Financial Services Commission
Mauritius

Annual Report 2015

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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 the FSC Mauritius

As at 26 May 2016, the date of the approval of the Audited Financial Statements for the year ended 31 December 2015 and Annual Report 2015, the Board of the FSC Mauritius comprised:

Chairperson
Mr Dharam Dev Manraj, G.O.S.K.

Vice Chairperson
Mr Dheerendra Kumar Dabee, G.O.S.K., S.C.

Board Members
Mr Rajesh Sharma Ramloll
Mr Visvanaden Soondram
Me Warda Dulmar Ebrahim
Mr Jacques Li Chung
Mr Rhoy Ramlackhan

Secretary to the Board
Mr Ramanaidoo Sokappadu

FORMER MEMBERS OF THE BOARD - 2015

Vice Chairpersons
Ms Mary Anne Philips
Mr Akileshwarnath Deerpalsingh

Board Members
Mr Radhakrishna Chellapermal
Mr Raj Makoond
Mr Luc Clement Stephen
Mr Antoine Domingue

Members of the Board

Mr Dev Manraj, G.O.S.K.
Chairperson

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

Mr Dheerendra Kumar Dabee, G.O.S.K., S.C.
Vice Chairperson

Mr Dheerendra Dabee is the Vice Chairperson of the Commission since February 2016. He is a Senior Counsel and is currently the Solicitor-General at the Attorney General's Office.

Mr Rajesh Sharma Ramloll

Mr Rajesh Ramloll joined the Board of FSC Mauritius in May 2014. He is the Deputy Solicitor General at the Attorney General's Office.

Mr Visvanaden Soondram

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

Me Warda Dulmar Ebrahim

Me Warda Dulmar Ebrahim joined the Board of FSC Mauritius in April 2015. She is a Barrister-at-Law.

Mr Jacques Li Chung

Mr Jacques Li Chung joined the Board of FSC Mauritius in August 2015. He is an FCCA member with over twenty years of experience, and is currently managing a firm providing accounting, audit, tax, BPO and structure finance services to both local and offshore companies.

Mr Rhoy Ramlackhan

Mr Rhoy Ramlackhan was appointed to the Board of the FSC Mauritius in August 2015. He is a member of the Royal Institute of Chartered Surveyors since 1999, and is currently the Managing Director of Broll Indian Ocean which is part of the CBRE Affiliate Network, a Fortune 500 company and the leading real estate services company in the world.

Members of the Board

***Mr Dev Manraj**, G.O.S.K. – Chairperson*
(24 April 2015 to date)

Message from the CHAIRMAN

I am pleased to present, on behalf of the Board, the Annual Report of the Financial Services Commission, Mauritius (FSC Mauritius) for the year ended 31 December 2015.

In 2015, we witnessed that global economic activity remained modest on the international financial landscape. Global growth slowed down to 2.4 percent in 2015 according to the World Bank[1]. On the regional front, growth rate for the Sub-Saharan African region was estimated at 3.75 percent in 2015, in spite of an initial forecast of 5.75 percent[2].

At domestic level, the Mauritian economy remained resilient and continued to grow at a moderate rate of 3.4 percent in 2015. The International Monetary Fund (IMF), during its visit in 2015, highlighted the strong development record of Mauritius and its ability to adapt to changing economic and financial conditions; and maintain financial stability even under challenging circumstances[3].

It is important to highlight the sustained contribution of the financial services sector to the growth of the Mauritius economy over the past decades. Financial services constitute a key sector of our economy and have a huge potential for growth and job creation. For the year 2015, financial and insurance activities contributed to 10.4 percent to GDP[4].

From a regulatory perspective, this year was marked by new opportunities for the development of the financial services sector. The Captive Insurance Act was voted by the National Assembly in December 2015 to provide a specific legislative framework for the development of the captive insurance sector. This new legislation on Captives brought international best practice to the current framework for the regulation and supervision of captive

[1] Source: World Bank Global Economic Prospect January 2016 Report
[2] Source: Regional Economic Outlook Report October 2014
[3] Source: IMF Executive Board 2015 Article IV Consultation with Mauritius
[4] Source: Statistics Mauritius - National Accounts - March 2016 issue

insurance business. The FSC Mauritius aims to position Mauritius as a Captive domicile of choice. While allowing this type of captive to continue to develop, the main objective is to attract more first party insurance captives from corporations or multinational groups with economic activity in the African and the Indian Ocean region.

We have also engaged with our international counterparts and signed a number of MoUs with the objective to foster international collaboration, exchange of information and expertise and obtain technical assistance to introduce new products. To that effect, we signed a Memorandum of Understanding (MoU) between the FSC Mauritius and the National Stock Exchange of India in September 2015 which marked a new impetus for the capital markets sector. This MoU testified the commitment of both institutions to collaborate and foster more strategic relationship to facilitate the development of channels for knowledge sharing, as well as, to elaborate mutual synergies for the growth and development of both Parties.

In October 2015, the FSC Mauritius entered into another MoU with the Dubai Financial Services Authority on Capacity Building and Other Collaboration. This MoU has enabled both Authorities to benefit from mutual technical exchanges for better understanding and knowledge of each other's financial regulation; and also enhanced mutual cooperation towards promoting and developing cross border activities.

We also witnessed, in April 2015, the collapse of one of the largest financial conglomerates in Mauritius, which comprised a number of entities operating in insurance, banking, asset management, retail and commercial services, with cross border operations in other Sub Saharan African countries. As indicated in the findings of NTan Report, dated 20 December 2015, this large financial group was incurring massive losses year after year and was already technically insolvent in terms of its balance sheet.

The Authorities and the Regulators acted promptly and took the bold decisions rapidly in view to mitigate the catastrophic impact of this crisis on the financial system, on the economy at large and to protect the interest of policyholders and clients who had invested in this financial conglomerate. The 2015 Report of the IMF Article IV Mission for Mauritius highlighted that authorities succeeded in averting a systemic crisis.

One of the lessons drawn from this crisis is the importance of a continued coordination between financial regulators. The IMF noted the systemic importance of mixed conglomerates, of which several banks are part, highlighting the importance to upgrade consolidated supervision and cooperation among regulatory agencies - in particular between the Bank of Mauritius and the FSC Mauritius. IMF concluded that the authorities have already taken steps to improve supervisory cooperation.

Today, financial services constitute a key sector of our economy and have a huge potential for growth and job creation. The financial services sector is called upon to play an important role in the development of Mauritius and in achieving higher standard of living. Every Mauritian should be able to enjoy the benefits of financial services, by which their financial assets and pensions can be invested efficiently and safely.

For over two decades, Mauritius has been operating as an offshore financial services sector, heavily reliant on tax treaties and substantially focusing on back office operations of little complexity. Mauritius has more to offer than just Tax benefits. In 2015, in line with international developments on tax transparency and good governance, substance and BEPS, Mauritius has taken bold steps ahead to revise to the South Africa-Mauritius Double Taxation Avoidance Agreement and the India – Mauritius Double Taxation Avoidance Convention. The revision of both treaties comes with challenges, that is, of re-modeling our Financial Services Centre, as well as an array of opportunities to move to the next phase of developing financial services in Mauritius.

Looking forward, we have a clearly-established strategy to re-model Mauritius as an International Financial Centre of substance and of repute. This involves: (i) reducing our predominant dependency on tax treaties; (ii) introducing new financial services product offerings to enable Mauritius move up the value-chain and attract new players and intermediaries on the market; (iii) opening up the economic space and facilitate the process for global and regional financial services providers and professionals to set up operations in Mauritius while providing tailored incentives; (iv) invest in capacity building facilities for to prepare our human capital to embrace the next level of development and sophistication in financial services and (iv) restructuring and reinforcement of the Commission with the introduction of technology.

Efforts have been geared to promote the development of wealth management, asset management and position Mauritius as a centre for private placements, trading of bonds and other financial instruments. We aim to have Multinationals setting up their regional headquarters in Mauritius with more back office activities.

Investors will be encouraged to make use of the Mauritian jurisdiction for their investments into and out of Africa. Diversification of product base and encouraging market penetration of new products is important for the development of the financial services sector. Mauritius needs to continuously adhere to new international norms and standards, and upgrade our rankings on international platform.

Financial markets today are innovating at a rapid pace with the evolving investor needs and profiles. Regulators therefore adapt the rules in response to changing conditions in the global market place to prevent new products escaping the proper regulatory scrutiny.

It is crucial that all partners in the sector demonstrate the highest level of competence to maintain the good repute of Mauritius as a jurisdiction internationally recognised for its good governance rules, transparency and safe to invest. We must work towards our strategy of positioning Mauritius as a Hub for Africa and contribute towards its recognition as an important player in the region.

The recent BREXIT vote has brought uncertainties which prevail both in the UK and EU financial markets. The Pound tumbled to a record low; investment decisions have been suspended; significant money outflows from high net worth is currently taking place out of the UK and EURO zone; and financial services firms and intermediaries are considering moving their operations out of the UK. These represent areas of opportunities to the Mauritius IFC even though the impact of BREXIT on Mauritius has not yet been assessed. It is noteworthy that following the signature of the European Securities and Markets Authority (ESMA) MoU, Mauritius-based fund managers are able to market locally licensed funds in Europe, thus enabling foreign high net worth to domicile their funds in Mauritius so as to access both the European and the African markets. In addition, our local service providers are encouraged to develop other niche offerings, such as providing support financial outsourcing and insourcing services. Furthermore, dual listing opportunities must be explored and the authorities should engage with different EU exchanges to agree on dual listing possibilities, which will make our capital market more liquid. At the Commission, we remain committed to work closely with the parent Ministry (the Ministry of Financial Services, Good Governance and Institutional Reforms), the Ministry of Finance and Economic Development, the Financial Services Promotion Agency (FSPA) and operators to unlock these potential through an enhanced international collaboration with our EU and UK counterparts.

The Board of the FSC Mauritius is fully committed to align its policies in line with the strategy of the Ministry of Financial Services, Good Governance and Institutional Reforms to further develop Mauritius into a vibrant and sophisticated International Financial Services Centre of substance.

Finally, I wish to express my appreciation to the Board and to the Acting Chief Executive for their active participation at board level, and in various committees throughout the year. My words of thanks also go to the staff for their commitment to meet the objectives of the FSC Mauritius.

Mr Dev Manraj, G.O.S.K.
Chairperson

Mr P. K. Kuriachen
Acting Chief Executive

Statement of the ACTING CHIEF EXECUTIVE

The financial services industry in Mauritius went through some important changes in 2015. In this process, the FSC Mauritius took all necessary measures in line with its regulatory framework to ensure that the stability of the sector is preserved. In parallel, we focused on achieving the objectives set under our Strategic Plan 2014 - 2016 which defines four strategic themes namely Quality, International Engagement, Conduct and Anticipation.

Quality

The FSC Mauritius ensured, throughout the year, that its deliverables in terms of quality of clients, people, systems and services are achieved. In line with this same objective, we concentrated our efforts on the implementation of the Online Data Capture System. The aim of this project is to ease data collection, compilation and analysis in line with our commitment to adhere to the best international statistical practices. Through this system, we wanted to enable our licensees to submit their respective data using this platform in a secured and user-friendly environment.

To cater for additional substance requirements, we also embarked towards the streamlining of the Tax Residence Certificate application process; and to render it more user and eco-friendly, an electronic submission of TRC Application Form was introduced to eliminate paperwork altogether. The new procedure has enhanced efficiency in the processing time of TRC applications.

International Engagement / Regional and Local Cooperation

To sustain the reputation of our jurisdiction, we continued to engage with stakeholders at international level. The FSC Mauritius collaborated with various counterparts through ongoing cross-border cooperation during 2015. We entertained 95 formal requests for assistance, and made 104 formal requests for assistance to/from international counterparts. The FSC Mauritius took the lead and worked with several IOSCO signatories on an important case relating to a group of companies whose financial dealings were faced with extensive investigations spanning various jurisdictions.

The promotion of regional integration is an important component in the developmental strategy of our jurisdiction. We continued to build our relationships with the regulatory communities and relevant local authorities in 2015. At regional level, the FSC Mauritius was entrusted to draft the CISNA strategic Plan 2016 - 2020 and bring a new dynamism in CISNA's activities. We hosted in August 2015 the CISNA's Strategic Planning and Performance Review Committee Meeting. The hosting of this important meeting reinforced the commitment of the FSC Mauritius towards CISNA, and reinforced the visibility of Mauritius in the region. Furthermore, we offered to assist member countries on the drafting of a Model Law for Small and Medium Enterprises; and proposed to facilitate bilateral Memorandum of Understanding between exchanges, dual and cross listing, multi-currency listing and trading in line with the CISNA's strategic plan 2016 - 2020.

The FSC Mauritius collaborated with the Ministry of Foreign Affairs, Regional Integration and International Trade on the SADC Trade in Services Negotiations in the analysis of the Offers (the limitations to market access and national treatment) for financial services. Moreover, we participated in the Typology Research on Money Laundering through the Securities Market in the Eastern and Southern Africa Anti-Money Laundering Group during the year. We have successfully concluded a Memorandum of Understanding with the National Stock Exchange of India Limited and the Dubai Financial Services Authority in 2015. This move came to consolidate our relationship with relevant international regulators to support our supervisory responsibilities.

The FSC Mauritius was very active on the local front. We entertained 165 formal requests for assistance and made 20 formal requests for assistance to/from local authorities respectively. We held regular meetings with stakeholders to foster continuous dialogue and addressed technical issues in maintaining Mauritius as a competitive jurisdiction.

A Sub-Committee was set up in May to enhance joint supervisory coordination and the promotion of mutual collaboration among the FSC Mauritius, the SEM and the CDS. The establishment of this Sub-Committee has set a communication platform which acts as a think tank for discussions on latest concepts and international trends impacting on the capital markets sector. The FSC Mauritius sponsored the CDS in its endorsement as Pre-Local Operating Unit by the LEI-ROC of the Financial Stability Board in March. With this endorsement, Mauritius became the second African jurisdiction, along with Nigeria, to issue LEIs to entities, and the twenty-first operational pre-LOU in the world.

During 2015, the FSC Mauritius continued its collaboration with the World Bank on the project to strengthen prudential regulations, risk-based supervisory and resolution frameworks for the insurance sector. Following the World Bank's consultation exercise, a market report was published in March. A Risk Management Framework paper was thereafter presented in September to representatives of the insurance industry.

The FSC Mauritius met with representatives of the FSAP mission which visited Mauritius in November 2015. This program is an opportunity for Mauritius to measure its compliance with financial sector standards and to benchmark its regulatory and supervisory systems with internationally-accepted practices.

In line with its policy to enhance the transparency of its rule-making process, the FSC Mauritius issued a Consultation Paper on Registration of prospectus and also invited public consultation on amendments to CIS Regulations and the draft Financial Services (Funeral Scheme Management) Rules.

Conduct

The FSC Mauritius focused its supervisory functions, during the year, in response to international challenges to promote robust regulation of its licensees, safeguard public interest, foster investors' confidence and ensure more effective enforcement. Our aim is to ensure that our licensees are compliant with its legislative framework and are financially sound.

The Risk-Based Supervision cycle, conducted in September 2015, assisted the FSC Mauritius in monitoring the progress of its licensees in terms of their operations and compliance. It helped to identify supervisory actions required in relation to the risk profile of entities. We also pursued offsite analysis and carried out onsite inspections of our licensees during the year.

In October 2015, we issued the Code of Business Conduct which establishes nine Guiding Principles setting out our licensees' obligations to ensure the sound conduct of business in the best interests of consumers and to uphold the integrity of the financial services industry.

Market Development and Product Diversification

Innovation is one of the key drivers for growth, productivity and prosperity. We are determined in developing Mauritius into a vibrant and sophisticated International Financial Services Centre of substance. As our jurisdiction needs to develop the financial services sector to accommodate more market players and create more employment for our young people, we cannot ignore the increasing number of Captive insurers domiciled in the world and our aim is to position Mauritius as a Captive domicile of choice. In this respect, the Captive Insurance Act was passed by the National Assembly in December 2015. The new

Act has brought international best practice to the current framework for the regulation and supervision of captive insurance business in Mauritius.

In 2015, the Competency Standards were also extended to licensees performing a management and control function in the pension sector. A consultation paper was issued on the proposed Competency Standards for the members of the governing body of the private pension scheme. Recommendations were also made to the Financial Services Institute to use the Competency Standards as input for the setting up of specialised training for specific licensees to expand talent pool and improve skills in the financial sector.

In terms of product diversification, a policy-oriented research was carried out in 2015 to identify financial products complementing the Mauritius-Africa strategy. A discussion paper on political risk insurance as a risk mitigation tool for global investment flows from Mauritius into African countries was issued. Various international stakeholders have expressed their interest for this product development in Mauritius.

The FSC Mauritius, for the first time granted licences to Lloyd's coverholders. The presence of Lloyd's in Mauritius through coverholders strengthens the Mauritius financial services centre. We also licensed a first credit rating agency. The presence of credit rating agencies in Mauritius is expected to play an important role in the development of the capital markets, in particular, for the corporate bond market.

As per one of our statutory objects to study new avenues for development in the financial services sector, we launched the Policy Research Group programme in November 2015 with the objective to provide a valuable platform for policy research studies in respect of the non-bank financial markets and services in Mauritius.

Consumer Education and Protection

Looking back on past achievements, our financial services sector has witnessed rapid growth in the last decades. Still, we are all conscious that in order to move to the next level of development, it is crucial to also include on board consumers of financial services. 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. We have, in 2015, reinforced our consumer education strategy to create more investor awareness and promote financial education to empower the population to take informed investment decisions.

In line with our functions to take measures for the better protection of consumers of financial services, the FSC Mauritius and the insurance industry closely worked with the Ministry of Financial Services, Good Governance and Institutional Reforms in the drafting of the Insurance Industry Compensation Fund which provides a 'Hit & Run' sub-fund to be used for payment of compensation to persons suffering from personal injury sustained from hit and run road traffic accident.

Our Commitment

Effective and efficient regulation is critical in the Financial Services Sector for consumer welfare, businesses and to the economy as a whole. Better financial regulation remains a pivotal aspect of making the financial sector safer, stable and conducive for economic develpment. The FSC is committed to adapt its regulatory process to ensure compliance with international norms and standards, and to promote financial stability.

Given the competitive financial climate, Mauritius needs to diversify its product base so as to attract investors and foster business. The FSC Mauritius is committed to provide the appropriate legal framework to promote a whole array of investment vehicles and financial services business to be available in and from our jurisdiction.

Finally, my words of thanks go to the Board for their trust and invaluable support to the FSC Mauritius throughout this year. We look forward to sustain our fruitful collaboration with the Ministry, our stakeholders and the industry to uphold the image of Mauritius as a sound and competitive financial services centre.

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

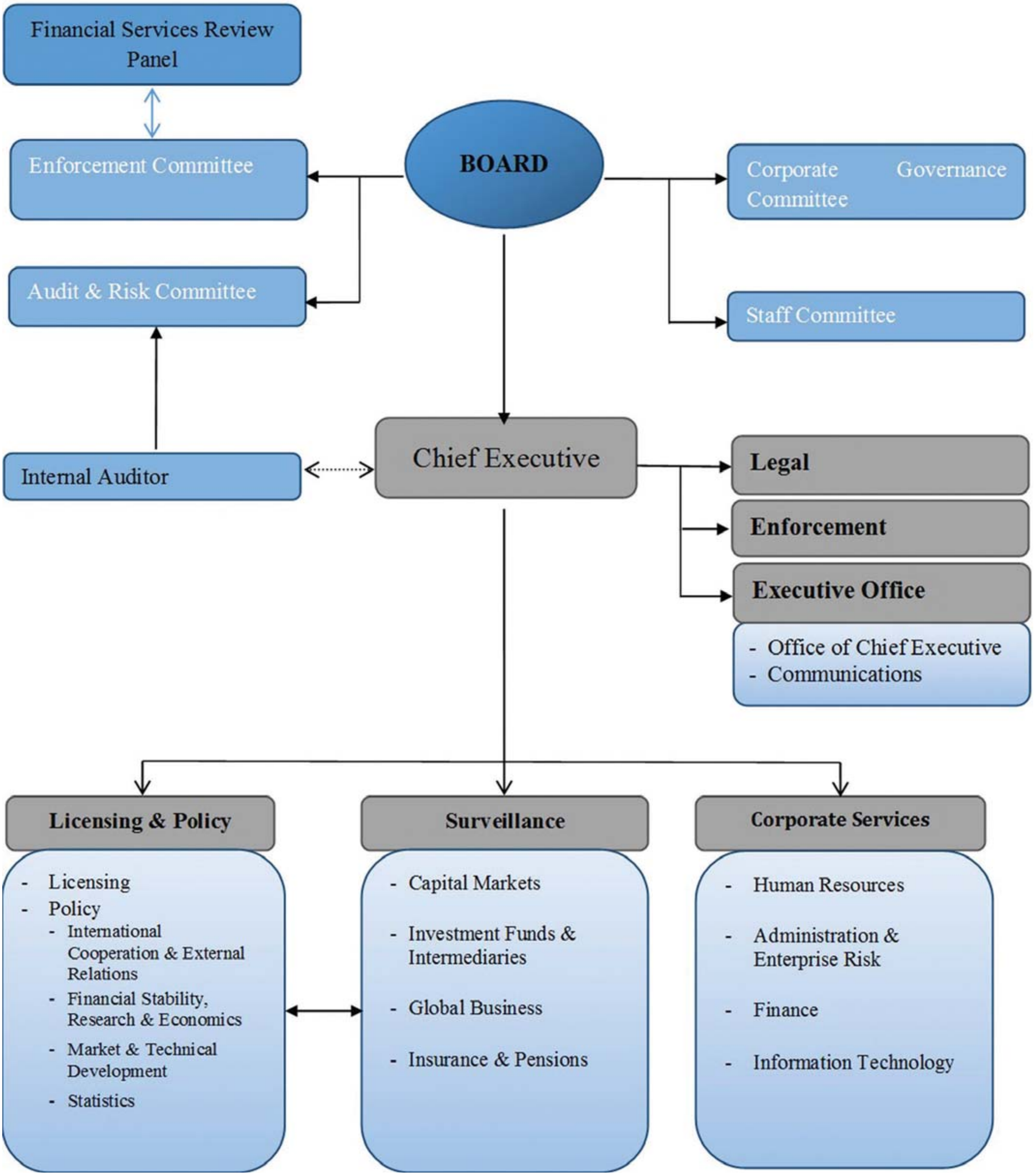
In carrying out its mission, the FSC Mauritius aims at:

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



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; and
- Staff Committee.

The **Corporate Governance Committee** is a sub-committee of the Board and its objective is to ensure that the FSC Mauritius complies, as far as is applicable, to the Code of Corporate Governance. The Committee also ensures that necessary disclosures regarding conflicts of interests are made.

The **Audit and Risk Committee** is set up for providing an independent reassurance to the Board and all stakeholders through their oversight and monitoring role. The Committee comprises entirely independent non-executive board of directors to assist in fulfilling the fiduciary duties of the Board, as well as, to advise the Board on how they are discharging their duties effectively by ensuring that there are adequate systems, financial and internal controls, corporate accountability, and that the associated risks in terms of management assurance and financial reporting are properly contained.

The FSC Mauritius has an Internal Audit unit to assist the Audit and Risk Committee in discharging its governance responsibilities. 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 FSC Mauritius' risk management, operational processes and controls, financial management, and reports findings and recommendations to the Committee.

The **Enforcement Committee**, established under Section 52 of the FSA, is an independent internal committee of the Board. In accordance with Section 52(2) of the FSA, the Committee consists of 2 members appointed every year by the Board and not more than 2 employees of the FSC Mauritius, designated by the Board, of a grade not lower than Executive and not involved in investigations of the licensee under Section 44 of the FSA. The Committee may also co-opt such other person having the necessary expertise as it may require.

The Committee, pursuant to Section 52(3) of the FSA, may exercise the disciplinary powers of the FSC Mauritius to impose an administrative sanction on a licensee and in this respect may:

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

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

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 the control and management of the day-to-day business of the FSC Mauritius.

Mr P. K. Kuriachen
Acting Chief Executive

Acting Chief Executive

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 represents the FSC Mauritius on the Financial Stability Board Regional Consultative Group for Sub-Saharan Africa, is a Council member of the Financial Reporting Council (Mauritius) and Board member of Statistics Mauritius.

P. K. Kuriachen is a Chartered Financial Analyst (CFA) and a Qualified Banker (CAIIB). He holds a Master's 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 from all around the world. He is an alumni of Baruch College, New York (CUNY) and of the International School of Business (ISB), India.

Internal Structure

Executive Office

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

- The Legal Cluster advises on legal issues, drafts legislation and legal documents, and handles litigations, amongst others.
- 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 Communication Unit and is responsible for policy implementation and coordination, public relations and communication.

The Executive Office ensures liaison with the Board and monitors the implementation of the Board's decisions. The Executive Office, with the assistance of relevant Clusters, 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 correspondences throughout the organisation and manages stakeholder communications and meetings.

The FSC Mauritius aims at developing a financially literate population capable of understanding the functioning of the financial services sector, and how financial products and services are used in their daily lives in an effective way. The Executive Office is responsible for undertaking financial literacy initiatives and ensuring that, through better communication and transparency, people have access to more objective and meaningful information about financial services.

Directorates

The Directorates of the FSC Mauritius are:

- Licensing and Policy;
- Surveillance; and
- Corporate Services.

The Licensing and Policy Directorate

This Directorate comprises the Licensing and Policy Clusters. The Licensing Cluster is responsible for the issuance of licences for business activities in the non-banking financial services and global business sectors.

The Policy Cluster composes of four units, namely, Financial Stability, Research and Economics, Market and Technical Development, International Cooperation and External Relations and Statistics. The Policy Cluster is responsible for the formulation of the policy framework with a view to spearheading the development of Mauritius as an International Financial Centre ('IFC') of good repute and substance. It keeps abreast of local and international developments in the non-banking financial services and global business sectors, and their impact on the jurisdiction.

The Cluster analyses the impact of economic developments to ensure financial stability, and studies avenues for the ongoing development of the financial services sector. It is further responsible for the collection, compilation, publication and dissemination of statistics in respect of the financial services other than banking, and global business sectors.

The Surveillance Directorate

This Directorate consists of Capital Markets, Investment Funds and Intermediaries, Insurance and Pensions and Global Business Clusters. The Directorate ensures that all licensed firms and intermediaries comply with regulatory and disclosure requirements. It is responsible for overseeing the conduct of licensed market infrastructures and intermediaries. The Directorate also monitors markets from both prudential and conduct perspectives.

The Corporate Services Directorate

This Directorate regroups Human Resources, Administration and Enterprise Risk, Finance and

Information Technology Clusters. It plays an essential role in providing the necessary support to enable all other Directorates to focus on achieving the core functions of the FSC Mauritius.

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

The Administration and Enterprise Risk Cluster is inter alia responsible for procurement, facilities management, enterprise risk management and business continuity management.

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

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

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 FSC Mauritius to meet its statutory objectives, coordinates the activities of the various Directorates and provides direction and guidance to the Clusters.

The Head of Clusters and Team Leaders work together to deliver the operational objectives of the FSC Mauritius. They are responsible for the implementation of the goals as set out in the strategic and business plans and ensure that the decisions and directions provided by the Executive Committee are properly understood.

Executive Office

Neetoo Shaminah
Head - Executive Office

HURDOWAR Khemalini
Head - Legal

SEEBORUTH Ashveer
Team Leader - Enforcement

Corporate Services Directorate

CHUTOORGOON Amrit
Head - Information Technology

MATHOORA Prashant
Head - Administration and Enterprise Risk

PUSRAM Rajhans (Vishal)
Head - Finance

TEELWAH-BEETUL Sandiah
Head - Human Resources

Licensing and Policy Directorate

LOUIS Charlene
Head - Licensing

BALLAM Gamal
Head - Policy

RAMASAWMY Deerajen
Head - Policy (Statistics)

Surveillance Directorate

SEEBALUCK Vishwadeo
Head - Investment Funds & Intermediaries

HURDOWAR Jasraj
Head - Capital Markets

SEEWOOSUNKUR Prakash
Head - Insurance & Pensions

DOONGOOR Shailendrasingh (Vikash)
Head - Global Business

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:

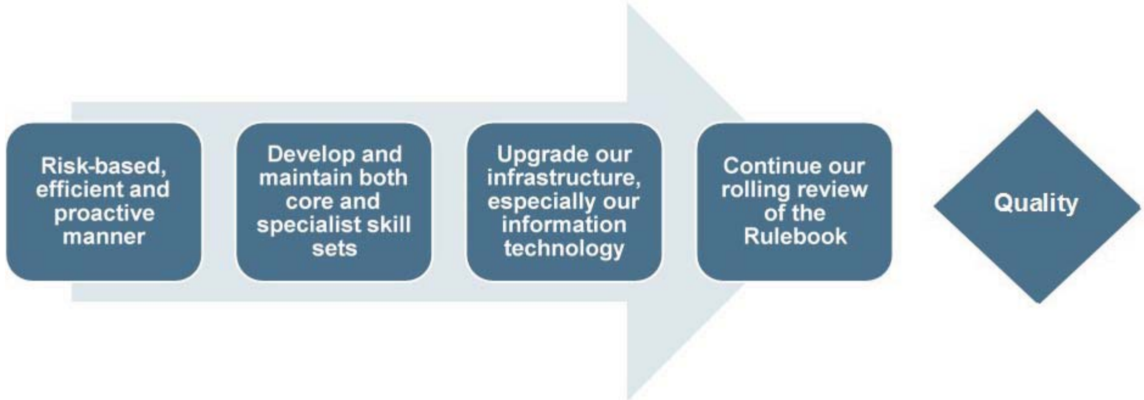
1. Quality

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; and
- We shall continue our rolling review of the Rulebook.

The FSC Mauritius views quality assurance as a means of delivering the best value whist 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: Financial Services Commission, 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 below:

(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; and
- 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 the FSC Mauritius initiatives.

(b) Collaboration with Other Regulators

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

Figure 3: Strategic Theme - International Engagement

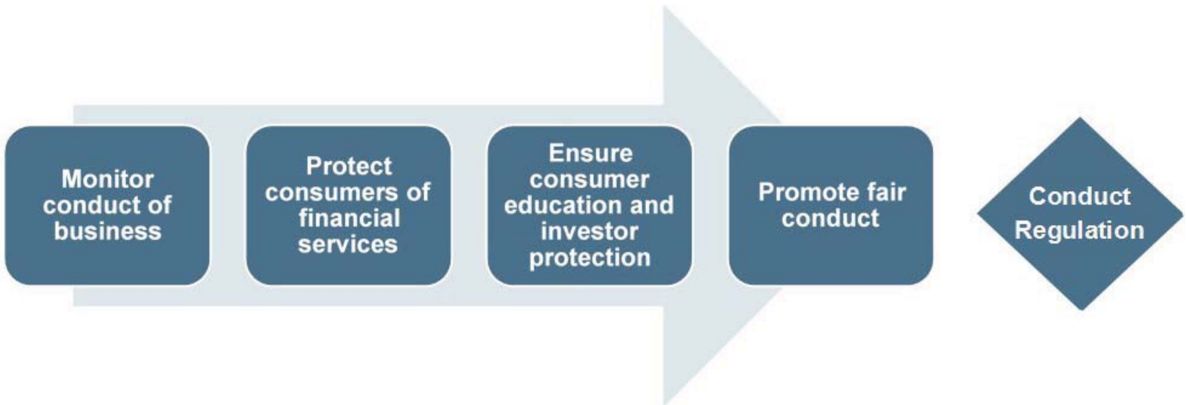
Source: Financial Services Commission, Mauritius Strategic Plan 2014 - 2016

3. Conduct

Financial regulation and supervision has 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; and
- We shall promote fair conduct in the non-bank financial services sector.

Figure 4: Strategic Theme - Conduct



Source: Financial Services Commission, 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 dealing 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; and
- 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: Financial Services Commission, Mauritius Strategic Plan 2014 - 2016

Environment in Which We Operate

Environment in Which We Operate

MACROECONOMIC TRENDS

International Economic Perspectives

According to the April 2016 World Economic Outlook ('WEO') Update published by the International Monetary Fund ('IMF'), global growth is estimated at 3.2 percent in 2015 and is projected to reach 3.4 percent in 2016. A modest and uneven recovery is expected to continue, in advanced economies, with a gradual, further narrowing of output gaps. Growth prospects in 2016 - 2017 will be affected by the slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies.

Global economic activity in 2015 remained modest. Growth in emerging markets and developing economies declined for the fifth consecutive year while a subdued recovery continued in advanced economies.

Three key transitions continued to influence the global outlook, namely:

- the gradual slowdown and rebalancing of economic activity in China, shifting from investment and manufacturing towards consumption and services;
- lower prices for energy and other commodities; and
- a gradual tightening in the United States ('US') monetary policy in contrast with other major advanced economies easing their monetary policy.

Overall, forecasts for global growth were revised downward by 0.2 percentage point for both 2016 and 2017. These revisions reflect to a substantial degree, a weaker pickup in emerging economies than was forecasted in October.

The World Bank's Global Economic Prospect January 2016 Report states that global growth disappointed again in 2015, slowing to 2.4 percent and highlights that it is expected to recover at a slower pace than previously envisioned.

Regional

Growth in Sub-Saharan Africa ('SSA') was estimated at 3.75 percent in 2015 and is expected to reach 4.25 percent in 2016. However, economic activity in SSA region weakened relative to previous years and the strong growth momentum evident in recent years dissipated in quite a few cases.

To understand the slowdown, it helps to consider three key factors that have supported the high growth in the region over the past decade. The most dominant of these factors was the vastly improved business and macroeconomic environment that policymakers have put in place, supporting higher investment. High commodity prices, also played a particular role in the region's eight oil exporters but also in several hard metals exporters. Highly accommodative global financial conditions, have further boosted capital flows to many countries in the region, facilitating higher public and private investments.

According to the Regional Economic Outlook Report October 2015, the SSA economy was expected to register another year of solid growth in 2015. This mainly reflected the severe impact of the drastic fall in oil prices on the region's oil exporters. With the wave of tightening global financial conditions, the large fiscal and current account deficits prevailing in some countries could leave them vulnerable to a possible reduction in external financing. Uneven global recovery and domestic security-related challenges were identified as risks to the outlook. Against this backdrop, further progress towards diversification and structural transformation remains vital in sustaining inclusive and high growth, creating jobs for the growing young population, and fostering integration into global value chains.

The Report stated that growth will continue in the region's core countries. As oil-related activities provide less support, this growth will be driven by sustained investment in infrastructure, buoyant services sectors, and strong agricultural production.

Risks to this outlook remained on the downside, with the possibility that the external environment might turn even less favourable, especially because a number of countries entered this new period with more limited external and fiscal buffers than they did at the time of the global financial crisis. Large macroeconomic imbalances led to pressures on the exchange rate and inflation. However, the overriding policy objective remained sustaining high growth, but fiscal imbalances had to be addressed in few countries.

Local Context

According to the National Accounts estimates (March 2016 issue), the Gross Domestic Product ('GDP') at basic prices in 2016 is forecasted to reach MUR 382,945 million compared to MUR 357,190 million in 2015. GDP at market prices is estimated to reach MUR 431,823 million as compared to MUR 403,536 million in 2015.

Gross National Saving is expected to reach MUR 44,658 million in 2016, from MUR 44,834 million in 2015, representing 10.5 percent of Gross National Disposable Income, from 11.1 percent in 2015.

Public sector investment is forecasted at MUR 24,716 million in 2016, representing a nominal increase of 27.3 percent from MUR 19,420 million in 2015. After removing the price effect, public sector investment is expected to rebound by 23.6 percent compared to 0.9 percent in 2015.

Private sector investment is expected to increase by 4.2 percent in nominal terms to reach MUR 54,088 million in 2016 from MUR 51,886 million in 2015. In real terms, it is expected to grow by 1.2 percent after a contraction of 7.3 percent in 2015.

Foreign Direct Investment ('FDI') inflows into Mauritius (excluding Category 1 Global Business Companies) stood at MUR 7,214 million in December 2015. Real estate activities attracted MUR 6,092 million, representing 84 percent of total FDI. Accommodation and food service activities represented MUR 779 million in December 2015. The FDI inflows into financial and insurance activities was estimated at MUR 167 million.

Total assets in the general insurance sector rose by 8.5 per cent to MUR15.1 billion in 2014. Total net premiums in the general insurance sector reached MUR4.4 billion. Insurance companies held MUR 12.1 billion in terms of cash and deposits at banks as at end- December 2014 and invested MUR 5.7 billion in the equity of local banks.

Employment was estimated at 545,600 as at December 2015 compared to 538,900 as at December 2014. The activity rate for the third quarter 2015 was 59.8 percent, up by 0.2 percentage point from 59.6 percent in the corresponding quarter in 2014. The activity rate for male decreased by 0.6 percentage point to 74.7 percent while that for female increased by 1.0 percentage point to 45.6 percent.

The increase in employment from the third quarter 2014 to the corresponding quarter 2015 stood at 6,800. The unemployment rate was estimated at 7.4 percent for the third quarter of 2015, compared to 7.8 percent at the second quarter 2015 and 7.6 percent at the third quarter 2014. The 42,600 unemployed comprised 17,100 males (40 percent) and 25,500 females (60 percent). Around 20,700 (49 percent) of the unemployed were aged below 25 years. Unemployment rate for year 2015 is projected at 8.0 percent compared to 7.8 percent for 2014.

Outlook

GDP growth rate is projected to be around 4.25 percent for the year 2016. The main challenges for Mauritius remain namely the large and relatively inefficient public companies and parastatal bodies, the infrastructure system, the scarcity of skilled human resources, the country's brain drain and the limited ability to make use of the large diaspora community.

According to the World Economic Forum, Mauritius dropped seven places to rank 46th out of 140 in the overall Global Competitiveness rankings of 2015. This is accounted for important drops in three of the 12 pillars (overall six pillars are losing places) on which the Index is based, labour market efficiency, financial market development and market size. Still, some fundamentals remain strong; Mauritius has the region's most efficient goods market, best infrastructure and most healthy and educated workforce. The challenges in moving further up the development ladder include improving the quality of higher education, embracing new technologies and nurturing innovation.

Financial Services

Financial and insurance activities contributed to 10.4 percent to GDP in 2015 compared to 10.3 percent in 2014. Financial and insurance activities grew by 5.2 percent, in 2015, representing a drop of 0.2 percentage point compared to 2014. Within the sector, monetary intermediation accounted for 6.1 percent of GDP, financial leasing and other credit granting 0.7 percent, insurance, reinsurance and pension 3.1 percent. Growth was highest for financial leasing and other credit granting, 6.3 percent followed by 5.4 percent for monetary intermediation, 4.5 percent for insurance, reinsurance and pension.

Local Capital Market Trends

Market Capitalisation on the Stock Exchange of Mauritius Ltd ('SEM') reached MUR 251 billion at year end 2015 as compared to MUR 278 billion at year end 2014. For 2015, the Total Value Transaction stood at MUR 19.9 billion in contrast to MUR 18.8 billion in 2014; the Total Market Volume reached 4,117 (shares in million) compared to 2,807 (shares in million) in the previous year.

Global Regulatory Trends

Building a stronger, safer, more resilient international financial system is one of the key elements of the G20's agenda. In 2015, G20 Leaders reiterated their commitments to ongoing robust monitoring of new risks and vulnerabilities in the financial system; and agreed to propose enhanced monitoring and oversight, as needed, appropriate to the systemic risks posed. G20 Leaders also expressed support for the package of measures developed under the G20 / Organisation for Economic Co-operation Development ('OECD') Base Erosion and Profit Shifting ('BEPS') project to make global business taxation system more fair and efficient.

Regulatory Development in 2015

Directive on Alternative Investment Fund Managers

The Directive on Alternative Investment Fund Managers ('AIFM Directives') came into force on 22 July 2013. Further to the Memorandum of Understanding ('MoU') with European Securities Market Authorities ('ESMA'), the assistance of the FSC Mauritius was solicited in various instances where funds incorporated in Mauritius were being marketed in European countries, which are signatory to the AIFM Directive.

For non-EU funds to continue being transacted in the European Union ('EU') beyond July 2013, cooperation agreements in the form of bilateral MoUs between EU / European Economic Area securities supervisors and the non-EU regulator where the funds are domiciled, needed to be established.

Since the AIFM Directive came into force, there has been a passport for the marketing and management of EU Alternative Investment Funds ('AIFs') by EU Alternative Investment Fund Managers. This passport is valid within the EU only. However, in July 2015, ESMA published its Advice in relation to the application of the AIFM Directive passport to non-EU Alternative Investment Fund Managers. Based on information provided by EU Member State regulators, the ESMA identified 22 non-EU countries including Mauritius to be assessed (country-by-country) for purposes of the extension of the AIFM Directives passport. However, the Advice covered only six countries namely US, Guernsey, Jersey, Hong Kong, Switzerland and Singapore on the basis that ESMA had a "sufficient level of information" on them. ESMA will be assessing the remaining 16 countries including Mauritius in batches and further Advice is expected to be released as each batch is completed.

The Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ('FATCA') is a US regime aimed at US persons with offshore accounts and investments. The FATCA requires foreign financial institutions to report to the Internal Revenue Service information about financial accounts held by US taxpayers, or by foreign entities in which US taxpayers hold a substantial ownership interest. An alternative regime for implementing the FATCA with Intergovernmental Agreements ('IGAs') was developed. The Model 1 IGA regulates the exchange of information between the tax administrations, and the due diligence and reporting to be performed by financial institutions. It also sets out those entities and accounts with a low chance of tax evasion. The Model 1 IGA may be either reciprocal or non-reciprocal. Another type of IGA, Model 2, involves financial institutions reporting directly to the Internal Revenue Service, supplemented by exchange of information upon request. Mauritius has signed the Model 1 IGA with the US effective from 30 June 2014.

Solvency II

Solvency II Directive which introduces a new, harmonised EU-wide insurance regulatory regime was expected to be implemented in all 28 Member States by 01 January 2016. The directive consolidates and harmonises existing EU insurance directives including life and non-life directives, the reinsurance directives and various others. The EU's aim for this new regime is to provide higher and more uniform levels of consumer protection, as well as promote competitive equality.

Over-The-Counter Derivatives Reforms

Following the financial crisis, the G20 leaders agreed to a series of measures to increase the transparency of the Over-The-Counter ('OTC') derivatives market and to reduce systemic risk. Implementation of OTC derivatives market reforms is well underway. There was further incremental progress in 2015 to promote central clearing of standardised OTC derivatives. Few jurisdictions have regulatory frameworks in place to promote execution of standardised contracts on organised trading platforms. Most jurisdictions are only in the early phases of implementing the Basel Committee on Banking Supervision–International Organization of Securities Commissions framework for margin requirements for non-centrally cleared derivatives.

Our Focus

Financial Services Commission
Mauritius

Policy

Policy

PERFORMANCE OF MAURITIUS IN 2015

The performance of Mauritius was assessed over 2015 in terms of:

- Competitiveness;
- Macroeconomics environment;
- Banking and Financial Services;
- Ease of Doing Business; and
- International Financial Centre.

The below radar diagram depicts the performance of Mauritius for 2015:

Figure 6: Performance of Mauritius 2014 / 2015

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

1. Competitiveness

The competitiveness of Mauritius is assessed by the following international rating indices:

- **World Bank Ease of Doing Business Index 2015** (Assesses regulations affecting domestic firms): Despite losing four rankings compared to 2014, Mauritius ranked 32nd out of 189 economies and remains the SSA's most competitive economy.
- **World Economic Forum Global Competitiveness Index 2015-2016** (Provides an understanding of the key factors that determine economic growth): Mauritius ranked 46th out of 140 countries on the World Economic Forum Global Competitiveness Report Index and remains ahead of South Africa.
- **Wall Street Journal – Heritage Economic Freedom Index 2015** (Tracks the march of economic freedom around the world): Mauritius ranked 15th in 2015 out of 178 countries and continues to be the regional leader in economic freedom.

2. 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*:**

Small improvements in the basic factors for competitiveness institutions (34th), infrastructure (37th), and higher education (52nd) are offset by declines in the efficiency of labour (57th) and the financial market (34th). Mauritius boasts the region's best infrastructure (37th), most healthy and educated workforce (63rd on health and 52nd in higher education and training), most efficient goods market (25th) and institutions (34th). As the country moves up the development ladder, several competitiveness areas, conducive to a knowledge-driven economy, should be unlocked such as the quality of higher education, the use of Information and Communication Technology ('ICT') and ability to absorb new technologies and the capacity to innovate.

3. 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*:**

In 2015, individual factor performances were on the decline as compared to 2014, with the most serious impact being on the soundness of local banks (from 15th in 2014 to 41st in 2015).

4. Ease of Doing Business

The ease of doing business in Mauritius was 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*:**

In the SSA region, for countries including Mauritius which introduced commercial courts or sections over the past ten years, the average time to resolve standardised cases was reduced by about 2.5 months. On average, OECD high-income economies tend to have the largest number of judicial good practices – with Mauritius scoring higher than the average OECD high-income economies.

In Mauritius, the time required for dealing with construction permits was reduced by the hiring of a more efficient subcontractor to establish sewerage connections. The strength of investor protection continues to remain strong in 2015.

5. Overall International Financial Centre

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

***Overall Performance*:**

In 2015, Mauritius gained five places and ranked 64th out of 84 countries with a score of 622 points. This was possible as a result of higher ratings received from finance professionals and a better visibility of the Mauritius IFC.

FINANCIAL STABILITY, RESEARCH AND ECONOMICS

The FSC Mauritius is mandated *"to ensure, in collaboration with the Bank of Mauritius, the soundness and stability of the financial system in Mauritius"*, according to Section 5(1)(e) of the FSA. Financial stability remains an integral part of the FSC Mauritius Strategic Plan 2014 – 2016. The FSC Mauritius collaborates with other stakeholders to ensure stability of the financial system.

Update of Statistical Profiles

In 2015, the FSC Mauritius updated the statistical profiles of the non-bank financial services sectors to analyse trends and identify potential systemic risks. It also regularly monitors reports from internationally recognised bodies such as IMF, World Bank and SwissRe to keep abreast of global trends, assess potential threats, and identify useful indicators that could be replicated for sectors under supervision.

Collaboration on the Bank of Mauritius Financial Stability Reports

The FSC Mauritius works closely with the Bank of Mauritius ('BoM') for the publication of the bi-annual BoM Financial Stability Report ('FSR') by providing analysis of the non-bank financial services sector.

The February 2015 FSR examined the global insurance market, the interlinkages between the banking and insurance sectors, the pension sector and reinsurance undertaken by general insurers in Mauritius. Over the past five years, general insurers have reinsured on average 38 percent of gross premium. The largest share of reinsurance related to the Engineering and Property segments representing 83 percent and 76 percent of gross premiums respectively. The status of credit ratings revealed that 78 percent of the premium reinsured was effected with reinsurers bearing high credit ratings (reinsurers rated 1 or above B+) which contribute to mitigate counterparty risk in the portfolio of insurance companies. Accordingly, 50 percent and 44 percent of the premiums were reinsured with A.M. Best and Standard and Poor's respectively, while the remaining six percent were reinsured with Fitch and other unrated credit rating agencies.

The August 2015 FSR provided an outlook on the performance of insurance sector, the average solvency position of insurers, growth of insurance activities, exposure to global conditions and concentration of the insurance market. The insurance sector registered a sound performance in 2014 and accounted for 33.7 percent of GDP. Total assets of the sector increased by 8.3 percent in 2014 to MUR 130.3 billion and gross premium increased by 12.5 percent to MUR 24.8 billion, which represented a penetration rate of around 6.0 percent.

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.

Financial Stability Board Regional Consultative Group for Sub-Saharan Africa

The FSC Mauritius participated in the seventh meeting of the Financial Stability Board Regional Consultative Group ('FSB' 'RCG') for SSA in March 2015 in Tanzania. Members reviewed the FSB's work plan and priorities for the next phase of reform. The priorities included full, consistent and prompt implementation of agreed reforms, finalisation of the design of the remaining post-crisis reforms, and addressing new risks and vulnerabilities. The FSB RCG also discussed the global and regional economic outlook and related vulnerabilities, developments in the region's financial sector, and challenges associated with non-performing loans. Members exchanged views on possible policies to promote the development and growth of the region's financial systems.

The impact of the sharp decline in oil prices was also debated as commodities have been a major driver of growth in the region over the past decade. Members discussed the issue both for oil importing and oil exporting countries, taking into consideration the various macroeconomic and financial implications, and possible responses. Members examined the effects of regulatory reforms in the region, such as the impact of a decline in correspondent banking services offered by international banks, including legal risks arising from potential Anti-Money Laundering and Combatting the Financing of Terrorism ('AML/CFT') enforcement actions.

The eight meeting of the FSB RCG was held on 04 December 2015 in South Africa. Members were briefed on the FSB's first annual report on '*Implementation and effects of the G20 financial regulatory reforms*'. The report described the progress in implementation of reforms to improve resilience of the global financial system.

The FSB RCG noted the FSB's finalised Total Loss-Absorbing Capacity standards issued in November 2015 and its work to analyse the effects of reforms on emerging market and developing economies. In view of these standards and other recent policy proposals and implementation guidance on resolution, members shared views and experiences on the design of resolution frameworks in their respective jurisdictions. Topics discussed included cross-border cooperation, crisis management groups and information sharing, and appropriate implementation in the region.

The FSB RCG discussed the impact of growth and financial stability emanating from lower global commodity prices, slowdown in China, potential normalisation of US monetary policy, currency mismatch arising from foreign currency denominated public debt and the current drought conditions in some parts of Africa. Members discussed the importance of financial inclusion, key developments and initiatives in the region. Cyber-security posing a threat to financial stability in the SSA was also on the agenda.

MARKET AND TECHNICAL DEVELOPMENT

Market Development

- ***Competency Standards***

In 2015, the Competency Standards were extended to licensees performing a management and control function in the pension sector. A consultation paper was issued on the proposed Competency Standards for the members of the governing body of the private pension schemes. The FSC Mauritius considered comments received from stakeholders.

Recommendation was also made to the newly set up Financial Services Institute to use the Competency Standards as input for the setting up of specialised training for specific licensees to expand talent pool and improve skills in the financial sector.

- ***Code of Business Conduct***

The FSC Mauritius issued the Code of Business Conduct in October 2015. It establishes nine Guiding Principles, which broadly set out a licensee's obligations to ensure the sound conduct of business.

The Guiding Principles are intended to ensure that licensees conduct their business in the best interests of consumers and uphold the integrity of the financial services industry. Some of the Guiding Principles are already embedded in existing legislative provisions or market practices. The onus is on the licensees to adopt appropriate processes and procedures, in line with their business model, to meet their obligations under the Guiding Principles.

The FSC Mauritius expects industry associations to come up with guidance notes to assist their members in complying with the Guiding Principles. This will ensure that the principles are adapted to specific sectorial and local business practices.

Product Diversification

In 2015, policy oriented research was carried out to identify financial products complementing the Mauritius Africa strategy.

- ***Political Risk Insurance***

The FSC Mauritius issued a discussion paper on political risk insurance to a focus group comprising local and international stakeholders. The aim of the discussion paper was to raise awareness of political risk insurance as a risk mitigation tool for global investment flows from Mauritius into African countries, and to gather comments on proposed options to develop political risk insurance in Mauritius.

The FSC Mauritius sought views on the 3 proposed options for the offering of political risk insurance in Mauritius.

- Option 1: Attracting insurers that underwrite political risk to Mauritius;
- Option 2: Encouraging local insurers to underwrite political risk; and
- Option 3: Facilitating a model where agents based in Mauritius would place insurance with global insurers specialising in the underwriting of political risk.

Various international stakeholders have expressed their interest for this product development in Mauritius. Based on the views received, the FSC Mauritius will come up with proposed recommendation(s) for developing political risk insurance in Mauritius in 2016.

- ***Lloyd's***

The Corporation of Lloyd's is deemed to be licensed / registered in Mauritius under the Insurance Ordinance 1959. In 2015, the FSC Mauritius licensed the first Lloyd's coverholder. Lloyd's coverholders are local intermediaries or insurance agents which give Lloyd's an international business presence. Lloyd's presence in Mauritius through coverholders strengthens the Mauritius IFC.

- ***Credit Rating Agencies***

In 2015, the FSC Mauritius licensed its first credit rating agency, which provides credit ratings and other performance ratings for Mauritian companies and businesses in other African countries. The presence of credit rating agencies in Mauritius will play an important role in the development of the capital markets, in particular, for the corporate bond market.

Policy Research Group Programme

One of the statutory objects of the FSC Mauritius is to study new avenues for development in the financial services sector, responding to new challenges and taking advantage of new opportunities to achieve economic sustainability and job creation. In this context, the Policy Research Group programme was launched by the FSC Mauritius in November 2015 to foster research excellence, with the participation of external researchers / experts such as industry professionals and academics. The Policy Research Group, henceforth, will provide a valuable platform for policy research studies in respect of the non-bank financial markets and services in Mauritius.

Financing for Sustainable Development

A growing number of governments, regulators, and market actors are incorporating sustainability in their financial system legislative framework. 2015 was eventful for the finance of sustainable development at the global level with the Financing for Development conference in July 2015, the launch of the Sustainable Development Goals in September 2015 and the Climate Change Conference in Paris in December 2015.

The FSC Mauritius provided contributions on this matter under the Partnership for Action on Green Economy initiative. It signified its support to further participate and collaborate in National Working Groups and roundtable discussions that would identify new mechanisms of finance and regulatory conditions for energy efficiency financing, Climate Financing, and green small and medium enterprises financing among others.

OECD Phase II Rating

Mauritius has been constantly implementing steps to enhance its legal and regulatory framework for exchange of information. A testimony to this is the "Largely Compliant" rating attributed to Mauritius by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. Following the reviews, the Forum concluded that the Mauritius Exchange of Information system was effective and efficient and was compliant with international standards.

In light of the changing transparency environment and the lessons learnt from the first two Phases of peer reviews, the G20 reviewed the Terms of Reference of the Global Forum. A Phase 3 Review was included in order to ensure a continuous monitoring of implementation of Exchange of Information. The Phase 3 is contemplated to review all Global Forum members and relevant non-members starting in 2016.

Industry Discussion Platform and Promoting Industry Partnership

The FSC Mauritius maintained the platform for discussions with its various stakeholders and held quarterly meetings with the industry associations namely the Global Finance Mauritius and the Association of Trust and Management Companies. This platform fosters dialogue with the stakeholders and addresses technical issues in maintaining Mauritius as a competitive jurisdiction.

Automatic Exchange of Information

According to the OECD, *'the global implementation of Automatic Exchange of Information ('AEOI') is an essential step for stimulating the development of a global level playing field; in other words, global implementation is essential to effectively tackle evasion as well as to ensure jurisdictions are on an even footing.'*

The new global standard requires participating countries to send and receive pre-agreed information every year, without having to send a specific request. It also provides for the exchange of non-resident financial account information with the tax authorities in the account holders' country of residence.

AEOI aims at identifying so far undetected tax evasion. It also aims at helping governments towards recovering tax revenue lost to non-compliant taxpayers, and will further strengthen international efforts to increase transparency, cooperation, and accountability among financial institutions and tax administrations.

OECD – Common Reporting Standard

The OECD's Common Reporting Standard ('CRS') is the new global standard for automatic information exchange issued in 2014. Mauritius is committed to implement the OECD's CRS, aiming at tightening up global financial secrecy. On 23 June 2015 Mauritius signed the Convention on Mutual Administrative Assistance in Tax Matters. Mauritius completed the formalities for the Convention, which came into force on 01 December 2015. In furtherance to its commitment to AEOI, Mauritius made the necessary amendments to its Income Tax legislation for the implementation of the CRS in 2015.

OECD – Multilateral Instruments

The OECD Action Point 15 of the BEPS Report, requires the modifications of international tax treaties, that is, some 3,500 tax treaties currently in force internationally will be subject to change. The OECD is currently in the process of exploring the technical feasibility to developing a multilateral instrument to modify all the tax treaties so as to efficiently implement the tax treaty-related BEPS measures. An ad-hoc group was set up and a consultation process was initiated to develop the multilateral instrument and would be open for signature by end of 2016.

OECD – Base Erosion and Profit Shifting

The G20 commissioned the OECD to initiate a two-year project to change the face of international taxation. The OECD and the G20 countries embarked on a significant re-write of the international tax rules to ensure that profits are taxed where economic activities are carried out and value is created. The OECD released the BEPS report on 05 October 2015 which contains 15-point Action Plan grouped under three unifying themes:

- Economic substance in international tax rules;
- Coherence in the taxation of cross-border activities; and
- Transparency and certainty for investors.

With increasing cross-border activities, the interaction of domestic tax systems can lead items of income being taxed in two or more jurisdictions, hence, resulting into double taxation. Conversely, such interactions can create gaps with income not being taxed anywhere, resulting in double non-taxation.

BEPS refers to the tax planning strategies designed to leverage on loopholes and mismatching of tax rules. One of the BEPS Actions aims at eliminating shell companies, used to hide profit or exploit tax loopholes by claiming tax treaty protection. This will potentially impact on jurisdictions that seek foreign investments without requiring any or low economic substance.

World Bank Technical Assistance on *Strengthening the Insurance Sector Regulation and Supervision*

Mauritius sought Technical Assistance from the World Bank in 2014, under the FIRST initiative, to strengthen the insurance sector regulation and supervision. This project will enhance Mauritius' reputation and potential to develop its financial sector, in line with the government's objectives. Following a market assessment of the industry in 2014, the World Bank presented a paper on a new Risk Management Framework to the industry.

The new framework, carried out in phased approach, focuses on assisting insurance companies to strengthen their compliance with prudential regulations consistent with international best practices, improving risk management practices, and achieving financial soundness to ensure that benefits of policyholders and claimants are protected. The framework will be designed to be proportionate and appropriate to the industry structure, market conditions and capacity of the regulator and market participants.

In September 2015, World Bank consultants held a seminar with insurance industry representatives and made a presentation on 'International trends in risk management and the expectations of regulators'. New supervisory tools, including solvency control levels, are expected to be introduced. The Risk Management Framework will also accommodate measures for the supervision of captive insurers and the expansion of Mauritius as a financial services hub for Africa.

Overview of Sectors

Capital Markets

International Overview

On the international front, markets were globally characterised by ups and downs throughout 2015. Markets were challenged in numerous ways ranging from the US Treasuries to Chinese Equities and Australia Corporate Bond Issuers. A frequent feature was that investors remained cautious but were willing to take some risk in the search for better yield. However, on many occasions, foreign investors preferred to disinvest in various markets.

Consequently, the attention of capital markets drivers were focused on continuous regulatory changes, innovation in technology, business transformation and market structure. They were engaged in solidifying strategies to improve liquidity and growth in the markets so as to restore investors' confidence.

Domestic Overview

The local market followed the same paths as the international front. There were slight rebounds amidst the occasional retreats during the period under review. This resulted to the indices showing a volatility trend. The market started the year on a relatively lackluster performance and continued to slowly pull away until mid-year. It, thereafter, gained momentum and showed a move to the upside. However, this was followed by a gradual retreat until the end of the year.

Securities Exchanges

Stock Exchange of Mauritius Ltd

The SEM operates two markets - the Official Market and the Development & Enterprise Market ('DEM'). With the exception of the first quarter of 2015, the market witnessed a declining trend.

At the end of 2015, the total market capitalisation for both markets on the SEM amounted to MUR 251.12 billion as compared to MUR 277.80 billion in 2014, representing 65 percent of GDP. The total value of shares stood at MUR 19.94 billion in 2015 for an overall volume of 4.12 billion of shares exchanged. Comparatively, for the year 2014, the total value of shares was MUR 18.81 billion and the volume of shares stood at 2.81 billion. This indicates a growth of 6 percent in terms of value traded and 46.62 percent in respect of volume traded.

Table 1: Performance of Official Market and DEM

Official Market	Dec 2015	Dec 2014
No. of Listed Companies	51	46
Total Volume Traded (Shares)	181,377,278	124,495,571
Total Value Traded (MUR)	1,480,633,056.53	1,007,402,766.62
Market Capitalisation (MUR)	201,687,047,615.43	229,893,763,699.56
SEMDEX	1,914.64	2,073.72
SEM-10	374.85	385.51
SEMTRI (MUR)	5,956.66	6,795.35
SEMTRI (USD)	2,987.83	3,327.81

Development & Enterprise Market	Dec 2015	Dec 2014
No. of Listed Companies	44	44
Total Volume Traded (Shares)	12,544,809	11,733,311
Total Value Traded (MUR)	143,822,721.43	116,788,528.14
Market Capitalisation (MUR)	49,439,377,959.71	47,951,052,822.33
DEMEX	199.34	202.89
DEMTRI (MUR)	251.66	251.21
DEMTRI (USD)	218.05	247.42

Source: Stock Exchange of Mauritius Ltd

Bourse Africa Ltd

During 2015, Bourse Africa Ltd ('BAL') operated the Commodity Derivatives, the Currency Derivatives and the Equity Segments. For the Commodity Derivatives Segment, three contracts namely gold, silver and Crude Oil (WTI) were offered while for the Currency Derivatives Segment, five currency pairs were traded, notably EUR/USD, GBP/USD, JPY/USD, USD/MUR, and ZAR/USD. BAL has on its own, decided to stop launching any new contracts since 29 September 2015, pending completion of sale stake by existing promoters. The total turnover for the nine months ending September 2015 stood at USD 1,387,300,252.85 for a total volume of 127,529 lots. For the year 2014, the total turnover was USD 4,596,360,738 for a volume of 818,715 lots exchanged.

Table 2: Performance of Bourse Africa Ltd over 2014 - 2015

	Total Turnover (in USD)		Total Volumes (in Lots)	
	2015	**2014**	**2015**	**2014**
January	186,526,357	633,089,801	23,162	190,210
February	167,993,950	520,623,454	17,410	108,704
March	198,031,198	451,469,553	17,466	84,429
April	197,783,925	403,300,085	15,233	73,438
May	284,264,300	423,893,519	21,133	64,594
June	160,338,213	280,378,287	14,016	9,024
July	186,056,107	294,829,788	4,093	6,014
August	3,238,043	372,857,157	2,580	57,143
September	3,068,159	369,317,058	2,436	60,957
October		429,683,954		62,766
November		209,395,687		39,898
December		207,522,395		21,538
TOTAL FOR THE YEAR	**4,596,360,738**	**1,387,300,252**	**818,715**	**127,529**

Source: Bourse Africa Ltd

Please see Appendix 1 for detailed statistics

Market Intermediaries

Market intermediaries consist of Investment Dealers, Investment Advisers and their representatives which are respectively licensed under Sections 29 and 30 of the SA. There are two categories of Investment Advisers currently provided under the Securities (Licensing) Rules 2007. These are the Investment Adviser (Unrestricted) and the Investment Adviser (Restricted). As at 31 December 2015, the number of domestic licensees in respect of Investment Dealers and Investment Advisers was as follows:

Table 3: Number of Domestic Investment Dealers and Advisers as at 31 December 2015

Activity	2015	2014
Investment Dealer	16	17
Investment Adviser	34	32
Representative of Investment Dealer	51	44
Representative of Investment Adviser	68	56

In order to carry out efficient and effective market oversight and to be in line with new developments in the financial landscape and international best practices, Capital Markets cluster has embarked on new project developments. In this respect, it is working on different projects which include *interalia* the following:

- Revamping of the Takeover Rules for appropriate legislations;
- New procedures for review of Annual Reports and Audited Financial Statements;
- New procedures for conducting on-site inspections;
- Roadmap – Securities framework including Islamic Products
- New FSC Rules on Securities (Preferential Offer) Rules; and
- Proposal for additional types of licences such as : new category of investment advisor.

Investment Funds and Intermediaries

The FSC Mauritius adopts a risk-based approach to supervision by dedicating further attention to firms which represent significant risks to the market and economy. During the year 2015, the number of funds [Collective Investment Schemes ('CIS') and Closed-End Funds ('CEF')] licensed increased by 11 percent. As at 31 December 2015, the statistics were as follows:

Table 4: Licences by Type

Licence	2015	2014	2013
Fund*:	998	909	893
CIS	*525*	*484*	*498*
CEF	*473*	*725*	*395*
CIS Managers*	403	367	333
Custodians:	18	19	17
CIS	*10*	*10*	*9*
Non-CIS	*8*	*9*	*8*
CIS Administrators	6	7	4
Distribution of Financial Products	13	17	17
Asset Managers**	1	2	2

** Figures exclude all entities in the process of winding up and those removed from the FSC Mauritius Register*
*** Figures exclude Global Business Companies*

A comparative analysis of net asset value over the last 3 years, as shown in Table 5, indicates that there was an increase in the net asset value of the funds.

Table 5: Net Asset Value of Funds over 2013 - 2015

	2015* USD Billion	2014 USD Billion	2013 USD Billion
Collective Investment Schemes	13.64	38.25	34.14
Closed-end Funds	8.40	29.65	31.41
Total	**22.04**	**67.90**	**65.56**

**Figures obtained from 223 accounts submitted*

As at 31 December 2015, the SEM reported that 24 funds holding Category 1 Global Business Licences and 1 local fund were registered for technical listing, while 3 exchange-traded funds were in operation.

One of the listed funds, Lancelot Global PCC, was subject to regulatory actions by the FSC Mauritius. Lancelot Global PCC was not compliant with the SA and several breaches were identified. Further to the FSC Mauritius revoking the Category 1 Global Business Licence and withdrawing the authorisation of Lancelot Global PCC as CIS, the SEM withdrew the cells from the Official Market after market close of 20 March 2015.

JPT Capital Agrifund (a cell of Black River Agricultural Fund PCC) was also withdrawn from the Official Market after market close of 03 April 2015 on the grounds that it became a Cash Company and therefore could no longer be listed. In addition, Theseus Property Fund Ltd, a Specialised CIS, was delisted and withdrawn from the Official List further to its request after market close of 17 April 2015.

Insurance

Long Term Insurance Business

During the year 2015, there were 8 licensed long term insurers. BAI Co (Mtius) Ltd ('BAI') was placed under Special Administration as per Section 110A of the Insurance Act 2005 and National Insurance Co. Ltd was subsequently licensed.

Table 6: Trends in Long Term Insurance Business

	2015**	2014*	2014
Number of Insurers	6	6	7
Value of Assets (MUR Billion)	86.76	81.88	115.25
Gross Premiums (MUR Billion)	9.31	8.14	16.30
Number of Claims	34,134	25,712	49,258
Value of Claims (MUR Billion)	7.39	6.92	13.01
Number of Policies	276,740	271,599	431,057

**Excludes data for BAI*
*** Excludes data for National Insurance Co. Ltd*

The total value of assets, including managed pension, stood at MUR 86.8 billion in 2015 as compared to the value of assets (excluding the assets of BAI) which amounted to MUR 81.88 billion in 2014, thus indicating an increase of 6 percent.

Gross premiums increased by 14 percent in 2015 to reach MUR 9.3 billion compared to MUR 8.14 billion for 2014.

The number of policies increased by 1.9 percent from 271,599 in 2014 to 276,740 in 2015.

General Insurance Business

During the year 2015, there were 15 insurers licensed to conduct general insurance business. The value of assets grew by 11 percent in 2015 to reach MUR 16.7 billion compared to MUR 15 billion in 2014. Moreover, Capital and Reserves rose to MUR 7.6 billion in 2015 against MUR 7 billion in 2014.

Gross premiums for motor business amounted to MUR 2.92 billion in 2015 in contrast to MUR 2.82 billion in 2014, rising by 3 percent. Gross premiums for non-motor business stood at MUR 4.65 billion in 2015 compared to MUR 4.59 billion in 2014.

Underwriting profits stood at MUR 0.27 billion in 2015, lower than the MUR 0.60 billion in 2014, showing a decrease of 56 percent from the previous year. However, it was noted that technical reserves increased by 21% for the same period. Operating profits amounted to MUR 0.73 billion in 2015 against MUR 1.04 billion in 2014, representing a decrease of 30 percent over the previous year.

The number of motor claims stood at 53,160 for 2015, higher than the 47,118 in 2014. The number of non-motor claims amounted to 170,129 in 2015, down from 231,776 in 2014. The number of policies increased from 514,104 in 2014 to 523,553 in 2015.

Table 7: Trends in General Insurance Business

	2015*	2014	2013
Number of Insurers	14	14	12
Value of Assets (MUR Billion)	16.67	15.07	13.89
Gross Premiums (MUR Billion)	7.57	7.41	7.03
Number of Claims	223,289	278,894	267,740
Value of Claims (MUR Billion)	4.03	3.91	4.14
Number of Policies	523,553	514,104	475,024

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

Insurance Intermediaries

In 2015, the FSC Mauritius investigated into cases of reported fraud against insurance agents who were issuing fake insurance certificates. To protect policyholders, the licences of those agents were terminated and the matters were referred to FSC Mauritius's Enforcement Unit and to the Police.

Breaches were also noted in relation to one insurance broker following conduct of an onsite inspection, and appropriate enforcement actions were taken. Subsequently, a follow-up onsite inspection was carried out to ascertain that remedial measures were implemented to rectify the deficiencies.

Moreover, major restructuring took place in two insurance brokers. The FSC Mauritius approved the 50% acquisition of shares in one broker by a company forming part of a group operating in the fields of insurance, reinsurance and brokerage in the Middle East and North African region. For the other insurance broker, the FSC Mauritius approved the transfer of beneficial interest to a risk advisory and reinsurance broking firm.

The number of insurance intermediaries licensed as at 31 December 2015 was as follows:

Table 8: Number of Insurance Intermediaries licensees in 2015

	Domestic	Global Business	Total
Insurance Agents	216	3	219
Insurance Brokers	32	25	57
Insurance Salespersons	2009	N/A	2009

Please see Appendix 2 for detailed statistics

Developments in the Insurance Sector

BAI Co (Mtius) Ltd

On 03 April 2015, the FSC Mauritius, pursuant to Section 106 of the IA, appointed Messrs André Bonieux and Mushtaq Oosman of PricewaterhouseCoopers as Conservators of BAI Co (Mtius) Ltd.

On 28 April 2015, the Insurance (Amendment) Act (no. 8 of 2015) was enacted and the IA was accordingly amended to provide for the appointment of a Special Administrator to the whole or part of the business activities of the insurer and any of its related companies under specific circumstances.

Thereupon, pursuant to Section 110A(2) of the IA, the FSC Mauritius appointed Messrs Mushtaq Oosman and Yogesh Rai Basgeet as Special Administrators of BAI Co (Mtius) Ltd and any of its related companies with effect from 01 May 2015, which effectively terminated the appointment of the Conservators.

The appointment of Mr Mushtaq Osman as Special Administrator was terminated on 14 August 2015. Mr Yogesh R. Basgeet continued the assignment as Special Administrator until his resignation on 26 August 2015. With effect from 26 August 2015, the FSC Mauritius appointed Mr M Yacoob Ramtoola as Special Administrator of BAI Co (Mtius) Ltd and any of its related companies.

Moreover, the National Insurance Co. Ltd was granted a Long Term Insurance Business licence, while NIC General Insurance Co. Ltd was granted a General Insurance Business licence. Subsequently, part of the business of BAI Co (Mtius) Ltd was transferred to National Insurance Co. Ltd and NIC General Insurance Co. Ltd.

Judgment of the Judicial Committee of the Privy Council in the case of Rainbow Insurance Company Limited

On 20 April 2015, the Judicial Committee of the Privy Council upheld the judgment of the Supreme Court of Mauritius dated 18 October 2010, which confirmed the decision of the FSC Mauritius to suspend the registration of Rainbow Insurance Company Ltd ('RIC') for both its general and long term insurance business. The Judicial Committee concluded that RIC had not succeeded on any of the points raised in its appeal, and that the FSC Mauritius had not acted unfairly towards RIC in suspending its registration. On 20 May 2015, the Supreme Court of Mauritius approved the winding-up of RIC, which is currently in progress.

New Developments

Captive Insurance Act

The Captive Insurance Act ("CI Act") was passed by the National Assembly on 11 December 2015. This new legislation aims to make Mauritius a captive domicile of choice and to introduce a new framework which is in line with international best practices, is competitive in nature and will attract pure captive insurance corporations from around the world. Permissible classes of captive insurance business under the CI Act are insurance or reinsurance pertaining to general insurance business, Alternative Risk Transfer policy contracts or any other class or type of insurance business as may be prescribed. At present, the CI Act only caters for pure captive insurance business, i.e. the business of undertaking liability restricted exclusively to the risks of the parent and affiliated corporations. Third party captive insurance is expected to be introduced in 2016.

World Bank Project on Strengthening of Insurance Sector Regulation

Technical assistance from the World Bank was solicited by FSC Mauritius in 2014 to strengthen the effectiveness of risk-based management and supervision of the insurance sector, and to implement measures to boost consumer protection through effective and credible insurance resolution. Following the market assessment of the industry carried out in 2014, consultants from the World Bank held a seminar in 2015 with representatives of the Mauritian insurance industry to present a paper on a new Risk Management Framework, which focuses on helping insurance companies strengthen their compliance with prudential regulations consistent with international best practices, improving risk management practices, and achieving financial soundness to ensure that benefits of policyholders and claimants are protected.

The final phase of the project, which consists of the issuing of rules on risk management and the implementation of an insurance resolution scheme, is under way.

Insurance (Industry Compensation Fund) Regulations 2015

In 2015, the Insurance (Industry Compensation Fund) Regulations were made by the Minister under sections 88 and 92 of the Insurance Act 2005 to set up the Industry Compensation Fund, which is organised into sub-funds. A hit and run sub-fund was created for the payment of compensation to persons suffering from personal injury sustained in a hit and run road traffic accident, or to the person's heirs where the person has died following a hit and run road traffic accident, or to such other person lawfully acting in the person's interest.

Pensions

Private pensions schemes in Mauritius are governed by the PPSA introduced in 2012. To protect the best interest of members and beneficiaries of the private pension schemes, the FSC Mauritius, inter alia:

- carries out offsite analysis of data gathered through annual statutory filings from the licensees;
- meets with members of governing bodies and other key stakeholders of the pensions industry;
- conducts onsite examinations and undertakes regulatory actions, where appropriate;
- processes specific requests for approval from private pension schemes such as amendments to constitutive documents and authorisation to administer; and
- assesses compliance with statutory and regulatory requirements under the PPSA and relevant FSC Rules.

In 2015, the FSC Mauritius issued the Private Pension Schemes (Auditor and Actuary) Rules 2015 under the PPSA. The Rules aim at:

- ensuring that an auditor or actuary appointed by a private pension scheme or by the FSC Mauritius satisfies the required qualifications and experience;
- providing for the appointment of an auditor or actuary by a private pension scheme or by the FSC Mauritius;
- providing for the resignation or termination of appointment of an auditor or actuary of a private pension scheme;
- enumerating the powers and duties of an auditor or actuary in relation to private pension schemes; and
- providing for reporting obligations of an auditor or actuary to the FSC Mauritius on the financial affairs of private pension schemes.

Table 9: Private pension industry

Types of Pension Schemes	Number		
	2014	2013	2012
Insured Pension Schemes	1162	971	984
Superannuation Funds[1]	35	34	31
TOTAL	1197	1,005	1,015

No. of Private Pension Schemes Licensed as at 31 December 2014: 61

*Table 10: Total Assets of Private Pension Schemes in 2014**

	Financial Year ended in 2014 (MUR Billion)	Financial Year ended in 2013(MUR Billion)	Growth / Contraction (%)
Total Assets	18.80	16.79	12

Source: FSC Mauritius Annual Statistical Bulletin 2015
** No. of Private Pension Schemes Reporting: 33 out of 61*

Note: Figures are exclusive of Private Pension Schemes whose financial data were not available as at 06 November 2015.

As at 31 December 2015, 61 private pension schemes were structured either as Trust, Foundation or Superannuation Fund. Among these private pension schemes, some are structured as multi-employer pension schemes which regroup individual employer sponsored schemes that were previously commonly known as insured pension schemes.

[1]Superannuation Funds are private pension schemes set up under the repealed Employees Superannuation Fund Act.

New Developments

During the period under review, the Auditor and Actuary Rules was published following consultation with the industry and stakeholders. These Rules were made by the Financial Services Commission on 20 July 2015 and came into operation on 01 August 2015. The underlying principles of the Rules are that:

- an actuary or auditor of a private pension scheme should be suitably qualified and experienced in order to look into the financial affairs of the scheme and hence report on same to the Commission;
- an actuary or auditor should provide professional services to private pension schemes in accordance with a well-established policy framework;
- the duties, functions and responsibilities of an actuary or auditor of a private pension scheme should be clearly provided for; and
- the circumstances under which the Commission appoints an actuary or auditor are clear.

Non-Banking 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, Payment Intermediary Services, Credit Rating Agencies / Rating Agencies among others.

For the year 2015, the FSC Mauritius granted a total of 2 licences to domestic entities in the following categories:

Table 11: Number of licensees (Second Schedule of the FSA) 2013 - 2015

Categories of Licence	New in 2015	Number		
		2015	2014	2013
Treasury Management	0	6	6	6
Registrar & Transfer Agents	1	9	8	7
Leasing	0	11	11	11
Factoring	0	2	3	3
Credit Finance	0	5	5	5
Payment Intermediary Services	0	4	4	3
Credit Rating Agency	1	1	0	0
Actuarial Services	0	2	2	2
Pension Scheme administrator	0	5	5	5

Reporting Issuers

During the year under review, the FSC Mauritius granted registration to 26 entities as Reporting Issuers ('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 2015, there was a total number of 155 RIs which were registered with the FSC Mauritius. All RIs are subject to ongoing disclosure requirements as per the SA and the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.

New Developments

During the period under review, the Auditor and Actuary Rules was published following consultation with the industry and stakeholders. These Rules were made by the Financial Services Commission on 20 July 2015 and came into operation on 01 August 2015. The underlying principles of the Rules are that:

- an actuary or auditor of a private pension scheme should be suitably qualified and experienced in order to look into the financial affairs of the scheme and hence report on same to the Commission;
- an actuary or auditor should provide professional services to private pension schemes in accordance with a well-established policy framework;
- the duties, functions and responsibilities of an actuary or auditor of a private pension scheme should be clearly provided for; and
- the circumstances under which the Commission appoints an actuary or auditor are clear.

With the objectives of ensuring integrity of the non-bank financing institutions, and protecting investors, CM is reviewing its framework for business financial activities such as: leasing, factoring, credit finance which fall under the second schedule of the Financial Services Act. This will contribute towards a fair, transparent and quality financial sector and will boost up our international competitiveness.

Global Business

The global business sector witnessed a steady growth over the years. Investors continued to show their preference for Mauritius as their suited financial hub. During the year under review, 70 audited financial statements for MC & Corporate Trustees ('CT') were received and reviewed. The Total Income, as per 70 audited financial statements received, amounted to USD 103 million and Profit before tax amounted to USD 32 million. The corresponding figures for the same population of 70 MCs for the year 2014 were USD 78 million for total income and USD 22 million for profit before tax.

Market Trends

Table 12: Summary of financial results of MC (inclusive of CT) over 2011-2015

	2015*	2014	2013	2012	2011
Number of Entities	179	174	172	165	153
Total Income (USD thousand)	211,907	203,031	194,688	176,717	176,937
Profit Before Tax (USD thousand)	60,276	58,253	57,929	56,398	53,884

**The figures for the year 2015 are estimated for all 179 MCs and CTs based on the audited financial statements received at the FSC Mauritius and those of previous years.*

The Global Business sector is well poised to face new challenges created by the implementation of the G20-endorsed OECD Action Plan on Base Erosion & Profit Shifting. The Protocol for amendment of the Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains between India and Mauritius ("the Protocol") will help tackle the challenges associated with new business models and inconsistencies in international tax rules.

On the international scene, the Mauritian jurisdiction has been at the forefront to initiate appropriate mechanisms in place to be FATCA and CRS compliant. The recent signature of the Protocol by the Government of Mauritius and India coupled with the rebranding exercise of Mauritius as an International Financial Centre of excellence, will no doubt bring a new impulse for the Global Business regime.

Legal and Regulatory Developments

Legal and Regulatory Developments

Legislative changes in the Non-Banking Financial Services sector

The amendments to FSA by the Finance (Miscellaneous Provisions) Act 2015 ("Finance Act 2015") were gazetted on 14 May 2015. A new Part XIA was added to the FSA to provide for inter alia, the establishment, objects and functions of the Financial Services Promotion Agency ('FSPA'). The new Section 85B of the FSA establishes the FSPA as a body corporate, which is administered and managed by a Board consisting of a Chairperson and not more than four other members appointed by the Minister.

The objects and functions of the FSPA, according to Section 85C of the FSA, shall be to:

- conduct promotional activities, in or outside Mauritius, for the development of the financial services industry in Mauritius;
- enhance the image of Mauritius as a clean and reputable financial centre; and
- advise the Minister on matters relating to the promotion and development of the financial services industry in Mauritius.

Legislative changes specific to the Insurance Sector

Captive Insurance Act

The Captive Insurance Act was passed by the National Assembly on 11 December 2015, and proclaimed on 29 January 2016, on which date it came into operation. The objective of the Captive Insurance Act is to establish a framework for the licensing, regulation and supervision of captive insurance business in Mauritius. It only caters for pure captive insurance business, that is, the business of undertaking liability restricted exclusively to the risks of the parent and affiliated corporations.

Permissible classes of captive insurance business under the Captive Insurance Act are insurance or reinsurance pertaining to general insurance business, Alternative Risk Transfer policy contracts or any other class or type of insurance business as may be prescribed. A captive insurer cannot provide, on a direct basis, any insurance purporting to cover risks in respect of which there is a compulsory insurance requirement.

The Captive Insurance Act also sets out the requirement for a captive insurer to have, at all times, a captive insurance agent in Mauritius, who shall be either an actuary, an insurance manager, a law practitioner, a MC, a public accountant or such other person as may be prescribed.

Other types of captive insurance businesses continue to be regulated under the IA. Any person conducting captive insurance business other than pure captive will need to hold a licence for general insurance business, long term insurance business or external insurance business under the IA, as may be applicable.

The Insurance (Amendment) Act 2015

The Insurance (Amendment) Act 2015 was passed by the National Assembly on 28 April 2015 and was gazetted on 29 April 2015. The object of the Insurance (Amendment) Act 2015 is to amend the IA such that:

- the FSC Mauritius may exercise more effective supervision over related companies of an insurer;
- the Minister may request the FSC Mauritius to appoint a special administrator; and
- the special administrator shall, after consultation with the FSC Mauritius, transfer, in whole or in part, the undertaking of an insurer and any of its related companies to such insurer and any of its related companies as the Minister may approve.

Amendments to the Insurance Act 2015

(i) Communication to policyholders

A new Section 80A on communication to policyholders was added to the IA. This section provides that any information or document required to be communicated to a policyholder shall be communicated in such manner, form and medium as the Chief Executive of the FSC Mauritius may determine. In addition, any document that is communicated to a policyholder in accordance with Section 80A (1) may be used as evidence where it is relevant to determine any matter relating to an insurance policy.

(ii) Appointment of Special Administrator

A new Section 110A was added to the IA to provide for the appointment of a special administrator. On the basis of report submitted by the FSC Mauritius to the Minister and when he is satisfied that the liabilities of an insurer and any of its related companies exceed its assets by at least one billion rupees and that such excess is likely to be a threat to the stability and soundness of the financial system of Mauritius, the Minister may request the FSC Mauritius to appoint a special administrator. This section also provides that the special administrator is required to possess the qualifications of an Insolvency Practitioner under the Insolvency Act.

Insurance (Industry Compensation Fund) Regulations 2015

The Insurance (Industry Compensation Fund) Regulations 2015, made under Sections 88 and 92 of the IA, were gazetted on 31 December 2015 and came into operation on 01 January 2016. The Regulations set up the Insurance Industry Compensation Fund ('Compensation Fund') which is organised into sub-funds, and which includes a hit and run sub-fund to cater for the payment of compensation to persons suffering from personal injury sustained in a hit and run road traffic accident, or to the person's heirs where the person has died following a hit and run road traffic accident, or to such other person lawfully acting in the person's interest.

The Compensation Fund is managed and administered by a Managing Committee, which determines whether any compensation is to be paid out of the hit and run sub-fund. The Managing Committee may also appoint technical subcommittees to assist it in considering claims, matters of principle and technical difficulties, including but not limited to cases involving a meaningful degree of liability and identification. Contribution to the hit and run sub-fund comprises:

- contributions made by insurers conducting general insurance business;
- all interest, dividends and other income derived from money in the hit and run sub-fund;
- any contribution made out of the Consolidated Fund;
- all other money which may belong or accrue to the hit and run sub-fund; and
- any interest or indemnity recovered.

Legislative changes specific to the Pensions Sector

The Private Pension Schemes (Auditor and Actuary) Rules 2015

The Private Pension Schemes (Auditor and Actuary) Rules 2015 were gazetted on 25 July 2015 and came into operation in August 2015. The underlying principles of these Rules provide that:

- an actuary or auditor of a private pension scheme should be suitably qualified and experienced in order to look into the financial affairs of the scheme and hence report on same to the FSC Mauritius;
- an actuary or auditor should provide professional services to private pension schemes in accordance with a well-established policy framework; and
- the duties, functions and responsibilities of an actuary or auditor of a private pension scheme should be clearly provided for.

These Rules were drafted following consultation with industry representatives comprising fully-qualified actuaries and auditors, and are in line with the relevant international standards, practices and principles of the OECD, and the International Organisation of Pension Supervisors ('IOPS').

Legislative changes to the Capital Markets and Funds sectors

Amendment to the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007

Rule 16A of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 was amended such that the monthly filing of the list of foreign investment transactions returns by RIs should henceforth be made to the securities exchange only. The objective is to ease the burden of the RIs from filing the same information to the FSC Mauritius and the securities exchange.

The Securities (Public Offers) (Amendment) Rules 2015

With a view to bringing more clarity and transparency to the capital markets, the FSC Mauritius reviewed its process regarding the registration of prospectus. Circular Letter CL 240915 was issued on 24 September 2015 detailing the new process for the registration of prospectus by RIs. The Securities (Public Offers) (Amendment) Rules 2015, made by the FSC Mauritius on 10 October 2015, provides for the payment of a filing fee of MUR 100,000 upon filing of a prospectus. The new process for registration of prospectus was operational as from 10 October 2015 while the fee became applicable as from 01 January 2016.

Financial Services Commission
Mauritius

Regulatory Approach

Regulatory Approach

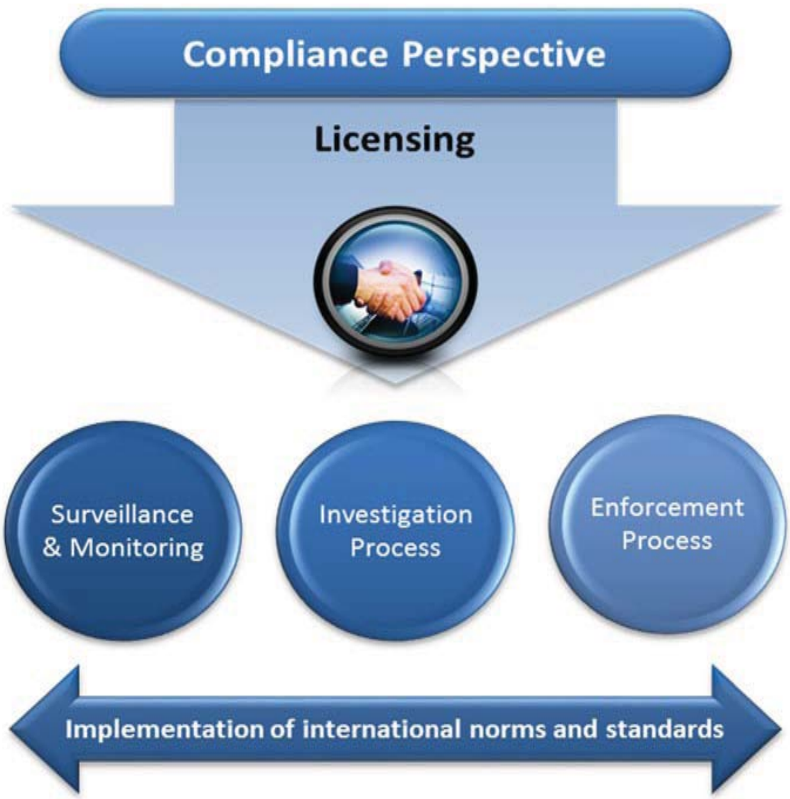
The FSC Mauritius adopts an integrated approach to regulation and supervision of the non-banking financial services and global business sectors in Mauritius. In order to ensure the sustained development of the Mauritius IFC, the FSC Mauritius continuously strengthens its regulatory and supervisory framework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

One of the core functions of the FSC Mauritius, as defined in the FSA, includes licensing, monitoring and regulating the conduct of business activities in the non-banking financial services and global business sectors.

Licensing is the first stage 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, the FSC Mauritius performs a pre-surveillance function at licensing stage and conducts a screening role to reinforce its core duties of ensuring a sound and stable market.

A two-tier system of supervision is adopted and lies with both the FSC Mauritius and its licensees. Licensees are required to conduct all preliminary compliance checks, while the FSC Mauritius retains responsibility for overall supervision and enforcement measures.

Figure 7: FSC Mauritius Regulatory Approach



Financial Services Commission
Mauritius

Licensing

Licensing

The Licensing procedure is clearly defined in laws, Regulations, Rules and other Guidance Notes and Circular Letters issued by the FSC Mauritius. The licensing framework provides clear sets of licensing criteria and requirements for the processing of applications for a licence / authorisation / approval in line with international norms and standards. Licensees of the FSC Mauritius are expected to comply with the prevailing legal framework at all times and meet all the licensing conditions and requirements.

Licences issued in 2015

The Non-Banking Financial Institutions sector is one of the most evolving sectors in Mauritius. During the year under review there were 141 licences issued to financial services providers /institutions other than banking institutions in the domestic market.

Table 13: Number of licences issued in 2015

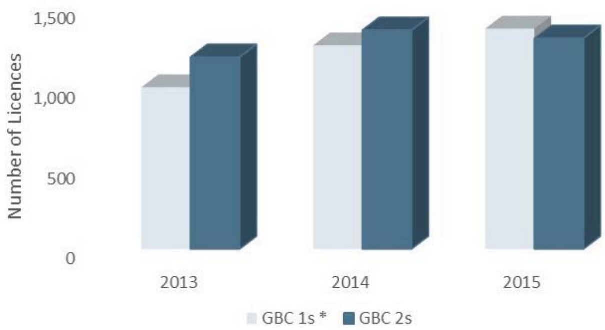
Enabling Laws	Categorisation as per the FSC Rules	Number of entities licensed		
		2015	2014	2013
Financial Services Act	Financial Service Providers	1	3	7
	Specialised Financial Services / Institutions	2	1	2
	Corporate and Trust Service Providers	20	10	26
Securities Act	Capital Market Intermediaries	20	32	26
	CIS and CEFs	2	9	7
	CIS Functionaries and Professionals	2	2	2
Insurance Act	Insurance agents	8	35	15
	Insurance brokers	1	6	1
	Insurance Salespersons	75	454	526

According to the number of licences issued in 2015, the global business sector maintained its growth and consolidated its overall systemic importance. The FSC Mauritius issued 12 MC licences in 2015, thus bringing the total number of MC to 186 as at 31 December 2015.

During the year under review, the FSC Mauritius granted 1,368 Category 1 Global Business Licences, in contrast to 1,265 in 2014, thus representing a rise of 8.14 percent. In 2015, there were 124 authorisations, out of the 1,368 licences, given under the SA to operate as CIS / CEF. In contrast to 2014, out of 1,265 Category 1 Global Business Licences, the FSC Mauritius gave 77 authorisations for CIS / CEFs. A rise of 61 percent in authorisation for CIS/ CEFs was noted in 2015.

For GBC 2s, 1,309 licences were issued in 2015 as compared to 1,359 in the previous year.

Figure 8: Number of New Global Business Companies



	2015	2014	2013
GBC 1s*	1,004	1,265	1,368
GBC 2s	1,191	1,359	1,309

** Includes Global Business Funds*

In order to protect the good repute of Mauritius as a sound and stable jurisdiction, the FSC Mauritius rejected 25 applications (domestic and Global Business Licences) in 2015 owing to inter alia:

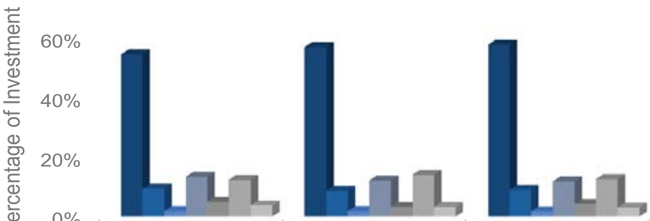
- lack of fitness and propriety of the proposed applicant;
- high riskiness to consumers of non-banking financial services; and
- unlawful business activities.

Pursuant to Section 1.19 of the Guide to Global Business, 105 applications were deemed to be withdrawn in 2015 on failure to provide additional information.

Proposed Investments - Global Business

Figure 9 shows the proposed percentage of investments into Africa, India, China, Asia, America, Europe and other destinations through Global Business Companies. In 2015, investors maintained their interest for the African Continent such that 58 percent of proposed investments was observed for the region followed by Europe and Asia with 13 and 12 percent respectively.

Figure 9: Proposed Investments - Global Business



	2013	2014	2015
Africa	54%	57%	58%
India	9%	9%	9%
China	2%	2%	2%
Asia	13%	12%	12%
America	5%	3%	4%
Europe	12%	14%	13%
Others	4%	3%	3%

Africa India China Asia America Europe Others

Licensing Criteria

In order to ease the licensing process, the FSC Mauritius updated the following licensing criteria:

Management Licence, Nominee Company, Management Licence (Qualified Trustee), Representative of Investment Dealers (Full Service) (Types 1, 2 and 3), Representative of Investment Dealer (Broker) (Type 1 & 2), Representative of Investment Dealer (Discount Broker) and Representative of Investment Adviser (Unrestricted/ Restricted).

The Licensing criteria are to be read conjunctively with the relevant Acts, Regulations, Rules, Guidelines, Circulars and Codes.

Furthermore, the Licensing Criteria aim at providing relevant guidance to investors and service providers prior to applying for a licence.

Surveillance and Monitoring

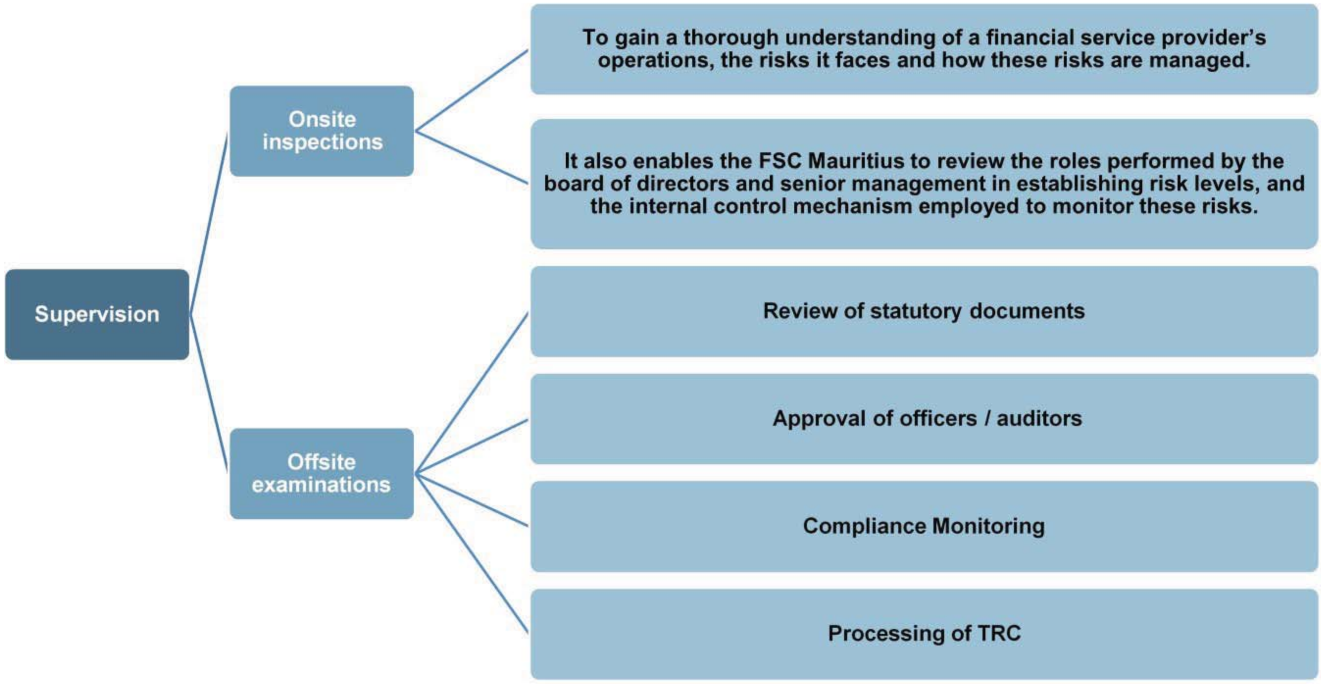
Surveillance and Monitoring

The FSC Mauritius regularly reinforces its supervisory framework in response to international challenges in order to promote robust regulation of its licensees, safeguard public interest, foster investors' confidence and ensure more effective enforcement.

The overarching aims of the FSC's supervisory framework include:

- ensuring that licensed entities are compliant with its legislative framework and are financially sound;
- identifying licensees engaged in activities that are unlawful or contrary to public interest for appropriate enforcement action;
- fostering public and investor confidence in the financial system; and
- maintaining the good repute of Mauritius as an IFC.

Figure 10: Supervisory framework



Risk-Based Supervision

The Risk-Based Supervision ('RBS') framework, which caters for both compliance-driven supervision and risk-based supervision, was implemented to assist the FSC Mauritius to:

- monitor the progress of licensees in terms of their operational and compliance aspects;
- identify supervisory actions required in relation to the risk profile of entities;

- focus on entities whose potential failure could lead to a systemic crisis; and
- target and prioritise the use of its resources for supervision.

The adoption of the RBS framework in 2009 led to the review and harmonisation of the FSC Mauritius inspections process and priorities. The RBS framework further enables the planning and the conduct of thematic inspections across its licensees.

The RBS cycle is now conducted every 2 years since 2013 and the most recent cycle was launched on 01 September 2015. Licensees in the global business sector were required to fill in the relevant RBS Questionnaires via the online RBS platform, within one month of the launch date. The RBS Questionnaires were revised in order to gather information specific to the licensees.

Table 14: Response Rate to RBS Cycle by Management Companies and Corporate Trustees over 2012 - 2015

Corporate Service Providers	Response Rate			
	2015	2014	2013	2012
Management Companies and Corporate Trustees	96	92	85	80

Onsite Inspections

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

In addition, they allow the FSC Mauritius 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:
- findings of previous inspections conducted;
- conclusion of offsite reviews;
- 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 with or resolved through offsite reviews. Following onsite inspections, the FSC Mauritius monitors the conduct of licensees thoroughly to ensure that recommendations are properly implemented.

SECURITIES

Capital Markets

Pursuant to Section 43 of the FSA, the FSC Mauritius carried out 28 onsite inspections of its licensees in 2015. These inspections covered both domestic and Global Business Companies engaged in various financial services activities including securities exchange, clearing & settlement facility, investment dealer, investment adviser, treasury management, credit finance, factoring and leasing.

The objectives of the inspections were to ascertain whether these companies complied with their licensing conditions and the requirements of the laws. They were further assessed on other parameters such as corporate governance, market conduct, prudential aspect including fairness and transparency, adherence to money laundering legislations and codes, and evaluation of financial soundness and controls. Licensees were also queried on their business culture, complexities encountered and future strategies / plans.

As for the securities exchange and clearing and settlement facility inspected, the focus of the inspection exercise was also on compliance with international norms and best practices notably International Organization of Securities Commissions ('IOSCO') principles and the Principles for Financial Market Infrastructures issued by the Bank for International Settlements and IOSCO.

Table 15: Capital Markets Onsite Visits in 2015

Activity Type	No. of Onsite Visits	
	Domestic	Global Business
Securities Exchange	1	-
Clearing & Settlement Facility	1	-
Investment Dealer	4	4
Investment Adviser	4	6
Treasury Management	1	-
Credit Finance	1	-

Activity Type	No. of Onsite Visits	
	Domestic	Global Business
Factoring	1	1
Leasing	1	-
Payment Intermediary System	-	1

Investment Funds and Intermediaries

The implementation of thematic review for the 2015 onsite inspection cycle improved the ability of the FSC Mauritius to have a greater oversight of regulated entities both domestic and Global Business Companies. The thematic approach is a follow-on to the inspections carried out in previous years.

Table 16: Onsite inspections over 2013 - 2015

Entities Inspected	2015	2014	2013
CIS Manager	12	10	13
CEF	4	3	10
CIS	10	2	-
CIS Administrator	2	-	2
Custodian*	1	3	4
Distribution of Financial Products**	2	-	-
Total	**31**	**18**	**29**

* *includes Custodian (Non-CIS) Licensees*
** *Activity under the purview of IFI as from January 2015*

During the 2015 cycle, emphasis was laid on the processes and the ability for the entity to implement procedures that encompass both the regulatory requirements and the industry best practices. The FSC Mauritius carried out walk-through tests on the key processes pertinent to the activity of a Fund, whether open-end or closed-end. The main processes tested included:

- Net Asset Value calculation;
- On-boarding of client;
- Redemption;
- Investment;
- Cash Flow;
- Payment of Fees;
- Dividend payment and reinvestment; and
- Pledge.

Prudential assessments required, inter alia, analysis of the licensees' financial resources, systems and controls and governance arrangements. The FSC Mauritius emphasised on the risk management framework and tested its application against the risk governance system and the business strategy, objectives, and plans. In relation to funds, the FSC Mauritius reviewed the manner in which risks were identified and mitigated. The FSC Mauritius also looked at the manner in which risk systems were designed, implemented and communicated to the stakeholders.

Thematic onsite inspections revealed, in few instances, that the activities conducted were outside the scope of the licence granted and as such the matter was referred for enforcement actions. In other cases, the discrepancies noted were in the methodology of fund valuation, inadequate compliance to anti-money laundering and countering financing of terrorism norms and requirements.

Investigations

In 2015, the FSC Mauritius dealt with the cases of Belvedere Management Ltd, Bramer Property Fund Ltd and Bramer Asset Management Ltd. Bramer Property Fund Ltd was authorised to operate as a CEF (Reporting Issuer) on 28 January 2014 pursuant to the transitional provisions as per the SA. However, due to serious regulatory concerns, as from the date of its authorisation, Bramer Property Fund Ltd, was neither allowed to make further investments nor accept new subscriptions from investors. The FSC Mauritius closely monitored the activities of Bramer Property Fund Ltd and required the latter to divest from its related parties investments. Having failed to implement the remedial measures, the FSC Mauritius suspended the licences of Bramer Asset Management Ltd and Bramer Property Fund Ltd on 08 April 2015 and conducted an investigation into their business affairs.

During the year under review, the FSC Mauritius pursued its enforcement actions on PCCs under the administration of Belvedere Management Limited. The FSC Mauritius highlighted several deficiencies in Lancelot Global PCC and The Four Elements PCC and noted that they were not operating as a CIS as per the SA. The FSC Mauritius revoked the Global Business Licences of both companies on 20 March 2015 and withdrew their authorisations as CIS. The FSC Mauritius also initiated supervisory actions against both funds which were subject to enforcement actions since 2014 and were requested not to take any new business / investor.

The FSC Mauritius further investigated Two Seasons PCC and Venture Assets PCC, and revoked their Global Business Licences and withdrew their authorisations as CIS on 14 September 2015. The FSC Mauritius obtained valuable input from these investigations, which led to the suspension of the Management Licence of Belvedere Management Limited on 29 April 2015.

The FSC Mauritius revoked the Category 1 Global Business Licence of Germing Frey, Hotel & Resorts PCC on 14 September 2015. The FSC Mauritius noted several deficiencies including the way in which the business was conducted, the repeated non-submission of accounts in a timely manner as well as accounts presentation.

The FSC Mauritius also revoked the Global Business Licences and withdrew the authorisations as CIS of Global Equity Fund PCC and India Focus Cardinal Fund respectively as various deficiencies were observed in their business conduct. Deficiencies were also noted by the FSC Mauritius in the business conduct of Cardinal Capital Partners, resulting in its CIS Manager Licence being suspended in 2015.

During the period under review, the FSC Mauritius conducted 13 onsite inspections of insurance companies, insurance brokers and Global Business Companies carrying on insurance business. The findings of the inspections were discussed with the companies and recorded in inspection reports. Any weaknesses identified were required to be addressed by the companies, and the FSC Mauritius closely monitored the implementation of remedial actions proposed. Cases where significant issues or breaches were identified were referred to the Enforcement Unit of the FSC Mauritius or to the Police for further action.

INSURANCE

Table 17: Onsite inspections carried out in 2015

Type of licence	2015		2014		2013	
	Number of licensees	Number of onsite visits	Number of licensees	Number of onsite visits	Number of licensees	Number of onsite visits
Long term insurance	8	4	7	-	7	2
General Insurance	15	5	13	1	12	3
Insurance Brokers	32	3	31	8	-	-
Global Business Companies carrying on insurance business	21	2	-	-	-	-

PENSIONS

During the year under review, the FSC Mauritius carried out an onsite inspection at an insurance company involved in the business of pension schemes administration, of a defined contribution multi-employer scheme, which comprises multiple sponsoring employers in Mauritius. During the inspection, the FSC Mauritius assessed the compliance of the insurer in relation to various FSC Rules under the PPSA, such as the Private Pension Schemes (Administration) Rules and the Private Pension Schemes (Investment) Rules. The FSC Mauritius also conducted verifications with regard to the duties and functions of the pension scheme administrator as follows:

- collection of contributions;
- preparation and maintenance of a schedule of contributions;
- maintenance of membership records with monthly updates of fund values, salaries and membership movements;
- authenticity of information received from a sponsoring employer;
- arrangement for contributions to be transferred to the scheme's custodian and to the persons appointed for managing or investing the assets of the scheme;
- arrangement for payment of insurance premiums, where applicable;
- issuance annual individual benefit statements to members of the scheme;
- issuance statements to early leavers of the scheme;
- calculation and arrangement for payment of contribution refunds, deferred pensions and transfer values, as the case may be;
- calculation and arrangement for payment of death or disability benefits, where applicable;
- calculation and arrangement for payment of pension benefits;
- ensuring that beneficiaries are still alive before effecting payment of their pension benefits;
- preparation of annual accounts for the scheme;
- assisting the scheme's auditor in carrying out the annual audit of the scheme, including internal controls and systems;

- communicating membership data and information to the professional advisers of the scheme, as may be required;
- preparation and issuance of individual pension increase letters to pensioners, if applicable; and
- performing any other task relevant to its functions or which may be required by the FSC Mauritius.

The FSC Mauritius also investigated a private pension scheme since it had reasonable cause to believe that the scheme and its officers had committed a breach of the relevant Acts. This licensee is under close monitoring by the FSC Mauritius to ensure that all its obligations under the laws are fully met and that the interests of members and beneficiaries are safeguarded.

Table 18: Pensions Onsite inspection/investigation conducted in 2015

Type of Licence	Number of onsite inspections / investigations
Private Pension Schemes	1
Pension Scheme Administrator	1

GLOBAL BUSINESS

In 2015, the main focus for onsite inspections conducted on MC was on anti-money laundering principles, including compliance with the Code on the Prevention of Money Laundering and Terrorist Financing, risk profiling and corporate governance standards.

During the year 2015, 46 onsite inspections were conducted on MC / CT. Most were follow-up inspections based on findings of the previous onsite inspections. Inspections of newly licensed MC were carried out to ensure that they have the proper infrastructure, financial and human resources including the appointment of a Money Laundering Reporting Officer and a Compliance Officer before starting their business operations.

MC whose deficiencies were considered major and recurrent were referred to the Enforcement Cluster for appropriate actions. In this respect, 5 MC surrendered their licences, 2 had their licences suspended, while for one MC, its licence was revoked by the FSC Mauritius.

Offsite Supervision and Monitoring

During 2015, offsite reviews remained a critical tool to supervise regulated entities and provide the first warning signs for the need for regulatory intervention. Risk assessments and desk-based reviews remain effective to deal with the potential risks posed by the regulated entities. The FSC Mauritius also undertook a series of initiatives in 2015 to further streamline policies and process flows in light of the increasing population of regulated entities.

CAPITAL MARKETS

The FSC Mauritius, as the regulator for Capital Markets, continued to align with international best practices including the objectives set by the IOSCO, namely:

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

While performing its surveillance functions, the FSC Mauritius ensures that licensees comply with the requirements of the applicable legislations and satisfactorily meet the relevant criteria or standards. In 2015, the FSC Mauritius reinforced its supervisory oversight through regular onsite, offsite inspections and enforcement actions.

Monitoring of Exchanges / Clearing & Settlement Facilities

The FSC Mauritius monitors its two licensed Securities Exchanges – the SEM and BAL, and their Clearing & Settlement Facilities (Central Depository & Settlement Co. Ltd ('CDS') and Bourse Africa Clear) to ensure a fair, orderly and transparent market. The supervision of these Exchanges includes the monitoring of securities online in terms of orders, volumes, prices and the detection of any abnormality or irregularity at the onset.

The FSC Mauritius kept track of new developments on the market through publications and press reviews. During the period of review, the FSC Mauritius identified situations where abnormal trading in terms of prices and volumes was noted on the trading sessions on SEM. The FSC requested for trade details from the CDS to make an assessment. It is to be noted that no case of market abuse was observed.

The FSC Mauritius further ensured that the Exchanges were compliant with their ongoing obligations as per prescribed laws. Following analysis of periodical reports submitted by CDS, no failed trade was reported on the SEM in 2015.

Following the direction issued by the FSC Mauritius to disinvest the stake of BAL, the Financial Technologies Group Investments Pvt Ltd entered into a Share Purchase Agreement with a third party in November 2014 for the purpose. As at 31 December 2015, the divestment exercise was not yet completed. Pending the sale process, no new contracts were launched and trading operation ceased on 29 September 2015.

Submission of Statutory Requirements

The FSC Mauritius ensured that its licensees 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 RIs) as per the Securities (Disclosure of Reporting Issuers) Rules 2007. It is to be noted that the Rules were amended for licensees to submit their returns only to Securities Exchanges as from October 2015;
- 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 submitted the following notifications in terms of:

- notifications of insiders' interests and Periodical disclosures (Communiqués) by Reporting Issuers under the Securities (Disclosure of Reporting Issuers) Rules 2007;
- post-licensing requirements for new licensees such as submission of 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; and
- notification for removal or resignation of officer as per Section 24(6) of the FSA.

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

- approval of controllers and beneficial owners under Section 23 of the FSA;
- approval of officers under Section 24 of the FSA;
- request for Waivers in terms of Takeovers by RIs under Rule 34 of the Securities (Takeovers) Rules 2010;
- registration of prospectus under Part V of the Securities Act for offer of Securities to the public. This included rights issue by Listed Companies as well;
- registration of Listed Companies and other entities as Reporting Issuers under Section 86 of the SA and Rule 3 of the Securities (Disclosure for Reporting Issuers) Rules 2007;
- amendments to SEM Rules or new Rules under Section 13(3) of the SA;
- request for exemption of waivers under the SEM's ATS Schedules of Procedures; and
- request for Certificate of Good Standing.

GLOBAL BUSINESS

During the year under review, the FSC Mauritius closely monitored the conduct of business of its licensees by ensuring compliance with the relevant legislations, in particular ensuring that they are meeting the additional substance requirements applicable to both new and existing GBC1's. Changes in working principles and regulatory approvals were carefully examined. Furthermore, licensees were also scrutinised for compliance with their licensing conditions.

This exercise also encompassed the verification of all post licensing obligations and general good standing of Global Business Companies / MC in relation, but not limited, to the following:

- changes in the business activity;
- changes in ownership;
- changes in board composition;
- customer due diligence requirements;
- 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 in 2015 revealed that a few MC were recurrently failing to adopt sound prudential measures and good conduct practices by:

- submitting incomplete applications in relation to appointment of officers;
- not seeking the approval of the FSC Mauritius for the appointment of such officers and for the transfer / issue of shares;
- not complying with the Code on Corporate Governance;
- insufficient monitoring of client companies resulting into their licences being lapsed;
- misplacement of original Global Business Licences; and
- GBC1s not meeting their ultimate business purpose and additional substance requirements.

Circular Letter (CL031215) issued on 03 December 2015 standardises the offsite supervision procedures in relation to several post licensing issues with the aim of reducing incomplete submissions by MCs thus reducing the turnaround time.

Tax Residence Certificate

Application for Tax Residence Certificate ('TRC') is made to the FSC Mauritius through an MC. However, the relevant TRC is issued by the Mauritius Revenue Authority upon the recommendation of the FSC Mauritius for a validity period of one year, renewable thereafter. The TRC, amongst others, enables GBC1's operating in the global business sector to avail tax benefits under the appropriate Double Taxation Avoidance Agreement. During the year 2015, the FSC Mauritius recommended 7,033 TRC applications out of which 866 were new and 6,167 were renewals.

Since 01 January 2015, the 'Management and Control' of GBC 1s has been reinforced in substance through the amendment brought in Section 3 of Chapter 4 of the 'Guide to Global Business' whereby each GBC 1s will have, in addition to meeting Section 71 (4) (b) of the FSA, to abide by at least one of the six additional substance requirements contained in the amended 'Guide to Global Business.' For the purposes of TRC, the foregoing has to be scrupulously followed by a GBC 1s.

Following the above, the FSC Mauritius issued a 'Revised Procedures for Recommendation of Tax Residence Certificate' in order to cater, amongst others, for the additional substance requirements on the TRC Application Form. In order to render the processing of TRC applications user-friendly and more importantly, eco-friendly, the FSC Mauritius introduced the electronic submission of the TRC Application Form. As such, MC on behalf of their clients, have to apply for TRCs electronically via a dedicated email address.

INVESTMENT FUND AND INTERMEDIARIES

Regulatory Approval

The offsite supervision involves a spectrum of activities, ranging from regulatory approvals (appointment of directors, issue and transfer of shares, appointment of auditors and departures from the provisions of the Securities Act 2005, Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 or Securities (Disclosure Obligations of Reporting issuers) Rules 2007) to the creation of additional share classes, change in categorisation and change in activity.

Advertising

In 2015, the FSC Mauritius attended to requests requiring an assessment of the accuracy of the information presented to allow investors to make an informed decision, and also analysed the suitability of various products being distributed. In a particular case, the FSC Mauritius requested a licensee to remove all advertisements, issued without the prior approval of the FSC Mauritius, which were not compliant with the legislative framework.

Protected Cell Companies

The FSC Mauritius considered a number of requests for the creation of cells for funds structured as protected cell companies under The Protected Cell Companies Act 1999. Funds use Protected Cell Companies ('PCC') structures as they allow for segregation and protection of cellular assets. The process for approving a cell involves a thorough review of the investment objectives, risk, investors' profile and the general performance of the fund. In addition, each cell is required to meet the definition of a CIS or CEF as per the SA.

Review of Audited Financial Statements

During 2015, the FSC Mauritius reviewed the quality of financial reports of regulated entities. The review focused on the disclosure of useful and meaningful information to investors and other users of financial reports, compliance with the presentation as required by the legal framework and the international accounting standards. Deficiencies were noted in some key areas such as:

- stated minimum unimpaired capital;
- indication of conduct of activities that were not coherent with the licence;
- compliance with the 6th and 7th Schedules of the Securities (Collective Investment Scheme and Closed-end Funds) Regulations 2008; and
- key disclosures about going concern.

In one instance, the auditors of a licensee were called upon for an explanation regarding the reporting in the financial statements. The FSC Mauritius continues to monitor areas of concern, assesses risks posed by licensees and accordingly takes appropriate actions.

INSURANCE

During the year 2015, offsite reviews of the insurance companies and intermediaries revealed the following, amongst others:

- failure to seek approval of the FSC Mauritius prior to appointment of auditors;
- failure to meet the minimum capital requirement imposed by the Insurance (General Insurance Business) Solvency Rules;
- failure to submit the auditor's certificate in accordance with Section 50(2) of the IA;
- failure to comply with the prescribed time limit pertaining to statutory reporting obligations, including incomplete submission;
- failure to ensure compliance with the National Code of Corporate Governance as required by the Circular Letter CL010705;
- failure to adhere to disclosure requirements of International Financial Reporting Standards 4;
- assets tied excessively in receivables; and
- significant increase in management expenses.

Following reminders or instructions to remedy the situation, the companies which were not fully compliant were closely monitored, and earmarked for onsite inspections or for appropriate enforcement actions.

PENSIONS

The offsite supervisory framework for private pension schemes constitute inter alia:

- monitoring and liaising with governing bodies, pension scheme administrators, auditors, actuaries and investment managers of private pension schemes to ensure their compliance with the legislative framework;
- following up on deemed-to-be-licensed private pension schemes not yet fully compliant with the PPSA;
- variation of 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.

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

In 2015, the FSC Mauritius also ensured that all the major insurance companies promoting private pension schemes had completed their restructuring process regarding establishing new multi-employer schemes in compliance with the PPSA and FSC Rules. These schemes, now licensed by the FSC Mauritius and operational, are in the process of capturing all individually managed private occupational pension schemes under one umbrella scheme.

Enforcement Actions

Enforcement Actions

The FSC Mauritius has a range of regulatory powers to secure change and necessary improvement in the way in which regulated activities are managed and conducted. In 2015, the FSC Mauritius was actively engaged in investigations and pursued some potentially significant enforcement cases, all of which were demanding.

The FSC Mauritius is committed to a fair and proportionate use of its enforcement powers. Where appropriate, the FSC Mauritius ensures that contraventions or instances of misconduct are rectified in conjunction with the licensee concerned through the normal supervisory processes, and agrees on the implementation of a remedial action programme to restore the licensee to compliance. This may involve agreed changes in corporate governance, management and internal controls, or agreement to discontinue some or all of the licensee's operations or areas of activity.

Where such action is considered to be insufficient or where cooperation from the licensee is lacking, there may be a need for more formal enforcement action by the FSC Mauritius involving the use of regulatory powers. The particular enforcement measures, or combination of measures adopted, depend on factors such as the seriousness of the contravention or instances of misconduct, the degree of cooperation, and openness displayed by the licensee concerned.

Enforcement, by its very nature, is unpredictable as to occurrence, timing and consequence. The assumption that can be made with confidence is that the FSC Mauritius will inevitably be required to investigate breaches of the regulatory regimes for which it is responsible, with the possibilities of sanctions and legal proceedings. The FSC Mauritius aims at publishing more about its enforcement activities in future.

Regulatory Actions taken in the year 2015

Investigations on Licensees

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

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

The FSC Mauritius gave five written directions to its licensees and their officers during the year 2015.

Suspension / Revocation of Licences / Withdrawal of Authorisation to act as Collective Investment Scheme

The FSC Mauritius is empowered under the FSA to suspend licences to better protect the consumers of non-banking financial services and to ensure the sound conduct of business in the financial services and the global business sectors. During the year under review, the FSC Mauritius suspended fifteen (15) licences in situations whereby the licensees had, *inter alia,* failed to comply with the provisions of the relevant Acts, the Code on the Prevention of Money Laundering and Terrorist Financing and their respective licensing conditions.

In the interest of fairness and transparency, licensees were provided the opportunity to make written representations in relation to the suspension of their respective licences. Following the assessment of their written representations, the FSC Mauritius cancelled the suspension of the licences of three companies. In cases where the representations were not to the satisfaction of the FSC Mauritius, the licences were revoked and their authorisations to act as CIS were withdrawn.

Disqualification of Officers

The FSC Mauritius disqualified numerous officers from holding any office / position as officer in any of its licensee 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.

Table 19: Enforcement Actions by Type over 2013 - 2015

Type of Enforcement Action	2015	2014	2013
Investigations on Licensees	16	5	13
Investigations on Officers of Licensees	5	3	4
Investigations on Unregulated Entities	-	7	36
Investor Alerts - Unauthorised	8	11	9
Directions Issued	5	12	7
Suspension of Licences	15	3	9
Revocation of Licences	13	-	5
Withdrawal of Authorisation to act as Collective Investment Scheme	6	-	-
Cease Trade Order	2	-	-
Disqualification of Officers	5	2	5

Please refer to Annexure 4 for list suspended / revoked licences, cancellation of suspended licences and disqualification of officers.

Enforcement and Cross Border Cooperation

Financial regulators across the globe cannot regulate the financial services sector in isolation. Cooperation is of paramount importance for the understanding of complex products, and to fight global misconduct. Regulators find a standardised mechanism to ensure the coordination of their regulatory, supervisory and enforcement actions through bilateral and multilateral agreements.

In 2015, the FSC Mauritius collaborated with various local and international counterparts for information sharing, for enforcement actions and litigation processes. Through ongoing cross-border cooperation, the FSC Mauritius was provided with information, which occasioned in-depth analysis of data and ensuing actions, as the case may be.

In 2015, the FSC Mauritius worked with several IOSCO signatories on an important case relating to a group of companies whose financial dealings were faced with extensive investigations spanning various jurisdictions. A joint working group was set up in 2015 to facilitate cross-border information sharing amongst regulators in order to take appropriate and swift regulatory actions. To minimise administrative burdens and delays, the joint working group devised an arrangement within the framework of the IOSCO MMoU to facilitate exchange of information amongst members.

The table below provides details on the number of information exchanged from the year 2013 to 2015 by the FSC Mauritius.

Table 20: Information Exchanged from 2013 - 2015

Statistics regarding requests for assistance provided to counterparts			
	2015	2014	2013
Local	165	80	103
International	95	152	190
Statistics regarding requests for assistance made to other counterparts			
	2015	2014	2013
Local	20	36	38
International	104	84	70

Communications

Communications

During the year 2015, the FSC Mauritius pursued its role to implement internal and external corporate communication plans and initiatives. In this regard, the FSC Mauritius proactively streamlined and managed critical information for its various stakeholders.

Along with the issue of communiqués and reports on events, the FSC Mauritius also ensured that activities and publications related to the FSC Mauritius are adequately covered in the media. The FSC Mauritius attended to requests from the media on a number of issues, and responded effectively within the parameters set under the law. During the year under review, the FSC Mauritius issued several Alerts and Public Notices to the attention of the public and investors.

Newsletters

The FSC Mauritius continued the dissemination of industry related information to the media, its licensees and other stakeholders through its monthly external newsletter namely the FSC Newsletter.

Website

The FSC Mauritius is committed to sustain its image as a regulator, and is engaged in communicating effectively with its licensees, the media, public and industry stakeholders. In this respect, the website of the FSC Mauritius is updated on a regular basis to provide stakeholders with hands-on and precise information which might impact on their operations.

Publications

Another important responsibility is to ensure timely release of the FSC Mauritius publications such as the Annual Report. In addition, the FSC Mauritius publishes corporate brochures, press notices, communiqués and provides updated information on the sector in local and international press and business directories.

Financial Services Commission
Mauritius

Financial Literacy and Consumer Protection

Financial Literacy and Consumer Protection

Financial Literacy and Consumer Education

The FSC Mauritius' consumer protection policy seeks to promote consumer awareness complemented by appropriate consumer protection measures. The FSC Mauritius firmly believes consumers of financial services need to be better informed and financially literate to make appropriate investment decisions.

The FSC Mauritius adopts a multi-fold approach for consumer protection which includes:

- long term promotion of public understanding to facilitate effective consumer decision-making;
- adequate measures taken during crisis (e.g. financial scams / unregulated schemes); 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 FSC Mauritius handles complaints relating to non-banking financial services sector in an expedient manner. Complaints are attended to via phone and in person; and complaint letters received are recorded in the complaints logging system in a timely and efficient manner. Once recorded, the complaints letters are channeled to the appropriate clusters for necessary action.

Figure 11: Complaints by Sector received in 2015

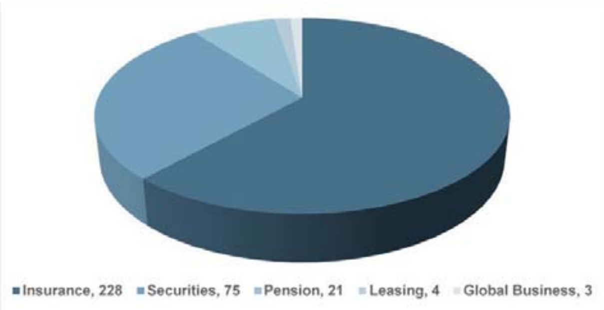


Table 21: Breakdown of complaints handled by Insurance Cluster in 2015:

	Number
Total Incoming Complaints	274
No Action required from the FSC Mauritius	58
Action taken	216
• Matter resolved	100
• Referrals for action by other Authorities / Institutions / Entities	1
- to Motor Vehicle Insurance Arbitration Committee	20
- to Complaints Coordinator	38
- Liquidator	4
• In Progress	53

Young Talent Competition 2015

The fourth edition of the Young Talent Competition was completed in 2015. The objective of the competition is to promote financial literacy and a better understanding of the financial services sector in Mauritius amongst secondary students. It also enables students to have a better understanding of financial services for general knowledge and future employability, while encouraging a culture of saving and financial planning. The theme for the Young Talent Competition 2015 was *'The contribution of Financial Inclusion to Economic Growth'.*

The Young Talent Competition 2015 was divided in two categories:

- Category 1 quiz competition for level IV and V secondary school students which enlisted the participation of 367 participants from 54 secondary schools; and
- Category 2 essay competition for level VI secondary

school students which regrouped 262 students from 45 secondary schools.

The objective of the quiz competition was to assess the knowledge and understanding of students on financial services, while the essay competition followed by a viva voce session encouraged students to conduct research and make a presentation of their ideas on the chosen theme. The final of the quiz competition was broadcasted on the national television in December 2015.

The award ceremony of the Young Talent Competition 2015 was held at the FSC House on 14 September 2015 in the presence of the Chief Guest, Minister of Financial Services, Good Governance and Institutional Reforms, Information Technology, Communication and Innovations.

Consumer Education Outreach Programme 2015

One of the main objectives of the Consumer Education Outreach Programme is to raise awareness of the public on the need and importance of personal financial planning with a view to inculcate the habit of saving and investment amongst consumers, to meet their needs in the future. Consumer education also promotes the understanding of the risk and return matrix of investment. Investment objectives may vary according to the life cycle of individuals depending on their future needs and commitments. Accordingly, consumers will be able to do their financial planning based on their short term and long term financial goals.

Following regulatory actions taken to protect policyholders and investors of a financial conglomerate during the year under review, the FSC Mauritius reinforced its consumer education campaign on the need for consumers to gather maximum information before investing in financial products. Emphasis was also laid on the need for diversification of investments, and the 'Do's and Don'ts' while investing. The FSC Mauritius highlighted the importance of seeking financial advice from professionals and dealing with licensed financial intermediaries. The Consumer Outreach Programme acts as an important tool to detect cases of financial malpractices through interaction with the public.

During the year under review, resources were channelled towards receiving and managing complaints from clients of the financial conglomerate subject to regulatory actions by the FSC Mauritius. A help desk was set up by the FSC Mauritius for this purpose.

In 2015, consumer awareness sessions were held at the Belle Mare Centre for the elderly, Surinam Women Empowerment Centre, Pointe aux Piments Centre for the elderly, Marie Marot Activity Centre in Quatre-Bornes and Rose-Belle Village Council. Informative posters and games were distributed to participants who were also invited to interact and share relevant information with the FSC Mauritius representatives. A help desk was also set up to cater for individual queries.

Table 22: List of Consumer Education Initiatives for 2015

Date	Benefiting Organisation	Target Audience	Type of Initiative
06 February	Belle Mare Recreational Centre	Senior Citizens Associations	Consumer outreach programme to sensitise consumers of financial services
30 March	Surinam Women Empowerment Centre	Women Associations	Information session on the benefits and risks linked to investment in financial services and products
25 September	Pointe Aux Piments Recreational Centre	Senior citizens associations	Information session on the benefits and risks linked to investment in financial services and products.
28 October	Caring Senior Citizens Quatre-Bornes	Senior Citizens	Consumer outreach programme to sensitise consumers of financial services
27 November	Rose-Belle Village Council	Representatives of community associations	Informative Session with regards to Financial Products and Services

Strengthening Stakeholder Relations

Strengthening Stakeholder Relations

Stakeholders

The FSC Mauritius actively engages with all stakeholders at national, regional and international levels and participates in meetings and collaborates in terms of attachment programmes and organisation of events such as conferences and workshops. The FSC Mauritius interacts regularly with local stakeholders such as ministries, authorities, institutions, organisations and licensees through its participation in meetings, workshops and consultations.

International Engagement

Memorandum of Understanding

Signature of MoU between the National Stock Exchange of India Limited and the FSC Mauritius

The National Stock Exchange of India Limited and the FSC Mauritius entered into a MoU on 03 September 2015. The MoU testifies the commitment of both institutions to collaborate and foster more strategic relationship to facilitate the development of channels for knowledge sharing; and to elaborate mutual synergies for the growth and development of the two parties. The MoU also sets forth the parties' intent to provide mutual assistance and exchange of information; and also helps to enhance cooperation in areas of education, training and knowledge transfer; and surveillance and technology transfer.

Signature of MoU between the Dubai Financial Services Authority and the FSC Mauritius

The Dubai Financial Services Authority and the FSC Mauritius entered into a MoU on 01 October 2015 on capacity building and other collaboration. The Dubai Financial Services Authority and the FSC Mauritius recognise the importance of capacity building in the region and the MoU proves the commitment of both authorities to strengthen cooperation and collaboration in this area. The authorities acknowledge the need to increase technical exchanges for the purpose of better understanding and knowledge of each other's financial regulation. The MoU also sets forth the intent of both authorities to enhance mutual cooperation towards promoting and developing cross-border activities.

Refer to the List of MMoUs / MoUs in Appendix 5

Attachment Programmes / Study Visits

The FSC Mauritius regularly conducts attachment programmes / study visits, within the spirit of the MMoUs and MoUs signed, to reinforce its commitment for effective cross-border cooperation, information sharing and capacity building with its counterparts. Delegates are provided inter alia with an overview of the latest developments in the financial services sector, and they also gain insights on expertise and successful practices implemented amongst other.

During the year under review, the FSC Mauritius welcomed the following delegations:

Financial Services Authority, Seychelles

Three representatives of the Seychelles Financial Services Authority were at the FSC Mauritius from 27 to 29 January 2015. Discussions encompassed the overview of financial services sector, licensing procedures, capital markets, and supervision of the insurance sector, enforcement policies and the role of the FSC Mauritius. The delegation also met with representatives of the SEM, the CDS and the Insurers Association of Mauritius.

Central Bank of Lesotho

The FSC Mauritius welcomed high officials from the Central Bank of Lesotho to learn on the leasing sector on 28 July 2015. The "Leasing Sector Study Tour" was an experience-sharing exercise to learn from the FSC Mauritius' regulation and supervision of leasing activities. Discussions covered:

- the overall regulatory and supervisory framework for non-bank entities;
- leasing regulations;
- risk based supervisory framework for leasing entities;
- licensing conditions, number of licensees and other relevant statistics;
- co-regulation and cooperation with other regulators; and
- public awareness campaigns and complaints handling.

Working Session with Delegates of Benin

The FSC Mauritius welcomed five delegates from Benin for a working session on 27 November 2015. Areas of discussions included an overview of the Mauritius legal framework in terms of prevention and combating money laundering, financial crime and transnational organised crime, investigations procedures of the FSC Mauritius and its initiatives to promote integrity in the financial services sector.

Reserve Bank of Malawi

A representative from the Reserve Bank of Malawi was at the FSC Mauritius for an attachment programme on the financial services sector from 12 to 16 October 2015. Discussions encompassed the overview of financial services sector with particular focus on collective investment schemes, an overview of capital markets in Mauritius, AML / CFT issues, licensing and supervisory approaches, and enforcement policies. The delegate also had the opportunity to visit a fund manager with a view to better understand its operations. As part of the attachment programme, a presentation on the overview of regulatory and supervisory framework for capital markets in Malawi was made by the delegate to the FSC Mauritius.

National Bank of Ethiopia

The FSC Mauritius welcomed officers from the Insurance Department of the National Bank of Ethiopia for a study visit from 18 to 20 November 2015 to learn on the RBS framework. The FSC Mauritius further presented an overview of the financial services sector, licensing and supervisory approaches. As part of the study visit, a presentation on the insurance industry and latest developments in Ethiopia was made by the delegates.

Financial Services Regulatory Authority of Swaziland

A representative from the Financial Services Regulatory Authority of Swaziland visited the FSC Mauritius for an attachment programme from 30 November to 04 December 2015. The programme provided an overview of financial services sector with a focus on collective investment schemes, capital markets, licensing and supervisory approaches, and enforcement policies. The delegate also had the opportunity to visit the SEM, the CDS, capital markets intermediaries and a fund manager with a view to better understanding their operations. As part of the attachment programme, a presentation on the regulatory and supervisory framework for capital markets in Swaziland was made by the delegate.

Hosting of International Conferences & Meetings

34th IOSCO – AMERC Meeting

The FSC Mauritius participated in the 34th IOSCO Africa / Middle-East Regional Committee (‘AMERC’) meeting held on 24 - 25 February 2015 in the Sultanate of Oman. IOSCO AMERC Members discussed country emerging risks issues and presented their respective country reports. Mr David Wright, the IOSCO Secretary General, covered the IOSCO Strategic Direction 2015 to 2020, capacity building activities, and progress made on the IOSCO MMoU signatories in his address.

A Conference on “Promoting Sound Regulation through Understanding the Balance between Its Costs and Benefits” was held on 25 February 2015 with discussions on ‘Understanding, Justifying and Promoting the Cost/ Benefit of Regulation’ and ‘Market Integration Initiatives around the Region’.

IOSCO 2020 Consultation Paper

The IOSCO Board agreed, at its 2013 Meeting, to develop a strategic vision and resourcing plan for the period 2015 to 2020. The Board established a Working Group with the mandate to make recommendations to:

- define the outcomes IOSCO should aim to achieve by 2020 given its objectives of protecting investors, ensuring fair, efficient and transparent markets and reducing systemic risk;
- develop a strategic plan and for the IOSCO Secretariat to achieve those outcomes;
- determine funding and resourcing needs of the IOSCO Secretariat to implement the plan; and
- develop a funding plan to meet the resourcing needs.

The FSC Mauritius, an ordinary member of the IOSCO provided its comments with regards to the IOSCO 2020 consultation paper. After the consultation process, the IOSCO published its Strategic Direction 2015 to 2020 in May 2015.

IOSCO 40th Annual Conference

The FSC Mauritius participated in the IOSCO 40th Annual Conference hosted by the United Kingdom Financial Conduct Authority from 14 to 18 June 2015 held in United Kingdom. The Annual Conference focused on significant challenges facing markets. One of the key challenges facing policy makers, regulators and business leaders is change. Changing technology, regulation, and society's evolving demands from financial services were topics for discussion.

Members met to debate on the progress of the IOSCO's work across its policy, research, capacity building, and cooperation agenda. The Board of IOSCO agreed on its Strategic Direction up to 2020. The Strategic Direction envisages that IOSCO's goal will be to reinforce its position as the key global reference point for securities regulation. Public sessions were also held on the theme: 'Building a New Financial World'. The discussions focused on conduct standards, financial innovation and other challenges which financial regulators and industry face.

SADC CISNA Strategic Planning and Performance Review Committee Meeting

The FSC Mauritius attended the Southern Africa Development Community ('SADC') Committee of Insurance, Securities and Non-banking financial Authorities ('CISNA') Strategic Planning and Performance Review Committee ('SPPRC') held in Angola from 09 to 11 February 2015. The FSC Mauritius presented its project paper to steer the SADC CISNA in a new direction to develop its Strategic Plan for 2016 - 2020. The project proposal contextualised the environment in which the SADC CISNA operates and the SPPRC's agenda. It was also proposed to conduct a stakeholder and SWOT / PESTEL analysis and to devise implementation and monitoring tools such as templates and guidelines. The FSC Mauritius was entrusted by the Chairperson of the SADC CISNA with the task of drafting the Strategic Plan 2016 - 2020 for subsequent presentation at the next SADC CISNA Plenary meeting.

The FSC Mauritius hosted the SADC CISNA SPPRC Meeting on 27 and 28 August 2015. Members discussed the SADC CISNA's Annual Report, its Strategic Plan 2016 - 2020 and other important matters which would be considered for adoption at the bi-annual Meeting in Mozambique in October 2015. The hosting of this meeting reinforced the commitment of the FSC Mauritius towards the SADC CISNA, and increase the visibility of Mauritius in the region.

35th SADC CISNA Meeting

The FSC Mauritius participated at the 35th SADC CISNA Meeting held from 26 to 30 October 2015 in Mozambique. The various committees of the SADC CISNA met and discussed issues of concerns within the region. The 35th meeting also marked the elections of the Chairperson and the Vice Chairperson, the presentation and adoption of its Annual Report and Strategic Plan 2016 - 2020. The FSC Mauritius participated in the formulation of a harmonised framework of the regulatory requirements for operation of CIS amongst the member states of the SADC CISNA.

SADC Trade in Services Negotiations

The FSC Mauritius was entrusted the responsibility by the Ministry of Foreign Affairs, Regional Integration and International Trade to analyse the Offers for financial services in particular the limitations to market access and national treatment. The FSC Mauritius initiated the analysis exercise, and also met with industry representatives and other stakeholders to share and discuss its views.

The SADC Member States are presently engaged in SADC Trade in Services negotiations under the SADC Trade in Services Protocol and the first round of negotiations was concluded in March 2015. Mauritius submitted its Draft Schedule of Commitments for services liberalisation to the SADC in four of the priority sectors, namely financial services, tourism, communications and transport. Eleven Member States namely, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Seychelles, South Africa, Swaziland, Tanzania and Zambia, submitted their Offers to the SADC that was discussed at the Trade Negotiating Forum in March 2015.

30th ESAAMLG Task Force of the Senior Officials Meeting

The FSC Mauritius participated in the 30th Eastern and Southern Africa Anti-Money Laundering Group ('ESAAMLG') Task Force of the Senior Officials Meeting from 23 to 27 August 2015. Members of the Task Force discussed and adopted 15 Post Evaluation Progress Reports of countries including Mauritius. Furthermore, Uganda reported on the implementation of the recommendations of the ESAAMLG High Level Mission. The Task Force also considered the proposed work programme and budget for the financial year 2015 / 2016.

The Task Force Plenary Meeting, the Experts for the Review Groups A, B and C for Monitoring the Post Evaluation Implementation of the FATF Standards in evaluated ESAAMLG member countries met to review and discussed the progress reports with delegations of the evaluated countries on 23 August 2015.

IAIS Market Conduct Self-Assessment and Peer Review

The FSC Mauritius participated in the International Association of Insurance Supervisors ('IAIS') Self-Assessment and Peer Review, launched in February 2015 on the thematic topic of market conduct (Insurance Core Principles 18 and 19). Assessment is the first step towards identifying gaps that may exist in regulatory frameworks and supervisory practices. The Self-Assessment and Peer Review assessed observance and understanding of the principles and standards related to conduct of business. The IAIS Self-Assessment Peer Review combines a self-assessment with a robust peer review. The process begins with development of a survey questionnaire by an external expert with extensive experience conducting assessments on the Insurance Core Principles. The Self-Assessment Peer Review process also provides additional benefit through the publication of aggregate findings. It directly supports the IAIS mission to promote effective and globally consistent regulation and supervision.

OECD / IOPS Global Forum on Private Pensions

The FSC Mauritius attended the OECD / IOPS Global Forum on Private Pensions held in Germany from 29 to 30 October 2015. The theme of the Global Forum was on 'Pension trends and the changing supervisory landscape'. The Global Forum explored trends in global private pension systems and the ways in which pension regulatory and supervisory authorities managed and reacted to the evolution of these systems. Some of the trends considered included the increased interest in long-term investments and the prolonged period of low-interest rates in the financial services markets. The role of behavioural economics in the financial system and the contributions that large pension funds may have on the economy and financial stability were also discussed.

Engaging with Local Stakeholders

FSC Mauritius / SEM / CDS Surveillance Sub-Committee

The Surveillance Sub-committee is a committee established in May 2015 between the FSC Mauritius, the SEM and CDS. The objectives of the SSC are to address the barriers to the development of the securities market through joint supervisory coordination and promotion of mutual collaboration between the three institutions.

Monthly meetings are scheduled and the mandate includes:

- exchange of information on request or on voluntary basis in respect of regulatory and supervisory collaboration;
- proposals for initiatives and programmes for regulated entities in the form of rules / guidelines to be applicable to the market;
- plan of action on researches and studies of common interest as identified by Surveillance Sub-committee;
- papers on areas of common interest for instance crisis management;
- discussion about market developmental matters; and
- identifying potential problem areas and deciding upon common aspects of intervention.

Discussions for the year 2015 focused *inter alia* on:

- operational issues;
- consultancy papers on prospectus and new category of Investment Adviser;
- listing requirements; and
- accreditation of professionals by the SEM.

In addition, the Surveillance sub-committee had joint meetings with listed companies experiencing difficulties in complying with requirements of the laws.

Launch of the FSC Mauritius Annual Statistical Bulletin 2015

The FSC Mauritius released its eighth Annual Statistical Bulletin 2015 in December 2015. 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 provided up-to-date figures on the sectors under its purview and presented a synopsis of trends in the financial services sector other than banking in 2014 and 2013.

The total assets for the financial services sector (excluding companies holding a Category 1 Global Business Licence) rose from MUR 27 billion in 2013 to MUR 30 billion in 2014, representing an increase of 11 percent. Leasing Companies, CIS Managers and Treasury Management were the licensed categories which led in terms of total asset values.

The total income generated by entities in 2014 amounted to MUR 4.8 billion which represented an increase of 8 percent over the previous year. The licensed categories which generated most income were Leasing Companies, CIS Managers and Insurance Brokers respectively.

The aggregate Profit after Tax for the financial services sector (excluding companies holding a Category 1 Global Business Licence) reached MUR 1.05 billion in 2014 compared to MUR 937 million in 2013. The three most profitable licenced categories were Leasing Companies, CIS Managers and Insurance Brokers.

Total assets of the Corporate and Trust Service Providers amounted to USD 193 million in 2014 representing an increase of 7 percent over the previous year. Total income of MCs witnessed an increase of 8 percent from USD 195 million in 2013 to USD 210 million in 2014. Profits reported by MC in 2014 stood at USD 52.2 million as compared to USD 51.9 million in 2013.

Gross premium for long term insurance business stood at MUR 16.3 billion in 2014 with an increase of 8 percent compared to MUR 15.0 billion in 2013. For General Insurance business, gross premium stood at MUR 7.41 billion in 2014 compared to MUR 7.03 billion in 2013.

Total assets of companies in the long term insurance business stood at MUR 115.20 billion in 2014 compared to MUR 106.40 billion in 2013. For companies in the general insurance business, total assets stood at MUR 15.1 billion in 2014 compared to MUR 13.9 billion in 2013. Total (direct) employment in the financial services sector in 2014 amounted to 5,978.

Consultations

Consultation with Industry

In order to bring more clarity and transparency to the market, the FSC Mauritius published two papers on its website for public consultation:

- Registration of prospectus in May 2015 - the new procedures for prospectus are in force and an applicant is requested to pay a fee of MUR 100,000 when filing of prospectus (applicable as from 01 January 2016); and
- New Category of Investment Adviser namely investment adviser for corporate finance (investment banking) in July 2015 - discussion is ongoing with stakeholders.

Online Data Capture System (ODCS)

In line with its constant effort to adhere to best statistical standards and practices without increasing significantly administrative costs, the FSC Mauritius embarked on the implementation of an Online Data Capture System (ODCS) at the beginning of 2015. The system aims at easing collection, compilation and analysis of financial data from the industry. It provides a secured and user-friendly online platform for licensees to submit their respective data. The implementation phase was completed in December 2015.

International Surveys

IMF Financial Access Survey 2015

As a recurrent feature, the FSC Mauritius provided inputs in June 2015 for the IMF Financial Access Survey. The IMF Financial Access Survey provides relevant indicators of access to and use of financial services to measure countries' progress in building inclusive financial systems that provide opportunities for balanced access to financial services, promote financial stability, and ensure the protection of citizens' financial interest. It also aims at collecting and disseminating comparable time series data on the geographical and demographic outreach of financial services provided by resident financial corporations to resident customers within a country. The outreach of financial services is driven by financial institutions' branch network, the availability of automated teller machines, and by the use of three key financial services, namely, deposits, loans, and insurance.

IMF Balance Sheet Analysis Data Request (Article IV Mission)

Further to the meeting with the IMF Consultant, Mr Keiichiro Inui, in July 2015 regarding Balance Sheet Analysis, data on financial assets (excluding all non-financial assets such as real estate, tangible, and non-tangible) was requested for the December 2015 Article IV Mission. The data for the following categories were extracted from the Audited Financial Statement and compiled according to the IMF Template: Insurance – Long Term and General, Factoring, Investment Dealer, Treasury Management, Credit Finance, Investment Adviser, Registrar & Transfer Agent, Pension Funds, Pension Scheme Administrator, Insurance Brokers, Leasing, CT, MC and CIS / CEF and CIS Manager. These data allow the IMF to enhance macro-financial analysis for Mauritius and examine the linkages of the Other Financial Corporations ('OFC') (including Global Business Companies) with the Mauritian economy.

IMF Monetary and Financial Statistics Survey

In light of the preparation of Mauritius' adherence to Special Data Dissemination Standard ('SDDS') Plus, one of the requirements is to collect the Monetary and Financial Statistics ('MFS') from OFC which are under the purview of the FSC Mauritius. As such, the Joint Working Group between the FSC Mauritius and the BoM on IMF MFS met twenty four times during 2015 to examine the current financial reporting by OFC.

Following the mapping exercise, the Call Report Form was amended taking into consideration the findings of the Joint Working Group between the FSC Mauritius and the BoM to reflect the various reporting requirements of the respective categories. The OFC include the categories namely the 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 and Transfer Agent, Treasury Management and GBC1's. The IMF MFS Survey was tentatively scheduled to be launched in early 2016.

Table 23: FSC Mauritius Surveys

Survey Name	Details
5th GBC 1 Survey (Balance of Payment, National Accounts, CPIS, CDIS)	The FSC Mauritius launched its 5th GBC 1 Survey on 13 May 2015 to collect information (employment, Balance of Payments ('BoP'), National Accounts, Coordinated Direct Investment Survey ('CDIS') Inwards / Outwards, Coordinated Portfolio Investment Survey ('CPIS') from the financial statements and supporting details of GBC 1's to facilitate compilation of their transactions and position vis-à-vis non-residents for compiling the BoP accounts and the external assets and liabilities position of Mauritius. The deadline for submission was 31 July 2015.
17th IMF Bi-Annual Coordinated Portfolio Investment Survey 2015 Semester 1	The FSC Mauritius launched the 17th IMF Bi-annual CPIS Survey 2015 Semester 1 on 19 October 2015. The purpose was to collect data on securities held by residents of Mauritius issued by unaffiliated non-resident enterprises (referred to as Portfolio Investment) as at 30 June 2015 by country of the issuer. The deadline for submission was 19 November 2015.
Foreign Assets and Liabilities Survey 2015	The FSC Mauritius conducted the Foreign Assets and Liabilities Survey 2015 on 13 May 2015 among its licensees on behalf of the Bank of Mauritius. The survey aims at collecting information to enable the monitoring of private capital flows, establishing reporting system for cross border transactions and for the needs of BoP and International Investment Position compilation. The deadline for submission was 30 June 2015.
Balance of Payment Quarterly Estimates	The FSC Mauritius collects quarterly BoP Estimates on GBC 1 transactions as from the third quarter of 2014 to assist the BoM in enhancing the quality of the quarterly dissemination of the BoP.

IMF SDDS Technical Committee

The SDDS Technical Committee held its 30th meeting in 2015 to take stock of current issues including availability, frequency and timeliness of data, as well as, to monitor the adherence of Mauritius to IMF SDDS. The SDDS Technical Committee monitors the IMF Multi Sector team recommendations and SDDS Plus Progress Report on a regular basis.

Membership of Statistics Board

The Statistics Board was set up in September 2011 under Section 23 of the Statistics Act 2000. In 2015, the Acting Chief Executive of the FSC Mauritius became a co-opted member of the Statistics Board and the Head of Policy (Statistics) of the FSC Mauritius was the alternate member.

The Statistics Board is mandated to offer guidance to the Minister responsible for statistical matters and other producers of statistics on the directions and priorities for official information. The Board aims at strengthening the trust of the public in official data by providing assistance to reinforce professionalism in the statistical system in the exercise of data collection, analysis and reporting.

IMF Article IV Mission 2015

The 2015 IMF Article IV Consultation Mission was in Mauritius from 02 to 16 December 2015. The IMF delegation held consultations with various stakeholders including the FSC Mauritius, with the view to assess the economic developments and financial policies of the country. Topics discussed included:

- financial soundness of non-bank financial corporations and Global Business Companies, and potential risks / vulnerabilities in this sector; outlook for Global Business Company business (GBC 1s / GBC 2s), capital flow projections;
- regulatory issues including the BAI case and consolidated supervision, coordination with BoM.

The IMF team also assessed the extent of the interaction of the Global Business sector with the local economy, whereby the FSC Mauritius provided relevant statistics as requested.

Joint IMF / World Bank Financial Sector Assessment Programme 2015

The Joint IMF / World Bank Financial Sector Assessment Programme team led by Mr. Javier Hamann, Mission Chief met with the FSC Mauritius in December 2015. The team worked in close collaboration with the IMF Article IV Mission Team. Data on the global business sector were provided.

Request for Data

The FSC Mauritius received over 500 requests for statistics, from both internal and external stakeholders, were responded to in an expedient manner. The internal stakeholders included inter alia various clusters and the Board of the FSC Mauritius while external stakeholders included the Ministry of Financial Services, Good Governance and Institutional Reforms, the Ministry of Finance and Economic Development and other collaborating institutions such as the BoM, Statistics Mauritius and organisations like the Board of Investment, FSPA amongst others.

Corporate Services

Administration and Enterprise Risk

The Administration and Enterprise Risk Cluster is responsible for the management of services and processes supporting the FSC Mauritius core businesses while ensuring a suitable working environment. In 2015, the Cluster aimed at improving the quality of work. And major projects like electrical remedial works of the building as well as digitisation of the registry and archives were undertaken. Day-to-day activities related to administrative works, facilities management and procurement were also reviewed and improved. The FSC Mauritius reinforced its Enterprise Risk Management strategy by improving the processes within Quality Management System ('QMS') and Business Continuity Management ('BCM') units.

Procurement

The FSC Mauritius conducts its procurement process in line with the Public Procurement Act 2006, the Public Procurement Regulations 2008, Directives and Circulars issued by the Procurement Policy Office ('PPO'). The responsibility for implementing and administering procurement-related provisions is centralised at the Procurement Unit, which is subject to both internal and external audit. In order to reduce the lead time, the procurement proceedings were enhanced and streamlined resulting in more efficient and effective procurement.

The FSC Mauritius complies with disclosure requirements and promotes transparency in the following ways:

- submission of annual procurement plan to the PPO;
- submission of return on procurement activities to the PPO;
- notification of award of contract; and
- timely response to queries and debriefing request.

Facilities Management

The Facilities Management Unit has as its primary function the maintenance of the FSC House to ensure its day-to-day running. The focus extends beyond a safe and sound working environment to an optimum use of the building and public utilities. As such, it manages building efficiency, environmental friendliness, security services, fire safety, health and safety and planned maintenance to meet statutory compliance requirements. These core duties are also undertaken in an attempt to keep costs down both for day-to-day practices and building upgrade projects.

Various feasibility studies are also undertaken to bring further improvements while keeping up with new engineering and building technologies. In 2015, a major project was the electrical remedial works of the building, which upgraded the aging services to cope with new requirements. Building security procedures were also reviewed and upgraded to meet the changing needs of the FSC Mauritius.

Furthermore, to continuously improve facilities management at the FSC Mauritius, major engineering and infrastructure works, as well as works requiring specific expertise are outsourced to qualified contractors.

Digitisation Projects

In line with the BCM Policy, all incoming documents are stored in digitised format since January 2013. Digitisation not only increases the security aspect of confidential files and documents but also improves document management and facilitates business processes. In 2014, the FSC Mauritius started the digitisation of files in Registry and archived documents. Scanning of files in Registry was completed in September 2015 while scanning of archived documents (2006 - 2013) ended in August 2015.

In September 2015, the FSC Mauritius embarked on the digitisation of audited financial statements for easy retrieval of accounts and necessary backup of the documents. All audited financial statements received at the FSC Mauritius are scanned on a daily basis.

Asset Management

The FSC Mauritius maintains a Fixed Asset Register for all the assets it owns. In July 2015, a Project Steering Committee was set up to find means to further improve on asset management. One major outcome was the Capitalisation Policy, which provided guidelines in accordance with relevant International Financial Reporting Standards, for assets to be recognised, derecognised and reviewed for impairment. Other processes, such as Leaver Control Sheet or Information Technology ('IT') Asset Management Policies, were reviewed to ensure better control of the assets. In addition to regular maintenance, obsolete and damaged assets were also disposed of to ensure a safe and efficient working environment.

Quality Management System

Following the implementation of the QMS for a more effective work environment and outcome, the Quality Management Unit continued the internal compliance audit on selected processes in 2015. In addition to the quality audits, the Unit started working on SMART objectives. A "world class" system of work processes familiar to all employees will enable the FSC Mauritius to successfully meet its objectives. This continuous improvement of processes will pave the way for International Standards Organisation ('ISO') 9001-2015 certification, which sets out the criteria for a quality management system. The standard is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement. The FSC Mauritius endeavours to gain all the internal and external benefits from the certification of its QMS according to the requirements of ISO.

Business Continuity Management

As part of its Corporate Governance framework, the FSC Mauritius implemented a BCM system in line with best practice guidelines produced by the ISO (ISO 22301:2012: Business Continuity Management Systems - Requirements). The BCM System ensures the commitment of the FSC Mauritius to operation resilience and provides the capability for an effective response for the safeguard the interests of its employees, key stakeholders, reputation and brand and value creating activities. This system became functional in early 2015 and the FSC Mauritius focused on its maintenance as well as devising the relevant plan for the testing and exercising of the disaster recovery site. Furthermore, all Clusters prepared their Business Continuity Plans, with particular emphasis on their critical processes and manpower requirements to ensure minimal disruption in the event of a crisis or disaster.

Information Technology

The improvement of FSC Mauritius operational and supervisory capabilities remain the core focus of the IT strategy, IT acquisitions and projects implemented in 2015. Amidst ever-evolving and complex business and technology landscapes, IT made strategic investments using state-of-art technology to support the business growth and agility, capitalising on new and existing technologies to increase the organisation efficiency, by aligning its priorities with business needs.

IT Infrastructure

To cater for the IT projects (Online Submission Platform, Consolidation of databases, Electronic Document Management System ('EDMS'), and Online Data Capture System) and planned Disaster Recovery Enhancements, additional servers and storage systems were procured in 2015. Additional advanced backup software and agents were also deployed for full coverage of the FSC Mauritius critical systems. The project consisted of two dimensions, namely hardware / software licence procurement, and installations, configurations and documentations.

With the objective of providing enhanced communication tools to staff and a better service to our stakeholders, a new VoIP telephony system with numerous communication features was installed in 2015. The IT and Communications team embarked onto the formulation of an IT Manual, with the purpose to define, develop, and document the information policies and procedures required to support organisational goals and objectives.

Electronic Document Management System

The EDMS project allowed the establishment of a framework to digitally organise all documents at the FSC Mauritius and to work towards a paperless office. Following the completion of the set-up of the EDMS, the system was customised and deployed to end-users for specific document types. Training was provided to all end-users to ensure the effectiveness of the system. The system is constantly being tailored taking into consideration all perspectives from the different Clusters to meet the FSC Mauritius actual needs and usage. In parallel, integration to legacy systems such as the scanning system and online systems was carried out.

Online Submission Platform

The FSC Mauritius embarked on an Online Submissions Platform ('OSP') 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 to:

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

The strategy, as regards to the deployment of OSP, is to operate in a phased manner namely:

- application for a Global Business Company Licence;
- application for other financial services; and
- renewal of fees for Global Business Companies, non-Global Business Companies and MC.

The OSP will allow stakeholders to apply for a licence online with the aim to reduce the overhead associated with its administrative mainframe to submit hard copies of application forms to the FSC Mauritius.

Enterprise Resource Planning

In view of accommodating for the online payment transactions through the new OSP system, integration of the existing Enterprise Resource Planning system was implemented. This comprised further enhancements of the existing finance processes.

Employee Self Service

The Employee Self Service platform is being developed as Phase 2 of the Human Resource Information System project. The Employee Self Service will allow employees to easily carry out daily human resource-related transactions such as update of qualifications, applying and querying leaves and viewing of passage benefits on the system. In addition, the Employee Self Service comprises online submission of cluster and individual workplans as well as a Learning and Development module whereby trainings will be managed. With the automated workflow for approval requests for different modules, the transfer of information between Human Resource Cluster and staff will be easier and quicker.

Consolidated Database

To pave the way for forthcoming projects such as Higher Availability and Disaster Recovery Site Replication, the two databases of the existing Licensee systems for Global Business and non-Global Business which were hosted on two different database servers were consolidated into one single database server thereby optimising licensing cost.

IT Security

The IT risk environment is evolving and no compromise can be made on IT Security systems, which needs to be continually updated. With the implementation of Online Solutions, additional investment were also made for the acquisition of more advanced IT Security Auditing solutions for early detection of possible threats and unusual behaviour / strange network patterns.

IT Disaster Recovery

In line with the BCM plan of the FSC Mauritius, critical data are continuously replicated to the Disaster Recovery (‘DR’) site. To maximise the use of the infrastructure at the DR site, some solutions are deployed as Higher Availability System and thus allowing those solutions to seamlessly and automatically be switched from main site to the DR site in unforeseen circumstances.

Human Resource

The FSC Mauritius believes that its employees are the most valuable assets of the organisation. It aims to create a great place to work, where people are valued, engaged, productive and thriving, whilst demonstrating the internal core values, namely Ethical Behaviour, Teamwork, Professionalism and Compliance with Rules.

Managing Talent

The FSC Mauritius is aware that it must have the best talent to succeed in an increasingly complex and dynamic financial services sector. Along with the need to hire, develop, and retain talented people, the FSC Mauritius is conscious that it must manage talent as a critical resource to achieve the best possible results.

The total staffing at the FSC Mauritius, as at 31 December 2015, stood at 196, with a gender distribution of 56 percent female and 44 percent male.

The movement of employees for the period 2014 and 2015 is provided below.

Table 24: Breakdown of Staff Movement over 2014 - 2015 (End December)

Job Family	New Recruits		Leavers		Number of Officers	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Executive	0	0	4	3	15*	18
Technical	11	6	13	3	142*	145
Administrative & Support	0	2	4	0	39	43
Total	**11**	**8**	**21**	**6**	**196**	**206**

**including movements across job family*

The staff turnover rate for the current year was 10.4 percent, which included five staff who retired.

Performance Based Culture

The FSC Mauritius believes that a well-designed performance management system plays a crucial role in streamlining the activities of its employees for realising the corporate mission, vision and strategic objectives. The Performance Management System is geared towards building a performance-focused culture. Performance Management also facilitates improvement of quality of relationship amongst the members of staff by encouraging the sharing of expectations and building a climate of openness and mutuality.

The Performance Management framework at the FSC Mauritius lays much emphasis on employee development and talent management. The framework also incorporates 360° feedback evaluation and ongoing coaching.

Capacity Building

One of the priorities of the FSC Mauritius is to ensure that its staff has the right balance of both technical and behavioural competencies to address the challenges of a financial services regulator.

To this effect, the FSC Mauritius embraces a multi-fold approach for the conduct of its training programmes. These are formulated into numerous strategies:

Table 25: Continuous Learning Programmes

Strategies		Types of Interventions
Training	In House	By: (i) Internal Resource persons (ii) External Resource persons
	Local	By External Resource persons
	Overseas	Workshops / Conferences / Training Programmes / Exchange Programmes / Attachments
	Others	- E-Learning / Distance Learning - Webinars - Audio Calls - Speakers' Series
On the Job	Self Help / Peer Sharing Experience Job Challenges – Job Rotation / Enrichment Projects / Cross Functional Teams Communities of Practice (CoPs)	
Coaching & Mentoring		

For the year ended 31 December 2015, the average training contact hours per staff was 30 hours.

Table 26: Summary of Training Sessions over 2014 - 2015

Types of Training	Number of Training Sessions		Contact Hours	
	2015	2014	2015	2014
In-House	33	85	3,556	8,160
Local	68	44	1, 619	1,790
Overseas	18	30	730	2,136
Total	119	159	5,905	12,086

Diploma Course in Management and Financial Services

The FSC Mauritius embarked on a customised Diploma in Management and Financial Services course in 2014 with a view to enhance the development of staff in the Administrative Job Family. Twelve officers completed their first year of the course during 2015. Developed using a blended learning approach, this course provides an opportunity for adult learning whereby progress is monitored continuously through in-built activities and assignments.

Alignment to the FSC Mauritius Brand

An intensive 5-day training programme was organised for relevant FSC staff on 'Alignment to the FSC Brand'. The main objective of the course was to create an understanding on how values and behaviour alignment are important to build the FSC culture and to develop Brand Ambassadors who will then project this culture more assertively.

Young Graduate Development Programme

The FSC Mauritius continued in its endeavour to ensure the availability of qualified and trained manpower to meet the forthcoming needs of the organisation as well as the sector through its Young Graduate Development Programme. A new batch of 15 young graduates joined the FSC Mauritius under the 2015 - 2016 Young Graduate Development Programme scheme. The aim of this one-year non-renewable training programme is to offer young graduates a unique opportunity to gain exposure through valuable work-based experience as well as help them prepare for future employment in the financial services sector.

Knowledge Management

The FSC Mauritius continuously reinforces its strategies and tools in the context of consolidating its Knowledge Management initiative. To build high performing teams and maintain a high performing organisation, it is important that staff have access to the existing knowledge. One of the biggest challenges behind knowledge management is the dissemination of knowledge. The FSC Mauritius leverages on the internal WeConnect platform to ensure dissemination of knowledge amongst staff. A dedicated HR News page was launched with a view to keep staff updated on pertinent staff matters.

Encouraging Bonding and Closer Collaboration

With our People

Annual Staff Workshop 2015

The FSC Annual Staff Workshop was held in January 2015 under the theme "Demystifying the Quality Dimension at the Commission". The objective of the workshop was to embed quality in our day-to-day work and behaviour. The FSC Mauritius' quality culture supports, promotes, and enables the organisation's commitment to excellence. Different cross-functional teams were constituted for the working sessions and staff participated actively during this half day workshop.

Employee Welfare, Wellness and Work-Life Balance

The FSC Mauritius advocates an employee-centered environment, which provides a wide range of initiatives - pertaining to staff welfare, wellness and work-life balance. Activities such as distribution of fruits, gym facilities, zumba sessions, walking trips and football matches amongst others were organised. In line with the organisation's policy to cater for the health and well-being of our staff, several health talks were organised in 2015 to raise awareness. The FSC Mauritius also supports staff talent. One member of staff played a leading role in a local film, which was projected at the FSC House for staff.

Celebration of International Women's Day

To celebrate International Women's Day on 08 March 2015, the FSC Mauritius provided a symbolic red rose to all female staff as a recognition of their contribution and accomplishments.

Celebration of Independence Day

The 47th Anniversary of the Independence of Mauritius and the 23rd Anniversary of the Republic of Mauritius were celebrated on 11 March 2015 at the FSC House. Several competitions were organised for staff and their children. The event was marked with a quiz competition to test the general knowledge of staff on 'Made in Moris' products, Mauritian folklore, stories and culture; a photography competition on the theme "Flora and Fauna" of Mauritius was also organised. Staff children, who also participated in drawing and painting competitions, were rewarded.

Celebrating Long Service and Retirement

The annual Staff Get Together was held on 18 December 2015. During this event, employees who completed more than 10 years of service were awarded a shield in recognition to their contribution and loyalty to the FSC Mauritius. A token of appreciation was also given to staff who have retired.

With our Families

FSC Mauritius Annual Family Day 2015

In view of maintaining the bonding among FSC staff and their family members, the FSC Annual Family Day was organised in July 2015. This annual event fosters a sense of belonging among staff while ensuring the well-being of our staff.

Corporate Social Responsibility

With our Local Community

In order to demonstrate its engagement towards the Community, the FSC Mauritius actively engages in numerous Corporate Social Responsibility activities.

FSC Annual Blood Donation

The FSC Mauritius Annual Blood Donation event was held in June 2015. Licensees and other corporate bodies (public and private) in the vicinity of Ebene were invited to participate. This year, this life saving endeavour attracted more participants as compared to previous years.

Charity Donation to victims of Nepal Earthquake

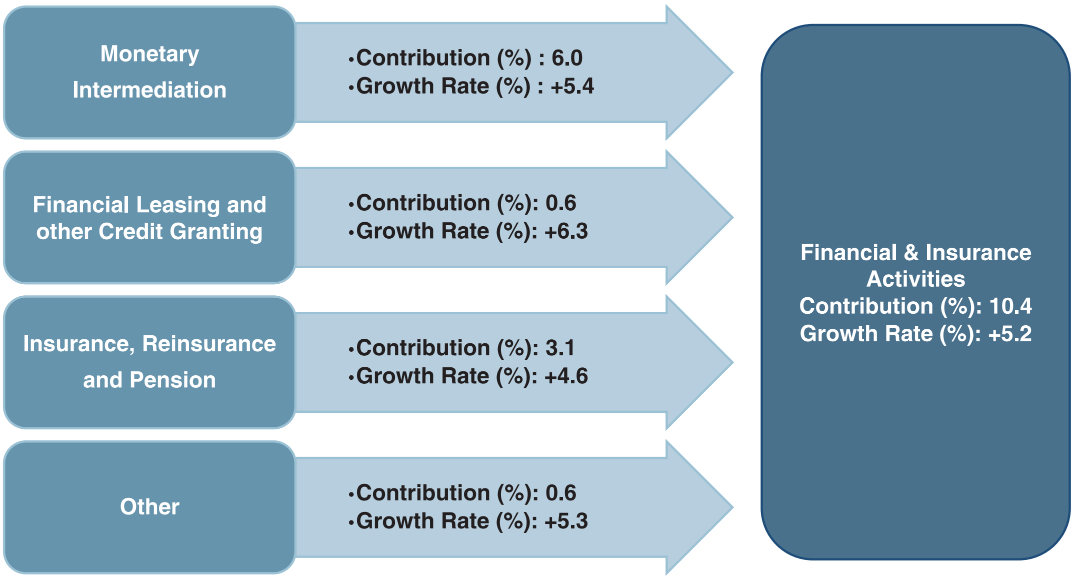
The FSC Mauritius organised a collect of funds among staff in May 2015 to help the victims of the earthquake in Nepal. The usual collaboration and sense of generosity of the staff made this initiative a success.

Financial Services Commission
Mauritius

2015 Highlights

Statistics - Year Highlights

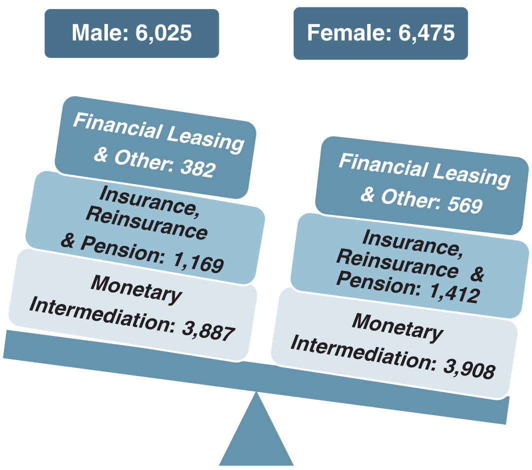
Figure 12: Contribution & Growth of the Financial Services Sector in 2015



Source: Statistics Mauritius - National Accounts March 2016 issue

According to Statistics Mauritius, the financial services sector contributed to 10.4 percent of GDP as at end December 2015, with a growth rate of 5.2 percent. In addition, employment generated by the sector as at end March 2015 amounted to 12,500 compared to 12,422 as at March 2014.

Figure 13: Contribution & Growth of the Financial Services Sector in 2015



Source: Statistics Mauritius Survey on Employment & Earnings in Large Establishments

Direct Employment

Aggregate direct employment by licensees amounted to 5,978 as at 31 December 2014, according to the FSC Mauritius Annual Statistical Bulletin 2015.

Table 27: Direct Employment by Licensees at start of 2015

	Local			Expatriates		
Category	Managerial	Technical	Support	Managerial	Technical	Support
Management Company	520	1,517	605	51	26	5
Corporate Trustees only	10	6	3	2	-	-
Domestic companies	376	1,441	1,351	37	15	13
Total	**906**	**2,964**	**1,959**	**90**	**41**	**18**

Financial Highlights

During the year under review, surplus and other comprehensive income amounted to MUR 774 million representing a growth of 27 percent as compared to 2014 (MUR 611 million).

Surplus of income over operating expenses grew by 25 percent to reach MUR 754 million (2014: MUR 606 million).

In line with the requirements of the FSA, during the year 2015, the FSC Mauritius paid MUR 700 million and provided an additional MUR 292 million as contribution to the Consolidated Fund.

Income Review

Fee income for the year amounted to MUR 1.05 billion, representing an increase of MUR 168 million over the last year, driven by a growth in the number of GBCs, increase in administrative penalty fees and an average exchange rate of the USD 1 to MUR 30.50 during 2014 as compared to USD 1 to MUR 34.58 in 2015.

10,039 GBC 1s and 9,687 GBC 2s renewed their licences in 2015 as compared to 9,505 GBC1s and 9,750 GBC2s in 2014.

Fees from Non-Global business however decreased by MUR 17 million mainly on account of a drop in volume of transactions in the insurance sector.

Interest income reached MUR 39 million albeit lower yields prevailing on the market. The currency-wise mix of investment currencies is in line with the risk management policies set by the Investment Committee.

Expenses Review

Operating expenses amounted to MUR 339 million comprising mainly of staff related costs. Operating expenses increased by MUR 10 million compared to 2014, owing to the increase in staff related costs and office and administrative expenses mitigated by a decrease in costs of training and seminars, and legal and professional fees.

The FSC Mauritius embarked on a Voluntary Retirement Scheme for its employees in 2013. Higher staff related costs were mainly attributable to payment to employees who availed of Voluntary Retirement Scheme in 2015 (MUR 9.6 million) and MUR 10.6 million as an increase in pension costs. Higher office and administrative expenses were mainly due to increase in software licence and rental of a new telephone system.

In line with the requirements of International Accounting Standards ('IAS') 19 for Employee Benefits, an amount of MUR 48 million was accrued as remeasurement of defined benefit obligation.

Capital Expenditure

The main capital expenditure during the year was the purchase of a computer server, PCs and computer software to support forthcoming IT initiatives such as online submission platform, online fees payment and document management system. The FSC Mauritius also upgraded its building electrical installations during the year.

General Reserve Fund and contribution to Consolidated Fund

For the year under review, the FSC Mauritius paid MUR 700 million and provided an additional amount of MUR 292 million as contribution to the Consolidated Fund.

Total contribution to the Consolidated Fund amounted to MUR 5,468 million from 2001 to 2015 as follows:

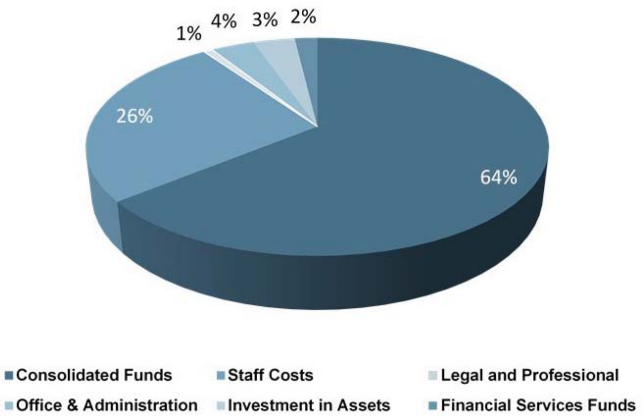
Table 28: Contribution to Consolidated Fund over 2001 - 2015

Year	MUR Million
2001	N/A
2002	0
2003	100

Year	MUR Million
2004	60
2005	70
2006	90
2007	90
2008	120
2009	140
2010	1,166
2011	496
2012	844
2013	979
2014	598
2015	**715**
TOTAL	**5,468**

** Contribution to the Consolidated Fund for 2010 was on an 18-month basis*

Figure 14 provides an indication of the apportionment on income into value adding expenditure / contribution.



Statutory Reporting

Report of the Audit and Risk Committee

To the Board of the Financial Services Commission

Preamble

The Audit and Risk Committee presents its report for the financial year ended 31 December 2015. The Audit and Risk Committee is an independent Committee, whose responsibilities are delegated to the Committee by the Board. The Committee conducted its affairs in compliance with the Board's approved terms of reference, and has discharged its responsibilities contained therein.

Composition of the Audit and Risk Committee

The committee comprises of three independent non-executive Board of directors. The Board of directors having served on the committee during the year ended 31 December 2015 are:

Independent non- executive directors of FSC Audit & Risk Committee

Mr Visvanaden Soondram	-	Chairperson
Mr Jacques Li Chung	-	Member
Ms Warda Dulmar Ebrahim	-	Member

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

Responsibilities of the Audit and Risk Committee

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

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

Meetings

The Audit and Risk Committee held nine meetings during the financial year ended 31 December 2015. Meetings were held with the external auditors or with any executive in attendance on invitation. The Internal Auditor attended all the meetings held during the year.

Activities of the Audit and Risk Committee

Appointment of External Auditor

Following a tender exercise, SNG South Africa has been appointed as the statutory auditor of the Commission.

External Auditor

The Audit & Risk Committee appraised the independence and objectivity of SNG South Africa as the external auditor, as well as approving the audit terms of engagement. No non- audit services were provided by the external auditors during the year 2015.

Financial Reporting

The Audit and Risk Committee considered the independent auditor's report and the audited financial statements for the year ended 31 December 2014 prepared using appropriate accounting policies, estimates and judgments in accordance with the International Financial Reporting Standards (IFRS) and relevant legal and regulatory requirements. The Committee recommended the audited financial statements to the Board for approval after having satisfied with the deliberations held with the external auditors. The Board subsequently approved the audited financial statements.

Internal Control and Risk Management

The Audit and Risk Committee has an ongoing process for reviewing the effectiveness of the system of internal controls and of the internal audit function. The internal audit charter and annual audit plan were reviewed and approved.

The Committee received and deliberated on the reports from the Internal Auditor as per the approved plan which inter alia included reviews on financial controls, Business Continuity Management, FSC surveillance regulatory processes, capital expenditure projects and corporate activities.

Visvanaden Soondram	**Jacques Li Chung**	**Warda Dulmar Ebrahim**
Chairperson	**Member**	**Member**

Corporate Governance Report
of the Financial Services Commission

1.0 Preamble

The Code of Corporate Governance for Mauritius (the "Code") requires that Boards appoint a Corporate Governance Committee to ensure that the reporting requirements on Corporate Governance are in accordance with the principles of the Code.

2.0 Corporate Governance Committee of the Financial Services Commission

As at 31 December 2015, the Committee of the Financial Services Commission consisted of two members of the Board, namely, Mr. Rajesh Ramloll and Ms. Warda Ebrahim. Mr. Antoine Domingue, SC[1] was a member of the Corporate Governance Committee during the period 05 May - 22 July 2015.

The current composition (23 May 2016) of the Corporate Governance Committee is as follows:

1. Mr. Dheerendra Kumar Dabee, GOSK, SC[2], as Chairperson of the Committee. Mr. Dabee, GOSK, SC is the Vice-Chairperson of the Financial Services Commission;
2. Ms. Warda Ebrahim, as member of the Committee. Ms. Ebrahim is a Board member of the Financial Services Commission; and
3. Mr. Rajesh Ramloll, as member of the Committee. Mr. Ramloll is a Board member of the Financial Services Commission.

The Secretary to the Board, Mr. Ramanaidoo Sokappadu acts as Secretary to the Committee and the Compliance Officer (Mr. Ajmal Burthun) attends the meetings of the Committee.

2.1 Role of the Corporate Governance Committee

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

During the period under review, the Corporate Governance Committee met on one occasion (05 June 2015). Alternatively members of the Corporate Governance Committee fulfilled their duties and communicated with each other and with the Compliance Officer through e-mail.

The Financial Services 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 Financial Services Commission to the Corporate Governance Committee.

The Corporate Governance Committee is satisfied that requirements of the National Code of Corporate Governance have been met.

It is noted that:

(i) following the resignation of Mr. Akilesh Deerpalsingh as Vice-Chairperson on 05 October 2015, there was no Vice-Chairperson on the Board of the Financial Services Commission until 03 February 2016; and

[1] Mr. Antoine Domingue, SC resigned as Board Member on 22 July 2015
[2] Mr. Dheerendra Kumar Dabee, GOSK, SC was appointed to the Board as Vice Chairperson on 03 February 2016.

(ii) the Managing Committee of the Financial Services Fund was not constituted until the appointment of its members on 05 February 2016.

3.0 Management

The Financial Services Commission is governed by a Board consisting of non-executive members while day to day management of the Financial Services Commission is under the responsibility of the Acting Chief Executive. Mr. Padassery Kuriakose Kuriachen has been appointed as Acting Chief Executive of the Financial Services Commission since 20 April 2015[3].

4.0 Board of the Commission

During the year 2015 the Board of the Financial Services Commission consisted of the following members:

Members	Date
Mr. Dev Manraj, GOSK, Chairperson	22 April 2015 to 31 December 2015
Mr. Rajesh Ramloll (Chairperson from 01 June 2014 to 21 April 2015) (Member as from 22 April 2015)	01 January 2015 to 31 December 2015
Mr. Akilesh Deerpalsingh, Vice Chairperson	22 April 2015 to 05 October 2015
Ms. Mary Anne Philips, Vice Chairperson	01 January 2015 to 22 April 2015
Ms. Warda Ebrahim	22 April 2015 to 31 December 2015
Mr. Jacques Li Chung	03 August 2015 to 31 December 2015
Mr. Visvanaden Soondram	22 April 2015 to 31 December 2015
Mr. Rhoy Ramlackhan	03 August 2015 to 31 December 2015
Mr. Antoine Domingue SC	22 April 2015 to 22 July 2015
Mr. Radhakrishna Chellapermal	01 January 2015 to 22 April 2015
Mr. Raj Makoond	01 January 2015 to 22 April 2015
Mr. Luc Clement Stephen	01 January 2015 to 22 April 2015

Pursuant to section 8 of the Financial Services Act (the 'FSA'), Board meetings are held at least once per month. Pursuant to section 9 of the FSA, the Chief Executive attends all Board meetings unless otherwise directed by the Board.

5.0 Board Committees

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

5.1 Audit and Risk Committee

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

The main responsibilities of the Audit and Risk Committee include:

(a) Monitoring and reviewing the integrity of the Financial Services Commission's financial statements and accounting policies;
(b) Making recommendations for approval of Financial Services Commission's audited financial statements;
(c) Reviewing with management and the external auditors, the adequacy and compliance of internal control systems;
(d) Monitoring and reviewing the internal audit function and considering regular reports from internal audit on internal financial controls, operations and risk management;

[3] Ms. Clairette F.T. Ah-Hen was Chief Excutive for the period January - July 2015. She was on leave since 20 April 2015.

(e) Considering the appointment of the external auditors, overseeing the process for their selection and making recommendations to the board in relation to their appointment;
(f) Monitoring and reviewing the external auditors' independence, objectivity and effectiveness;
(g) Overseeing the operation of the policies on conflicts of interest; and
(h) Ensuring that recommendations from external and internal audit, as approved by the Audit and Risk Committee and the Board, are followed and implemented.

During the year 2015, the Audit and Risk Committee consisted of the following members:

Members	Date
Mr. Visvanaden Soondram	05 May 2015 - 31 December 2015
Mr. Jacques Li Chung	14 October 2015 - 31 December 2015
Ms. Warda Ebrahim	14 October 2015 - 31 December 2015
Mr. Akilesh Deerpalsingh	05 May 2015 - 05 October 2015
Mr. Radhakrishna Chellapermal	01 January 2015 - 22 April 2015
Mr. Raj Makoond	01 January 2015 - 22 April 2015

5.2 Enforcement Committee

The Enforcement Committee is an internal committee of the Financial Services Commission set up by Board pursuant to section 52 of the FSA. The purpose of the Committee is to exercise the disciplinary powers of the Financial Services Commission and impose administrative sanctions where necessary.

During the year 2015, the Enforcement Committee consisted of the following members:

Members	Date
Mr. Rajesh Ramloll	05 May 2015 - 31 December 2015
Ms. Warda Ebrahim	05 May 2015 - 31 December 2015
Mrs. Jayshree Guness (FSC Management)	05 May 2015 - 31 December 2015
Mr. Deerajen Ramasawmy (FSC Management)	05 May 2015 - 31 December 2015
Ms. Mary Anne Philips	01 January 2015 - 27 March 2015
Mr. Radhakrishna Chellapermal	01 January 2015 - 27 March 2015
Mr. Gamal Ballam (FSC Management)	01 January 2015 - 27 March 2015
Mrs. Charisma Jawaheer-Roopun (FSC Management)	01 January 2015 - 27 March 2015

5.3 Staff Committee

The Staff Committee is a sub-committee of the Board and is responsible for overseeing all staff related matters. The Board may empower the Staff Committee to oversee recruitment and selection process.

During the year 2015, the Staff Committee consisted of the following members:

Members	Date
Mr. Jacques Li Chung	14 October 2015 - 31 December 2015
Mr. Domingue Antoine, SC	05 May 2015 - 22 July 2015

Members	Date
Mr. Akilesh Deerpalsingh	05 May 2015 - 05 October 2015
Ms. Warda Ebrahim	05 May 2015 - 31 December 2015
Mr. Rhoy Ramlackhan	14 October 2015 - 31 December 2015

The table below shows attendance to meetings of the Board and its Committees during the year 2015.

Members	Board (38 meetings)	Corporate Governance Committee (1 meeting)	Audit & Risk Committee (9 meetings)	Staff Committee (5 meetings)	Enforcement Committee (12 meetings)
Mr. Dev Manraj, GOSK, Chairperson (As from 22 April 2015)	28/29				
Mr. Rajesh Ramloll (Chairperson from 01 June 2014 to 21 April 2015 and Member as from 22 April 2015)	31/38	1/1			9/9
Mr. Akilesh Deerpalsingh, Vice Chairperson (From 22 April 2015 to 05 October 2015)	21/24		4/4	0/2	
Ms. M. Philips, Vice Chairperson (up to 22 April 2015)	8/9				3/3
Ms. Warda Ebrahim (From 22 April 2015)	27/29	1/1	4/4	5/5	9/9
Mr. Jacques Li Chung (From 03 August 2015)	9/11		4/4	3/3	
Mr. Visvanaden Soondram (From 22 April 2015)	27/29		8/8		
Mr. Rhoy Ramlackhan (From 03 August 2015)	7/10			2/3	
Mr. Domingue Antoine SC (From 22 April 2015 to 22 July 2015)	10/15	0/1		2/2	
Mr. Radhakrishna Chellapermal (up to 22 April 2015)	8/9		1/1		3/3
Mr. Raj Makoond (up to 22 April 2015)	9/9		1/1		
Mr. Clement Stephen (up to 22 April 2015)	9/9				

A profile of Board members and the Acting Chief Executive during the financial year 2015 can be found at page 169 of the Annual Report.

6.0 Related Party Transaction and Disclosures for the year 2015

The Financial Services Commission is a statutory body deemed to be established under section 3 of the FSA. The FSC is governed by the provisions of the FSA. Pursuant to section 82A (3) of the FSA, an amount of MUR 700,451,159 has been transferred to the Consolidated Fund during the financial year 2015.

Pursuant to section 4 of the FSA, the Board of the Financial Services Commission is required to consist of –

(i) a Chairperson appointed by the Prime Minister on such terms and conditions determined by him; and
(ii) a Vice-Chairperson and Members appointed by the Minister of Financial Services, Good Governance and Institutional Reform (the ‘Minister’) on such terms and conditions as determined by him.

Pursuant to section 4(4) of the FSA, every member of the Board shall be paid by the Financial Services Commission such fees as the Board may, with the approval of the Minister, determine.

Based on the above, the remunerations and fees paid to members of the Board are approved by the Minister.

7.0 Board Fees, Salaries and Allowances paid as follows:

Members	Category	Board Fees & Allowances for the financial year 2015 (MUR)
Mr. Dev Manraj, GOSK, Chairperson (From 22 April 2015)	Non-executive	415,000
Mr. Rajesh Ramloll (Chairperson from 01 June 2014 to 21 April 2015) (Member as from 22 April 2015)	Non-executive	393,880
Mr. Akilesh Deerpalsingh, Vice-Chairperson (From 22 April 2015 to 05 October 2015)	Non-executive	143,864
Ms. Mary Anne Philips, Vice-Chairperson (up to 22 April 2015)	Non-executive	100,000
Ms. Warda Ebrahim (From 22 April 2015)	Non-executive	166,000
Mr. Jacques Li Chung (From 03 August 2015)	Non-executive	100,000
Mr. Visvanaden Soondram (From 22 April 2015)	Non-executive	166,000
Mr. Rhoy Ramlackhan (From 03 August 2015)	Non-executive	100,000
Mr. Antoine Domingue, SC (From 04 April to 22 July 2015)	Non-executive	66,000
Mr. Radhakrishna Chellapermal (up to 22 April 2015)	Non-executive	80,000
Mr. Raj Makoond (up to 22 April 2015)	Non-executive	80,000
Mr. Luc Clement Stephen (up to 22 April 2015)	Non-executive	80,000

During the year 2015, an aggregate amount of MUR 1,890,744 was paid to Board members (all non-executive) as remunerations. (For the year 2014, the aggregate remunerations paid to Board members (all non-executive) amounted to MUR 2,104,190).

The following disclosures were made by Board members for the financial year 2015:

1. Mr. Jacques Li Chung is the Company Secretary of Vuna Captial Trustees Ltd.
2. Ms. Mary Anne 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 Financial Services Commission.
3. Mr. Raj Makoond is a Board Member of Les Moulins de la Concorde Ltd. The latter is a listed company.

The salaries and allowances (refer to note 28 of the financial statement) paid to the Chief Executive is as follows:

Chief Executive of the FSC	Salaries & Allowances for the financial year 2015 (MUR)	Salaries & Allowances for the financial year 2014 (MUR)
Mr. P.K. Kuriachen (Acting Chief Executive as from 20 April 2015)	4,203,896	-
Ms. Clairette F.T. Ah-Hen (Chief Executive for the period January - July 2015). On leave since 20 April 2015.	3,705,250	5,190,818

8.0 Integrated Sustainability Reporting

Pursuant to section 5 of the FSA, the objects of the Financial Services Commission as the regulator of financial services concern the protection of investors and consumers of financial services as well as the sound development of the financial services sector in Mauritius. It is to be noted that the nature of the Financial Services Commission's operation has minimal negative impact on the environment.

The Occupational Safety and Health Act 2008 requires employers to have an Occupational Safety and Health policy. The Financial Services Commission has set up and implemented an Occupational Safety and Health policy to ensure that the work environment contributes to the health, safety and welfare of the staff member. The Occupational Safety and Health policy is overseen by a Committee consisting of both management and staff representatives.

9.0 Key risk areas

The Financial Services Commission will review and strengthen its risk management framework during the year 2016.

9.1 Reputational risk

Key risk

The reputation of the Financial Services Commission is essential for the confidence of investors and consumers in the financial services sector. Thus any lack of integrity and honesty from staff or members will affect the reputation of the Financial Services Commission and this will have a negative impact on the financial services sector as a whole.

Mitigation of risk

To mitigate the risk, the Financial Services Commission has a Code of Conduct which focus on integrity and honesty of staff. In addition, there is an internal audit unit which reports directly to the Board on any findings.

9.2 Confidentiality risk

Key risk

There is a risk of unauthorized / wrongful use of confidential and sensitive information by staff of the Financial Services Commission.

It is to be noted that staff of the Financial Services Commission have access to highly sensitive information. Leakage of confidential information or wrongful use of sensitive information may cause damage to the reputation of the Financial Services Commission and affect the financial services sector.

Mitigation of risk

To mitigate the risks of leakage of confidential information, all staff of the Financial Services Commission are required to swear an oath of confidentiality before the Supreme Court of Mauritius.

9.3 Compliance risk

Key risk

Non-compliance with applicable laws and regulations will affect the Financial Services Commission's reputation and increase its vulnerability to litigation.

Mitigation of risk

To mitigate the risk, the Financial Services Commission has a specific Legal and Compliance Cluster which provides advice and assistance to all Clusters on legal and compliance matters.

9.4 Operational risk

Key risk

Disruption of operations. As a regulator, the Financial Services Commission is particularly vulnerable to disruption of operation due to unforeseen circumstances.

Mitigation

To mitigate risk of disruption of operation, the Financial Services Commission has established a Business Continuity Management policy to ensure the key operations continue regardless of any disruption (e.g. fire, flooding, etc…).

9.5 Technological risk

Key Risk

Loss of electronic information. Significant amount of information at the Financial Services Commission is stored electronically. Thus, there is a risk of loss of information due to IT failures.

Mitigation

To mitigate technological risk, the Financial Services Commission ensures that there is back up of all electronic information in a Disaster Recovery Centre

Protection from Liability

Under section 88 of the FSA, 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.

……………….....
D.K. Dabee, GOSK, SC
Chairperson of Corporate Governance Committee

Board's Report 2015

The Board of the Financial Services Commission presents its report and the audited financial statements of the FSC for the period ended 31 December 2015.

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, which gives a true and fair view of the state of affairs of the FSC, its income and expenditure, and its cash flows for the period.

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

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

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

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

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

D. Manraj, GOSK
Chairperson

D.K. Dabee, SC, GOSK
Vice Chairperson

Approved by the Board of the FSC on

Independent Auditor's Report

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

We have audited the annual financial statements of the Financial Services Commission ("the Commission") set out on pages 137 to 170, which comprise the statement of financial position as at 31 December 2015, the statement of financial performance, the statement of changes in funds and the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information to the financial statements.

Responsibility 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 and Audit) Act, 1972 and the Financial Reporting Act, 2004. This responsibility includes, inter alia, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements on page 137 to 170 present fairly, in all material respects, the financial position of the Commission as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of the Commission for the year ended 31 December 2014 were audited by another auditor who expressed an unqualified opinion on those statements on 29 May 2015.

REPORT ON THE OTHER LEGAL AND REGULATORY REQUIREMENTS

We performed procedures to obtain audit evidence that the Commission had complied with laws and regulations regarding financial matters, financial management and other related matters.

Responsibility of the Board of the Commission

In addition to the responsibility for the preparation and fair presentation of the financial statements described above, the Board of the Commission is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and regulations which govern the Commission.

Reporting 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.

We did not identify any instances of non-compliance with the provisions of the Financial Services Act, 2007 in so far as they relate to the financial statements.

Reporting 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.

We did not identify any instances of non-compliance with the Statutory Bodies (Accounts and Audit) Act, 1972 in regard to extravagant or wasteful nature of expenditure incurred, the application of resources, and the carrying out of the operations fairly and economically. No directions have been received from the Minister during the year under audit as far as they relate to the accounts.

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 set out on page 123 to 129 and making disclosures required by Section 8.4 of the Code of Corporate Governance for Mauritius. Our responsibility is to report on these disclosures.

Based on our procedures performed, the disclosures in the Corporate Governance Report are generally consistent with the requirements of the Code of Corporate Governance for Mauritius.

Reporting for compliance with the Public Procurement Act, 2006

The Board of 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. Our procedures were based on test checks as we considered appropriate.

Findings

In terms of S39 (3) of Part V of Public Procurement Act – there shall be no invitation to rebid for the procurement on the same specifications and contract conditions unless the rejection of all bids or cancellation of procurement proceeding is made on a ground specified in subsection (1)(a) - all the bids are non-responsive or (b) the lowest evaluated bid is substantially above the applicable updated cost estimates. We noted one instance of procurement (with a tender value of less than MUR 1,200,000) which was in breach of S39 (3).

……………………..........

Director: Anoosh Rooplal
Chartered Accountant (SA)
Licenced by FRC

SizweNtsalubaGobodo Inc.
20 Morris Street East
Woodmead
South Africa

26 May 2016

Financial Statements

Statement of Financial Position
As at 31 December 2015

	NOTE	2015 Rs	2014 Rs
ASSETS			
Non-Current Assets			
Property and equipment	6(a)	166,518,721	191,503,091
Intangible assets	6(b)	9,668,149	7,682,445
Assets held to maturity	7	491,177,640	-
Other financial assets	8	21,217,789	29,667,508
		688,582,299	**228,853,044**
Current Assets			
Assets held to maturity	7	145,328,718	311,785,944
Other financial assets	8	9,528,397	10,575,796
Receivables	9	36,534,971	42,460,691
Cash and bank balances	10	166,109,441	252,804,767
Bank deposits	11	529,277,277	503,197,004
		886,778,804	**1,120,824,202**
TOTAL ASSETS		**1,575,361,103**	**1,349,677,246**
LIABILITIES			
Non-Current Liabilities			
Retirement benefit obligations	12	159,367,982	100,665,095
Current Liabilities			
Payables	13	573,106,384	474,728,392
Provisions	14	27,370,931	32,593,261
Contribution to the Consolidated Fund	1.2	291,585,306	277,451,159
		892,062,621	**784,772,812**
TOTAL LIABILITIES		**1,051,430,603**	**885,437,907**
NET ASSETS		**523,930,500**	**464,239,339**
REPRESENTED BY:			
General Fund		-	-
General Reserve Fund	15(a)	438,713,823	400,000,000
Financial Services Fund	15(b)	85,216,677	64,239,339
		523,930,500	**464,239,339**

Approved by the Board of the Commission on 26 May 2016
Signed on their behalf

D. Manraj, GOSK	**D.K. Dabee, SC, GOSK**	**P.K. Kuriachen**
Chairperson	*Vice Chairperson*	*Acting Chief Executive*

The accounting policies on pages 142 to 154 and the notes on pages 142 and 155 to 170 form an integral part of these financial statements.

Statement of Financial Performance
For the year ended 31 December 2015

	NOTE	2015 Rs	2014 Rs
INCOME			
Fees	16	1,053,385,605	885,236,406
Interest	17	38,771,458	48,906,172
Other income	18	69,227	232,064
		1,093,126,290	**934,374,642**
OPERATING EXPENSES			
Staff related costs	19	236,772,880	209,966,279
Training and seminars	20	6,610,739	22,732,519
Legal and professional fees	21	8,401,078	17,654,843
Office and administrative expenses	22	40,190,785	36,373,920
Depreciation and amortisation	6(a), 6(b)	38,993,334	41,923,402
Provision for credit losses		7,661,875	-
		338,630,691	**328,650,963**
SURPLUS OF INCOME OVER OPERATING EXPENSES		**754,495,599**	**605,723,679**
Exchange fluctuation gain		67,623,254	52,407,004
SURPLUS FOR THE YEAR		**822,118,853**	**658,130,683**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to surplus or deficit			
Remeasurement of defined benefit obligation	12	(47,842,386)	(46,912,690)
SURPLUS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR		**774,276,467**	**611,217,993**

Approved by the Board of the Commission on 26 May 2016.
Signed on their behalf

D. Manraj, GOSK	**D.K. Dabee, SC, GOSK**	**P.K. Kuriachen**
Chairperson	*Vice Chairperson*	*Acting Chief Executive*

The accounting policies on pages 142 to 154 and the notes on pages 142 and 155 to 170 form an integral part of these financial statements.

Statement of Changes in Funds
For the year ended 31 December 2015

	General Reserve Fund Rs	Financial Services Fund Rs	General Fund Rs	TOTAL Rs
At 01 January 2015	**400,000,000**	**64,239,339**	**-**	**464,239,339**
Surplus of the year	-	-	822,118,853	822,118,853
Other Comprehensive Income for the Year	-	-	(47,842,386)	(47,842,386)
Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The Financial Services Act, 2007.	38,713,823	-	(38,713,823)	-
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.	-	15,485,529	(15,485,529)	-
Interest accrued on investment of Financial Services Fund	-	5,491,809	(5,491,809)	-
Contribution of the Consolidated Fund during the year	-	-	(423,000,000)	(423,000,000)
Proposed Contribution to the Consolidated Fund	-	-	(291,585,306)	(291,585,306)
At 31 December 2015	**438,713,823**	**85,216,677**	**-**	**523,930,500**

	General Reserve Fund Rs	Financial Services Fund Rs	General Fund Rs	TOTAL Rs
At 01 January 2014	**400,000,000**	**52,014,979**	**-**	**452,014,979**
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)
At 31 December 2014	**400,000,000**	**64,239,339**	**-**	**464,239,339**
	15(a)	**15(b)**		

Approved by the Board of the Commission on 26 May 2016.
Signed on their behalf

D. Manraj, GOSK
Chairperson

D.K. Dabee, SC, GOSK
Vice Chairperson

P.K. Kuriachen
Acting Chief Executive

The accounting policies on pages 142 to 154 and the notes on pages 142 and 155 to 170 form an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2015

	NOTE	2015 Rs	2014 Rs
Cash generated by operations	**23**	942,186,661	657,408,906
Interest received		38,771,458	48,906,172
Net cash generated from operating activities		**980,958,119**	**706,315,078**
Cash flow from investing activities			
Acquisition of property and equipment		(11,315,119)	(33,174,207)
Acquisition of intangible assets		(4,869,586)	(6,454,536)
Purchases of held-to-maturity financial assets		(636,093,908)	-
Proceeds from maturity of held-to-maturity financial assets		310,000,000	-
Proceeds from disposal of property and equipment		1,156,600	230,000
Net cash used in investing activities		**(341,122,013)**	**(39,398,743)**
Cash flow from financing activities			
Contribution to the Consolidated Fund		(700,451,159)	(1,300,669,091)
Net cash used in financing activities		**(700,451,159)**	**(1,300,669,091)**
Net decrease in cash and cash equivalents		**(60,615,053)**	**(633,752,756)**
Cash and cash equivalents at the beginning of the year		**756,001,771**	**1,389,754,527**
Cash and cash equivalents at end of the year		**695,386,718**	**756,001,771**

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	**10**	166,109,441	252,804,767
Bank deposits	**11**	529,277,277	503,197,004
		695,386,718	**756,001,771**

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

D. Manraj, GOSK
Chairperson

D.K. Dabee, SC, GOSK
Vice Chairperson

P.K. Kuriachen
Acting Chief Executive

The accounting policies on pages 142 to 154 and the notes on pages 142 and 155 to 170 form an integral part of these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2015

1. GENERAL INFORMATION

1.1 Corporate information

The financial statements of the Commission for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board on 26 May 2016. 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 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 Section 82(6) of the FSA, from the General Fund to the Financial Services Fund (2014: 2%)

(c) The Commission allocates 5% from the audited surplus for the year determined in accordance with Section 82A(2) of the FSA, from the General Fund to the General Reserve Fund (2014 : No allocation as per Section 82A(2b) of the FSA).

(d) 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 700,451,159 (2014: Rs 1,300,669,091) towards the Consolidated Fund, and has made a further provision for the transfer of Rs 291,585,306 (2014: Rs 277,451,159) to the Consolidated Fund of the Government of Mauritius.

2. BASIS OF PREPARATION AND NEW ACCOUNTING STANDARDS

2.1. Basis of preparation

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) and the interpretation of these standards 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 01, 2015.

2.2. Going Concern

The directors have a reasonable expectation that the Commission has adequate resources to continue in operational existence for the foreseeable future. The financial statements therefore have been prepared on a going concern basis.

2.3. Adoption of New and Revised International Financial Reporting Standards

In the current 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 2015.

2.4. 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 01 January 2016. However, the Commission has not early adopted these standards and concluded that these will either not be applicable and/or not have a significant impact on the financial statements for the year ended 31 December 2015.

- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal.
- IFRS 7 – Financial Instruments: Disclosures : Serving Contracts and Applicability of the amendments to IFRS 7 to condensed interim financial statements.
- IAS 19 – Employee Benefits: Regional market issue.
- IAS 34 – Interim Financial Reporting: Disclosure of information "elsewhere in the interim financial report".

2.5. New Accounting Pronouncements

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.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments apply prospectively for annual periods beginning on or after 1st January 2016 and early adoption is permitted.

The financial results and disclosures are not likely to be affected when the standard is adopted.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC- 31 Revenue - Barter of Transactions Involving Advertising Services.

This standard may have a significant impact on the financial statements, as the standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The standard is effective for annual periods beginning on or after 1st January 2018, with early adoption permitted under IFRS.

IFRS 9 Financial Instruments

On 24 July 2014 the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the financial statements, which will include changes in the measurement bases of the Commission's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different.

The standard is effective for annual periods beginning on or after 01 January 2018 with retrospective application, early adoption is permitted.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide some guidance on the application of concept of materiality in practice. The amendments apply for annual periods beginning on or after 01 January 2016 and early application is permitted.

The impact on the disclosures is considered to be minimal.

IFRS16 – Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1st January 2019.

The impact on the financial results and disclosures are considered to be minimal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Significant Accounting Policies

a) Revenue recognition

(i) Fees from licensees

Annual licensing fees are raised in terms of the Financial Services Act and FSC Rules.

Fees are earned from:

- Licenses issued to applicants for a Category 1 Global Business license or a Category 2 Global Business License.
- Licenses issued to applicants to carry out financial services or financial business activities under the relevant Acts.
- Brokerage fees as per Stock Exchange (Brokerage) Regulations.

Recognition

Revenue from fees is recognised on an accrual basis and to the extent that it is probable that the economic benefits will flow to the Commission and which can be measured reliably.

Processing and registration fees are recognised when the right to receive payment is established.

Measurement

Revenue from fees is measured at the fair value of the consideration received or receivable, taking into account terms of payment which may be defined from time to time in the FSC Rules.

(ii) Revenue from administrative penalties

Recognition

Revenues arising from administrative penalties pursuant to the issuance of the Financial Services (Administrative Penalties) Rules, 2013, effective from 01 January 2014 are recognised when a licensee fails to comply with a legal obligation specified in the said rules and accounted where there is no significant uncertainty as to its collectability. These penalties are recognised on the accrual basis and when formally identified by the Commission's internal processes.

Measurement

Revenue from fees is measured at the fair value of the consideration received or receivable, taking into account terms of payment which may be defined from time to time in the FSC Rules.

Interest income

For all financial instruments which are interest bearing financial assets, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Premium paid or discount received on Treasury Notes and Treasury Bills are amortised using the effective interest rate method over the duration of the Treasury Notes.

Interest on bank deposit, treasury bills and staff loans have been accounted for, on an accrual basis.

Expenditure

All expenses have been accounted on accrual basis. The expenditure is classified in accordance with the nature of the expense.

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 employees under provisions of the Statutory Bodies Pension Fund Act 1978 (as amended).

For defined pension benefit plans, the pension costs are assessed using the projected unit credit method. Actuarial gains and losses are charged to Other Comprehensive Income. Current and Past service costs are recognised in the Statement of Financial Performance. Net interest is recognised in the Statement of Financial Performance. The pension obligation is measured 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

Pursuant to changes to the Pension legislation, the Commission contributes to a Defined Contribution Scheme for its employees joining the Commission on a substantive post as from 01 January 2013.
A defined contribution plan is a plan under which the Commission pays fixed contributions into a separate entity. The Commission has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plan are recognised as an expense when employees have rendered service that entitle them to the contributions.

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 and equipment

Property and equipment comprises of motor vehicles, furniture, computer equipment, office equipment, building and fixtures & fittings.

Initial Measurement

An item of property and equipment that qualifies for recognition as an asset shall be measured at its cost. The cost of an item of property and equipment is the cash price equivalent at the recognition date.

Subsequent Measurement

All property and equipment of the Commission are shown at historical cost less accumulated depreciation and/or accumulated impairment losses, if any. Property and equipment items are tested for impairment when there is an indicator that the asset or assets should be impaired. Where the carrying amount of an asset is greater than its recoverable amount, it is written down to its recoverable amount. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net realisable value or its value in use.

The carrying amount of an item of property and equipment is 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 derecognition of items of property and equipment are determined by comparing proceeds, if any, with carrying amounts and are recognised in operating surplus or deficit when the asset is derecognised. Repairs and maintenance which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is calculated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Item	Years
Motor Vehicles	4
Furniture	5
Fixtures and fittings	10
Office Equipment	5
Computer Equipment	3
Building	30

The Commission reviews residual values and useful lives for all items of the property and equipment 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.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

f) Intangible assets

Intangible assets comprise of computer software and leasehold rights.

Initial measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent measurement

Intangible assets are carried at cost less any accumulated amortisation 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible assets.

Intangible assets are amortised on a straight-line basis, to their residual values as follows:

Item	**Average Useful life**
Computer Software	3 Years
Leasehold rights	30 years

Gains and losses arising from the derecognition of items of intangible assets are determined by comparing the proceeds, if any, with the carrying amount and are recognised in surplus or deficit when the asset is derecognised.

g) Financial instruments – initial recognition and subsequent measurement

(1) Financial assets

Initial recognition and measurement

An entity shall recognise a financial asset in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

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 profit and loss. 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 bills and notes, 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 accounts staff loans at fair value through profit or loss. Staff loans are initially and subsequently recognised at fair value. Fair value is based on discounted cash flows that reflect the market prime lending rate at year end.

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, as these instruments cannot be reclassified after initial recognition.

Loans and receivables

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. The losses arising from impairment are recognised 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 effective interest rate, 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 effective interest rate. The amortization 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.

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 recognises 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 amortised cost

For financial assets carried at amortised 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, recognised 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.

(2) 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 (FVTPL), 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 recognised initially at fair value plus directly attributable transaction costs.

The Commission's financial liabilities consist of accounts payables.

Subsequent measurement

Payables are subsequently measured at amortised cost.

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 recognised in the Statement of Financial Performance.

(3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(4) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined 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 ; or
- A discounted cash flow analysis or other valuation models.

h) 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.

Bank deposits have maturities within 1 year from the end of the relevant reporting period, and constitute held-to-maturity investments.

Cash and cash equivalents are recognised at cost which equated to their fair value.

i) 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 recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

j) Taxation

The Commission is exempt from payment of tax as per the provisions of the Income Tax Act 1995 (as amended).

k) Related Parties

Parties are considered related to 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.

Salaries to key personnel are determined and paid as per respective terms of appointment, and are expensed in the period of their service.

l) Comparatives

Comparative figures have been reclassified 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 judgements, 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.

3.2.1 Pension benefits

The cost of defined benefit pension plans and other post employment medical benefits and the present value of the pension obligation are determined at the minimum using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date and provisions made are higher of the estimates or actuarial valuation using these assumptions.

3.2.2 Determining Fair Values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3.1 (g) (4).

3.2.3 Provision for credit losses

The Commission makes provision for credit losses based on an assessment of the recoverability of receivables. Provisions are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Commission specifically analyses licensee concentrations and changes in licensee payment terms when making a judgement to evaluate the adequacy of the provision of credit losses. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

4. CONTINGENT LIABILITIES / COMMITMENTS

4.1 Contingent Liabilities

There are pending lawsuits against the Commission with claims estimated at Rs 175.59 million, excluding interests and costs (2014: Rs 164.3 million). The nature of these claims relate mostly to claims from applicants for revoking their licences, contractual and employment claims. The Commission is of the view that there is a high certainty of success in defending all of these pending lawsuits. In the unlikely event that the Commission is unsuccessful, the Commission will bear these costs with no reimbursements expected from insurers, as the FSC has no insurance cover for damages relating to Court cases. Management is unable to determine with accuracy the exact timing of any cash outflows due to the long time-frames normally associated with such claims. The amounts claimed from claimants/applicants will not necessarily be the final amounts awarded by the courts, as the amounts claimed by litigants need to be proved. Section 88 of the Financial Services Act provides for immunity for FSC staff in the performance of their duties in good faith.

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 31 December 2015 is Rs 2,762,139 (2014: Rs 28,822,345). These will be funded from internal resources.

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, totalling Rs 196,596,374 (2014: Rs 197,227,624) 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 and accounts payable denominated in foreign currency.

The sensitivity analysis in note 27 (a) and (b) relate to the positions as at 31 December in 2015 and 2014.

The following assumptions have been made in calculating the sensitivity analysis:

- The statement of financial position sensitivity relates to financial assets and liabilities; and
- The sensitivity of the relevant Statement of Financial Performance 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 2015 and 2014.

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. The Commission has exposure to staff loans which are recognised at fair value. The changes in fair value is recognised in the Statement of Financial Performance.

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) and holding bank deposits which are denominated in foreign currencies.

5.4 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a contract, leading to a financial loss. The Commission is exposed to credit risk from its operating activities (primarily for fees receivables and staff loans) and from its investing activities, including treasury bills, treasury notes and deposits with banks.

Fees receivables

Licensee credit risk is managed subject to the Commission's established policy, procedures and control relating to licensee credit risk management.

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 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 borrower.

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 borrowings, nor does it plan to raise funds 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 93% (2014: 90%) of its regular income from the Global Business sector and as such the concentration of risk is high around this sector. The Global Business sector is largely dependent on the International climate and Double Tax Avoidance treaties with certain prominent countries.

In line with its strategic plan, 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 and Equipment

	MOTOR VEHICLE Rs	FURNITURE Rs	COMPUTER EQUIPMENT Rs	OFFICE EQUIPMENT Rs	BUILDING and LEASEHOLD RIGHTS Rs	FIXTURES & FITTINGS Rs	TOTAL Rs
COST							
At 1 January 2015	19,820,346	25,172,605	52,207,454	8,170,380	173,275,311	82,462,245	**361,108,341**
Purchases	-	89,552	5,832,838	326,518	-	5,066,211	**11,315,119**
Reclassification Adjustment	-	(6,777)	(41,975)	284,913	(5,500,000)	(236,161)	**(5,500,000)**
Disposals	(4,550,000)	(333,086)	(287,172)	(90,043)	-	(276,920)	**(5,537,221)**
At 31 December 2015	**15,270,346**	**24,922,294**	**57,711,145**	**8,691,768**	**167,775,311**	**87,015,375**	**361,386,239**
DEPRECIATION							
At 1 January 2015	16,313,468	20,558,169	32,481,119	5,396,203	40,430,906	54,425,385	**169,605,250**
Charge for the year	2,430,423	1,992,812	12,318,952	833,576	5,592,511	8,724,512	**31,892,786**
Reclassification Adjustment	-	(1,242)	(6,996)	19,143	(1,283,334)	(10,905)	**(1,283,334)**
Disposal adjustments	(4,550,000)	(318,141)	(236,399)	(37,278)	-	(205,366)	**(5,347,184)**
At 31 December 2015	**14,193,891**	**22,231,598**	**44,556,676**	**6,211,644**	**44,740,083**	**62,933,626**	**194,867,518**
NET BOOK VALUE							
At 31 December 2015	**1,076,455**	**2,690,696**	**13,154,469**	**2,480,124**	**123,035,228**	**24,081,749**	**166,518,721**

	MOTOR VEHICLE Rs	FURNITURE Rs	COMPUTER EQUIPMENT Rs	OFFICE EQUIPMENT Rs	BUILDING and LEASEHOLD RIGHTS Rs	FIXTURES & FITTINGS Rs	TOTAL Rs
COST							
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)**
At 31 December 2014	**19,820,346**	**25,172,605**	**52,207,454**	**8,170,380**	**173,275,311**	**82,462,245**	**361,108,341**
DEPRECIATION							
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)**
At 31 December 2014	**16,313,468**	**20,558,169**	**32,481,119**	**5,396,203**	**40,430,906**	**54,425,385**	**169,605,250**
NET BOOK VALUE							
At 31 December 2014	**3,506,878**	**4,614,436**	**19,726,335**	**2,774,177**	**132,844,405**	**28,036,860**	**191,503,091**

6 (b) Intangible Assets

	COMPUTER SOFTWARE Rs	LEASEHOLD RIGHTS Rs	TOTAL Rs
COST			
At 1 January 2015	51,121,214	-	51,121,214
Purchases	4,869,586	-	4,869,586
Reclassification Adjustment	-	5,500,000	5,500,000
At 31 December 2015	**55,990,800**	**5,500,000**	**61,490,800**
AMORTISATION			
At 1 January 2015	43,438,769	-	43,438,769
Charge for the year	6,917,215	183,333	7,100,548
Reclassification Adjustment	-	1,283,334	1,283,334
At 31 December 2015	**50,355,984**	**1,466,667**	**51,822,651**
NET BOOK VALUE			
At 31 December 2015	**5,634,816**	**4,033,333**	**9,668,149**
COST			
At 1 January 2014	44,666,678	-	44,666,678
Purchases	6,454,536	-	6,454,536
At 31 December 2014	**51,121,214**	**-**	**51,121,214**
AMORTISATION			
At 1 January 2014	35,210,217	-	35,210,217
Charge for the year	8,228,552	-	8,228,552
At 31 December 2014	**43,438,769**	**-**	**43,438,769**
NET BOOK VALUE			
At 31 December 2014	**7,682,445**	**-**	**7,682,445**

7 ASSETS HELD TO MATURITY

	2015 Rs	2014 Rs
Within 1 year		
Treasury Notes / Bills	144,315,431	316,856,100
Discount / (Premium) on Treasury Notes / Bills	1,013,287	(5,070,156)
	145,328,718	**311,785,944**
More than 1 year		
Treasury Notes	491,778,475	-
Premium on Treasury Notes	(600,835)	-
	491,177,640	**-**
	636,506,358	**311,785,944**

8 OTHER FINANCIAL ASSETS

Other financial assets comprise of staff loans

	2015 Rs	2014 Rs
Staff loans at fair value		
Within 1 year	9,528,397	10,575,796
More than 1 year	21,217,789	29,667,508
	30,746,186	**40,243,304**

Total staff loans at amortised cost	32,473,214	47,896,843
Fair value adjustment	(1,727,028)	(7,653,539)
Balance at fair value	**30,746,186**	**40,243,304**

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 consist of Computer Loan and Multipurpose Loan which are granted under personal guarantees.

An annual assessment for the recoverability of the loans are carried out, and based on such assessment as at 31 December 2015, 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	15,997,112	20,147,528
Less adjustment for fair value	(1,505,399)	(6,439,632)
Balance at fair value	**14,491,713**	**13,707,896**
Unsecured		
Total Unsecured Staff Loans at face value	16,476,102	27,749,315
Adjustment for fair value	(221,629)	(1,213,907)
Balance at fair value	**16,254,473**	**26,535,408**

9 RECEIVABLES

		2015 Rs	2014 Rs
Fees receivable	(Note 26.1)	12,211,245	18,569,603
Other receivables		79,675	-
Accrued interest	(Note 26.2)	11,456,861	6,461,129
Prepayments		20,449,065	17,429,959
Provision for credit losses		(7,661,875)	-
		36,534,971	**42,460,691**

10 CASH AND BANK BALANCES

Cash on hand	26,262	22,692
Bank balances	166,083,179	252,782,075
	166,109,441	**252,804,767**

11 BANK DEPOSITS

US Dollar	251,807,441	267,869,902
Mauritian Rupee	139,239,339	101,031,171
New Zealand Dollar	138,230,497	134,295,931
	529,277,277	**503,197,004**

Bank Deposits are Term Deposits held in Commercial Banks with remaining term less than 1 year.

12 RETIREMENT BENEFITS OBLIGATION

The pension scheme is a defined benefit plan. The assets of the funded plan are held independently and administered by SICOM.

The amounts recognised in Statement of Financial Performance are as follows:

	2015	2014
	Rs	Rs
Current Service Cost	12,503,712	12,258,329
Employee Contributions	(3,798,907)	(6,198,551)
Fund Expenses	203,175	328,693
Interest expense	7,674,675	3,925,294
Total included in staff costs	**16,582,655**	**10,313,765**
Actual return on plan assets	**1,364,818**	**4,605,371**
Movements in liability recognised in statement of financial position as determined by the actuarial valuation		
Opening balance	100,665,095	52,821,527
Total staff costs as above	16,582,655	10,313,765
Actuarial reserves transferred in	(147,999)	-
Contributions paid by the Commission	(5,574,155)	(9,382,887)
Amount Recognised in Other Comprehensive Income	47,842,386	46,912,690
As at the close of the year	**159,367,982**	**100,665,095**

Reconciliation of the present value of the defined benefit obligation

	2015	2014
Present value of obligation at start of year	191,466,024	131,506,377
Current service cost	12,503,712	12,258,329
Interest Cost	14,359,952	10,520,511
Benefits paid	(12,645,687)	(7,742,036)
Liability loss	42,516,738	44,922,843
Present value of obligation at end of year	**248,200,739**	**191,466,024**

Reconciliation of fair value of the plan assets

	2015	2014
At start of the year	90,800,929	78,684,850
Expected return on plan assets	6,685,277	6,595,217
Asset loss	(5,325,648)	(1,989,847)
Actuarial reserves transferred in	147,999	-
Contributions from the employer	5,574,155	9,382,887
Contributions from the employees	3,798,907	6,198,551
Benefits paid + other outgo	(12,848,862)	(8,070,729)
At close of the year	**88,832,757**	**90,800,929**

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:

	2015 %	2014 %
Government Securities and Cash	58.10	57.10
Loans	4.30	4.10
Local Equities	15.90	21.10
Overseas bonds and equities	21.00	17.00
Property	0.70	0.70
	100.00	**100.00**

Components of the amount recognised in Other Comprehensive Income	Rs	Rs
Assets experience loss during the period	(5,325,648)	(1,989,847)
Liability experience loss during the period	(42,516,738)	(44,922,843)
	(47,842,386)	**(46,912,690)**

Remeasurement		
Liability experience gain/(loss)	(29,149,178)	(9,074,185)
Liability gain/(loss) due to change in demographic assumptions	(11,857,329)	-
Liability gain/(loss) due to change in financial assumptions	(1,510,231)	(35,848,658)
Assets gain/(loss)	(5,325,648)	(1,989,847)
	(47,842,386)	**(46,912,690)**

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:

	%	%
Discount Rate	*7.50*	*8.00*
Expected return on plan assets	*7.50*	*8.00*
Future Salary increases	*6.00*	*6.50*
Future Pension increases	*4.50*	*5.00*

The discount rate is determined by reference to market yields on bonds.

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase and mortality.

The sensitivity analysis below has been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period.

Impact on defined benefit obligation

	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount Rate	100 basis points	Decrease by Rs 45.2m	Increase by Rs 61.1m
Future Salary increases	100 basis points	Increase by Rs 33.2m	Decrease by Rs 26.5m
Life expectancy	1 year	Increase by Rs 6.2m	Decrease by Rs 6.2m

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depend to a certain extent on expected inflation rates.The analysis above abstracts from this interdependence between the assumptions.

Defined Contribution Scheme

	2015 Rs	2014 Rs
Defined contribution scheme	2,232,696	1,088,817

13 PAYABLES

	2015 Rs	2014 Rs
Other creditors and accruals	31,155,647	13,237,343
Deposit from Management Companies	59,901,386	19,855,804
Prepaid licence fees	482,049,351	441,635,245
	573,106,384	**474,728,392**

14 PROVISIONS

	2015 Rs	2014 Rs
Sick Leave	16,109,274	17,501,711
Passage Benefits	10,393,003	10,234,406
Gratuity	728,458	3,366,366
Annual Leave	140,196	1,490,778
	27,370,931	**32,593,261**

	Sick Leave Rs	Passage Benefits Rs	Gratuity Rs	Annual Leaves Rs	Total Rs
Balance at 01 January 2015	17,501,711	10,234,406	3,366,366	1,490,778	**32,593,261**
Charged / (credited) to the Statement of Financial Performance	2,619,431	5,962,605	1,832,938	(1,350,582)	**9,064,392**
Exchange differences	-	-	(52,296)	-	**(52,296)**
Paid during the year	(4,011,868)	(5,804,008)	(4,418,550)	-	**(14,234,426)**
Balance at 31 December 2015	**16,109,274**	**10,393,003**	**728,458**	**140,196**	**27,370,931**

Provisions are in accordance with the salary terms and conditions and contract of employment.

15 FUNDS

15(a) General Reserve Fund

	2015 Rs	2014 Rs
Opening Balance	400,000,000	400,000,000
Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The Financial Services Act, 2007.	38,713,823	-
Closing Balance	**438,713,823**	**400,000,000**

15(b) Financial Services Fund

	2015 Rs	2014 Rs
Opening Balance	64,239,339	52,014,979
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.	15,485,529	12,224,360
Interest accrued on investment of Financial Services Fund	5,491,809	-
Closing Balance	**85,216,677**	**64,239,339**

16 FEES

Global business	982,094,005	798,813,192
Non-banking financial institutions	51,883,767	68,402,119
Brokerage	19,407,833	18,021,095
	1,053,385,605	**885,236,406**

17 INTEREST

Treasury Notes	19,776,235	15,190,000
Amortisation of premium on Treasury Notes	(1,373,492)	(2,284,700)
Bank deposits	18,043,903	33,643,148
Staff loans	2,324,812	2,357,724
	38,771,458	**48,906,172**

18 OTHER INCOME

Gain on disposal of assets	966,561	230,000
Cash rebates	2,666	2,064
	969,227	**232,064**

19 STAFF RELATED COSTS

Staff salaries and allowances	163,407,836	152,332,770
Other staff related costs	9,713,776	-
Adjustment to staff cost due to restatement of staff loans at fair value	(5,926,511)	453,897
Pension contribution	26,459,465	15,870,007
Family Protection Scheme	4,068,244	4,100,692
National Savings Fund	1,219,002	954,782
Passage benefits	5,852,650	6,565,945
Board and committee fees	1,976,864	2,224,190
Travelling	19,787,606	19,051,922
Staff welfare	10,213,948	8,412,074
	236,772,880	**209,966,279**

20 TRAINING AND SEMINARS

	2015 Rs	2014 Rs
Overseas conferences and seminars	3,753,299	9,923,013
Local events	1,111,647	6,333,714
Staff training	1,745,793	6,475,792
	6,610,739	**22,732,519**

21 LEGAL AND PROFESSIONAL FEES

Auditors' fees	2,048,709	2,272,047
Professional advisory fees	6,352,369	15,382,796
	8,401,078	**17,654,843**

22 OFFICE AND ADMINISTRATIVE EXPENSES

Maintenance of office premises	7,082,068	6,983,706
Land lease	235,526	222,730
Insurance of office premises	662,171	430,697
Post, telephone, internet and fax charges	8,781,816	4,859,091
Electricity and water	3,904,904	3,822,719
Stationery	1,711,430	2,346,880
Subscription**	9,246,199	6,306,625
General office expenses	4,538,153	5,230,562
Vehicle expenses	1,563,890	1,723,133
Advertising and publication	2,464,628	4,447,777
	40,190,785	**36,373,920**

**Includes membership fees for IAIS, IOPS, IOSCO and software licenses

23 CASH FLOW FROM OPERATING ACTIVITIES

	2015 Rs	2014 Rs
Surplus for the year	822,118,853	658,130,683
Adjustments for:		
Staff loans fair value adjustment	(5,926,511)	453,897
Gain on disposal of property, plant and equipment	(966,561)	(230,000)
Interest Received	(38,771,458)	(48,906,172)
Retirement Benefits Obligation	10,860,501	930,878
Amortisation of premium on Treasury Notes	1,373,492	2,284,700
Depreciation and amortisation	38,993,334	41,923,402
Provision for credit losses	7,661,875	-
Cash flow from operating activities, before working capital changes	**835,343,525**	**654,587,388**
Decrease / (increase) in fees receivable	6,358,358	(3,789,408)
Decrease / (increase) in staff loans	15,423,629	(16,919,390)
(Increase) / decrease in interest receivable	(4,995,732)	100,194
Increase in other receivables	(79,675)	-
Increase in prepayments	(3,019,106)	(7,342,002)
Increase in accrued expenses and other payables	93,155,662	30,772,124
Net cash flow from operating activities	**942,186,661**	**657,408,906**

24 OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Commission has outstanding commitments under operating leases which fall due as follows:

Within 1 Year	259,006	237,620
After 1 year and before 5 years	1,082,644	1,059,334
After 5 years	6,280,721	6,563,037
	7,622,371	**7,859,991**

An amount of Rs 235,526 (2014: Rs 222,730) has been expensed in the statement of financial performance for the year. The present operating lease agreement relates to a land lease effective from 11 February 2008 for an initial period of 30 years, with an option for its renewal for a further period of 30 years over land on which the office building of the Commission is constructed. The terms of the lease is a non-cancellable, with a non-refundable annual advance payment of rental fees amounting to Rs 200,000 which shall increase by 9% every 3 years.

25 LIQUIDITY RISK

The liquidity risk with regard to outflows is limited to contribution to the Consolidated Fund. The outflows to the Consolidated Fund are matched with the corresponding bank deposits of maturities around the expected time of outflows. The surplus based on decisions of the Investment Committee, are invested with maturity profiles as at 31 December 2015.

The table below shows the Commission's financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and excludes prepaid expenses but includes prepayments where cash is expected to be received in future.

31 December 2015	**Maturity**		**Total**	**Total**	**Total**
	0 - 1 Year	**> 1 year**	**Cash Flows**	**Carrying Amount**	**Fair Value**
Financial assets	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Other financial assets	10,195,385	29,767,380	39,962,765	30,746,186	30,746,186
Receivables	32,491,949	-	32,491,949	32,491,949	32,491,949
Cash and bank balances	166,109,441	-	166,109,441	166,109,441	166,109,441
Bank deposits	529,277,277	-	529,277,277	529,277,277	529,277,277
Assets held to maturity	166,760,594	545,599,900	712,360,494	636,506,358	641,443,685
	904,834,646	**575,367,280**	**1,480,201,926**	**1,395,131,211**	**1,400,068,538**
Financial liabilities					
Payables	118,427,964	-	118,427,964	118,427,964	118,427,964

31 December 2014	**Maturity**		**Total**	**Total**	**Total**
	0 - 1 Year	**> 1 year**	**Cash Flows**	**Carrying Amount**	**Fair Value**
Financial assets	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
Other financial assets	12,844,735	46,106,342	58,951,077	40,243,304	40,243,304
Receivables	38,865,032	-	38,865,032	38,865,032	38,865,032
Cash and bank balances	252,804,767	-	252,804,767	252,804,767	252,804,767
Bank deposits	503,197,004	-	503,197,004	503,197,004	503,197,004
Assets held to maturity	325,190,000	-	325,190,000	311,785,944	320,472,841
	1,132,901,538	**46,106,342**	**1,179,007,880**	**1,146,896,051**	**1,155,582,948**
Financial liabilities					
Payables	65,686,408	-	65,686,408	65,686,408	65,686,408

The Committee monitors the adequacy of cash inflows in terms of the budget estimates at all times.

Fair Value Hierarchy

The Commission uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - unobservable inputs for the asset or liability.

Fair Value hierarchy as at 31st December 2015

	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial assets Other financial assets	-	30,746,186	-	30,746,186	30,746,186

Fair Value hierarchy as at 31st December 2014

	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial assets Other financial assets	-	40,243,304	-	40,243,304	40,243,304

There have been no transfers during the year between levels 1 and 2.

Valuation techniques used

For those investments where there is no active market, these are stated at cost less impairment. However, for the other financial instruments, the Commission determines fair values using the valuation technique as per table below:

Description	Valuation technique	Sensitivity analysis
Staff Loans	Discounted Cash Flow at a discount rate that reflects market prime lending rate at end of the reporting year.	The estimated fair value would increase if the discount rate decreases.

For those financial assets not carried at fair value, management estimates carrying amount to approximate fair value.

26 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 carrying amounts of these balances represent the maximum credit risk that the Commission is exposed to. Prepayments were excluded for the purposes of this note.

The Commission manages its exposure to credit risks as follows:-

(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. The majority of fees are received in advance;

(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 SBM Bank (Mauritius) Ltd, MauBank Ltd, The Mauritius Commercial Bank Ltd and SBI (Mauritius) Ltd. As such, the Commission mitigates the risks related to bank balances and deposits by keeping its funds in a wide spread of banks of a certain level of repute. Management assesses and only invests in banks with a high credit rating.

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 the view that the assets have not suffered from impairment. The ageing analysis of these receivables are as follows:

		2015 Rs	2014 Rs
26.1	**Fees receivable**		
	Up to 3 months	12,211,245	18,569,603
	3 to 6 months	-	-
	6 months to 1 year	-	-
	More than 1 year	-	-
		12,211,245	**18,569,603**
26.2	**Accrued interest**	**11,456,861**	**6,461,129**

Accrued interest was raised in accordance with the terms of the contracts for the respective financial instruments.

None of the amounts above were considered to be past due and no impairments were required.

27 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. These balances were held in USD and NZD during the financial year. The exchange fluctuation of Rs 67,623,254 has occurred mainly due to translation of the foreign currencies. During the year 2015, USD appreciated against MUR by 433 basis points while NZD depreciated by 12 basis points. The exchange fluctuation for the year is as follows:

The table below show the carrying amounts of the financial assets and liabilities, denominated in currencies other than the functional currency.

	Assets		Liabilities	
	2015 Rs	2014 Rs	2015 Rs	2014 Rs
New Zealand Dollars	138,764,930	134,926,962	-	-
US Dollars	364,416,352	344,731,352	59,901,386	19,855,804

The assessment of currency fluctuation risks are being reviewed by the Investment Committee from time to time.

27(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 changes as per market rate. The following table demonstrates the sensitivity of the Commission's Surplus to interest rate changes, all other variables held constant:

	Change in Yield (basis point)	Effect on Surplus 2015 Rs	Effect on Surplus 2014 Rs
Bank Balances	+50	805,672	1,245,333
	-50	10	864,850
Staff Loans	+50	(488,628)	(630,628)
	-50	506,171	652,015

27(b) Foreign Currency Risk

The following table shows the sensitivity of the Commission's Funds to exchange rate changes, all other variables held constant:

	Change MUR exchange rate	Effect on Funds 2015 Rs	Effect on Funds 2014 Rs
Financial assets and liabilities	+1 USD	8,494,534	10,457,771
	-1 USD	(8,494,534)	(10,457,771)
Financial assets and liabilities	+1 NZD	5,790,841	5,597,865
	-1 NZD	(5,790,841)	(5,597,865)

28 RELATED PARTY TRANSACTIONS DISCLOSURE

Board fees, salaries and allowances to Key Managerial Persons

Name of Key Management Personnel	Designation		2015 Rs	2014 Rs
Mr Dev Manraj, GOSK (As from 22 April 2015)	Chairperson	Board Fees	415,000	-
Mr Rajeshsharma Ramloll (Member from 1 May 2014 to 31 May 2014)	Former Chairperson / Member	Board Fees	360,000	370,000
(Chairperson from 01 June 2014 to 21 April 2015) (Member as from 22 April 2015)		Travelling Allowances	33,880	59,290
Mr R.M.M. Hein, Chairperson	Former Chairperson	Board Fees	-	250,000
(19 March 2012 to 30 May 2014)		Travelling Allowances	-	84,900
Ms M. Philips, Vice Chairperson (up to 22 April 2015)	Former Vice-Chairperson	Board Fees	100,000	300,000
Mr Akilesh Deerpalsingh, Vice Chairperson (From 22 April 2015 to 05 October 2015)	Former Vice-Chairperson	Board Fees	143,864	-
Mr R. Chellapermal (up to 22 April 2015)	Former Member	Board Fees	80,000	240,000
Mr R. Makoond (up to 22 April 2015)	Former Member	Board Fees	80,000	240,000
Mr. Luc Clement Stephen (up to 22 April 2015)	Former Member	Board Fees	80,000	160,000
Mr Domingue Antoine (up to 22 July 2015)	Former Member	Board Fees	66,000	-
Mr Soondram Visvanaden (From 22 April 2015)	Member	Board Fees	166,000	-
Mrs Dulmar Ebrahim Warda (From 22 April 2015)	Member	Board Fees	166,000	-

Name of Key Management Personnel	Designation		2015 Rs	2014 Rs
Mr Rhoyinder Meghraj Ramlackhan (As from 03 August 2015)	Member	Board Fees	100,000	-
Mr Jacques Laval Li Chung (As from 03 August 2015)	Member	Board Fees	100,000	-
Mr Y. W. Appado	Former Member	Board Fees	-	240,000
Mr S. Gopaul	Former Member	Board Fees	-	80,000
Mr O. Lew Kew Lin	Former Member	Board Fees	-	80,000
Ms Clairette F.T. Ah-Hen	Former Chief Executive	Salaries	3,525,000	4,881,818
(Up to 31 July 2015)		Allowances	180,250	309,000
Mr P. K. Kuriachen	Acting Chief Executive	Salaries	3,134,140	-
(As from 20 April 2015)		Allowances	1,069,756	-
TOTAL			**9,799,890**	**7,295,008**

Name of government entity: Government of Mauritius

	2015	2014
Contribution paid towards the Consolidated Fund	700,451,159	1,300,669,091
Proposed Contribution to the Consolidated Fund	291,585,306	277,451,159

29 RESTATED ITEMS

Leasehold rights have been reclassified from property and equipment to intangible assets.

30 EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to 31 December 2015.

31 REPORTING CURRENCY

The Financial Statements have been presented in Mauritian Rupees.

Appendices

Appendix 1: Markets Trends in Securities

Figure 15: Evolution OF SEMDEX - 2015 (End Month)

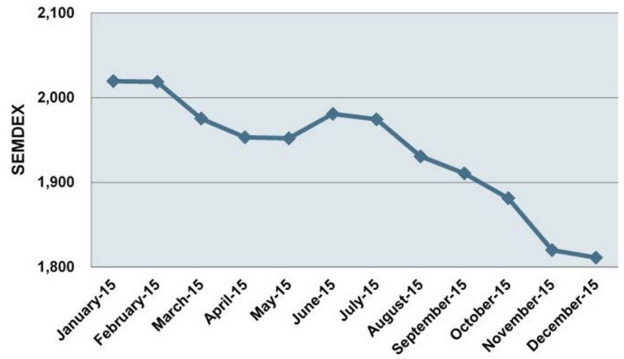


Figure 16: Evolution of SEM-10 - 2015 (End Month)

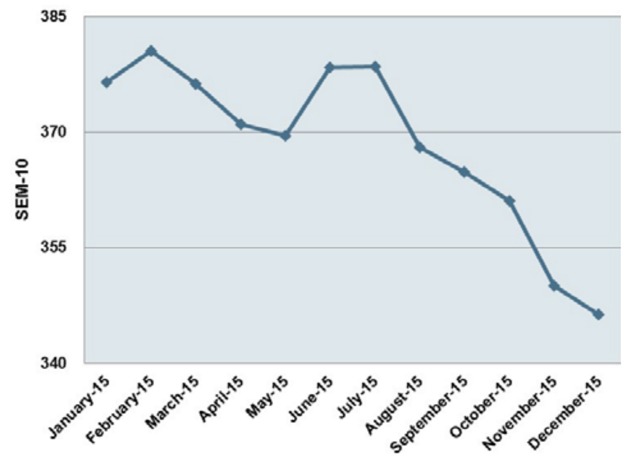


Figure 17: Evolution of SEMTRI (MUR & USD) for 2015 (End Month)

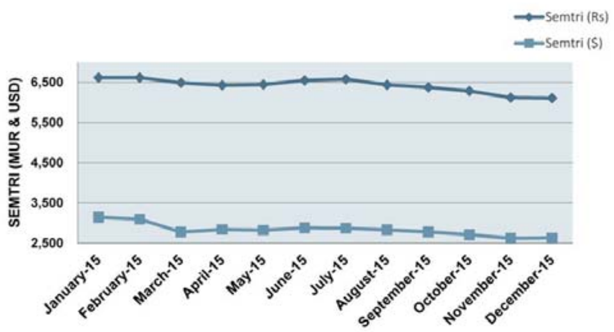


Figure 18: Evolution of DEMEX - 2015 (End Month)

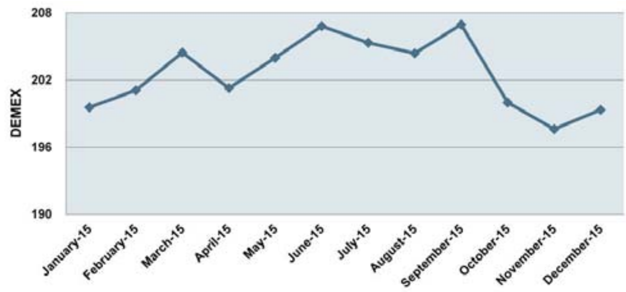


Figure 19: Evolution of DEMTRI (MUR & USD) for 2015 (End Month)

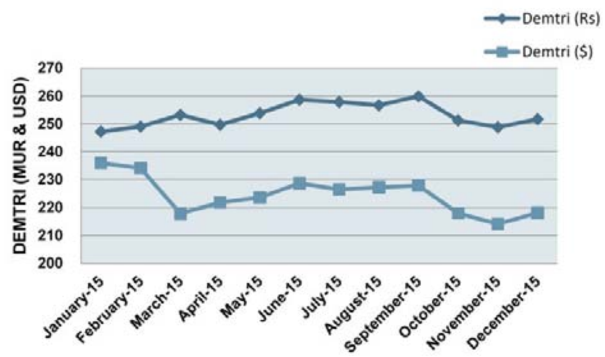


Figure 20: Evolution of SEMSI (MUR & USD) for 2015 (End Month)

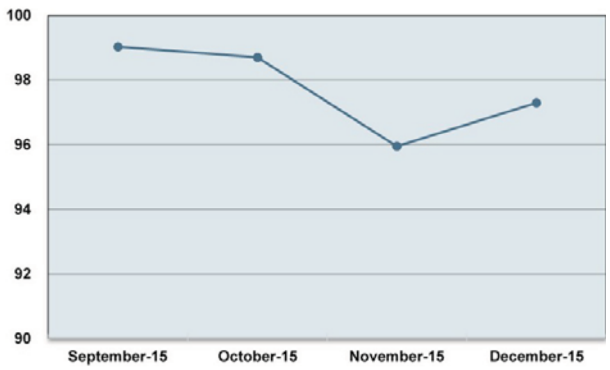


Figure 20: Bourse Africa - Total Turnover - 2015

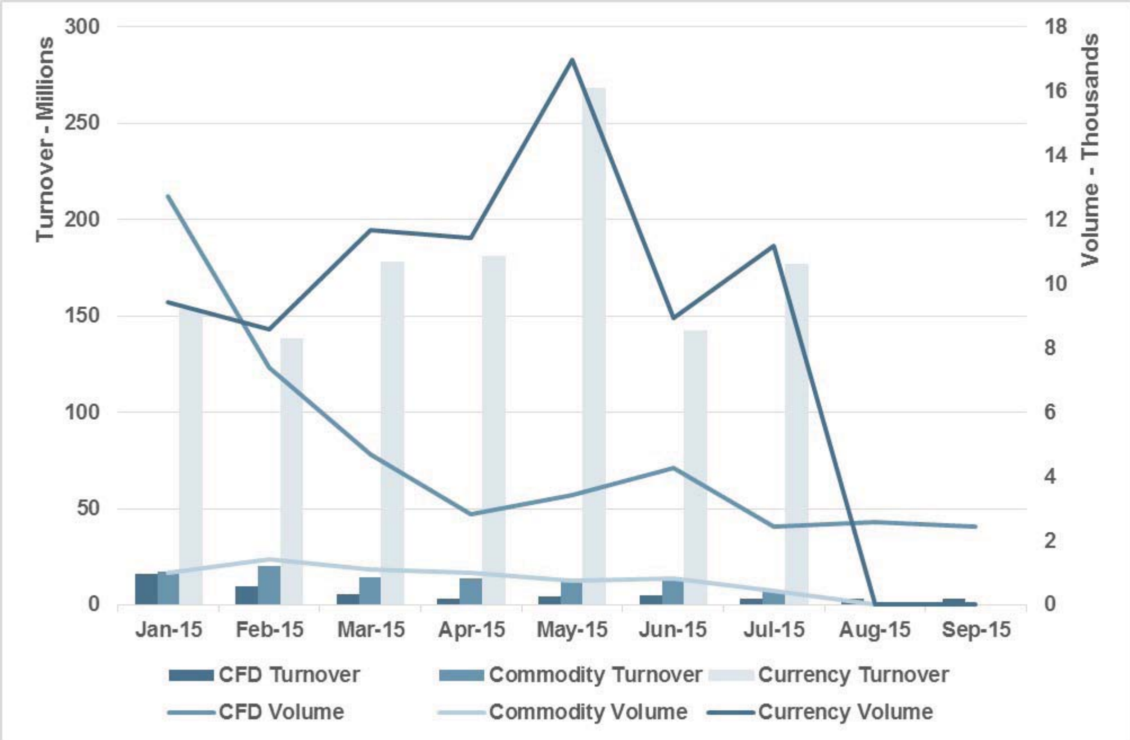


Table 29: International Stock Exchange Indices in 2015 - (Monthly End)

YEAR 2015	DOW JONES Industrial Average	NASDAQ Composite	SENSEX	FTSE 100 Index	CAC 40 Index	HANG SENG Index
Jan-15	17,164.95	4,635.24	29,182.95	6,749.40	4,604.25	24,507.05
Feb-15	18,132.70	4,963.53	29,220.12	6,946.70	4,951.48	24,823.29
Mar-15	17,776.12	4,900.88	27,957.49	6,773.00	5,033.64	24,900.89
Apr-15	17,840.52	4,941.42	27,011.31	6,960.60	5,046.49	28,133.00
May-15	18,010.68	5,070.03	27,828.44	6,984.40	5,007.89	27,424.19
Jun-15	17,619.51	4,986.87	27,780.83	6,521.00	4,790.20	26,250.03
Jul-15	17,689.56	5,128.28	28,114.56	6,696.28	5,082.61	24,636.28
Aug-15	16,528.03	4,776.51	26,283.09	6,247.94	4,652.95	21,670.58
Sep-15	16,284.70	4,620.16	26,154.83	6,061.61	4,455.29	20,846.30
Oct-15	17,663.54	5,053.75	26,656.83	6,361.10	4,897.66	22,640.04
Nov-15	17,719.92	5,108.67	26,145.67	6,356.10	4,957.60	21,996.42
Dec-15	17,425.03	5,007.41	26,117.54	6,242.30	4,637.06	21,914.40

Appendix 2: Trends in Insurance

Long Term Insurance Business Figures

	2011	2012	2013	2014	2015	Average
Assets (MUR Million)	84,244	92,640	106,428	115,246	86,758	97,063
% Change in Assets	12%	10%	15%	8%	-25%	2%
Asset Mix:						
Property (MUR Million)	1,863	2,428	5,039	5,645	2,464	3,488
% Change	-12%	30%	108%	12%	-56%	23%
% of Total Assets	2%	3%	5%	5%	3%	3%
Equities (MUR Million)	20,671	20,349	19,952	23,021	21,049	21,008
% Change	4%	-2%	-2%	15%	-9%	1%
% of Total Assets	25%	22%	19%	20%	24%	22%
Govt Bonds (MUR Million)	14,371	16,869	12,415	12,830	14,604	14,218
% Change	5%	17%	-26%	3%	14%	2%
% of Total Assets	17%	18%	12%	11%	17%	15%
Other Bonds (MUR Million)	998	584	908	1,120	1,130	948
% Change	69%	-41%	55%	23%	1%	10%
% of Total Assets	1%	1%	1%	1%	1%	1%
Policy Loans (MUR Million)	490	514	560	602	325	498
% Change	4%	5%	9%	8%	-46%	-6%
% of Total Assets	1%	1%	1%	1%	0%	1%
Other loans (MUR Million)	7,331	14,090	13,315	14,354	7,831	11,384
% Change	23%	92%	-6%	8%	-45%	12%
% of Total Assets	9%	15%	13%	12%	9%	12%
Cash equivalents (MUR Million)	10,813	13,416	9,046	8,692	7,235	9,841
% Change	15%	24%	-33%	-4%	-17%	-7%
% of Total Assets	13%	14%	9%	8%	8%	10%
Other Assets (MUR Million)	27,707	24,388	45,192	48,982	5,744	30,403

	2011	2012	2013	2014	2015	Average
% Change	20%	-12%	85%	8%	-88%	-2%
% of Total Assets	33%	26%	42%	43%	7%	30%
TOTAL	84,244	92,640	106,428	115,246	86,758	
Life Fund (MUR Million)	55,320	61,167	69,999	76,310	51,643	62,888
% Change in Life Fund	5%	10%	13%	8%	-48%	-4%
Capital and Reserves (MUR Million)	8,882	9,855	10,636	11,230	6,027	9,326
% Change in Capital and Reserves	61%	11%	8%	6%	-46%	-5%
Other Liabilities (MUR Million)	20,042	21,618	25,793	27,705	29,088	24,849
% Change of Capital and Reserves to Life Fund	16%	16%	15%	15%	12%	14%
Net Premiums (MUR Million)	12,643	13,538	14,497	15,894	8,940	13,102
Reinsurance	311	360	530	406	369	395
Gross Premiums	12,953	13,898	15,027	16,300	9,308	13,497
% Change in Gross Premiums	8%	7%	8%	8%	-43%	-5%
Net Claims (MUR Million)	10,511	9,894	10,983	12,889	7,277	10,311
Reinsurance	73	156	73	118	117	107
Gross Claims	10,584	10,050	11,056	13,007	7,394	10,418
% Change in Gross Claims	36%	-5%	10%	18%	-43%	-5%
Number of policies:						
In force	497	420	421	431	276	
% Change in Force	14%	-16%	0%	2%	-36%	-7.02%
New Business	166	57	61	53	38	
% Change in In New Business	181%	-66%	7%	-14%	-28%	16%
Termination	59	32	63	49	34	
% Change in In Termination	27%	-46%	96%	-22%	-31%	5%
Management Expenses and Net Commissions (MUR Million)	1,474	1,582	1,651	2,204	1,114	
Expenses as a % of Premiums	11%	11%	11%	14%	12%	12%

General Insurance Business Figures

	2011	2012	2013	2014	2015	Average
Assets (MUR Million)	11,659	12,276	13,888	15,066	16,670	13,912
% Change in Assets	-11%	5%	13%	8%	11%	9.4%
Asset Mix:						
Equities (MUR Million)	1,333	1,312	1,544	2,145	2,155	1,698
% Change in Equities	-15%	-2%	18%	39%	0.47%	14%
% of Total Assets	11%	11%	11%	14%	13%	12%
Cash Equivalents (MUR Million)	2,924	3,496	3,579	3,390	3,296	3,337
% Change in Cash Equivalents		11%	20%	2%	-5%	-3%
% of Total Assets	25%	28%	26%	22%	20%	24%
Govt Bonds (MUR Million)	404	478	409	433	1,012	547
% Change in Govt bonds	-71%	18%	-15%	6%	134%	36%
% of Total Assets	3%	4%	3%	3%	6%	4%
Other Bonds (MUR Million)	510	207	386	305	354	353
% Change in Other Bonds	26%	-59%	86%	-21%	16%	8%
% of Total Assets	4%	2%	3%	2%	2%	3%
Property (MUR Million)	125	131	138	144	659	240
% Change in Property	-10%	5%	5%	4%	357%	93%
% of Total Assets	1%	1%	1%	1%	4%	2%
Other Assets (MUR Million)	6,363	6,651	7,833	8,649	151	5,930
% Change in Other Assets	-9%	5%	18%	10%	-98%	6%
% of Total Assets	55%	54%	56%	57%	1%	45%
	11,659	**12,276**	**13,888**	**15,066**	**16,670**	**13,912**
Liabilities						
Capital & Reserves (MUR Million)	4,698	5,291	6,052	6,955	7,559	6,111
% Change	-28%	13%	14%	15%	9%	13%
% of Total Liabilities	40%	43%	44%	46%	48%	44%
Technical Reserves (MUR Million)	5,218	5,585	6,213	6,196	7,505	6,143
% Change	11%	7%	11%	0%	21%	10%
% of Total Liabilities	45%	45%	45%	41%	48%	45%

	2011	2012	2013	2014	2015	Average
Other Liabilities (MUR Million)	1,743	1,497	1,623	1,916	704	1,497
% Change	-9%	-14%	8%	18%	-63%	-13%
% of Total Liabilities	15%	12%	12%	13%	4%	11%
	11,659	**12,373**	**13,888**	**15,066**	**15,768**	**13,751**
Total Premiums						
Net (MUR Million)	3,928	4,002	4,363	4,496	4,604	4,279
Reinsurance (MUR Million)	2,319	2,182	2,667	2,915	2,944	2,605
Gross (MUR Million)	6,247		7,029	7,411	7,565	6,887
% Change in Gross Premiums	12%	-1%	14%	5%	2%	
Total Claims						
Net (MUR Million)	2,150	2,112	2,368	2,498	2,632	2,352
Reinsurance (MUR Million)	1,100	961	1,775	1,416	1,418	1,334
Gross (MUR Million)	3,250	3,073	4,143	3,914	4,032	3,682
% Change in Gross Claims	27%	-5%	35%	-6%	3%	7%
Premiums - Motor						
Net (MUR Million)	2,442	2,510	2,581	2,633	2,717	2,576
Reinsurance (MUR Million)	134	189	177	188	200	178
Gross (MUR Million)	2,576	2,698	2,758	2,822	2,916	2,754
% Change in Gross Premiums	13%	5%	2%	2%	3%	
Claims - Motor						
Net (MUR Million)	1,211	1,250	1,344	1,419	1,689	1,383
Reinsurance (MUR Million)	140	144	285	209	272	210
Gross (MUR Million)	1,351	1,395	1,629	1,628	1,969	1,594
% Change in Gross Claims	5%	3%	17%	0%	21%	10%
Premiums - Non-Motor						
Net (MUR Million)	1,486	1,492	1,782	1,863	1,887	1,702
Reinsurance (MUR Million)	2,185	1,993	2,489	2,726	2,744	2,428
Gross (MUR Million)	3,671	3,485	4,271	4,589	4,649	4,133
% Change in Gross Premiums	12%	-5%	23%	7%	1%	
Claims - Non-Motor						

	2011	2012	2013	2014	2015	Average
Net (MUR Million)	940	862	1,023	1,079	943	969
Reinsurance (MUR Million)	966	772	1,598	1,227	1,146	1,142
Gross (MUR Million)	1,906	1,634	2,621	2,306	2,063	2,106
% Change in Gross Claims	45%	-14%	60%	-12%	-11%	6%
Underwriting Profit						
Underwriting profit (MUR Million)	466	507	503	600	267	469
% Change in Underwrit-ing profit	45533%	9%	-1%	19%	-56%	-7%
Investment (MUR Million)	780	402	385	441	450	491
Operating profit (MUR Million)	1,246	909	888	1,041	717	960
% Change in Operating profit	35%	-27%	-2%	17%	-31%	-11%
Number of Policies						
Motor	287	315	323	334	353	323
% Change	-4%	10%	3%	3%	6%	5%
% of Total	69%	67%	68%	65%	67%	67%
Non-Motor	132	154	152	181	185	161
% Change	-10%	17%	-2%	19%	2%	9%
% of Total	31%	33%	32%	35%	35%	33%
Total	420	470	475	514	524	480
% Change	-6%	12%	1%	8%	2%	6%
Number of Claims						
Motor	42	43	42	47	53	46
% Change	6%	2%	-2%	11%	12%	6%
% of Total	21%	19%	16%	17%	24%	19%
Non-Motor	157	187	225	232	170	194
% Change	18%	19%	21%	3%	-27%	4%
% of Total	79%	81%	84%	83%	76%	81%
Total	200	230	268	279	223	240
% Change	15%	15%	16%	4%	-20%	4%

Appendix 3: Changes in Legislations

Amendments to relevant Acts

Act	Amendment / Purpose
Financial Services Act	The amendments to the FSA by the Finance (Miscellaneous Provisions) Act 2015 (the 'Finance Act 2015') were gazetted on 14 May 2015. A new Part XIA was added to the FSA by the Finance Act 2015. This new Part provides for the establishment, objects and functions of the Financial Services Promotion Agency (the 'Agency'). According to the new Section 85B of the FSA, the Agency shall be a body corporate and shall be administered and managed by a Board consisting of a Chairperson and not more than 4 other members appointed by the Minister. The objects and functions of the Agency, according to Section 85C of the FSA, shall be to: (a) conduct promotional activities, in or outside Mauritius, for the development of the financial services industry in Mauritius; (b) enhance the image of Mauritius as a clean and reputable financial centre; and (c) advise the Minister on matters relating to the promotion and development of the financial services industry in Mauritius. Section 85D of the FSA provides for the appointment of the Director of the Agency who shall be responsible for the execution of the policy of the Board and for the control and management of the day-to-day business of the Agency.
Insurance Act	In addition to the amendments to the FSA, a new section 80A was added by the Finance Act 2015 to the Insurance Act (the 'IA') regarding communication to policyholders. This new section 80A of the IA provides that any information or document required to be communicated to a policyholder under any enactment shall be communicated in such manner, form and medium as the Chief Executive of the FSC Mauritius may determine. In addition, any document that is communicated to a policyholder in accordance with Section 80A (1) may be used as evidence where it is relevant to determine any matter relating to an insurance policy.
Insurance (Amendment) Act 2015	The Insurance (Amendment) Act 2015 (the 'Act') was passed by the National Assembly on 28 April 2015 and was gazetted on 29 April 2015. The object of the Act is to amend the Insurance Act to provide – (a) for the Financial Services Commission to exercise more effective supervision over related companies of an insurer; (b) that the Minister may request the Financial Services Commission to appoint a special administrator where he is satisfied, on the basis of a report submitted by the Commission, that the liabilities of an insurer and any of its related companies exceed its assets by at least one billion rupees and that such excess is likely to be a threat to the stability and soundness of the financial system of Mauritius; (c) for the transfer of undertaking, in whole or in part, of an insurer and any of its related companies to another insurer and any of its related companies approved by the Minister; and (d) for related matters.

Amendments to Rules

Rules	Amendment / Purpose
Securities (Disclosure Obligations of Reporting Issuers) Rules 2007	The Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 were amended to provide for certain exemptions. Rule 8 of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 was amended in order to exempt Exchange Traded Funds from publishing in at least one local newspaper having a wide circulation, a quarterly report containing the information as required under the Rule. In addition, under Rule 16A, companies listed on a securities exchange in Mauritius had to file, on a monthly basis, both with the FSC Mauritius and the securities exchange on which they are listed details of foreign investment transactions executed. Following the amendment, the companies will no longer need to file with the Commission the details of foreign investment transactions executed The Securities (Disclosure Obligations of Reporting Issuers) (Amendment) Rules 2015 came into operation on 10 October 2015.
Private Pension Schemes (Auditor and Actuary) Rules 2015	The Private Pension Schemes (Auditor and Actuary) Rules 2015 made under the Private Pension Schemes Act (the 'PPSA') were gazetted on 25 July 2015. The Private Pension Schemes (Auditor and Actuary) Rules 2015 ('Auditor and Actuary Rules') is the 8th FSC Rules issued under the PPSA since its proclamation on the 01 November 2012. The underlying principles of the Auditor and Actuary Rules are as follows: • an actuary or auditor of a private pension scheme should be suitably qualified and experienced in order to look into the financial affairs of the scheme and hence report on same to the Commission; • an actuary or auditor should provide professional services to private pension schemes in accordance with a well-established policy framework; • the duties, functions and responsibilities of an actuary or auditor of a private pension scheme should be clearly provided for; and • the circumstances under which the Commission appoints an actuary or auditor are clear. The Auditor and Actuary Rules were drafted following consultation with industry representatives comprising of fully-qualified actuaries and auditors from auditing and accounting firms. Similar to previous FSC Rules made under the PPSA, the Auditor and Actuary Rules were drafted in line with the relevant international standards, practices and principles of the OECD and the IOPs and have taken into account the Mauritian context.

Rules	Amendment / Purpose
Rule 8(4) of the Financial Services (Consolidated Licensing and Fees) Rules 2008	With effect from 02 July 2015, the Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2015 modified the system of levying charges for late payment of annual fees by licensees under Rule 8(4) of the Financial Services (Consolidated Licensing and Fees) Rules 2008 (the 'Rules'). Prior to the amendment, pursuant to Rule 8(4) of the Rules, any licensee, providing financial services, having failed to pay its annual fees by the 2nd July, was liable to an additional charge of 25% of its annual fees for the first month (July) and supplementary charges of 15% for each additional month (as from August) until the annual fees were settled. These charges for late payment of annual fees, being uncapped, resulted in situations whereby licensees were required to pay, as charges for late payment of annual fees, multiple times the annual fee applicable to their respective licences. Subsequent to the amendment, the system of levying charges for late payment of annual fees by licensees under Rule 8(4) of the Rules is now as follows: • A fixed charge of 25% of the annual fees if the licensee fails to pay its annual fees by the due date; and • An additional charge of 1% of the annual fees for each additional month or part of month during which the fees remain unpaid. • This new system is fairer to licensees since the charges, in case of late payment of annual fees, will be reduced.
Securities (Public Offers) (Amendment) Rules 2015	In view of bringing more clarity and transparency to the market, the FSC Mauritius has reviewed its process in relation to the registration of prospectus. A Circular Letter (CL 240915) was issued on 24 September 2015 detailing the new process of registration of prospectus by reporting issuers. The Securities (Public Offers) (Amendment) Rules 2015, made by the FSC Mauritius on 10 October 2015, provides for the payment of a filing fee of MUR 100,000 upon filing of a prospectus. The fee will be applicable as from 01 January 2016, but the new process for registration will take effect immediately.

Amendments to Regulations

Regulation	Amendment / Purpose
Insurance (Industry Compensation Fund) Regulations 2015	The Insurance (Industry Compensation Fund) Regulations 2015, made by the Minister under Section 88 and 92 of the IA, came into operation on 01 January 2016. The Regulations provide for the establishment of the Insurance Industry Compensation Fund. According to the Insurance (Industry Compensation Fund) Regulations 2015 (the 'Regulations'), the Insurance Industry Compensation Fund (the 'Fund') shall be managed and administered by a Managing Committee consisting of a Chairperson and 4 members, appointed by the Minister on such terms and conditions as he may determine. When a person is compensated by the Fund, the latter may subrogate into the rights of the compensated person, up to the amount compensated, to recover from any person whose liability is extinguished or reduced by the payment of the compensation. Any sum recovered will be attributed to the sub-fund from which the compensation was paid.

Regulation	Amendment / Purpose
Insurance (Industry Compensation Fund) Regulations 2015	The Fund will be organised into sub-funds, including the hit and run sub-fund which shall be used for the payment of compensation to persons suffering from personal injury sustained in a hit and run road traffic accident. The hit and run sub-fund will comprise: • contributions made by insurers conducting general insurance business; • all interest, dividends and other income derived from money of the hit and run sub-fund; • any contribution made out of the Consolidated Fund; • all other money which may belong or accrue to the hit and run sub-fund; and • any interest or indemnity recovered. • An application for payment of compensation from the hit and run sub-fund shall be made to the Fund in such form and manner as the Managing Committee may determine. Regarding payment of compensation in respect of personal injury in road traffic accidents, the Regulations provide that the Managing Committee shall determine whether any compensation is to be paid out of the hit and run sub-fund. In accordance with Regulation 19(2), payment of compensation in respect of personal injury in hit and run road traffic accidents to any person, arising out of the use of a motor vehicle, may be made out of the funds set aside by the sub-fund for the payment of compensation relating to the injured person or his heirs where: • the police is unable to trace the person who caused the accident within a period of 6 months from the date of the accident; • the personal injury was caused in such circumstances that, on the balance of probabilities, the unidentified person would be liable to pay damages to the applicant in respect of such personal injury; • the liability of the unidentified person is one which is required to be covered by a third party insurance referred to in Part V of the Road Traffic Act; • the personal injury was not caused by the use of the vehicle by the unidentified person in a deliberate attempt to run down the deceased or injured person; • and the application for compensation is made in writing within 2 years from the date of the event giving rise to the personal injury. It is worth noting that, in respect of any single liability, irrespective of the amount claimed, the payment made by the hit and run sub-fund shall not exceed 350,000 rupees. Furthermore, where the hit and run sub-fund refuses to grant compensation, the Managing Committee shall, in writing, inform the applicant of the reasons for its refusal within a month from the determination. The Regulations, however, do not entitle any person to compensation for - • material damage to any vehicle or property; or • personal injury following a hit and run accident occurring before the coming into operation of these regulations.

Judgement

Regulation	Amendment / Purpose
Judicial Committee of the Privy Council in the case of Rainbow Insurance Company Limited v The Financial Services Commission and others	The Judicial Committee of the Privy Council delivered judgment on 20th April 2015 upholding the judgment of the Supreme Court of Mauritius dated 18th October 2010 which had set aside Rainbow Insurance Company Limited's application for Judicial Review, thereby affirming the decision of the FSC Mauritius to suspend with immediate effect Rainbow Insurance Company Limited's ('RIC's') registration for both its general and long term business. For recall, FSC Mauritius had, on 01 March 2007, directed RIC not to issue or renew any insurance policy, whether directly or through its agents, and had suspended the registration of RIC in relation to the whole of its business with a view to protect the interests of RIC's policyholders.

Appendix 4: List of Suspended / Revoked Licences, Cancellation of Suspended Licences and Disqualification of Officers

Suspension of Licences

The FSC Mauritius suspended the licences of the following entities in 2015:

SN	Licensee / Entities	Type of Licence	Disciplinary sanctions	Date
1	RDL Management Ltd	CIS Manager Licence	Licence suspended	30 March 2015
2	Bramer Asset Management Ltd	CIS Manager Licence Investment Adviser (Unrestricted) Licence and Distribution of Financial Products Licence	Licence suspended	08 April 2015
3	Belvedere Management Limited	Management Licence	Licence suspended	29 April 2015
4	Bramer Capital Brokers Ltd	Investment Dealer (Full Service Dealer Excluding Underwriting)	Licence suspended	08 May 2015
5	Bramer Global Services Ltd	Management Licence	Licence suspended	08 May 2015
6	Britam Co Ltd	Insurance Broker	Licence suspended	08 May 2015
7	Creative Capital Co. Ltd	Factoring Licence	Licence suspended	08 May 2015
8	Mrs Jaya Allock	Investment Dealer Licence of for Bramer Capital Brokers Ltd	Licence suspended	08 May 2015
9	FX Primus Limited	Investment Dealer (Currency Derivatives Segment) Licence the Investment Dealer (Full Service Dealer excluding underwriting) Licence Global Business Licence	Licence suspended	28 May 2015
10	Belvedere Fiduciary Limited	Management Licence	Licence suspended	29 May 2015
11	Germing Frey, Hotel & Resorts PCC	Category 1 Global Business Licence	Licence suspended	02 July 2015
12	Thomas Cook	Category 1 Global Business Licence	Licence suspended	13 July 2015
13	Keenwealth & Trust Management Limited	Management Licence	Licence suspended	15 July 2015
14	Citygate Securities Limited	Investment Dealer (Broker) Licence Global Business Licence	Licence suspended	21 July 2015
15	Cardinal Capital Partners	CIS Manager Licence	Licence suspended	14 September 2015

Cancellation of Suspension of Licences

The FSC Mauritius cancelled the suspension of the following licences in 2015:

SN	Licensee / Entities	Type of Licence	Disciplinary Sanctions	Date
1	Bramer Capital Brokers Ltd	Investment Dealer (Full Service Dealer Excluding Underwriting)	Suspension cancelled	22 May 2015
2	Bramer Global Services Ltd	Management Licence	Suspension cancelled	22 May 2015
3	Britam Co Ltd	Insurance Broker	Suspension cancelled	22 May 2015

Revocation of Licences

The FSC Mauritius cancelled the suspension of the following licences in 2015:

SN	Licensee / Entities	Type of Licence	Disciplinary Sanctions	Date
1	Lancelot Global PCC	Category 1 Global Business Licence. Authorised to act as a Collective Investment Scheme.	Licence revoked and authorisation to act as a Collective Investment Scheme withdrawn	20 March 2015
2	The Four Elements PCC	Category 1 Global Business Licence. Authorised to act as a Collective Investment Scheme.	Licence revoked and authorisation to act as a Collective Investment Scheme withdrawn	20 March 2015
3	Surplus Finance S.A.	Category 1 Global Business Licence Investment Adviser (Unrestricted) Licence	Licences revoked	16 April 2015
4	Westminister Financial Ltd	Investment Adviser (Unrestricted) Licence	Licence revoked	24 April 2015
5	Germing Frey, Hotel & Resorts PCC	Category 1 Global Business Licence	Licence revoked	14 September 2015
6	India Focus Cardinal Fund	Category 1 Global Business Licence. Authorised to act as a Collective Investment Scheme.	Licence revoked and authorisation to act as a Collective Investment Scheme withdrawn	14 September 2015
7	The Two Seasons PCC	Category 1 Global Business Licence. Authorised to act as a Collective Investment Scheme.	Licence revoked and authorisation to act as a Collective Investment Scheme withdrawn	14 September 2015
8	Venture Assets PCC	Category 1 Global Business Licence. Authorised to act as a Collective Investment Scheme.	Licence revoked and authorisation to act as a Collective Investment Scheme withdrawn	14 September 2015
9	CountingHouse Limited	Category 1 Global Business Licence Investment Adviser (Unrestricted) Licence Treasury Management Licence	Licences revoked	14 October 2015
10	DGT Global Management Services Ltd	Management Licence	Licence revoked	14 October 2015

SN	Licensee / Entities	Type of Licence	Disciplinary Sanctions	Date
11	EntreCap	Category 1 Global Business Licence Investment Adviser (Unrestricted) Licence	Licences revoked	14 October 2015
12	MountRock Investment Management	Category 1 Global Business Licence Investment Adviser (Unrestricted) Licence	Licences revoked	14 October 2015
13	Global Equity Fund PCC	Category 1 Global Business Licence. Authorised to act as a Collective Investment Scheme.	Licence revoked and authorisation to act as a Collective Investment Scheme withdrawn	03 November 2015

Disqualification of Officers

The FSC Mauritius disqualified the following officers in 2015:

SN	Licensee / Entities	Type of Licence	Disciplinary Sanctions
1	Mr Subudh Caussy	Disqualified from holding position as officer for 5 years	16 April 2015
2	Mr Feroz Dahoo	Disqualified from holding position as officer for 5 years	07 April 2015
3	Mr Miheer Nunkoo	Disqualified from holding position as officer for 5 years	07 April 2015
4	Mr Hemdutt Mittoo	Disqualified from holding position as officer for 5 years	07 April 2015
5	Mr Jean-Francis Laurent Dominique	Disqualified from holding position as officer for 5 years	07 April 2015
6	Mr Kam Young Li Fap Kien	Disqualified from holding position as officer for 5 years	07 April 2015

Appendix 5: List of MMoUs / MoUs

List of MMoUs / MoUs

Multilateral Memorandum of Understanding (MMoU)	
1	International Organization of Securities Commissions
2	International Association of Insurance Supervisors
3	SADC Committee of Insurance, Securities and Non-banking financial Authorities
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	Financial Services Authority Isle of Man
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
21	National Stock Exchange of India Ltd.
22	Dubai Financial Services Authority
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	Authoriteit 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 6: List of Overseas Missions (Meetings, Conferences, Training)

International and Regional Meetings Held Overseas

Date	Theme	Country	Officers	Position
06 February	FSB - Legal Entity Identifier Regulatory Oversight Committee (LEI ROC) Plenary Meeting	Madrid	Ms Teenoosha BOYJOO	Senior Analyst - Policy
09 - 11 February	CISNA Strategic Planning and Performance Review Committee Meeting	Angola	Ms Brinda HARJAN	Manager - Surveillance Investment Funds & Intermediaries
24 - 25 February	34th IOSCO African Middle East Regional Committee Meeting	Sultanate of Oman	Ms Shaminah NEETOO	Head - Executive Office
11 March	Financial Stability Board (FSB) Meeting	Tanzania	Mr Gamal BALLAM	Head - Policy
16 - 26 March	Training on 25th Annual International Institute for Securities Market Growth and Development	Washington	Ms Hemla DEENANATH-RAMA	Senior Examiner - Surveillance Capital Markets
			Ms Gaitree MATTAPULLUT	Lead Examiner - Surveillance Insurance & Pensions
23 - 27 March	24th SADC Trade Negotiating Forum (TNF) Services Meeting	South Africa	Ms Meenakshi BAPPOO	Senior Analyst -Policy
16 - 17 April	6th CISNA Micro-Insurance (MI) Forum	South Africa	Mr Mangalraj NEMCHAND	Senior Analyst -Legal
26 - 29 May	ESAAMLG Typologies Project Team Meeting	South Africa	Mr Bhushan JOMADAR	Senior Examiner-Surveillance Investment Funds & Intermediaries
14 - 18 June	IOSCO Conference 2015	London	Mr Jasraj HURDOWAR	Head - Surveillance Capital Markets
			Mr Ashveer SEEBORUTH	Team Leader - Enforcement
06 - 10 July	25th SADC Trade Negotiating Forum (TNF) Services Meeting	South Africa	Ms Brinda HARJAN	Manager-Surveillance Investment Funds & Intermediaries

Date	Theme	Country	Officers	Position
23 - 24 July	SADC / SA National Treasury / Finmark Trust Financial Inclusion Indaba	South Africa	Mr Deerajen RAMASAWMY	Head - Policy (Statistics)
23 - 28 August	15th ESAAMLG Council of Ministers and the 30th Task Force of Senior Officials Meetings	South Africa	Ms Vyasha RAMASAWMY	Lead Examiner -Surveillance Capital Markets
12 - 13 August	Supervisory Colleges for the Major South African Insurance Groups - Old Mutual (South Africa) Limited	South Africa	Ms Carine ARLANDA-LAROY	Senior Examiner - Surveillance Insurance & Pensions
			Ms Jhoty MUNIAH	Examiner - Licensing
18 - 21 August	Supervisory Colleges for the Major South African Insurance Groups - Liberty Holdings Limited & MMI Holdings	South Africa	Mr Clifford APPASAMY	Manager - Surveillance Insurance & Pensions
			Ms Om-Lata AUJEET	Examiner - Surveillance Insurance & Pensions
06 - 07 October	13th round of negotiation on the Trade in Services Agreement Meeting	Geneva	Ms Meenakshi BAPPOO	Senior Analyst - Policy
26 - 30 October	CISNA bi-annual meetings	Mozambique	Ms Rinasha APPAVOO	Analyst - Policy
28 - 30 October	IOPS Technical Committee meeting, AGM and the OECD / IOPS Global Forum on private pensions	Germany	Mr Prakash SEEWOOSUNKUR	Head - Surveillance Insurance & Pensions
29 November - 04 December	Round of TISA Negotiations Meeting	Geneva	Ms Khemalini HURDOWAR	Head-Legal

Appendix 7: Capacity Building

Local Conferences, Training, Seminars, Workshops and Talks

Date	Theme	No of Participants
16 January	Seminar : Mauritius at an inflection point: Earning a living in an uncertain world	6
19 January	Workshop: Overview of Indian Regulatory Framework & Cross Border Issues	1
27 - 28 January	Workshop: Asset Recovery Measures	2
28 January	Training: Website Upgraded Solution	4
19 March - 14 May	Training: Installation and Testing of Three Phase Process Control Systems	1
26 - 27 March	STEP Mauritius 2015 Conference	3
31 March	Workshop: VMware VSphere 6 and Operation Management Value	1
31 March	Presentation: Driving your Business using Microsoft BI Tools	1
20 - 24 April	Training: Enhancing Senior Management & Leadership Skills Programme	1
24 April	Presentation: Design for SIL and Oracle Platinum Partnership Recognition Presentation and Networking Cocktail	1
27 April	Workshop: Multiplication of scheme	5
05 May	National Liaison Committee	1
06 May	Talk: Recent Development in International Taxation	1
07 - 08 May	9th Asia / Africa IFA conference	4
11 May	Workshop: Crisis Communication	3
12 - 14 May	3rd Africa Congress of Accountants	3
13 May	Meeting on Financial Services with respect to the TiSA and COMESA negotiations	2
18 - 22 May	Training: Administering Windows Server 2012	1
19 May	Workshop: WTO notifications requirements	1
20 May	Workshop: Munich Re Inherent Defects Insurance	1
21 May	WTO notifications requirements	1

Date	Theme	No of Participants
26 - 27 May	Seminar: Occupational Safety and Health	1
26 May	BI Presentation	1
26 May	MIoD Focus Group on Training and Education Needs	1
05 June	Talk: Global Tax Transparency	2
22 - 26 June	Training: IBM Africa Technical Academy - Training on Business Intelligence Specialist	1
24 June	Workshop: FATCA Vocabulary and Case Studies	1
25 June	Conference: Laddering up the value chain: Building Substance in the Mauritius International Financial Centre	3
26 June	Masterclass - Understanding the COMESA-EAC-SADC Tripartite Free Trade Agreement	2
06 - 10 July	Training: Forensic Investigations: Planning, Methodology & Conducting Investigation	3
03 - 14 August	Training Course on Reinsurance	2
05 August	Workshop: Unlocking Africa	2
06 August	Workshop: Governance of Strategy	2
13 - August	Conference: IDC's Inaugural CIO Networking Day	1
10 - 21 August	Training: Macroeconomic Management and Financial Sector Issues	1
17 - 21 August	Train the Trainer : Standard Operating Procedures for Law Enforcement Agencies	1
18 August	Training: Website Upgraded Solution	8
19 August	Talk: Exposition on Countering Financial Cupidity through ethical education	2
23 - 26 August	Conference: OESAI 38th Annual Conference	2
25 August	Breakfast Seminar on the theme ‘Bribery, Corruption and External Risk’	2
25 August	Presentation: Windows 10: Flexibility to grow efficiently	1
25 August	Breakfast Event on Business Continuity Management for Financial Services Sector	1
26 - 27 August	Workshop: High Performance Computing	1
09 September	Seminar: Industry Banking and Insurance Day	2
17 September	Workshop: Global Cost of Corruption	2
21 - 25 September	Training: Administering Windows Server 2012	1

Date	Theme	No of Participants
29 September	Mauritian SWIFT Securities Working Group - Inaugural meeting	2
01 October	Mauritius Trade Finance Conference 2015	1
05 October	National Conference: 'Business & Entrepreneurship in Mauritius'	2
05 - 06 October	Workshop : Leadership of High Performance Organisations	2
05 October	Workshop: Conflict of Interest	1
07 - 08 October	SIL & Oracle e-Gov Conference	1
07 - 09 October	Workshop on COMESA Common Investment Area	2
08 October	Training: Facultative Reinsurance	2
09 October	Training: Liability Reinsurance	2
22 October	Workshop: Developing and Fostering Employee engagement in organisation	1
26 - 28 October	Training: Course on Principles of Design	2
29 October	LCIA-MIAC Users' council Annual Conference	3
17 November	Workshop: Code of Conduct for Public Officials involved in Procurement	1
17 - 18 November	Conference: Second Stakeholders' Consultation of the National Export Strategy of Mauritius	1
23 November	Launch event of the Planet Earth Institute in Mauritius	1
24 November	Supervisory College for MCB Group	4
24 November	Workshop: Disclosure & Transparency	1
25 - 26 November	3rd Annual Africa Investment Funds and Asset Management Forum (AIFAM Forum)	2
26 November	Supervisory College for SBM Group	4
07 December	Lecture: The Economic Impact of Corruption	1
08 December	Workshop: Interaction of Audit Committee with Internal and External Auditors	1
18 December	BEPS workshop: OECD / G20 Base Erosion and Profit Shifting report	2

In-House Trainings, Seminars, Workshops, Talks, Webinars

Date	Topic	No of Participants
22 - 23 January	Training: Living the FSC Brand	40
25 January	Webinar: Corporate Regulation	14

Date	Topic	No of Participants
27 January and 04 February	Training: Building Trust and Integrity	40
30 January	Staff Workshop: Demystifying the Quality Dimension at the Commission	132
10 - 11 February	Training: Developing Assertiveness	40
24 - 25 February	Training: Building Teams and Relationships	40
26 February	Workshop: Business Ethics	18
04 - 05 March	Training: Customer Centricity	40
09 - 10 March	Training: Financial Education	25
11 March	Seminar: Financial Education	108
23 March	Seminar: International Banking: Implications for Mauritius	31
01 June	Training: Handling Vulnerable persons	16
05 June	Talk: Blood Donation	24
09 July	Presentation: Recent Developments in Taxation	31
27 July - 03 August	Training: First Aid at Work	15
03 - 07 August	Training: Online Data Capture System	20
7 sessions over 17 August - 30 November	Distance Learning: Second FSI-IAIS Regulatory and Supervisory Training	5
20 August	Presentation: Securities Market Growth and Development	15
09 September	Training: Supervision of Reinsurance & Macro Prudential work of the IAIS	37
16 September	Presentation: Forensic Investigation	25
17 September	Workshop: Business Ethics	10
24 September	Consultation Call: IAIS-A2ii Consultation Call on Financial Consumer Education	7
25 September	Talk: First Aid	87
26 October	Webinar: IOSCO-IFRS emerging issues	9
30 October	Presentation: Search and Seizure of Digital Evidence during an Investigation	23
19 November	Talk: Cancer Awareness	85
26 November	Consultation Call: IAIS-A2ii Consultation Call - ‘Supervisory Responses to Consumer Risks in Mobile Insurance’	4
27 November	Presentation: Cost of Corruption	16

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List of Acronyms and Abbreviations

AEOI - Automatic Exchange of Information
AIFMD - Alternative Investment Fund Managers Directive
AIFM - Alternative Investment Fund Managers
AMERC - Africa / Middle-East Regional Committee
AML / CFT - Anti-Money Laundering and Combating the Financing of Terrorism
BAL - Bourse Africa Limited
BCM - Business Continuity Management
BEPS - Base Erosion and Profit Shifting
BoM - Bank of Mauritius
BoP - Balance of Payments
CDIS - Coordinated Direct Investment Survey
CDS - Central Depository & Settlement Co. Ltd
CEF - Closed-End Funds
CIS - Collective Investment Schemes
CISNA - Committee of Insurance, Securities and Non-banking financial Authorities
CPIS - Coordinated Portfolio Investment Survey
CRS - Common Reporting Standards
CT - Corporate Trustees
DEM - Development & Enterprise Market
DR - Disaster Recovery
EDMS - Electronic Document Management System
ESAAMLG - Eastern and Southern Africa Anti-Money Laundering Group
ESMA - European Securities Markets Authority
EU - European Union
FATCA - Foreign Account Tax Compliance Act
FDI - Foreign Direct Investment
FSA - Financial Services Act 2007
FSB - Financial Stability Board
FSC Mauritius - Financial Services Commission, Mauritius
FSPA - Financial Services Promotion Agency
FSR - Financial Stability Report
FVTOCI - Fair value through other comprehensive income
GBC 1 - Category 1 Global Business Company
GBC 2 - Category 2 Global Business Company
GDP - Gross Domestic Product
IA - Insurance Act 2005
IAIS - International Association of Insurance Supervisors
IAS - International Accounting Standards
IASB - International Accounting Standards Board
ICT - Information and Communication Technology
IFC - International Financial Centre
IFRS - International Financial Reporting Standards

IGA - Intergovernmental Agreement
IMF - International Monetary Fund
IOPS - International Organisation of Pension Supervisors
IOSCO - International Organization of Securities Commissions
ISO - International Standards Organisation
IT - Information Technology
MC - Management Companies
MFS - Monetary and Financial Statistics
MMoU - Multilateral Memorandum of Understanding
MoU - Memorandum of Understanding
MUR - Mauritian Rupees
ODCS - Online Data Capture System
OECD - Organisation for Economic Co-operation and Development
OFC - Other Financial Corporations
OTC - Over-The-Counter
OSP - Online Submissions Platform
PCC - Protective Cell Companies
PPO - Procurement Policy Office
PPSA - Private Pension Schemes Act 2012
QMS - Quality Management System
RBS - Risk Based Supervision
RCG - Regional Consultative Group
RIs - Reporting Issuers
SA - Securities Act 2005
SADC - Southern African Development Community
SDDS - Special Data Dissemination Standard
SEM - Stock Exchange of Mauritius Ltd.
SPPRC - Strategic Planning and Performance Review Committee
SSA - Sub-Saharan Africa
TRC - Tax Residence Certificate
USD - US Dollars
US - United States
WEO - World Economic Outlook

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