million)	140	125	131	138	144	136
% Change in Prop- erty	22%	-10%	5%	5%	4%	1%
% Change of Total Assets	1%	1%	1%	1%	1%	1%
Other Assets (MUR Million)	7,014	6,363	6,779	7,833	8,649	7,328
% Change in Other Assets	18%	-9%	7%	16%	10%	6%
% Change of Total Assets	53%	55%	55%	56%	57%	56%
	<b>13,158</b>	<b>11,659</b>	<b>12,404</b>	<b>13,888</b>	<b>15,066</b>	<b>12,590</b>

	2010	2011	2012	2013	2014	Average
Capital & Reserves (MUR Million)	6,551	4,698	5,330	6,052	6,955	5,917
% Change	9%	-28%	13%	14%	15%	3%
% Change of Total Liabilities	50%	40%	43%	44%	46%	45%
Technical Reserves (MUR Million)	4,688	5,218	5,626	6,213	6,196	5,588
% Change	16%	11%	8%	10%	0%	7%
% Change of Total Liabilities	36%	45%	45%	45%	41%	42%
Other Liabilities (MUR Million)	1,920	1,743	1,449	1,623	1,916	1,740
% Change	6%	-9%	-17%	12%	18%	1%
% Change of Total Liabilities	15%	15%	12%	12%	13%	13%
	<b>13,158</b>	<b>11,659</b>	<b>12,404</b>	<b>13,888</b>	<b>15,066</b>	<b>12,590</b>
Premiums:						
Net (MUR Million)	3,369	3,928	4,002	4,363	4,496	4,031
Reinsurance (MUR Million)	2,206	2,319	2,182	2,667	2,915	2,458
Gross (MUR Million)	5,575	6,247	6,183	7,029	7,411	6,489
% Change in Gross Premiums	6%	12%	-1%	14%	5%	8%
Claims:						
Net (MUR Million)	1,738	2,150	2,112	2,368	2,498	2,173
Reinsurance (MUR Million)	823	1,100	961	1,775	1,416	1,215
Gross (MUR Million)	2,561	3,250	3,073	4,143	3,914	3,388
% Change in Gross Claims	8%	27%	-5%	35%	-6%	13%
Premiums – Motor						
Net (MUR Million)	2,178	2,442	2,510	2,581	2,633	2,469
Reinsurance (MUR Million)	105	134	189	177	188	159
Gross (MUR Million)	2,283	2,576	2,698	2,758	2,822	2,627
% Change in Gross Premiums	6%	13%	5%	2%	2%	6%
Claims – Motor						
Net (MUR Million)	1,146	1,211	1,250	1,344	1,419	1,274
Reinsurance (MUR Million)	142	140	144	285	209	184
Gross (MUR Million)	1,288	1,351	1,395	1,629	1,628	1,458
% Change in Gross Claims	0%	5%	3%	17%	0%	6%

	2010	2011	2012	2013	2014	Average
<b>Premiums – Non-motor</b>						
Net (MUR Million)	1,191	1,486	1,492	1,782	1,863	1,563
Reinsurance (MUR Million)	2,101	2,185	1,993	2,489	2,726	2,299
Gross (MUR Million)	3,292	3,671	3,485	4,271	4,589	3,862
% Change in Gross Premiums	7%	12%	-5%	23%	7%	9%
<b>Claims – Non-motor</b>						
Net (MUR Million)	592	940	862	1,023	1,079	899
Reinsurance (MUR Million)	719	966	772	1,598	1,227	1,056
Gross (MUR Million)	1,311	1,906	1,634	2,621	2,306	1,956
% Change in Gross Claims	16%	45%	-14%	60%	-12%	20%
UW profit	1	466	507	503	600	415
% Change in UW profit	-101%	45533%	9%	-1%	19%	11390%
Investment (MUR Million)	927	780	402	385	441	587
Operating profit (MUR Million)	926	1,246	909	888	1,041	1,002
% Change in Operating profit	8%	35%	-27%	-2%	17%	6%
<b>Number of policies:</b>						
Motor	299	287	315	323	334	312
% Change	1%	-4%	10%	3%	3%	3%
% Change of Total	67%	69%	67%	68%	65%	67%
Non-Motor	148	132	154	152	181	153
% Change	1%	-10%	17%	-2%	19%	6%
% Change of Total	33%	31%	33%	32%	35%	33%
Total	446	420	470	475	514	465
% Change	1%	-6%	12%	1%	8%	4%
<b>Number of Claims:</b>						
Motor	40	42	43	42	47	43
% Change	-8%	6%	2%	-2%	11%	4%
% Change of Total	23%	21%	19%	16%	17%	19%
Non-Motor	134	157	187	225	232	187
% Change	43%	18%	19%	21%	3%	15%
% Change of Total	77%	79%	81%	84%	83%	81%
Total	174	200	230	268	279	230
% Change	27%	15%	15%	16%	4%	13%

# Appendix 3:

## Changes in Legislations

### New Rules

Rules	Amendment / Purpose	Date into force
The Private Pension Schemes (Administration) Rules 2014	The Private Pension Schemes (Administration) Rules 2014 came into operation on 01 September 2014. These Rules consist of the seventh set of FSC Rules issued under the PPSA since its proclamation in November 2012. The fundamental principle of the Private Pension Schemes (Administration) Rules 2014 is for the administrator of a private pension scheme to have adequate skills, experience and systems in place to perform administration functions according to the requirements of the law, without conflict of interest and in a manner that instils confidence among stakeholders of the private pensions industry.	01 September 2014
The Private Pension Schemes (Returns) Rules 2014	The Private Pension Schemes (Returns) Rules 2014 comprise the eighth set of FSC Rules made under the PPSA since its proclamation in November 2012. The primary object of the Rules is to provide FSC Mauritius with timely, detailed and consistent disclosure of information from private pension schemes to enable insightful analysis during offsite surveillance and monitoring by the FSC Mauritius. The Rules came into operation on 01 September 2014.	01 September 2014

### Amendments to Rules

Rules	Amendment / Purpose	Date into force
The Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2014	The Financial Services (Consolidated Licensing and Fees) Rules 2008 have been amended to clarify the fees structure and to review the variable annual fee payable by Pension Scheme Administrators. With this amendment, the processing fee in relation to the Pension Scheme Administrator Licence has been increased from Rs. 25, 000 to Rs. 30, 000. Also, in the variable annual fee column, the term "Cos" has been replaced by the term "beneficiaries" as defined in the PPSA. The new fee structure for Pension Scheme Administrators came into operation on 01 July 2014.	01 July 2014

Rules	Amendment / Purpose	Date into force
Securities (Disclosure Obligations of Reporting Issuers) (Amendment) Rules 2014	<p>The Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 have been amended to provide for certain exemptions. Rule 8 of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 has been amended in order to exempt Exchange Traded Funds from publishing, in at least one local newspaper having a wide circulation, an announcement containing the information to be contained in the quarterly report.</p> <p>In addition, under Rule 16A, companies listed on a securities exchange in Mauritius shall, on a monthly basis, file with the FSC Mauritius and the securities exchange on which they are listed a list of foreign investment transactions returns. Following the recent amendment, this requirement will no longer apply to foreign investment transactions executed on a securities exchange established in a foreign jurisdiction.</p> <p>The Securities (Disclosure Obligations of Reporting Issuers) (Amendment) Rules 2014 came into operation on 22 December 2014.</p>	22 December 2014
The Securities (Brokerage Fee for Government of Mauritius Securities and Bank of Mauritius Securities) (Amendment) Rules 2014	The Securities (Brokerage Fee for Government of Mauritius and Bank of Mauritius Securities) Rules 2011 have been amended to provide for a new brokerage fee structure. The aim of this amendment is to encourage investors, especially retail investors, to trade in Bank of Mauritius securities and Government of Mauritius securities such as the Government of Mauritius savings bonds which will promote the Bond Market in Mauritius.	25 August 2014

### Amendments to Guide

Guide	Amendment / Purpose
The Guide to Global Business	Section 71(6) of the FSA has been amended by the Economic and Financial Measures (Miscellaneous Provisions) Act 2013 to provide greater flexibility for Corporations holding Category 1 Global Business Licences (GBC1s) to conduct business in Mauritius, subject to such restrictions, terms and conditions as may be provided in any guidelines issued by the FSC Mauritius. Sections 4 and 5 of Chapter 4 of the Guide to Global Business have been amended to provide guidance to investors and service providers with respect to the determination of conduct of business by GBC1s. The FSC Mauritius will take appropriate actions where a GBC1 fails to comply with any guidelines or Rules issued by the FSC Mauritius.

## Guidelines

Guidelines	Amendment / Purpose
Guidelines for Advertising and Marketing of Financial Products	<p>The FSC Mauritius launched, on 27 October, the Guidelines for Advertising and Marketing of Financial Products and the Competency Standards as part of its "Fair Market Conduct Programme".</p> <p>The Guidelines for Advertising and Marketing of Financial Products and the Competency Standards set the requirements for licensed entities in terms of their advertising function, and promotional roles and responsibilities vis-à-vis consumers. The aim is to promote responsible, ethical and professional conduct by promoters in relation to the advertising and marketing of non-banking financial products and services targeting consumers of financial services in Mauritius. The Guidelines for Advertising and Marketing of Financial Products and the Competency Standards came into force on 01 January 2015.</p>
Competency Standards	<p>The Competency Standards formalise the minimum technical competencies, in terms of knowledge and skills, which specific licensees need to have.</p>

# Appendix 4:

## Stakeholder Confidence

Table 34: List of MMoUs / MoUs

### List of MMoUs/MoUs

Multilateral Memorandum of Understanding (MMoU)	
1.	International Organization of Securities Commission (IOSCO)
2.	International Association of Insurance Supervisors (IAIS)
3.	Southern African Development Community (SADC) Committee of Insurance, Securities and Non-banking financial Authorities (CISNA)
Memorandum of Understanding (MoU)	
Regional MoU	
1.	South Asian Securities Regulators Forum
2.	IOSCO Africa Middle East Regional Committee
International Authorities	
1.	Capital Markets Authority of Uganda
2.	Central Bank of Lesotho
3.	Financial Services Board, Republic of South Africa
4.	Insurance Supervisory Department of Tanzania
5.	Namibia Financial Institutions Supervisory Authority
6.	Pensions and Insurance Authority of Zambia
7.	Reserve Bank of Malawi
8.	Securities and Exchange Commission of Zambia
9.	Guernsey Financial Services Commission
10.	Isle of Man Financial Supervision Commission
11.	Jersey Financial Services Commission
12.	Labuan Financial Services Authority
13.	Malta Financial Services Authority
14.	Securities and Exchange Board of India
15.	Securities and Exchange Commission, Nigeria
16.	Capital Markets Authority, Kenya
17.	Non-Bank Financial Institutions Regulatory Authority of Botswana
18.	Cyprus Securities and Exchange Commission
19.	Capital Market Development Authority of Maldives
20.	Comissão do Mercado de Capitais, Angola
Memorandum of Understanding (MoU)	
Local Authorities	
1.	Bank of Mauritius
2.	Financial Intelligence Unit
3.	Mauritius Revenue Authority
4.	Competition Commission Mauritius
5.	Financial Reporting Council
6.	Statistics Mauritius

MOUs (relating to the supervision of AIFMD entities)	
European Union (EU) Member States Securities Regulators	
1.	Financial Services and Markets Authority, Belgium
2.	Financial Supervision Commission, Bulgaria
3.	Securities and Exchange Commission, Cyprus
4.	Czech National Bank, Czech Republic
5.	Finanstilsynet, Denmark
6.	Estonian Financial Supervision Authority, Estonia
7.	Hellenic Capital Market Commission, Greece
8.	Pénzügyi Szervezetek Állami Felügyelete, Hungary
9.	Central Bank of Ireland, Ireland
10.	Finanšu un kapitāla tirgus komisija, Latvia
11.	Bank of Lithuania, Lithuania
12.	Commission de Surveillance du Secteur Financier, Luxembourg
13.	Malta Financial Services Authority, Malta
14.	Autoriteit Financiële Markten, The Netherlands
15.	Polish Financial Supervision Authority, Poland
16.	Comissão do Mercado de Valores Mobiliários, Portugal
17.	Romanian Financial Supervisory Authority, Romania
18.	Národná banka Slovenska, Slovak Republic
19.	Finansinspektionen, Sweden
20.	Financial Conduct Authority, United Kingdom
21.	Autorité des Marchés Financiers, France
European Economic Area (EEA) Securities Regulators	
1.	Fjármálaeftirlitið, Iceland
2.	Finanzmarktaufsicht, Liechtenstein
3.	Finanstilsynet, Norway
Other Securities Regulators	
1.	Financial Services Commission, Gibraltar



# Appendix 5:

## List of Meetings and Conferences

### International and Regional Meetings Held Overseas

Date	Theme	Country
Attended by Ms Clairette AH-HEN, Chief Executive		
10 - 11 February	32nd IOSCO-AMERC Annual Meeting	Zambia
2 - 3 April	6th Global Pension and Saving Conference	United States
5 - 8 May	5th meeting of the FSB-RCG followed by a two-day workshop on Key Attributes of Effective Resolution Regimes	Ghana
7 - 8 July	Key speaker - World Pension Summit "Africa Special"	Nigeria
28 September - 2 October	IOSCO 39th Annual Conference	Brazil
07 November	1 Day Seminar on Promotion and Development of Factoring in Africa: Towards a Facilitative legal and Regulatory Environment	Zambia

Date	Theme	Country	Officers	Position
22 March	Presentation to IAIS Executive committee	Switzerland	Ms Veena MOLOYE	Head - Executive Office
10 - 11 February	32nd IOSCO/AMERC Meeting	Zambia	Mr Vishwadeo SEEBALUCK	Head - Surveillance Investment Funds & Intermediaries
			Ms Vyasha RAMASAWMY	Lead Examiner - Surveillance Capital Markets

Date	Theme	Country	Officers	Position
10 - 13 February	IOSCO Committee 1 Meeting	Spain	Ms Gaitree MATTAPULUT	Lead Examiner - Surveillance Investment Funds & Intermediaries (Offsite Supervision Unit)
07 - 11 April	CISNA 32nd Meeting	Tanzania	Mr Neil MOHINDRA	Head - Policy
			Mr Warren VARDIN	Manager - Licensing
			Mr Raj OREE	Head - Surveillance Insurance & Pensions
07 - 08 May	FSB-RCG meeting on Key Attributes of Effective Resolution Regimes	Ghana	Mr Ashveer SEEBORUTH	Head - Enforcement
			Mr Jasraj HURDOWAR	Manager - Surveillance Investment Funds & Intermediaries
			Ms Teenoosha BOYJOO	Senior Analyst - Policy
02 - 04 June	OECD's Working Party on Private Pensions and IOPS Technical Committee meeting	France	Ms Charisma JAWAHEER - ROOPUN	Executive - Surveillance Insurance & Pensions
			Mr Ajmal BURTHUN	Lead Analyst - Legal
			Ms Trisha DULLOO	Lead Examiner - Surveillance Insurance & Pensions
01 October	6th meeting of the 'FSB Regional Consultative Group for Sub-Saharan Africa'	South Africa	Mr Gamal BALLAM	Head - Policy
20 - 22 October	IOSCO Committee 1 meeting	Belgium	Ms Gaitree MATTAPULUT	Lead Examiner - Surveillance Investment Funds & Intermediaries (Offsite Supervision Unit)
22 - 25 October	21st Annual Conference and Meeting of the IAIS	Netherlands	Mr Raj OREE	Head - Surveillance Insurance & Pensions
03 - 07 November	33rd CISNA Meeting	Botswana	Mr Warren VARDIN	Manager - Licensing
			Ms Brinda HARJAN	Manager - Executive Office

**Regional and National Meetings held in Mauritius**

Date	Theme	No of Participants
31 July	UN Security Council Regulations	1
10 - 11 October	Catalysing funding and investments into regional infrastructure in the Eastern and Southern African and Indian Ocean region	2
03 November	Advisory Committee for MSc Economics for Business Analysis	1

# Appendix 6:

## Capacity Building

### Overseas Conferences, Training, Seminars and Workshops

Date	Theme	Country	Officers	Position
27 - 31 January	Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) -Training of assessors	Namibia	Ms Komala NARRAINEN	Lead Examiner – Surveillance Investment Funds & Intermediaries
			Mr Bhushan JOMADAR	Senior Examiner – Surveillance Investment Funds & Intermediaries
23 - 27 June	2014 International Institute for Capital Market Compliance and Examination	United States	Mr Vikash TOYNOO	Senior Examiner – Surveillance Investment Funds & Intermediaries (Offsite Supervision Unit)
			Ms Meenakshee DINDYAL	Senior Examiner – Surveillance Capital Markets
26 - 27 June	International Organization of Securities Commissions: Seminar Training Program in "Going Forward: Challenges in Securities Regulation and Practical Solutions for Meeting those Challenges"	Germany	Mr Shakeel RAMEAD	Senior Examiner – Surveillance Investment Funds & Intermediaries (Offsite Supervision Unit)
			Ms Jawaira SUBRATTY	Senior Examiner – Surveillance Global Business
29 June - 04 July	10th International Insurance Supervision Seminar on Core Supervisory Issues	Switzerland	Ms Nasreen BOOLAKY	Senior Examiner – Surveillance Insurance & Pensions
30 June - 04 July	National Risk Assessment and Risk Based Approach	South Africa	Ms Joannie VELLIEN	Analyst - Legal
02 - 03 July	Asia Cyber Liability Insurance Conference	Singapore	Mr Thierry RABAUD	Lead Analyst - IT

Date	Theme	Country	Officers	Position
07 - 08 July	World Pension Summit "Africa Special"	Nigeria	Ms Trisha DULLOO	Lead Examiner – Surveillance Insurance & Pensions
6 - 18 July	Small Countries Financial Management Programme	United Kingdom	Mr Ashveer SEEBOORUTH	Head - Enforcement
30 July - 01 August	Developing Financial inclusion	South Africa	Mr Clifford APPASAMY	Manager – Surveillance Insurance & Pensions
14 - 15 August	CISNA Micro Insurance Forum	South Africa	Mr Avinash NEMCHAND	Senior Analyst - Legal
			Mr Naushad KHADUN	Analyst - Legal
12 - 13 August	Human Resource Management Awards - Best Practices Congress	Singapore	Ms Namita JAGARNATH-HARDOWAR	Head - HR
			Ms Sandiah TEELWAH-BEETUL	Manager - HR
			Ms Priyam DIGUMBER	Senior Analyst - HR
26 - 28 August	Regional Seminar for Insurance Supervisors in Asia and the Pacific on Enterprise Risk Management for Solvency Purposes	Singapore	Mr Neetish RAMPERSAD	Lead Examiner – Surveillance Insurance & Pensions
			Ms Safwana BHOYROO	Senior Examiner – Surveillance Insurance & Pensions
11 - 22 August	Financial Services Board Familiarisation & Training Programmes	South Africa	Ms Priya BOOTNA	Senior Examiner – Surveillance Global Business
			Ms Shameema JEEHOO	Lead Examiner - Licensing
			Mr Amit RAMJEET	Lead Analyst - Communications
			Mr Harry MOHITH	Lead Analyst - Policy
1 - 7 September	Symposium on Economic Crime	United Kingdom	Mr Gamal BALLAM	Head - Policy
1 - 5 September	Asia-Pacific Economic Cooperation (APEC) Financial Regulators Training Initiative (FRTI): Regional Seminar on Regulation & Supervision of Investment Funds	Mongolia	Mr Bhushan JOMADAR	Senior Examiner – Surveillance Investment Funds & Intermediaries
8 - 9 September	Key Performance Indicators Masterclass	Malaysia	Ms Sunaina BAGEERATHI	Senior Analyst - HR
			Mr Sundeep SEEWOONARAIN	Lead Analyst - HR

Date	Theme	Country	Officers	Position
10 - 12 September	African Securities Exchanges Association (ASEA) - Building African Financial Markets 2014	South Africa	Mr P.K KURIACHEN	Advisor to Chief Executive
			Ms Leena DOMAN-BRETTE	Manager - Policy
19 - 22 September	Investor Relations Master class/ 7th CEO Institutional Investment Summit	United States	Mr Warren VARDIN	Manager - Licensing
23 - 25 September	Regional Seminar for Supervisors in Sub-Saharan Africa: Solvency for Insurers and Insurers Groups	Swaziland	Mr Bhavish ANGAD	Senior Examiner – Surveillance Insurance & Pensions
25 - 26 September	Annual Regulators Workshop	United Kingdom	Ms Yonesha SAHYE	Lead Examiner – Surveillance Global Business
			Ms Magalie MAMOUN	Lead Analyst - Enforcement
			Ms Priya BOOTNA	Senior Examiner – Surveillance Global Business
28 September - 02 October	39th International Organization of Securities Commissions (IOSCO) Annual Conference - Market Based Financing for Global, Economic Growth - A forward looking approach	Brazil	Ms Veena MOLOYE	Head - Executive Office
			Ms Shaminah NEETOO	Team Leader - Surveillance Capital Markets
1 - 3 October	OECD / International Organisation of Pension Supervisors IOPS Global Forum on Private Pensions	Namibia	Ms Trisha DULLOO	Lead Examiner – Surveillance Insurance & Pensions
			Mr Ajmal BURTHUN	Lead Analyst - Legal
			Mr Rajneesh PHOKEER	Examiner – Surveillance Insurance & Pensions
07 - 09 October	Regional Workshop on Islamic Financing	Tunisia	Ms Charlene LOUIS	Head - Licensing
			Mr Jasraj HURDOWAR	Manager – Surveillance Investment Funds & Intermediaries
12 - 17 October	68th Congress of the International Fiscal Association	India	Ms Hemla DEENANATH	Senior Examiner – Surveillance Capital Markets
21 - 24 October	Regulatory Collaboration with respect to Global / Cross-Border Securities Violations and Crimes and the role and use of the IOSCO MMoU	Spain	Ms Rinasha APPAVOO	Analyst - Policy
			Mr Iqshaan PEERALLY	Analyst - Enforcement

Date	Theme	Country	Officers	Position
16 - 19 November	37th Organisation of Eastern and Southern Africa Insurers Annual Conference	Botswana	Ms Carine ARLANDA	Senior Examiner – Surveillance Insurance & Pensions
17 - 21 November	US Securities and Exchange Commission 20th Annual International Institute for Enforcement	United States	Ms Deeya HAZAREESING-MEETARBHAN	Senior Analyst - Legal
			Mr Ashveer SEEBOORUTH	Head - Enforcement
24 - 26 November	15th Annual Emerging Markets programme	Malaysia	Mr Gulshan RAMROOP	Examiner – Surveillance Capital Markets
			Ms Avina RAMDOO	Lead Examiner – Surveillance Investment Funds & Intermediaries
04 - 05 December	FINMARK / Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA) Micro Insurance Programme	South Africa	Mr Avinash NEMCHAND	Senior Analyst - Legal
14 - 15 December	Private pension funds conference	Egypt	Ms Trisha DULLOO	Lead Examiner – Surveillance Insurance & Pensions
			Mr Ajmal BURTHUN	Lead Analyst - Legal

**Local Conferences, Training, Seminars, Workshops and Talks**

Date	Theme	No of Participants
27 January	Training in True Leadership in You	4
12 - 13 February	Training Facilities Management	1
14 February	Information Session on International Financial Services Ltd - Knowledge Sharing Event	1
17 - 21 February	Seminar on National Accounts Statistics	2
26, 28 February	Workshop on Cybercrime	2
17 - 21 March	Training in Legislative Drafting	2
15 April	Presentation on Installation of E-Government Data Portal	1
15 April	Seminar on Risk and Reputation Management in Accounting and Finance	2
16 April	Workshop on Leading your company, Leading your workforce	16
16 April	Workshop on Bad Habits die hard – Economic & Social Consequences of Alcoholic Abuse in Mauritius	2
23 - 24 April	Workshop on Being effective time managers	4
30 April	Workshop on Digital Service Adoption: Framing the Right Ecosystem	1
02 May	Presentation on Key aspects of Information Technology Reviews and Forensic Audits	3
13 May	International Islamic Liquidity Management Corporation Sukūk Awareness Program	3
15 - 16 May	8th Asia/Africa International Fiscal Association Conference	7
19 - 22 May	11th Islamic Financial Services Board (IFSB) Summit	3
28 - 29 May	2014 African Competition Forum (ACF) workshop	2
28 - 30 May	Asia Pacific Research Committee conference	5
04 June	Study on "Look Africa Policy and Global Africa Hub Strategy"	5
05 - 06 June	Training in Corporate Governance of IT Manager	2
12 June	Launch of 2014 Economic Report on Africa	1
12 - 13 June	Training in Business Continuity Management	4
16 - 17 June	Workshop on Personal Mastery	3
09 July	Workshop on ISO 9001 Version 2015	1
17 - 18 July	Workshop on Become an Innovation Champion	2
17 July	Conference on Enabling Digital Transformation	2
18 July	Workshop on Personal Mastery	6
30 July - 01 August	Training in Adobe Illustrator	2
06 August	Training in Strategy and Execution: The Balanced Scorecard	8
07 August	Tax Breakfast Seminar	3
11 - 12 August	Workshop on Fraud Prevention & Detection	6
27 August	Workshop on Quality in Corporate Reporting	4
25 - 29 August	Seminar on Regulation & Supervision of Microfinance Institutions, Mobile Financial Services Providers and Agency Networks	2



Date	Theme	No of Participants
08 - 12 September	Training in Financial Inclusion	2
17 - 18 September	E-Government Conference 2014	1
25 - 26 September	Private Equity Mauritius Conference	5
25 September	Workshop on the Future of Digital Banking and Payments	2
02 October	Workshop on the Power of Emotional Intelligence	17
03 October	Presentation on the launching of the 'FinScope Mauritius 2014 Survey Results'	3
16 - 17 October	Workshop on Aligning your team to your organisational culture	4
28 October	Workshop on Anti Money Laundering and Combating the Financing of Terrorism (AML/CFT) issues in Securities Market and Investment Funds	1
29 - 30 October	Workshop on National Employment Policy	1
28 November	Conference on Computer Security Day 2014	1
09 December	Workshop on the Roles & Responsibilities of Directors of Global Business Licence Companies	4

### In-House Training

Date	Topic	No of Participants
15 January	Presentation: "Building Mauritius as a competitive International Financial Centre: A roadmap for the Mauritian Financial Services Industry".	15
Jan - March	Training Programme : Effective Communication skills Programme	23
28 January	Workshop: Appreciative Enquiry	12
05 February	Speakers' Series: Pension Scheme	131
07 February	FSC Staff Workshop - High Performance Organisation	158
13, 14, 20, 21 February	Leadership Development Programme : Working with my team	25
28 January, 04, 12, 20 February	Presentation : Regulatory Capture	58
10 March	Lunch and Learn webinar - IOSCO Meeting	19
March, April, May	Investigation series webinars	12
28 - 29 April, 01 - 02 May	Leadership Development Programme : Organisational relevance	24
02 April	Training Session : Legislative Drafting	28
09 - 10 April	Training programme : Site Administration and Content Management	6
23 - 25 April	International Organization of Securities Commissions (IOSCO) Growth and Emerging Markets Committee Meeting	15
02 May	Presentation : Key aspects of Information Technology Reviews and Forensic Audits	46

Date	Topic	No of Participants
08 May	Presentation : Firefighting	36
6, 7, 13, 14 May	Leadership Development Programme : Working with FSC Customers/ Stakeholders	24
13 May	Workshop on Foreign Account Tax Compliance Act (FATCA)	25
22 May	Training session: Financial Derivatives	32
23 May	Presentation : Captives	36
28 May	Training Session : Insider Trading	44
05 June	Training Session : Market Abuse and Manipulation	23
06 June	Training Session : Insolvency	35
10 June	Speaker's Series on Leadership	16
18 June	FSC Leadership Team Workshop	17
30 June - 04 July	Toronto Centre Training Programme: Crisis Preparedness for Banking and Securities Regulators	36
18 August	Training Session : Business Continuity Management	36
04 September	Awareness Session on Business Continuity Management	121
September, October	FSI Connect Online Tutorial on Insurance Supervision	5
17 September	Presentation : Securities regulations	33
25 September	Presentation : Insurance Core Supervisory Issues	21
09 October	Presentation: Eastern and Southern Africa 'Anti-Money' Laundering Group (ESAAMLG) National Money Laundering/Terrorist Financing Risk Assessments	24
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10 - 14 November	Toronto Centre Regional Training Programme for Pensions Supervisors : Developing Practical Approaches to Risk Based Supervision	14
10 November	Training session : Pensions - Context for Change	15
10 November	Training session : Effective Communications & management of stakeholders	7
10 November	Training session : Corporate Governance	9
11 November	Training Session : Case Study on The Wonderwall Pension Fund	4
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# List of Acronyms and Abbreviations

AEOI	- Automatic Exchange of Information
AER	- Administration and Enterprise Risk
AIFMD	- Alternative Investment Fund Managers Directive
AIFMs	- Alternative Investment Fund Managers
AML/CFT	- Anti-Money Laundering and Combating of Financial Terrorism
BAL	- Bourse Africa Limited
BCM	- Business Continuity Management
BEPS	- Base Erosion and Profit Shifting
BoM	- Bank of Mauritius
CDS	- Central Depository & Settlement Co. Ltd
CEF	- Closed-End Funds
CIPS	- Consumer, Industrial & Production services
CIS	- Collective Investment Schemes
CoPs	- Communities of Practice
CPD	- Continuous Professional Development
CPIS	- Coordinated Portfolio Investment Survey
CRS	- Common Reporting Standards
CT	- Corporate Trustees
DEM	- Development & Enterprise Market
DTAA	- Double Taxation Avoidance Agreement
EDMS	- Electronic Document Management System
ERP	- Enterprise Resource Planning
ESS	- Employee Self Service
FAQs	- Frequently Asked Questions
FAR	- Fixed Asset Register
FATCA	- Foreign Account Tax Compliance Act
FDI	- Foreign Direct Investment
FFIs	- Foreign Financial Institutions
FSA	- Financial Services Act 2007
FSB	- Financial Stability Board
FSC Mauritius	- Financial Services Commission, Mauritius
FSR	- Financial Stability Reports
FTIL	- Financial Technologies Group Investments Pvt Ltd
FVTOCI	- Fair value through other comprehensive income
GAAR	- General Anti-Avoidance Rule
GBC1's	- Category 1 Global Business Company
GBC2's	- Category 2 Global Business Company
GDP	- Gross Domestic Product
GEMC	- Growth and Emerging Markets Committee

GNDI	- Gross National Disposable Income
GNS	- Gross National Saving
HCTA	- Host Country Tax Authorities
HPO	- High Performance Organisation
HRIS	- Human Resource Information System
IA	- Insurance Act 2005
IAS	- International Accounting Standards
IASB	- International Accounting Standards Board
ICT	- Information and Communication Technology
IDES	- International Data Exchange Service
IFC	- International Financial Centre
IFI	- Investment Funds and Intermediaries
IFRS	- International Financial Reporting Standards
IGA	- Intergovernmental Agreement
IMF	- International Monetary Fund
IOSCO	- International Organization of Securities Commissions
IPAs	- Investment Promotion Agencies
IPSAS	- International Public Sector Accounting Standard
IRS	- Internal Revenue Service
LEI	- Legal Entity Identifier
LOU	- Local Operating Unit
LT	- Leadership Team
MC	- Management Companies
MEP	- Mechanical, Electrical and Plumbing
MMoU	- Multilateral Memorandum of Understanding
MoU	- Memorandum of Understanding
MUR	- Mauritian Rupees
NBFI	- Non-Banking Financial Institutions
O.W.L	- One Who Learns
OSP	- Online Submissions Platform
PPO	- Procurement Policy Office
PPPs	- Public Private Partnerships
PPSA	- Private Pension Schemes Act 2012
RBS	- Risk Based Supervision
RIIs	- Reporting Issuers
ROC	- Regulatory Oversight Committee
SA	- Securities Act 2005
SEBI	- Securities Exchange Board of India
SEM	- Stock Exchange of Mauritius Ltd.
SSA	- Sub-Saharan Africa.
SYGS	- Special Young Graduate Scheme
TEDPD	- Training and Employment of Disabled Persons Board
TRC	- Tax Residence Certificate
USD	- US Dollars
WEO	- World Economic Outlook
WGs	- Working Groups
YGDP	- Young Graduate Development Programme
YTC	- Young Talent Competition

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