

Strategic Plan

Boucle d'Oreille *Trochetia boutoniana*



The National Flower of Mauritius since 1992. Bearing red with white background, bell-shaped flowers. It was thought extinct until early 1970's, and was found in Le Morne, the only place where the species grows.

Symbol of Unity

STRATEGIC PLAN



A. DEVELOP MAURITIUS INTO A CENTRE OF EXCELLENCE FOR CROSS-BORDER FINANCE, TRADE AND INVESTMENT

STRATEGIC OBJECTIVES

Actions

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| <ol style="list-style-type: none"> 1. Provide for a conducive business environment for Africa-centric investors | <ol style="list-style-type: none"> i. Reinforce the position of Mauritius as a strategic partner for infrastructure and regional economic development ii. Leverage on the African Continental Free Trade Area for stronger economic ties with key African investment destinations iii. Offer development finance institutions a sophisticated and stable financial centre for their investments in Africa iv. Support the African strategy of Government v. Develop enhanced awareness of the demand factors in terms of products and financial business activities that are best suited for the African markets vi. Leverage on the Comprehensive Economic Partnership Agreement (CECPA) and position Mauritius as a platform of choice for Indian businesses to invest in Africa |
| <ol style="list-style-type: none"> 2. Consolidate the reputation of Mauritius as a premier jurisdiction for fund administration and investment into India | <ol style="list-style-type: none"> i. Introduce measures to incentivise the setting up of fund structures as investment pooling vehicles targeting a diversified range of geographies ii. Develop the fund advisory potential of Mauritius iii. Develop an image as a financial centre specialising in fund administration and fund advisory services, as recommended by the Blueprint for Financial Services |
| <ol style="list-style-type: none"> 3. Encourage the setting up and re-domiciliation of funds and investment businesses, with embedded ESG strategies or with objectives aligned with the United Nations SDGs | <ol style="list-style-type: none"> i. Authorise funds to relocate from other jurisdictions through well communicated re-domiciliation pathways ii. Develop purpose-built regulations and a package to welcome prominent funds, in particular impact investment funds which aim to pursue noble and profitable strategies iii. Introduce recognisable impact investment certifications (ESG and SDG) for investment criterion, structuring and strategies iv. Develop frameworks for the recognition of investment in Green bonds to address climate change (related to SDG13), the promotion or adoption of investment in clean energy (related to SDG7) and action leading to sustainability for cities and communities (related to SDG11) |

STRATEGIC PLAN



A. DEVELOP MAURITIUS INTO A CENTRE OF EXCELLENCE FOR CROSS-BORDER FINANCE, TRADE AND INVESTMENT

STRATEGIC OBJECTIVES

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

Actions

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



B. DEVELOP ENABLING LEGISLATION AND REGULATORY FRAMEWORKS

STRATEGIC OBJECTIVES

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

Actions

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



B. DEVELOP ENABLING LEGISLATION AND REGULATORY FRAMEWORKS

STRATEGIC OBJECTIVES

Actions

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| <p>2. Develop enabling regulations to promote emerging technologies for niche and innovative segments of financial services</p> | <ul style="list-style-type: none"> i. Identify niche markets and ensure financial business activities are in alignment with trends in international financial services that are powered by prominent emerging technologies ii. Future proof our legal frameworks to welcome technology companies in the financial services sector and support the national project of Cote d'Or Technology Park iii. Adapt to the offering of competitors of supporting the development of technology and finance concurrently iv. Ensure that legal frameworks are keeping pace with change and still fit for purpose |
| <p>3. Establish Fintech bridges to foster for enhanced cooperation, innovation and improved market access</p> | <ul style="list-style-type: none"> i. Enter into Memoranda of Understanding and Cooperation agreements with well-established Fintech hubs ii. Maintain a competitive edge by exploring regulatory frameworks beyond its existing parameters, seek cross border and cross agency support iii. Provide applicants for business with market access under safe but conducive conditions |
| <p>4. Cater for new patterns in investor behaviour, sectorial trends and global demand</p> | <ul style="list-style-type: none"> i. Adapt our offering according to new patterns in investor behaviour, sectorial trends and global demand ii. Attract multinational corporations and financial services conglomerates to adopt Mauritius as their regional Headquarters for Africa and the Indian Ocean iii. Showcase the potential of Mauritius to attract investment and to leverage on its safety and stability as an investment hub for the World iv. Demonstrate regulatory efficiency by intervening in contexts of product mis-selling, cyber security breaches, dissatisfaction in materially sensitive disclosures and overall ML/TF deficiencies in business models |

STRATEGIC PLAN



B. DEVELOP ENABLING LEGISLATION AND REGULATORY FRAMEWORKS

STRATEGIC OBJECTIVES

Actions

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| <p>5. Improve shareholder value through cross-border outsourcing, optimised business costs and an affordable talent pool</p> | <p>i. Develop high-level principles on insourcing business across banking, insurance and securities sectors</p> <p>ii. Allow licensees to serve a wider range of clients in different time-zones and geographies, and to provide investors with a talent pool of professionals in accountancy, law, IT and business operations</p> |
| <p>6. Foster for innovation and progressive development of our capital markets sector</p> | <p>i. Enable the implementation of fully automated, multi-currency and multi-asset trading platforms for the listing and trading of securities in Mauritius</p> <p>ii. Take measures to provide a spectrum of sophisticated investment products on local exchanges for investment funds, asset management firms and investment banks</p> <p>iii. Cater for an improved combination of domestic and international instruments as part of their asset allocations and diversified risk portfolio construction strategies</p> |



C. OPTIMISING ORGANISATIONAL PERFORMANCE

STRATEGIC OBJECTIVES

Actions

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| <p>1. Enhance the RBS approach of the Commission</p> | <p>i. Implementation of SupTech & RegTech in line with FATF recommended good practice</p> <p>ii. Adopt technologies for a more efficient use of resources, to achieve greater efficiency and effectiveness</p> <p>iii. Take measures for the quality of regulatory data to undergo standardisation, making it more accurate and easier to undergo a manual or automated analytical process</p> <p>iv. Improve decision making by relying on more qualitative data and be more accurate in the RBS approach</p> |
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C. OPTIMISING ORGANISATIONAL PERFORMANCE

STRATEGIC OBJECTIVES

Actions

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| 2. Introduce supervision dashboards and improvements in application turn-around times | <ul style="list-style-type: none"> i. Develop supervisory dashboards for a consolidated view on supervision across clusters under the Supervision directorate ii. Support Senior Management with information and tools to analyse data, monitor performance and generate actionable insights iii. Take concrete steps to improve application turnaround times iv. Support Government's vision for continuous improvement in the field of business facilitation and ease of doing business |
| 3. Streamline standard operating processes at the Commission | <ul style="list-style-type: none"> i. Introduce automated processes, workflow management tools and digitalised interfaces ii. Standardise processes within directorates and build organisational resilience iii. Foster transparent processes within operations at the FSC |
| 4. Develop a Technology and Cyber Risk Supervision team for the Commission | <ul style="list-style-type: none"> i. Identify and monitor the risk management performance by licensees of the IT risks within their financial services and products ii. Develop a Technology and Cyber Risk Supervision team to monitor changes in business practice, in light of the increased dependency on emerging technologies and international best practices adopted by Regulators |
| 5. Develop advanced capabilities in data analytics and support regulatory reporting | <ul style="list-style-type: none"> i. Provide senior management and supervising officers with a more complete picture of licensees, have rapid access to information and develop greater abilities to observe patterns of behaviour ii. Invest in data visualization resources for decision makers to better appreciate the key insights being flagged in analysis reports |

STRATEGIC PLAN



D. ENFORCEMENT

STRATEGIC OBJECTIVES

Actions

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| <ol style="list-style-type: none"> 1. Foster a pro-compliance culture in the financial services sector and adopt fair intervention strategies | <ol style="list-style-type: none"> i. Maintain on-site presence and off-site vigilance to supervise the business conduct of licensees ii. Consistently apply the Enforcement Manual for increased transparency in the enforcement approach of the Commission iii. Support the ED and the EC for an effective, fair and proportionate approach to regulatory enforcement |
| <ol style="list-style-type: none"> 2. Encouraging adequate disclosure and the endorsement of corporate governance principles | <ol style="list-style-type: none"> i. Encourage ethical behaviour, accountability, transparency and a strong performance by the boards and their officers of listed companies and relevant licensees of the Commission ii. Undertake a review of the SA to provide for new opportunities and additional safeguards |
| <ol style="list-style-type: none"> 3. Align the Enhanced Memorandum of Understanding of the IOSCO | <ol style="list-style-type: none"> i. Complete the process of becoming a signatory to the IOSCO EMMoU, and cooperate with its international counterparts under well-established and mutually beneficial frameworks |



E. RISK MANAGEMENT AND FINANCIAL STABILITY

STRATEGIC OBJECTIVES

Actions

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| <ol style="list-style-type: none"> 1. Complete the implementation of the 2019-2022 National Strategy of Mauritius to combat money laundering and the financing of terrorism and proliferation. | <ol style="list-style-type: none"> i. Extend the full collaboration of the Commission to all governmental agencies and support the National AML/CFT Committee and its Secretariat throughout the process of implementing the National Strategy 2019-2022 to tackle money laundering (ML), terrorist financing (TF) and proliferation financing (PF) |
| <ol style="list-style-type: none"> 2. Collaborate with foreign regulators to adequately identify and assess systemic risks posed by multinational corporations holding significant market segments within the regional landscape. | <ol style="list-style-type: none"> i. Participate in supervisory colleges for the Commission to improve its appreciation of risk exposures, owing to the cross-border nature of businesses conducted by Multi-National Corporations ii. Broaden the visibility of systemically important businesses and consider prudential action where necessary |



E. RISK MANAGEMENT AND FINANCIAL STABILITY

STRATEGIC OBJECTIVES

Actions

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| <p>3. Facilitate the sharing of information and cooperate with the BoM and law enforcement agencies.</p> | <p>i. Develop dynamic models for intra-agency collaboration with the Bank of Mauritius and law enforcement agencies</p> |
| <p>4. Identify and monitor the vulnerabilities of the financial system with respect to the global economy and collaborate with the BoM to ensure soundness and stability.</p> | <p>i. Support the economic function of Mauritius by collaborating with the BoM on financial stability and for monetary policy to thrive</p> |



F. LOOKING TO THE FUTURE: RECRUITMENT & CAPACITY BUILDING

STRATEGIC OBJECTIVES

Actions

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| <p>1. Ensure the hiring of talent with appealing profiles and demonstrated competencies for the Commission to adapt to the evolving trends and modern business practices</p> | <p>i. Introduce methodologies for the screening of profiles and the hiring of talent to help the Commission achieve its statutory objectives and the strategic goals</p> |
| <p>2. Consistently provide bespoke training programmes to the staff of the Commission, based on their respective job families</p> | <p>i. Explore smart capacity building frameworks and leverage the technological overhaul at the Commission to identify efficient ways to upskill the labour force</p> <p>ii. Prioritise capacity-building programmes on a needs-basis for the respective job families</p> |
| <p>3. Reinforce core corporate values and upscale the overall quality of service at the Commission through capacity building initiatives</p> | <p>i. Foster a culture of sound corporate, strong ethics and quality of service</p> <p>ii. Deploy workflow management tools and performance metrics</p> |

STRATEGIC PLAN



G. CAPITALISING ON NEW TECHNOLOGIES

STRATEGIC OBJECTIVES

Actions

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| <p>1. Consolidate and strengthen the IT security infrastructure to protect the organisation against cyber risks and for optimum data protection</p> | <p>i. Implement an effective cyber security risk management framework to ensure confidentiality, integrity and availability of data</p> <p>ii. Implement fully operational administrative, technical, and physical controls. A robust and comprehensive security management programme</p> |
| <p>2. Leverage on effective IT infrastructure and data management tools for qualitative improvements to AML/CFT surveillance, sanctions monitoring and facilitate the timely identification of financial crime risk areas</p> | <p>i. Introduce data collection and aggregation capabilities to improve its monitoring and reporting</p> <p>ii. Invest in screening solutions for Red Flags to be identified with pace and accuracy</p> |
| <p>3. Achieve ISO 27001 compliance and migrate the IT infrastructure to a Tier 4 data centre, to mitigate operational risks and safeguard business continuity</p> | <p>i. Implement an effective ISO 27001 Information Security Management System</p> <p>ii. Provide the Commission with a management framework of policies, procedures and controls that would store data securely</p> |



H. INTERNATIONAL COOPERATION & SHARING OF EXPERTISE

STRATEGIC OBJECTIVES

Actions

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| <p>1. Expand the presence and involvement of the Commission through memberships and associations with international standard-setting bodies</p> | <p>i. Improve the visibility of Mauritius and the participation of the Commission in international fora</p> <p>ii. Increase the memberships of the Commission in international associations and standard-setting bodies</p> <p>iii. Apply for technical assistance from experts recognised by the international standard-setting bodies, and from capacity building programmes to ensure that best practice is applied in the development of regulatory frameworks</p> |
| <p>2. Position the Commission as an important stakeholder for the professional development of talent in Africa and the Indian Ocean</p> | <p>i. Consider opportunities to host capacity-building programmes on a regular basis to maintain the good relations forged with foreign supervisory authorities</p> |
| <p>3. Develop a virtual capacity-building platform to dispense tailored Massive Open Online Courses, host conferences and hold technical workshops through the Regional Centre of Excellence of the FSC</p> | <p>i. Serve as a resourceful partner for our international stakeholders</p> <p>ii. Build improved relations with international counterparts, and governmental agencies</p> |

STRATEGIC PLAN



I. RETHINKING COMMUNICATIONS AND FINANCIAL LITERACY

STRATEGIC OBJECTIVES

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

Actions

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

Global Business

Liane Rousseau *Roussea simplex*



Endemic genus to Mauritius, with only one species. A lianescent plant that grows in the wet forest with nice yellow flowers which are pollinated by native colourful geckos of the genus *Phelsuma*.

A Ray of Sunlight

GLOBAL BUSINESS

SECTOR OVERVIEW

Since its creation, the GB sector has evolved to adapt to the changing regulatory and financial landscape on local and international fronts. These changes have contributed to consolidating Mauritius as a transparent jurisdiction committed to fighting money laundering, terrorist financing, and proliferation financing while providing an investment-friendly ecosystem conducive for cross-border solutions.

The GB sector is a key component of the financial services sector and its contribution to the Banking sector cannot be underestimated. It significantly contributes to the Mauritian economy in terms of the Gross Domestic Product (GDP) and job creation. According to the BoM Financial Stability Report dated December 2021, the deposits of GBCs accounted for about 28 per cent of the total liabilities of banks.

However, the listing of Mauritius on the FATF Grey List, the EU and UK lists of High-Risk Third Countries (having strategic deficiencies in their national AML/CFT regimes) caused uncertainty in the GB sector during the year under review. Mauritius had to demonstrate that operators in the GB sector are *inter alia* adhering to the RBS framework given AML/CFT deficiencies identified by the FATF. All efforts from the different stakeholders were geared toward addressing the identified shortcomings.

It was announced in the National Budget 2018-2019 that the FSA would be amended to allow the FSC Mauritius to regulate compliance services. In line with this measure, on 19 January 2022, the FSC Mauritius issued a consultation paper on Compliance Services for views from stakeholders and the public.

The FSC Mauritius wishes to highlight that both domestic and GB players involved in financial and non-financial services can rely on a regulated corporate entity to carry out their compliance functions. The increasing complexity of business activities, the risks involved in performing the activities, and the obligation to comply with laws, rules, regulations and directives issued, may necessitate the delegation of some functions to entities providing compliance services.

Moreover, for the requirement of the Financial Intelligence and Anti-Money Laundering Regulations 2018 (FIAML Regulations) and current market practices or requirements, the FSC Mauritius has updated the current competency standards to assist financial institutions when considering the appointment of a Money Laundering Reporting Officer (MLRO), a Deputy MLRO and a Compliance Officer.

AUTHORISATION

Introduction

The GB Authorisation cluster grants licences and ascertains that the entities seeking to engage in financial services are licensed as per the prescribed laws. Despite several challenges, in particular, the ongoing COVID-19 pandemic affecting the financial services sector, the GB Authorisation cluster pursued its progress against its set strategic priorities.

In order to operate in the financial services sector, applicants must be able to meet the requirements as per the relevant Acts of the FSC Mauritius. This helps to protect investors' interests and safeguard the integrity of the financial services sector. As part of both authorisation and ongoing oversight, the GB Authorisation cluster verifies whether the business model of a company and its activity can lead to any risks (including reputational risk). It also looks at whether the company has adequate financial resources to provide for the regulated activities and whether the resources are fit and proper.

During the year 2021/22, the GB Authorisation cluster received 1,898 applications, which comprised GBCs, Authorised Companies, Global Headquarters Administrations, Global Treasury Activities, MCs, and Family Offices (Single and Multiple) among others.

GLOBAL BUSINESS

Engaging with Stakeholders

The GB Authorisation cluster also manages stakeholder relationships. The engagement with industry players is focused on improving the quality of the licence applications from the FSC Mauritius and the overall turnaround time for the issuance of licences. Other areas such as financial stability and prudential regulation are also considered. For the year under review, several meetings were held with industry stakeholders who submitted sub-standard applications.

The cluster proactively exchanges information with local and international counterparts for prudential purposes and the prevention of abuse in the financial services sector.

New Policy Stand on the Application of the Core Income Generating Activities Requirement

The FSC Mauritius issued a new policy regarding the application of the CIGA requirement, as provided under section 71 (3)(a)(i) of the FSA, to applicants and holders of a GB licence.

Accordingly, as from 01 January 2022, the FSC Mauritius would require only holders of or applicants for a GB licence that benefit or would like to benefit from a tax advantage to demonstrate that at all times their CIGA are or would be carried out in, or from, Mauritius.

End of the Grandfathering Provisions

Pursuant to section 96A (1)(c)(i) of the FSA, a corporation that was licensed as a Category 2 Global Business Company (GBC2) on or before 16 October 2017 was grandfathered till 30 June 2021.

The GBC2s had until 30 June 2021 to opt for a change in the legal regime to either an Authorised Company or a GBC to remain a licensee of the FSC Mauritius.

A dedicated team was set up to work on the change in the legal regime of the GBC2s and as a result, 4,061 applications were processed successfully.

Licences and Approvals issued for the Year 2021/22

The following table shows the number of licences issued by the GB Authorisation cluster during the year 2021/22.

Table 1: Number of Licences issued for GBC and AC

Category of Licence	July 2021 to June 2022	July 2020 to June 2021
GBC	1,043	1,536
AC	833	3,971

Furthermore, the following table shows a breakdown of the different types of activity licences and approvals issued by the GB Authorisation cluster.

Table 2: Breakdown of Licences and Approvals issued by GB Authorisation

Enabling Laws	Categorisation as per the FSC Rules	July 2021 to June 2022	July 2020 to June 2021
Financial Services Act 2007	Global Headquarters Administration	2	2
	Global Treasury Management	1	1
	Management Companies	5	10
Trusts Act 2001	Qualified Trustee (other than a Management Company)	6	2
	Family Office	3	1
	Enforcer (purpose trust created by a Mauritian national only)	2	1
	Successor to Enforcer (purpose trust created by a Mauritian national only)	3	1

SUPERVISION

Offsite Supervision

Extension for Filing of Accounts

Due to the ongoing challenges brought by the COVID-19 pandemic, the FSC Mauritius granted extensions to licensees to file their AFS.

Enhancing Substance Requirements Monitoring

On 17 January 2022, the FSC Mauritius issued a letter to industry stakeholders to explain its policy stand adopted regarding the application of the CIGA requirement, as provided under section 71 (3)(a)(i) of the FSA.

The FSC Mauritius emphasised that CIGA is a requirement of tax laws prevailing in Mauritius and is imposed on entities claiming a preferential tax advantage. Accordingly, GBCs will have to demonstrate that their CIGA are being carried out in Mauritius to benefit from the preferential tax advantage. On the other hand, a GBC which does not enjoy the tax benefit under the Partial Exemption Regime will not be required to comply with CIGA requirements.

In February 2022, the FSC Mauritius launched its survey on the economic substance monitoring whereby GBCs had to indicate how they have been conducting their CIGA in, or from, Mauritius, where applicable. The survey was also applicable to MCs as service providers, whereby they had to indicate the resources allocated to relevant licensees in conducting the CIGA. As a result of the survey, an onsite plan was devised and onsite inspection started in June 2022.

Tax Residence Certificate

Any application for a Tax Residence Certificate (TRC) by a GBC with the Mauritius Revenue Authority (MRA) requires clearance from the FSC Mauritius. The GBC is required to be in good standing in terms of fees and reporting obligations. It also has to adhere to substance requirements such that the Commission is satisfied to recommend the TRC to the MRA. For the year under review, the FSC Mauritius provided a good standing report to 6,082 TRC applications.

GLOBAL BUSINESS

Following the implementation of an electronic platform by the MRA in collaboration with the FSC Mauritius, TRC applications are required to be submitted online in a structured and user-friendly manner for the benefit of all stakeholders. Each applicant is provided with a secured login credential.

Complaints against MCs/Corporate Trustees

The FSC Mauritius received complaints against MCs/Corporate Trustees. Most of these complaints pertained to unsatisfactory services being provided, and related to disputes of a commercial nature between the MCs and their clients.

AML/CFT Onsite Inspections

In line with the commitment of the FSC Mauritius to the FATF Action Plan, an inspection schedule was devised to target the Trust or Company Service Providers to cover the 2021/22 AML/CFT inspection cycle 2. At close of the year under review, despite the prevalence of the COVID-19 pandemic, 58 inspections were conducted. The onsite inspection enabled the FSC Mauritius to undertake timely, organised, and proper conduct of the AML/CFT onsite inspections within deadlines.

The onsite inspections involved 'walk-through' verifications and focused on the following AML/CFT areas:

- The Business Risk Assessment (BRA) and Client Risk Assessment (CRA);
- Policies and Procedures pertaining to AML/CFT, proper risk rating of clients, ongoing monitoring of clients and their transactions;
- Proper record keeping of CDD documentations and client transactions;
- Independent CDD and reliance on third parties for CDD;
- Beneficial Owner;
- Ongoing Monitoring;
- Politically Exposed Persons (PEPs);
- Targeted Financial Sanctions (TFS) including sanctions screening tools and assets freezing;
- Enhanced Measures;
- Suspicious Transactions Reporting (STR) process and internal disclosure mechanism and use of new technologies;
- MLRO;
- Compliance Officer and adequacy of resources;
- Board of Directors/Senior Management oversight;
- AML/CFT Training;
- AML/CFT Audit; and
- Client file reviews.

Based on the inspections' findings and deficiencies identified, MCs were required to adopt a remedial plan to address the AML/CFT shortcomings, within one week from the issue of the deficiency letter and they had to submit a status report after two months. The FSC Mauritius ensured that these remedial plans were effectively implemented and that the documentary evidence of actions taken, were in place (e.g. BRA and AML/CFT audit reports). It was noted that MCs understood the scope and rationale for the AML/CFT inspections conducted. Moreover, seven MCs were referred to the ED, for relevant enforcement actions.

Investment Funds

Paradise Flycatcher



The Mauritius Paradise Flycatcher is also known as the "Coq de bois". The male flycatcher has a metallic blue head female's head is dove-grey. The bird is closely related to the Reunion paradise flycatcher.

Source: <http://npcs.govmu.org/English/Documents/Fauna.pdf>

INVESTMENT FUNDS

SECTOR OVERVIEW

The FSC Mauritius provides the necessary regulatory framework and financial ecosystem for investment funds to conduct their business in a sound manner. The Funds' sector maintained its resilience despite the challenges faced for the year under review.

The number of applications received for investment funds and intermediaries has increased further to the delisting of Mauritius from the FATF Grey List, the UK's List of High-Risk Third Countries and the EU's List of High-Risk Third Countries with deficiencies in the AML/CFT regime. As at 30 June 2022, the total number of investment funds stood at 1,004 as compared to 1,043 investment funds for the previous financial year.

Table 3: Number of Investment Funds authorised as at 30 June

Category of Investment Funds	2022	2021*
CIS (Single fund)	240	270
CIS (having more than 1 fund)	176	178
CIS (Protected Cell Company)	44	41
Closed-end fund (Single fund)	511	526
Closed-end fund (having more than 1 fund)	15	11
Closed-end fund (Protected Cell Company)	18	17
Total	1,004	1,043

*Revised Figures

Collective Investment Scheme (CIS) Managers are licensed under section 98 of the SA to provide fund management services to investment funds authorised in Mauritius.

In addition, CIS Managers may provide management services to private pension schemes under the Private Pension Schemes Act 2012 (PPSA) and foreign funds that are established and authorised in a jurisdiction other than Mauritius.

As at 30 June 2022, there was a total number of 442 CIS Managers as compared with 439 for the previous financial year.

Table 4: Number of Investment Funds Intermediaries as at 30 June

Types of Investment Funds Intermediaries	2022	2021*
CIS Managers	442	439
CIS Administrators	11	10
Custodians	11	11
Total	464	460

*Revised Figures

INVESTMENT FUNDS

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

Other Non-Bank Financial Institutions	2022	2021*
Asset Management	9	9
Custodian (non-CIS)	10	10
Distribution of Financial Products	23	21
Total	42	40

*Revised Figures

AUTHORISATION

The total number of applications received for the year 2021/22 relatively exceeded those of the previous year. This is mainly attributed to the consolidated efforts made by decision-makers and the private sector to implement the action plan of the FATF.

Table 6: Number of Applications received by Investment Funds

Category of Licence	July 2021 to June 2022	July 2020 to June 2021
CIS Managers	34	21
Closed-end Funds	54	31
CIS	20	27
Distribution of Financial Products	5	-
Assets Management	2	4
CIS Administrators	3	2
Total	118	85

The number of licences granted were as follows:

Table 7: Number of Licences granted by Investment Funds

Category of Licence	July 2021 to June 2022	July 2020 to June 2021
CIS Managers	23	22
Closed-end Funds	37	36
CIS	21	22
Distribution of Financial Products	2	0
Assets Management	1	3
CIS Administrators	1	0
Custodian	-	1
Total	85	84

SUPERVISION

Investment funds and their intermediaries are required to comply with the FSA, SA, the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 (CISR), the FIAMLA and FIAML Regulations. In addition, the licensees are expected to adhere to guidelines and standards issued by the FSC Mauritius.

For the year under review, the FSC Mauritius continued its supervisory programme with inspections and offsite monitoring while navigating through the challenge of the COVID-19 pandemic.

AML/CFT Onsite Inspection

The second AML/CFT inspection cycle, which started in March 2021 and was completed in February 2022, focused on the following areas, among others:

- BRA and CRA;
- Board of Directors and Senior Management oversight of money laundering and terrorist financing risks;
- Policies and procedures pertaining to AML/CFT;
- Effectiveness of the internal audit and compliance functions regarding AML/CFT;
- Process for reporting suspicious transactions and internal disclosures mechanism;
- Training of employees and officers on AML/CFT matters; and
- TFS.

The Investment Funds cluster conducted 215 inspections for the second AML/CFT inspection cycle, both at the premises of the licensees and remotely due to the COVID-19 pandemic.

The findings of the inspections were communicated to the licensees and out of the 215 inspections, 122 were closed without further action. Enforcement actions were taken against those licensees where serious deficiencies were noted and corrective actions were not implemented. The FSC Mauritius noted that the recurrent deficiencies for the second AML/CFT inspection cycle included the failure to undertake a risk assessment and to conduct an independent audit exercise by licensees.

The FSC Mauritius has, since March 2022, embarked on its third AML/CFT inspection cycle. As at 30 June 2022, the Investment Funds cluster has completed 58 inspections.

Prudential Inspection

In addition to the AML/CFT inspections, the Investment Funds cluster has conducted five prudential inspections, which were triggered by the receipt of complaints.

Out of the five inspections, one was closed without further action and the remaining four entities were requested to provide a remedial plan regarding the non-compliant issues.

Offsite Monitoring

The Investment Funds cluster attended to 5,273 requests, which, *inter alia*, include:

- Appointment of officers;
- Change of intermediaries/functionaries;
- Change/resignation of MCs;
- Change in beneficial ownership/controller;
- Issue of shares/transfer of shares;
- Creation of sub-fund(s), share class(es) or cell(s);
- Change in activity, objective or strategy;

INVESTMENT FUNDS

- Certificate of good standing, fund manager certificate and asset manager certificate;
- Surrender of licence;
- Annotation of licence;
- Extension of services or business activity;
- Advertisement;
- Amalgamation;
- Creation of subsidiaries; and
- Departures from the provisions of the SA, the CISR and the Securities (Disclosure Obligations of Reporting issuers) Rules 2007.

There were a few cases of non-compliance with the relevant Acts and failure to seek the relevant approvals, were noted. In such instances, the licensees were required to provide explanations and they were closely monitored for potential enforcement actions.

TRC Applications

As part of the offsite monitoring, the FSC Mauritius reviewed 1,266 TRC applications for investment funds and CIS Managers.

Complaints

The FSC Mauritius attended to 19 complaints related to investment funds and intermediaries operating in the GB sector compared to 26 complaints for the year 2020/21.

Regulatory Developments in the Investment Funds Sector

Securities (Real Estate Investment Trust) Rules 2021

In line with the Government initiative to promote the development of Real Estate Investment Trusts in Mauritius, the Commission issued the REIT Rules on 04 September 2021.

The REIT Rules provide for a comprehensive regulatory framework for the operation of a real estate investment trust in Mauritius.

Extension of Tax Holiday for Fund Managers/Asset Managers

Further to the announcement made in the National Budget 2021-2022, the tax holiday for employees of fund managers was extended from five to ten years.

In addition, to be eligible for the tax holiday, the employee has to manage assets worth at least USD 50 million instead of USD 100 million.

Regulatory Framework on Variable Capital Company

The introduction of VCC was announced in the National Budget 2020-2021 to further enhance the competitiveness of the financial services sector and diversify the product base of the Mauritius IFC.

The VCC Act, which came into force on 16 May 2022, aims at providing the legal framework for, *inter alia*, the incorporation, conversion, structure, operation and termination of a VCC.

Licensing criteria for the creation of additional sub-fund(s), share class(es) or cell(s)

To facilitate the application process and to reduce the turnaround time for approval of creation of sub-fund(s), share class(es) or cell(s), the Commission has issued the licensing criteria on 19 November 2021.

The licensing criteria set out a non-exhaustive list of information and documents that are required for the assessment and determination of an application. Subject to the submission of complete and satisfactory information and documents, the Commission endeavours to approve the creation of the additional sub-fund(s), share class(es) or cell(s) within 14 days of receipt of the request.

Statutory filing of financial statements

Section 106 of the SA was repealed by the Securities (Amendment) Act 2021 on 31 July 2021. Accordingly, there is no requirement for CIS and CIS Managers to file their interim financial statements with the FSC Mauritius. Moreover, instead of 90 days, CIS and CIS Managers now have six months to file their AFS.

Collaboration with the Industry

The Sub-Committee on Funds was established under the Joint Committee between the Commission and Mauritius Finance (MF). The objective of the Sub-Committee on Funds is to advise and make recommendations on technical matters.

Several meetings were held and the key deliberations of the Sub-Committee, among others, revolved around:

- the licensing criteria for the creation of additional sub-fund(s), share class(es) or cell(s);
- the regulatory framework for the VCC; and
- a new framework for fund administration.



Capital Markets

Bois Canne

Warneckea trinervis



Endemic small tree, bearing white flowers, which can still be quite common in some forests. It has nice dark green shiny leaves with three horizontal veins. It was used to make charts in the past.

Spring of Knowledge

CAPITAL MARKETS

SECTOR OVERVIEW

International Overview

During the year 2021/22, securities markets worldwide evolved amidst mixed sentiment resulting in occasional upward and downward trends marked by circumstantial events. While the second half of 2021 saw the stock markets registering a satisfactory performance with some new all-time highs, the first half of 2022 was defined by a prolonged selloff. Appendix 1 provides an overview of some of the world's indices.

The positive result for 2021 can be attributed to several factors, among which, optimism about the COVID-19 vaccine rollout, the re-opening of many economies, a low-interest rate environment, the prospect of tighter central bank policies and investor focus on economic resilience and corporate earnings.

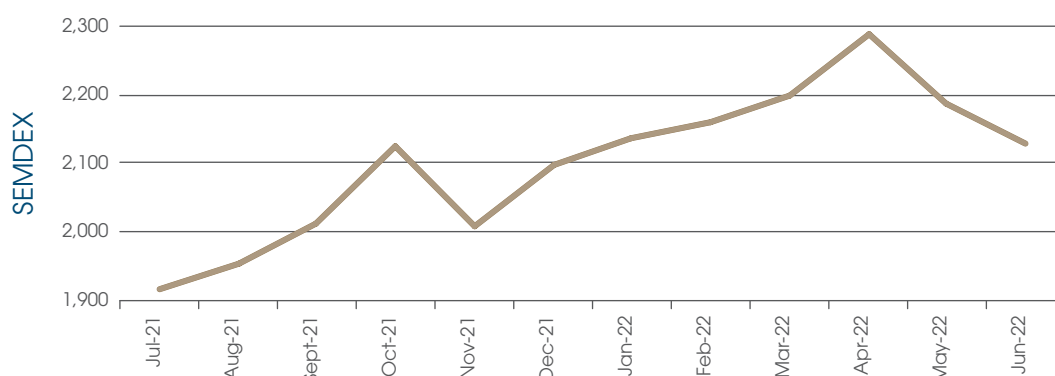
However, the year 2022 was marked by a series of events involving the spread of the Omicron COVID-19 variant, the continued supply chain issues stemming from COVID-19 disruptions and the ongoing war in Ukraine. These events brought additional uncertainty to the markets and led to a decline in stock prices.

Domestic Trends

The Stock Exchange of Mauritius Ltd (SEM) operated with both bearish and bullish trends during the period under review. A gradual upward trend was registered at the beginning of July 2021 with a dip towards the end of 2021. However, a continuous recovery was noted in the market since the beginning of 2022 with a new spike in April. A downward trend was thereafter noted until 30 June 2022.

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

Figure 2: Evolution of SEMDEX as at 30 June 2022



Market Performance

The SEM operates two markets, namely, the Official Market and the Development and Enterprise Market (DEM). At the end of June 2022, the total market capitalisation for both markets on SEM amounted to MUR 393.27 billion as compared to MUR 384.95 billion during the same period in 2021. The total value of shares exchanged stood at MUR 13.7 billion for 2020/21 with an overall volume of 542.3 million shares. Comparatively, for the year 2021/22, the total value of shares traded stood at MUR 16.7 billion and the volume of shares exchanged amounted to 1.1 billion.

CAPITAL MARKETS

The following tables show the opening and closing indices on the SEM.

Table 8: Figures for SEM Indices - Official Market

Particulars	Start (Opening) July 2020	End (Closing) June 2021	Start (Opening) July 2021	End (Closing) June 2022
SEMDEX	1,662.61	1,863.22	1,863.22	2,127.14
SEM-10	313.84	346.69	346.69	387.18
SEMTRI (MUR)	6,390.70	7,274.51	7,274.51	8,568.62
SEMTRI (USD)	2,505.53	2,683.07	2,683.07	2,999.70
SEMSI	91.49	100.83	100.83	113.68

Source: Stock Exchange of Mauritius Ltd

Development and Enterprise Market

Table 9: Figures for SEM Indices - Development and Enterprise Market

Particulars	Start (Opening) July 2020	End (Closing) June 2021	Start (Opening) July 2021	End (Closing) June 2022
DEMEX	206.85	284.38	284.38	295.92
DEMTRI (MUR)	301.26	422.72	422.72	450.84
DEMTRI (USD)	237.61	313.66	313.66	317.52

Source: Stock Exchange of Mauritius Ltd

Afrinex Limited

Afrinex Limited was officially launched on 25 October 2021 for listing of entities. It is a Pan-African exchange with global reach and local presence.

As at 30 June 2022, Afrinex Limited had three issuers listed on its platform with a total listing value of USD 2.635 billion.

CAPITAL MARKETS' STRUCTURE

As per the SA, the CM structure consists of the following types of licensees:

- Market infrastructure licensed under sections 9, 10 and 11 of the SA comprising securities exchanges, clearing and settlement facilities and securities trading systems;
- Market intermediaries including investment dealers and investment advisers which are licensed under sections 29 and 30 respectively under the SA; and
- Reporting issuers as defined under section 86 of the SA and registered under Rule 3 of the Securities (Disclosure Obligations of the Reporting Issuers) Rules 2007.

In addition to the above, there are provisions under section 79A of the FSA for applications relating to the Investment Banking Licence which enables the holder to conduct the following activities:

- Investment dealer (full service dealer, including underwriting);
- Investment adviser (unrestricted);
- Investment adviser (corporate finance advisory);

- Asset management; and
- Distribution of financial products.

Market Intermediaries

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

The core activity of the investment dealer is to execute trade orders for securities on behalf of clients and that of the investment adviser is to advise on securities transactions to clients. An investment adviser (unrestricted) can also manage a portfolio of securities on behalf of clients.

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

Amendments to Legal Framework

The Securities (Amendment) Act 2021

In July 2021, the SA was amended to cater, *inter alia*, for:

- new securities exchanges and clearing and settlement facilities. The objective was to cater for the licensing of other entities as there was previously only one licensed securities exchange – the SEM and its subsidiary (Central Depository & Settlement Co. Ltd - CDS); and
- the revised definition of Reporting Issuer (RI) under section 86 (1) of the SA as follows:
who by way of a prospectus, has made an offer of securities either before or after the commencement of this Act; or
who has made a takeover offer by way of an exchange of securities or similar procedure.

FSC Rules and Regulations made under the Securities Act 2005

Amendments to Brokerage Fee Regulations

With the coming into operation of the new securities exchange and the clearing and settlement facility, the Brokerage Fee Regulations were amended to reflect the changing capital markets landscape in the jurisdiction.

In view of positioning Mauritius as a leading financial centre and capital markets destination, one of the initiatives considered by the Commission was to reduce the cost of participation by allowing intermediaries to set their fees and by allowing market forces to operate.

Following a consultation exercise, the Commission amended the relevant FSC Rules in relation to brokerage fees to the other types of securities (the Securities (Brokerage Fees for Debentures) Rules 2013, the Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings) Rules 2013, the Securities (Brokerage Fees for Government of Mauritius Securities and Bank of Mauritius Securities) Rules 2011 and the Securities (Brokerage Fees for Turnaround Trades) Rules 2013). Investment dealers and market participants are henceforth able to set their own brokerage fees underpinned by the principles of a free and transparent market.

Sustainable Finance Initiatives

Guidelines on Issue of Corporate and Green Bonds in Mauritius

The FSC Mauritius published, in December 2021, its 'Guidelines on the issue of Corporate and Green bonds in Mauritius' further to consultation with the relevant stakeholders. The implementation of a framework for

CAPITAL MARKETS

green and blue bonds was announced in the National Budget 2020-2021. These Guidelines, which provide the regulatory and legal framework to issue corporate and green bonds, have been drafted in line with international best practices to promote Mauritius as an attractive jurisdiction for sustainable finance.

Green bonds have become one of the main priorities of policymakers as well as issuers and investors. There is a growing interest for green bonds and green finance in the financial community. These Guidelines were published at an opportune time to help issuers as well as investors for the issuance of green bonds while protecting investors against greenwashing. They also mark another step towards transforming the CM sector in Mauritius and provide a competitive edge as an IFC while making the jurisdiction more attractive to the African continent and beyond. The market saw the issuance of its first bonds for an amount of MUR 3 billion in several tranches. The Commission encourages other companies to join in this initiative.

Since the publication of the Guidelines in December 2021, the FSC Mauritius has worked continuously with industry stakeholders on new developments in this field. Several working sessions were organised to onboard the industry's perspectives. An awareness programme on these Guidelines was also held on 25 January 2022. The event was virtually attended by 220 participants, including 80 from 31 different countries. The Guidelines were subsequently amended and published in April 2022.

Membership to the Association of National Numbering Agencies

The FSC Mauritius became a member of the Association of National Numbering Agencies since 02 December 2021 and is recognised as the National Numbering Agency in Mauritius for proper oversight on the issue of International Securities Identification Number (ISIN). Duly licensed and regulated clearing and settlement facilities in Mauritius are now able to allocate ISINs, classification of financial instruments code and financial instrument short name to all types of financial instruments issued by issuers. The Commission will continue to uphold the obligations towards the Association of National Numbering Agencies in respect of the issuance of ISINs in Mauritius.

AUTHORISATION

Investment Dealers

An increase in the number of application for Investment Dealers licences was noted for the year under review. Given that the business model of applicants is evolving due to technological developments, the Commission considers certain key factors when assessing applications. This includes, but is not limited, to the fitness and propriety of the shareholders, competencies of the investment dealer team, and completeness of submission by the applicant.

Foreign Investment Dealers

A sustained interest in the Foreign Investment Dealers Licence was noted for the year under review. Further to the amendments brought to the Securities (Authorization of Foreign Investment Dealers) Rules 2010, the relevant application form and licensing criteria for this market intermediary were updated on the website of the Commission.

Money Lending

Following amendments brought to section 14 of the FSA, the licensing criteria for Money Lending was published on the website of the Commission. The aim is to provide guidance to service providers with regards to the relevant information and documents to be submitted when applying for the licence.

Other NBFIs

A sustained interest in the applications received for NBFIs activity licences such as credit finance, leasing and factoring activities were noted, and NBFIs are gradually moving towards digitalisation to provide a better service to clients thereby achieving a higher level of financial inclusion.

Table 10: Number of Licensees (Second Schedule of the FSA) as at 30 June

Activity	2022	2021
Credit Finance	11	10
Credit Rating Agency	2	2
Factoring	9	7
Leasing	13	12
Registrar & Transfer Agent	6	7
Treasury Management	12	13

Securities Trading Systems

An increase in the number of applications for a Securities Trading Systems licence was noted due to the growing interest in securities token offerings. Such applications are made under section 11 of the SA and in compliance with the Guidance Note 3 (Securities Token Offerings & Security Token Trading Systems).

Market Intermediaries

The number of licences issued to market intermediaries, for the year under review, is available in the following table.

Table 11: Number of Licences issued to Market Intermediaries

Activity	July 2021 to June 2022	July 2020 to June 2021
Investment Dealer	46	54
Investment Adviser	32	37
Representative of Investment Dealer	3	3
Representative of Investment Adviser	39	19

SUPERVISION

Monitoring of Securities Exchanges and Clearing and Settlement Facilities

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

As part of its routine offsite surveillance functions, the Commission continuously monitors the trading, clearing and settlement activities of the licensed entities to ensure that they are operating in a fair, efficient and transparent manner. The daily performance of securities listed are monitored electronically through the Automated Trading System (ATS) in terms of their volume, share price and any corporate actions. Additionally, these licensees have to submit statutory returns and requirements as per the prescribed laws.

CAPITAL MARKETS

Meetings with Securities Exchanges

As part of its supervisory mandate, the FSC Mauritius regularly meets with representatives of the two securities exchanges to discuss trading and listing matters. The Commission has also granted its approval for amendments to be brought to the rules of the securities exchanges and for new rules to be made under section 13 (3) of the SA. The Commission provided its approval to amendments brought to the Listing Rules and Trading Procedures, among others, with the launch of the SEM's new ATS, which went live on 13 May 2022.

Submission of Statutory Requirements, Notifications and Request for Approvals

Licensees submitted statutory requirements as per relevant Acts, which included the filing of:

- annual reports for the securities exchanges, clearing and settlement facility, investment dealers, investment advisers and reporting issuers (including quarterly accounts) as per the SA;
- AFS for the licensed entities under second schedule of the FSA; and
- register of interests regarding the disclosure of dealings of directors and staff of investment dealers as prescribed under the Stock Exchange (Register of Interests) Rules 1994.

The FSC Mauritius ensured that licensees have submitted notifications in terms of:

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

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

- Approval of controllers and beneficial owners under section 23 of the FSA;
- Approval of the officers under section 24 of the FSA;
- Request for waivers and exemptions in terms of takeovers by reporting issuers under Rules 34 and 43 of the Securities (Takeovers) Rules 2010;
- Review of takeover offer documents and dealing with issues relating to takeovers;
- Registration of prospectus under part V of the SA for offer of securities to the public including rights issues by listed companies;
- Registration/deregistration of listed companies and other entities as RIs under section 86 of the SA and Rule 3 of the Securities (Disclosure for Reporting Issuers) Rules 2007;
- Request for waivers under the SEM's ATS Schedules of Procedures;
- Request for certificate of good standing;
- Dealing with winding up issues;
- Surrender of licences;
- Recommendation of TRC; and
- Issues regarding advertisements.

Market Intermediaries

The following table indicates the number of entities including GBCs which were granted investment dealer and investment adviser licences.

Table 12: Number of Investment Dealers and Investment Advisers as at 30 June

Activity	2022	2021
Investment Dealer	173	127
Investment Adviser	363	355
Representative of Investment Dealer	34	55
Representative of Investment Adviser	157	129

Investment Banking

As at 30 June 2022, there were eight Investment Banking licence holders.

Reporting Issuers

The Commission has granted registration to two entities as RIs pursuant to section 86 of the SA. With the amendments brought to the SA, entities listed on a securities exchange in Mauritius and entities with more than 100 shareholders no longer fall under this category. As such, these entities sought a deregistration from the Commission. As at 30 June 2022, there were 163 RIs registered with the Commission. RIs are subject to ongoing disclosure requirements as per the SA and the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.

AML/CFT Onsite Inspections

In line with the RBS plan for the second cycle of 2021/22, CM cluster has completed 53 AML/CFT inspections. The onsite inspections were focused on risks identified at the national level through the National Risk Assessment as well as at the sectorial and entity levels.

The onsite inspections covered the following parameters:

- BRA and CRA;
- AML/CFT policies and procedures;
- IT systems, software and transaction, PEPs and TFS screening tools;
- Record keeping;
- Customer due diligence including beneficial ownership;
- Enhanced due diligence including PEPs;
- TFS and asset freezing;
- STR process and internal disclosures;
- Compliance Officer, MLRO, Board of Directors and Senior Management Oversight;
- AML/CFT training of Compliance Officer, MLRO, Board Directors and employees; and
- Effectiveness of the Internal Audit regarding AML/CFT.

Overall, a high level of compliance with AML/CFT legislation was noted for the sector. The deficiencies identified were communicated to licensees through deficiency letters. The cluster embarked on the third cycle and, as at end of June 2022, 24 onsite inspections were conducted.

CAPITAL MARKETS

FSC/SEM/CDS - Surveillance Sub-Committee

The surveillance sub-committee is a committee regrouping the Commission, the SEM and the CDS. The objectives of this committee are to address the barriers to the development of the securities market through joint supervisory coordination and the promotion of mutual collaboration among its members.

The mandate of the committee includes, but is not limited, to:

- exchange of information on request or on voluntary basis in respect of regulatory and supervisory collaboration;
- initiatives and programmes for regulated entities in the form of rules/guidelines to be applicable to the market;
- a plan of action on researches and studies of common interest as identified by this committee;
- drafting of papers on areas of common interest;
- discussion on market developmental matters; and
- identification of potential problem areas and deciding upon common aspects on intervention, among others.

Discussions for the year 2021/22 were focused, *inter alia*, on the:

- review of current practice with regard to rights issues;
- procedures of the Commission regarding reporting obligations in the event when a company is delisted on the SEM;
- update on the new SEM's ATS system; and
- update on African Exchanges Linkage Project.



Insurance

Baume de l'Île Plate *Psiadia arguta*



An endemic shrub, bearing white flowers, today known only from Îlot Gabriel. It has shiny green leaves which are very sticky and emanates a nice sweet smell after rain and wind. Its leaves have medical properties.

It symbolises the Fragrance of Knowledge

INSURANCE

SECTOR OVERVIEW

Long Term Insurance Business

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

Trends in Long Term Insurance Business

Table 13: Trends in Long Term Insurance Business

Parameters	2021	2020	2019
Number of Insurers	7	7	7
Value of Assets (MUR billion)	106.2	87.6	85.0
Gross Premiums* (MUR billion)	11.6	10.5	10.7
Termination (death, maturity, surrenders, lapse)	69,344	63,098	54,904
Value of Claims* (MUR billion)	8.1	8.1	7.7
Number of Policies	553,116	525,065	501,328

* Excludes the figures for managed pension schemes

Additional statistics are provided in Appendix 2.

The total value of assets, excluding managed pension, was MUR 106.2 billion in 2021 as compared with MUR 87.6 billion in 2020. Gross premium increased by 10 per cent in 2021 to reach MUR 11.6 billion compared with MUR 10.5 billion in 2020 and the number of policies increased by five per cent from 525,065 in 2020 to 553,116 in 2021.

General Insurance Business

In 2021, there were 15 insurers licensed to conduct general insurance business. The value of assets increased by 11 per cent in 2021 to reach MUR 23.6 billion compared with MUR 21.2 billion in 2020. The capital and reserves increased by 16 per cent to reach MUR 9.5 billion as compared with MUR 8.2 billion in 2020.

Gross premiums for motor business amounted to MUR 4.1 billion in 2021 compared with MUR 3.9 billion in 2020, an increase of eight per cent. Gross premiums for non-motor business stood at MUR 7.7 billion in 2021 compared with MUR 7.1 billion in 2020.

Underwriting profits stood at MUR 0.5 billion in 2021 compared with MUR 0.4 billion in 2020, representing an increase of 15 per cent. Technical reserves increased by 31 per cent over the same period. Operating profits amounted to MUR 1.01 billion in 2021 compared with MUR 0.88 billion in 2020, representing a rise of 15 per cent over the previous year.

The number of motor claims stood at 61,595 for 2021, which is higher than the figure of 56,994 in 2020. In the same line, the number of non-motor claims amounted to 356,327 in 2021 and 261,942 in 2020. The number of policies increased from 564,783 in 2020 to 575,758 in 2021.

INSURANCE

Trends in General Insurance Business

Table 14: Trends in General Insurance Business

Parameters	2021	2020	2019
Number of Insurers	15	15	15
Value of Assets (MUR billion)	23.6	21.2	20.1
Gross Premiums (MUR billion)	11.8	11.1	10.3
Number of Claims	417,922	318,936	374,243
Value of Claims (MUR billion)	6.2	6.0	5.8
Number of Policies	575,758	564,783	563,019

Statistics are provided in Appendix 2.

Insurance Intermediaries

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

Table 15: Number of Insurance Intermediaries as at 30 June

Activity	Domestic		Global		Total	
	2022	2021	2022	2021	2022	2021
INS-2.1 Insurance Manager	-	-	9	7	9	7
INS-2.2A Insurance Agent (Company)	172	177	4	4	176	181
INS-2.2B Insurance Agent (Individual)	65	58	-	-	65	58
INS-2.3 Insurance Broker	38	40	32	30	70	70
INS-2.4 Insurance Salesperson (Registration)	979	1,019	-	-	979	1,019

Developments in the Insurance Sector

National Insurance Claims Database

In its 2020-2024 programme, Government announced the introduction of the Bonus Malus system in order to reform the vehicles-driver insurance system.

With a view to implement this system, the FSC Mauritius, in collaboration with the MFSGG, took the initiative to set up the NICD. The setting up and hosting of the NICD by the FSC Mauritius was announced in the National Budget 2021-2022 and the IA was amended accordingly.

The objectives of the NICD are to:

- establish a centralised record of claims history for the implementation of the Bonus Malus system;
- enhance the efficiency of the claims management process through digitalisation of records, automation and electronic communication;
- improve the transparency in the claims recovery process and facilitate the clearing and settlement of inter-insurers' outstanding claims through multilateral netting;

- provide users with dashboard and analytics to gauge performance in claims management and claims recovery; and
- ensure that vehicles declared as total loss are reported, identified and flagged on the NICD.

The FSC Mauritius has formalised the creation of a project committee, chaired by the Chief Executive, which comprises representatives from the:

- Commission;
- insurance companies and the Secretary General of Insurers' Association of Mauritius;
- MFSGG;
- Mauritius Police Force;
- Motor Vehicle Insurance Arbitration Committee, and
- National Land Transport Authority.

Structured Investment-Linked Insurance Business

The National Budget 2020-2021 announced the introduction of a regulatory framework for Insurance Wrappers also known as SILIB. The FSC Mauritius also proposed to introduce SILIB as a fifth class of long term insurance business in Part I of the First Schedule to the IA. The provisions and requirements under the IA will therefore apply to SILIB, unless specified otherwise.

SILIB is a life insurance policy 'wrapped' around the policyholder's own investments and assets portfolio, which may include cash, investment funds, securities, property, listed and non-listed investments. The assets under the SILIB policy are held by a custodian and managed by an asset manager.

SILIB is an investment concept combining the protection of an insurance policy with wealth management and succession planning in accordance with the legal and tax rules applicable in the policyholder's country of residence. This comprehensive wealth-planning instrument delivers tailor-made financial solutions to investors.

The proposed amendments to the existing regulatory framework including the IA as well as the proposed new FSC Rules governing the conduct of SILIB, were submitted for public consultation and feedback received were assessed and considered by the FSC Mauritius.

Technical Committee on Insurance and Pensions

The technical committee on Insurance and Pensions was set up on 29 September 2021.

The objectives of this committee are to:

- act as a springboard between the regulator and the industry on advisory and technical matters;
- assist on National Budget proposals to Government;
- identify, compare and share intelligence on key developments happening in major competing jurisdictions in respect of regulatory frameworks and product development;
- advise and make recommendations on innovative technologies with respect to relevant sectors under the Commission's purview; and
- provide consultative advice and feedback in respect of new regulatory frameworks that the FSC Mauritius shall introduce.

INSURANCE

The committee has met five times since its establishment.

Bonus Malus System

The FSC Mauritius has been part of discussions on the implementation of a Bonus Malus system since 2019. The Bonus Malus rests on a system of incentives and penalties. It aims to encourage the insured by financially rewarding (through insurance premium) 'good drivers' and penalising the 'bad drivers'.

Insurance Agents

Insurance agents were required under section 72 of the IA to prepare and submit AFS, not later than three months after their year-end.

Following an exercise carried out by the FSC Mauritius, the IA was amended on 05 August 2021 to:

- require insurers to ensure that their insurance agents are at all times in good standing in terms of their fees and reporting obligations; and
- allow small private companies and natural persons licensed as Insurance Agents to submit financial summaries instead of AFS.

The aim of these amendments was to ensure that insurance agents comply with the legal requirements based on the size of their business. The FSC Mauritius also issued a Communiqué on 24 September 2021 to inform its licensees about these legal amendments.

International Financial Reporting Standard 17

The International Accounting Standards Board has issued International Financial Reporting Standard (IFRS) 17 on Insurance Contracts which is the first comprehensive global accounting standard for insurance contracts. This impacts financial reporting and all business aspects of insurers and reinsurers. Furthermore, it aims to make the financial statements of insurers more relevant, comparable and transparent.

On 10 June 2022, the FSC Mauritius issued a request for proposal through open advertised bidding for the provision of consultancy services with respect to the implementation of IFRS 17. The project is estimated to run over 18 months from the date of award of the contract.

The objectives of the consultancy services are:

- implementing the new IFRS standards;
- enhancing capacity and transferring knowledge; and
- assisting the FSC Mauritius in reviewing and computing what is required by the newly applicable standards once licensees submit their report.

AUTHORISATION

The Insurance Authorisation team is responsible for the licensing of insurers, professional reinsurers, captive insurers and insurance intermediaries such as insurance brokers, insurance managers, insurance agents and insurance salespersons, among others. Applicants for these categories of licences are subject to rigorous licensing process, which includes screening, processing, and scrutinising the application pack in accordance with the legal requirements and licensing criteria. In addition, the team actively engages with stakeholders to enhance the quality of applications submitted and to ensure that the applications are in compliance with the requirements of the law.

The FSC Mauritius has granted the following licences/registrations:

Table 16: Number of Licences granted by Insurance Authorisation

Category of Licence	July 2021 to June 2022	July 2020 to June 2021
Long Term Insurance Business	-	-
Long Term Insurance Business (PCC)	-	-
General Insurance Business	-	-
General Insurance Business (PCC)	-	-
External Insurance Business	-	-
External Insurance Business (PCC)	-	-
Professional Reinsurer	-	1
Professional Reinsurer (PCC)	-	-
Insurance Manager	2	1
Insurance Agent (Company)	9	4
Insurance Agent (Individual)	6	12
Insurance Broker	3	1
Insurance Salesperson (Registration)	110	132
Pure Captive Insurance Business	-	-
Captive Insurance Agent	-	-
Funeral Scheme Management	2	-
Actuarial Services	1	1
Representative Office	-	-
Total	133	152

Pursuant to section 70 of the IA, the FSC Mauritius has licensed three Insurance Brokers, two Insurance Managers, nine Insurance Agent (Company) comprising four extension of licences to Banks acting as insurance agents, six Insurance Agent (Individual) and registered 110 Insurance Salespersons.

Pursuant to section 14 of the FSA, the FSC Mauritius has granted two Funeral Scheme Management licences and one Actuarial Services licence.

SUPERVISION

Onsite Inspection

Onsite inspections are conducted to:

- ascertain compliance with relevant laws and regulations;
- determine whether dealings with policyholders and public are fair and transparent;
- assure sound corporate governance;
- check adherence to AML laws, regulations and codes; and
- identify any other deficiencies.

INSURANCE

The following table provides an overview of the 18 onsite inspections conducted.

Table 17: Onsite Inspections carried out by Insurance Supervision

	Number of	
	Licensees	Onsite Inspections
Long Term Insurance	7	2
General Insurance	15	4
Insurance Brokers	40*	5
GBCs carrying on insurance business	56*	7

* As per Public Register

The inspection findings were discussed with licensees and recorded in inspection reports. Deficiency letters were also issued.

Offsite Supervision of Insurers and Intermediaries

Several returns were reviewed and the following issues were identified:

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

Pensions

Olive White-Eye



The Olive-white eye has dull olive-green feathers above with paler underparts and a white lining around the eyes.

Source: <http://npcs.govmu.org/English/Documents/Fauna.pdf>

PENSIONS

SECTOR OVERVIEW

Pensions Industry in Mauritius

Since January 2020, the retirement system of Mauritius consists of additional pillars. The pillars comprising the present system are:

- a basic retirement pension scheme, funded out of general taxation;
- the National Pensions Fund, abolished in August 2020;
- the National Savings Fund;
- the Contribution Sociale Généralisée (CSG), introduced since September 2020;
- voluntary private pension schemes;
- the PRGF, introduced since January 2020; and
- public services, family support, personal assets and own savings.

The PPSA, promulgated in 2012, governs the regulation and supervision of private pension schemes in Mauritius. Under section 5 of the PPSA, the FSC Mauritius has been designated as the single regulator and supervisor of the private pensions industry in Mauritius. The FSC Mauritius is mandated to ensure that private pension schemes operating in Mauritius comply with the relevant laws in order to maintain a fair, safe, stable, and efficient private pensions industry.

The categories of private pension schemes falling under the purview of the FSC Mauritius include:

- pension schemes which are mostly sponsored by employers;
- external pension schemes; and
- foreign pension schemes.

Pursuant to section 8 of the PPSA, private pension schemes should be established as a trust, a foundation or such body of persons as may be specified in the FSC Rules. However,

- pension schemes in the form of superannuation funds which were previously registered under the repealed Employees Superannuation Fund Act, continue to exist and fall under the administration of the FSC Mauritius; and
- private pension schemes which were previously under contractual agreements are converting into trusts in order to comply with the requirements of the PPSA. These transitions are monitored by the FSC Mauritius.

As at 30 June 2022, there were 79 private pension schemes licensed by the FSC Mauritius which covered approximately 2,146 sponsoring employers. The private pension schemes in Mauritius are either Defined Benefit (DB) pension schemes, Defined Contribution (DC) pension schemes or a mix of both.

The FSC Mauritius carries out both onsite and offsite supervisions in order to ensure that the private pension schemes in Mauritius are effectively managed and operate in accordance with the PPSA and FSC Rules made thereunder. The FSC Mauritius conducts AML/CFT onsite inspections at the seat of pension scheme administrators to ensure that they are adhering to the relevant provisions of the regulatory and supervisory framework including the FIAMLA.



PENSIONS

Private Pension Schemes Industry at a Glance

Private Pension Schemes

Table 18: Number of Private Pension Schemes licensed as at 30 June

Category of Private Pension Schemes	2022	2021
Pension Schemes	72	70
Foreign Pension Schemes	-	-
External Pension Schemes	7	6
Total	79	76

The FSC Mauritius has licensed two pension schemes and one external pension scheme during the period under review. There was no termination of licence in respect of private pension schemes.

Table 19: Total Assets of Private Pension Schemes as at 30 June

	2021 (MUR Billion)	2020 (MUR Billion)
Total Assets	58.31	52.72

Pension Scheme Administrators

Table 20: Number of Licensed Pension Scheme Administrators as at 30 June

Category of Pension Scheme Administrators	2022	2021
Pension Scheme Administrators	9	9
Long Term Insurers authorised to administer a private pension scheme	5	5

One pension scheme administrator was licensed and another one was terminated.

AUTHORISATION

The FSC Mauritius issued the following licences during the year under review.

Table 21: Number of Applications for Private Pension Schemes and Pension Scheme Administrators

Applications for private pension schemes and pension scheme administrators	July 2021 to June 2022
Pension Schemes	2
External Pension Schemes	1
Pension Scheme Administrators	1

SUPERVISION

Onsite Inspection

The onsite inspections are aimed at assessing the degree of compliance of licensees with relevant laws. Three onsite inspections were carried out which covered the AML/CFT requirements as well as prudential aspects.

AML/CFT Inspections

In line with the AML/CFT supervisory plan for the second cycle of 2021/22, two inspections were earmarked and the FSC Mauritius conducted both full scope and targeted inspections as per risks identified at national, sectorial and entity levels.

Based on the findings of the inspections, the following areas required attention and remediation by the licensees:

- BRA and CRA;
- Policies and procedures;
- CDD checks and documentations;
- Ongoing monitoring of business relationships;
- Measures and systems to identify PEPs and documentary evidence regarding screening of clients;
- Systems in place to identify designated persons including beneficial owners;
- Enhanced due diligence measures in high risk business relationships;
- Appointments of MLRO, Deputy MLRO and Compliance Officer;
- Appropriate procedures for monitoring and testing compliance with AML/CFT requirements;
- Adequate training programme for directors, officers and employees relating to AML/CFT; and
- Independent audit.

Prudential Inspection

The FSC Mauritius conducted one prudential onsite inspection and the areas of focus for the inspection were, but not limited to, the following:

- Governance structure;
- Effectiveness of internal control system;
- Compliance with the investment policy;
- Processes involved for payments and computation of the various types of pension benefits and their compliance with the constitutive documents of the licensee;
- Record keeping system;
- Compliance with the relevant provisions of the PPSA and FSC Rules made thereunder; and
- Review of general business operation procedures at the level of the licensee.

The findings of the AML/CFT and prudential onsite inspections, statutory breaches and observations made on the conduct of the business were communicated to the relevant licensees. They were required to provide a remedial plan and a status report within a stated timeframe. Upon assessment of the submission of the relevant documents, it was noted that the AML/CFT inspection findings were largely addressed by the licensees.

PENSIONS

Offsite Supervision

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

- Conversions and shifts from DB to DC;
- On-boarding of DB schemes (contractual forms) under pension schemes structured as trusts;
- Transfers of pensions assets and of members between different pension schemes;
- Amendments to constitutive documents, including proposed changes to contribution rates;
- Issuing of certificates to employers of private pension schemes in respect of the portable retirement gratuity fund;
- Appointments of new administrators;
- Appointments of MLROs and Deputy MLROs;
- Appointments of actuaries and auditors; and
- Approvals of members of governing bodies of private pension schemes.

The FSC Mauritius monitored the filing of AFS, Statutory Returns, Actuarial Valuation Reports and Actuarial Reports. The FSC Mauritius also ensured that governing bodies and administrators have not deviated from their respective statutory responsibilities as specified in the PPSA, FSC Rules made thereunder and constitutive documents of private pension schemes with regard to, *inter alia*, licensing and authorisation, governance, disclosure, administration and management of assets of private pension schemes. The FSC Mauritius processed 24 applications for deemed to be licensed DB private pension schemes (in contractual forms) to move to a legal structure which is compliant with the PPSA.

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

Referral to Enforcement

As at 30 June 2022, regulatory measures and sanctions were taken against one private pension scheme and one pension scheme administrator following the AML/CFT onsite inspection, whereby the matter was referred to the ED. With regard to its objects, functions and powers pursuant to the PPSA and FSC Rules made thereunder, the Commission monitors closely private pension schemes such that any prompt referral be made to the ED.

Review of Audited Financial Statements, Actuarial Valuation Reports (Defined Benefit Schemes) and Actuarial Reports (Defined Contribution Schemes)

The FSC Mauritius reviewed the AFS, Statutory Returns, Actuarial Valuation Reports and Actuarial Reports of private pension schemes under its purview. The monitoring of these statutory submissions revealed administrative oversights and non-compliance issues as follows:

- Non-submission of Statutory Returns;
- Accounts for some private pension schemes were not prepared in accordance with IFRS;
- Accounts for some private pension schemes were not prepared in accordance with other provisions of the PPSA;
- Non-compliance with the Private Pension Schemes (Technical Funding Requirements) Rules in terms of non-submission of contingency plans, actuary's certificates and sponsoring employer's certificate where required;
- Large deficits in some DB private pension schemes;
- No clear and prompt action taken by the sponsoring employers and governing bodies upon the recommendations from the actuary, with regard to investment strategy, proposed contribution rates and addressing shortfalls; and

- Non-submission of AFS, Statutory Returns, Actuarial Valuation Reports and Actuarial Reports on the Online Data Capture System within the prescribed deadlines.

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

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

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

Legislative Framework

Further to the coming into force of the Finance (Miscellaneous Provisions) Act 2021, the following amendments were brought to the PPSA.

Investment Smoothing Mechanism

The definition of 'defined contribution scheme' was revised in order to specifically provide for the investment smoothing mechanism. In this respect, the Private Pension Schemes (Technical Provisions) Rules and the Private Pension Schemes (Disclosure) Rules were amended. The Private Pension Schemes (Technical Funding Requirement) Rules were amended to, *inter alia*, include the following:

- Definitions of investment reserve management policy, smoothing reserve and investment smoothing reserve ratio;
- The calculation of the technical provisions where the private pension scheme maintains a smoothing reserve;
- Disclosure obligations of the private pension scheme and its actuary in respect of the investment smoothing mechanism; and
- Contents of the investment reserve management policy.

Moreover, the Private Pension Schemes (Disclosure) Rules were amended to provide for an additional disclosure item in respect of the investment smoothing mechanism as part of the General Disclosure for a Private Pension Scheme.

Audited Financial Statements

Section 37 of the PPSA was amended to ensure that AFS are prepared in accordance with IFRS.

External Pension Schemes

With the amendment brought to the definition of financial institution in the FIAMLA, external pension schemes licensed under section 12 of the PPSA, fall under the definition of financial institution and are therefore subject to AML/CFT requirements under the FIAMLA and Regulations made thereunder.

PENSIONS

Portable Retirement Gratuity Fund

The PRGF is a fund which is established under the Workers' Rights Act 2019 for the purpose of providing for the payment of a gratuity to:

- a worker, on his retirement;
- the legal heirs of a worker, on the death of the worker;
- a self-employed who has contributed to the PRGF, on his retirement; and
- the legal heirs of a self-employed who has contributed to the PRGF, on the death of the self-employed.

The provisions on PRGF came into force on 01 January 2020. Owing to the COVID-19 pandemic, employers were granted a moratorium of two years to make monthly contributions to the PRGF.

Effective as from 01 January 2022, employers are now required to contribute to the PRGF for their workers unless the retirement benefits of the workers are payable in accordance with a private pension scheme.

According to the Workers' Rights Act 2019, the employer of a worker whose retirement benefits are payable in accordance with a private pension scheme licensed by the FSC Mauritius shall be issued with a certificate from the FSC Mauritius certifying that the employer has a private pension scheme. Where an employer has a private pension scheme licensed by the FSC Mauritius, there is no obligation for the employer to join the PRGF, unless there are some workers who do not meet the eligibility criteria under the private pension scheme. As at 30 June 2022, the FSC Mauritius has issued 2,146 certificates to sponsoring employers holding a private pension scheme.

INTERNATIONAL SURVEYS AND CONFERENCES

International Organisation of Pensions Supervisors Meetings Participation

The FSC Mauritius participated in the IOPS Technical Committee meetings and the IOPS Annual General Meeting held virtually on 18 to 20 October 2021. Topics of discussions were supervisory approaches to enhance cyber resilience in the private pensions sector; good practices for designing, presenting and supervising pension projections; RBS – lessons learnt on preparation, implementation, use and assessment; data collection by pension supervisors; and the implementation of the IOPS ESG Guidelines. In the working sessions, the FSC Mauritius made a presentation on the guidelines for the conversion or shift of DB pension schemes to DC pension schemes issued by the FSC Mauritius on 23 April 2021.

The FSC Mauritius participated in the Working Party on Private Pensions meeting held virtually on 06 and 07 December 2021. Topics of discussions included funded and private pensions legal instruments/standards; the impact of COVID-19 on mortality and life expectancy; developing mortality tables for pensions and annuities (modelling choices); developing and strengthening asset-backed pension arrangements; features of non-guaranteed lifetime retirement income arrangements and advantages of employer's involvement in the provision of retirement savings arrangements.

On 14 and 15 December 2021, the FSC Mauritius participated in the IOPS workshop on RBS. The IOPS members identified research in RBS as one of the key priorities for the current and future work. Discussions during the workshop revolved around transitioning to, or adapting, a RBS approach, data and technology to support RBS and responding to changing risk focus within the pensions industry.

The FSC Mauritius participated in the IOPS technical committee meetings held virtually on 07 and 08 March 2022. Topics of discussions encompassed how digitalisation can make the supervision of pension plans easier and more efficient; supervisory lessons learnt from COVID-19; experiences regarding the implementation of RBS in Pensions; data collection by pension supervisors and implementation of the IOPS ESG Guidelines. In the working sessions, the FSC Mauritius made a presentation on the forthcoming amendments to FSC Rules to introduce supervisory provisions for investment smoothing mechanism in DC schemes.

Fleur de Lys



The *Crinum mauritianum* is a herbaceous plant and is endemic to Mauritius. It was believed to be extinct in the wild, but was rediscovered in 1973, near Midlands Dam (Barrage de Midlands). Due to its white flowers, it has become an ornamental in Mauritius, and it is frequently used in landscaping.

Source: <http://npcs.govmu.org/English/Documents/Flora.pdf>

FINTECH

SECTOR OVERVIEW

Fintech is becoming an increasingly important component in the global financial services landscape, and Mauritius has been tapping into the opportunities offered in this sector by establishing a conducive business environment to support its growth. Regulators, policymakers and the financial services industry in Mauritius are working together to ensure a sustainable development of the Fintech sector.

The FSC Mauritius will continue to establish 'Fintech Bridges' through enhanced collaboration with other foreign regulators and international organisations.

Fintech Activities

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

- Payment Intermediary Services - licensed under section 14 of the FSA to conduct business activities, exclusively outside of Mauritius;
- Peer to Peer Lending - licensed under section 14 of the FSA to foster innovation and further access to finance in Mauritius;
- Robotic and Artificial Intelligence Enabled Advisory Services - licensed under section 14 of the FSA to foster the adoption of new and emerging technologies in the wealth management space;
- Custodian Services (digital asset) - licensed under section 14 of the FSA to provide a regulated and safe environment for the custody of digital asset;
- Crowdfunding - licensed under section 14 of the FSA to operate an investment-based crowdfunding platform; and
- Virtual Asset Service Providers (VASPs) and Issuers of Initial Token Offerings (ITOs) - licensed or registered under sections 7 and 23 of the VAITOS Act.

Implementation of the VAITOS Act

The VAITOS Act sets out a comprehensive legislative framework to regulate the conduct of business activities of VASPs and ITOs, in or from Mauritius. The VAITOS Act was developed in accordance with international standards established by the FATF to manage, mitigate, and prevent AML/CFT risks associated with these fast-evolving and innovative business activities.

Effective as from 07 February 2022, the VAITOS Act requires entities to be licensed or registered with the FSC Mauritius in order to conduct business activities under the following appropriate classes of licence and registration respectively:

- Virtual Asset Broker-Dealer (Class M);
- Virtual Asset Wallet Services (Class O);
- Virtual Asset Custodian (Class R);
- Virtual Asset Advisory Services (Class I);
- Virtual Asset Market Place (Class S); and
- Issuers of ITOs.

On 07 February 2022, the FSC Mauritius issued FAQs on the VAITOS Act which *inter alia* provided for the following information/clarification with respect to the Act:

- Significance and benefits;
- Various classes of licence and/or registration;
- Exclusion of certain activities/services;
- Eligibility criteria and/or requirements applicable for a licence and/or registration; and
- Supervisory and enforcement powers of the FSC Mauritius for non-compliance or offences committed.

FINTECH

AML/CFT Guidance Notes for VASPs and Issuers of ITOs

On 28 February 2022, the FSC Mauritius issued specific AML/CFT Guidance Notes for VASPs and issuers of ITOs. The Guidance Notes were published to provide:

- an outlook on the significance of ML/TF risks associated with virtual asset business activities; and
- VASPs and issuers of ITOs with an understanding of their specific AML/CFT compliance obligations under the VAITOS Act.

Fees Rules (VASPs and Issuers of ITOs)

On 07 May 2022, the FSC Mauritius amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to cater for VASPs and issuers of ITOs. These Rules provide for the processing and fixed annual fees payable by an applicant of a VASP licence and for registration of issuers of ITOs.

Licensing and Registration Criteria for VASPs and Issuers of ITOs

The licensing and registration criteria for VASPs and issuers of ITOs were issued by the FSC Mauritius in June 2022. The objective is to ensure continuous and efficient collaboration between the FSC Mauritius and applicants to ease the licensing and registration process, as appropriate.

Subsidiary Rules

In June 2022, the FSC Mauritius published the following FSC Rules under the VAITOS Act for public consultation:

- Virtual Asset and Initial Token Offerings Services (Capital and Other Financial Requirements) Rules 2022;
- Virtual Asset and Initial Token Offerings Services (Client Disclosure) Rules 2022;
- Virtual Asset and Initial Token Offerings Services (Custody of Client Assets) Rules 2022;
- Virtual Asset and Initial Token Offerings Services (Cybersecurity) Rules 2022;
- Virtual Asset and Initial Token Offerings Services (Publication of Advertisements) Rules 2022;
- Virtual Asset and Initial Token Offerings Services (Risk Management) Rules 2022; and
- Virtual Asset and Initial Token Offerings Services (Statutory Returns) Rules 2022.

These Rules were developed by the FSC Mauritius in collaboration with a UK law firm.

Fintech Events

The Regulatory Framework for Crowdfunding was launched by the Commission on 25 November 2021.

The Chief Executive of the FSC Mauritius emphasised that the Regulatory Framework for Crowdfunding is aligned with 'the FSC's Fintech strategy to foster an increased access and adoption of digital financial services in Mauritius'. He stated that 'the FSC Mauritius has taken all reasonable care to establish a robust regulatory framework to ensure that the interests of stakeholders of Crowdfunding platforms are adequately protected'. He shared his insights concerning the ongoing plans for the FSC Mauritius to tap into 'SupTech/RegTech opportunities with a view to developing and consolidating our image as a leading, innovative and data-centred regulator within the region'.

Regulatory Sandbox Authorisation

Further to the measures announced in the National Budget 2021-2022, the FSA was amended to empower the FSC Mauritius to issue Regulatory Sandbox authorisation for activities, which fall under its purview.

The Regulatory Sandbox authorisation offers the opportunity for innovative Fintech promoters to operate through a bespoke set of terms and conditions even in the absence of a full-fledged regulatory framework. Such authorisations are issued under section 14 (b) of the FSA.

Fintech Innovation Hub and Digital Lab

Recognising the potential of the digital revolution, the Government announced, in the National Budget 2021-2022, a plethora of initiatives including the setting up of a Fintech Innovation Hub and Digital Lab by the FSC Mauritius and the BoM.

The Fintech Innovation Hub and Digital Lab shall provide an experimentation and controlled environment for Fintech companies to test their innovative business models, products and services.

The objectives of the Fintech Innovation Hub and Digital Lab are namely:

- To foster innovation and the use of emerging technologies by institutions;
- To identify critical trends in technology affecting the financial sector and develop in-depth insights into these technologies;
- To provide a testing environment for Fintech products or services; and
- To establish an international networking platform for experts on innovative technologies related to the financial sector to promote research, exchange of views and knowledge-sharing.

FAQs issued by the FSC on Robotic and Artificial Intelligence Enabled Advisory Services

On 28 October 2021, the FSC Mauritius issued FAQs on Robotic and Artificial Intelligence Enabled Advisory Services highlighting:

- the legal basis, scope and definition of these services;
- the benefits and continuous obligations associated with such services;
- the requirements which are applicable for the submission of such application to the FSC Mauritius; and
- the possibility for investment advisers, licensed under the SA, to separately apply for such a licence.

Global Financial Innovation Network

The FSC Mauritius also participated in specific work streams of the Global Financial Innovation Network (GFIN) that were targeted at fostering harmonised and innovative developments among its members. As a member of GFIN, the FSC Mauritius effectively contributed to recent projects/initiatives of this cross-border forum of forward-looking regulators in the areas of Regtech and Suptech respectively.

Subscription for Blockchain or Distributed Ledger Analytics Tool/Software

In May 2022, the FSC Mauritius initiated the process for the procurement of blockchain or distributed ledger analytics software from both local and international bidders. The software will enhance the supervisory and enforcement capabilities of the FSC Mauritius and thus, ensure the sound and stable conduct of business activities of VASPs and issuers of ITO's, in or from Mauritius.



FINTECH

AUTHORISATION

During the year under review, the FSC Mauritius received 17 applications as shown in the following table.

Table 22: Applications received by Fintech Authorisation

Fintech Activities	July 2021 to June 2022	July 2020 to June 2021
Payment Intermediary Services	11	11
Peer to Peer Lending	-	2
Custodian Services (digital asset)	1	1
Crowdfunding	2	-
Robotic and Artificial Intelligence Enabled Advisory Services	2	-
Virtual Asset Market Place	1	-

Out of these applications, the FSC Mauritius issued six licences for Payment Intermediary Services and one licence for Custodian Services (digital asset). Furthermore, the FSC Mauritius approved its first Regulatory Sandbox Authorisation.

SUPERVISION

Supervisory Approach

An RBS approach was implemented to overcome the challenges of remote working and emerging ML/TF risks arising from the COVID-19 pandemic.

The Fintech cluster maintains an open, transparent, and cooperative relation with its licensees. It assesses financial soundness and ascertains that the licensees operate in accordance with appropriate governance standards, internal systems and controls. These are important objectives, which in turn, ensure sound market conduct and support the prevention of financial crime.

Despite the COVID-19 pandemic, the Fintech cluster discharged its supervisory duties in an effective manner by adopting flexible methods. In addition, the conduct of onsite inspections was facilitated through the use of virtual platforms.

The number of licensees stood as follows:

Table 23: Number of Fintech licensees as at 30 June

Activities	2022	2021
Payment Intermediary Services	22	20
Peer to Peer Lending	2	2
Custodian Services (digital asset)	1	-
Total	25	22

Onsite Supervision

Onsite supervision involves supervisory visits to the business premises of licensees. The inspections can be full-scope or may be targeted to specific areas of the licensee's operations. The objectives of the inspection are to understand the licensee's business activities and operating environment, and ensure compliance with the relevant legislation. The AML/CFT parameters have been especially embedded into the supervisory methodology of the cluster.

The cluster continues to enhance its risk-based approach to onsite supervision. During the current supervisory cycle, several onsite inspections were conducted to verify the adequacy of AML governance, identification and verification of beneficial owners, the conduct of the independent audit exercise, BRA and CRA, compliance setup and controls in place.

During the onsite inspection cycle for the year 2021/22, key AML/CFT deficiencies in terms of risk assessment, independent audit and ongoing monitoring were identified and discussed with the senior management of the inspected licensees.

Offsite Supervision

Given that the Fintech sector is evolving and technology adoption is increasing, it is important for the FSC Mauritius to strengthen its supervisory function. The Fintech cluster monitors its licensees through offsite supervisory reviews of their regulatory submissions and AFS.

During the offsite supervision cycle, the following deficiencies were *inter alia* noted:

- Failure to appoint a compliance officer, in line with regulation 22 (1)(a) of the FIAML Regulations;
- Failure to commence business operations as prescribed in section 53 (1)(f) of the FSA; and
- Failure to maintain a principal bank account in Mauritius, as prescribed in section 71 (3)(b)(ii) of the FSA.



Legal and Regulatory Development

Mauritius Fody



The Mauritius Fody is identified as being the small forest-dwelling songbird. The males have bright red plumage on head and neck during breeding season and the female keeps olive green plumage all year round.

Source: <http://npcs.govmu.org/English/Documents/Fauna.pdf>

LEGAL AND REGULATORY DEVELOPMENT

The Legal cluster is responsible for providing legal advice to the FSC Mauritius, for the drafting of legislations and legal documents, and the handling of litigations before the Courts of Mauritius and the FSRP. During the year under review, the following amendments were brought to the relevant legislations.

AMENDMENTS TO THE LEGISLATIONS

The Financial Services Act 2007

The FSA was amended by the Finance (Miscellaneous Provisions) Act 2021, Act No. 15 of 2021 to cater for the following:

- section 2: to define 'Fintech', 'Regulatory Sandbox' and 'Regulatory Sandbox Authorisation';
- section 2: to align the definition of 'Registered agent';
- section 14B: to establish the framework for applying for a Regulatory Sandbox Authorisation;
- section 14C: to authorise the FSC Mauritius to set up such Fintech innovation hubs and digital labs for the non-banking financial services sector;
- section 19 (1): to align with the framework for applying for a Regulatory Sandbox Authorisation;
- section 23 (1A)(a) & (b): to clear the inconsistency in section 23(1) with (1A)(a) and (b);
- section 23 (4)(B): to update the definition of 'class of licensees';
- section 42 (3A): to authorise the FSC Mauritius to require the Official Receiver, a Liquidator, Provisional Liquidator, Administrator or Special Administrator to provide the FSC Mauritius with information relating to its licensee or past licensee for the discharge of its functions;
- section 45A: to align the paragraph on 'whistleblowing';
- section 53 (2): to allow service of notice for administrative sanction to be done through a registered usher or by encrypted electronic mail in addition to registered post;
- section 60: to remove Self-Regulatory Organisations (SROs) from the purview of the decision of the Review Panel given that the Panel cannot hear applications regarding SROs;
- section 83 (8): to extend the possibility to request for a certificate of good standing from the FSC Mauritius to all its licensees, and to legal practitioners and accounting firms with the consent of the licensee; and
- section 87 (1): to allow the FSC Mauritius to exchange information with a supervisory body or any other public sector agency for the administration of their respective Acts for the purpose of the FSC Mauritius or of that body to discharge its functions.

The FSA was further amended by the VAITOS Act to cater for the following:

- section 53 (11): by inserting, before the definition of 'licensee', the following new definition - 'licence' includes any authorisation issued under the relevant Act;
- First Schedule: by inserting, in the appropriate alphabetical order, the following new item -VAITOS Act; and
- Second Schedule: by deleting the following items - Custodian services (digital asset) and Digital asset marketplace.

The First Schedule of the FSA was amended to include the VCC Act as provided by the latter.



LEGAL AND REGULATORY DEVELOPMENT

The Insurance Act 2005

The IA was amended by the Finance (Miscellaneous Provisions) Act 2021, Act No. 15 of 2021 to cater for the following:

- section 6A: to provide for the establishment of the NICD for the purpose of promoting confidence in the insurance industry and ensuring the fair treatment of policy holders; and require any insurer providing motor insurance business to furnish information required by the FSC Mauritius;
- section 71 (1A): to require an insurer to ensure that its insurance agents are, at all times, in good standing in terms of fees and reporting obligations;
- section 72 (3A): to allow licensed individuals and licensed insurance agents categorised as small private companies to file their financial summaries in a specified format;
- section 78A: to provide for the licensing of other insurance professionals and the conduct of their business;
- section 86 (5): to provide that the Commission may, in FSC Rules, provide for an application by an insurer of the bonus and malus adjustments to the pricing of premiums;
- section 122: where, upon written application made by a person, the Commission may extend the time limit to such time and conditions, in order for the person to comply with provisions prescribing a deadline; and
- section 122A: to allow the FSC Mauritius to exempt, on specified conditions, a person or class of persons from its reporting obligations.

The Securities Act 2005

The definition of 'securities', as couched under section 2 of the SA, was replaced with a new definition in order to cater for the amendments provided by the VAITOS Act.

The Private Pensions Schemes Act 2012

The Finance (Miscellaneous Provisions) Act 2021, Act No. 15 of 2021 amended the PPSA as follows:

- section 2: to set out, under the definition of the defined contribution scheme, that a reserve which is not held as a guarantee can be used by the scheme to smooth out investment returns; and
- section 37 (2)(a): to require that AFS of a private pension scheme be prepared in accordance with IFRS.

Virtual Asset and Initial Token Offering Services Act 2021

The VAITOS Act sets out a comprehensive legislative framework to regulate the business activities of virtual assets service providers and ITOs.

Following the introduction of the VAITOS Act, consequential amendments were made to the following Acts and Regulations:

- Asset Recovery Act;
- Courts Act;
- FIAMLA;
- FSA;
- Income Tax Act;
- Insolvency Act;
- Ombudsperson for FSA;
- SA;
- United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act (UNSA); and
- Securities (Collective Investment Schemes and Closed-end Funds) Regulations.

Variable Capital Companies Act 2022

The VCC Act, which came into operation on 16 May 2022, was enacted to provide for a legal framework, *inter alia*, for the incorporation, conversion, structure, operation and termination of a VCC.

With the introduction of the VCC Act, consequential amendments were made to the following Acts and Rules:

- FIAMLA;
- FSA;
- Income Tax Act;
- Financial Services (Special Purpose Fund) Rules 2021; and
- Securities (Real Estate Investment Trusts) Rules 2021.

Financial Intelligence and Anti-Money Laundering Act 2002

The FIAMLA was amended by the Finance (Miscellaneous Provisions) Act 2021, Act No. 15 of 2021 to cater, among others, for the following:

- section 2: to exclude, from the definition of 'financial institution', entities registered as reporting issuers which do not conduct any financial activities; and
- section 2: to provide that the FIAMLA is applicable to external pension schemes/private pension scheme by amending the definition of 'financial institution'.

The FIAMLA was further amended in order to cater for the VAITOS Act as follows:

- section 2, section 17C, section 19H (1)(d)(iii), paragraph (1)(e) of Part II of First Schedule were amended accordingly; and
- Sub-Part IVC was added.

The definition of 'financial institution', as provided by the FIAMLA, was also amended in order to cater for the VCC Act.

AMENDMENTS TO THE RULES

Financial Services (Crowdfunding) Rules 2021

The FSA was amended to include crowdfunding as a new financial business activity under Part I of the Second Schedule. FSC Rules were developed to establish a regulatory framework for Crowdfunding Licence. These Rules came into operation on 04 September 2021.

Financial Services (Funeral Scheme Management) (Amendment) Rules 2021

The Financial Services (Funeral Scheme Management) Rules 2016 (FSM Rules) were previously issued by the Commission to regulate the management of funeral schemes. In order to widen the investment portfolio from liquid assets to other types of assets, various amendments to the FSM Rules were made. As such, the Financial Services (Funeral Scheme Management) (Amendment) Rules 2021 came into operation on 04 September 2021.

Financial Services (Consolidated Licensing and Fees) (Amendment No. 4) Rules 2022

The Financial Services (Consolidated Licensing and Fees) Rules 2008 were amended by the Financial Services (Consolidated Licensing and Fees) (Amendment No. 4) Rules 2022 to align same with the FSA. These Rules were made on 25 June 2022 and shall come into operation on 01 July 2022.

LEGAL AND REGULATORY DEVELOPMENT

Financial Services (Consolidated Licensing and Fees) (Amendment No. 3) Rules 2022

The processing fee and fixed annual fee for the authorisation of VCC fund under the VCC Act are provided by the Financial Services (Consolidated Licensing and Fees) (Amendment No. 3) Rules 2022. These Rules came into operation on 01 June 2022.

Financial Services (Consolidated Licensing and Fees) (Amendment No. 2) Rules 2022

The Financial Services (Consolidated Licensing and Fees) (Amendment No. 2) Rules 2022 prescribe the processing fee and fixed annual fee for the different classes of licence under the VAITOS Act. These Rules came into operation on 07 May 2022.

Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2022

The application processing fee of MUR 43,000 (USD 1,000) and the fixed annual fee of MUR 82,000 (USD 1,900) for the issue of 'Money Lending' licence is prescribed by the Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2022. These Rules came into operation on 01 April 2022.

Financial Services (Consolidated Licensing and Fees) (Amendment No. 4) Rules 2021

The Financial Services (Consolidated Licensing and Fees) (Amendment No. 4) Rules 2021 prescribe for an application processing fee of MUR 40,000 (USD 1,000), a fixed annual fee of MUR 80,000 (USD 2,000) and a variable annual fee of 0.35 per cent of gross fees from crowdfunding activities. These Rules also provide for the imposition of an additional annual fee of MUR 200,000 (USD 5,000) in case the licensee is authorised to operate as a real estate investment trust. These Rules came into operation on 04 September 2021.

The Financial Services (Special Purpose Fund) Rules 2021

The Financial Services (Special Purpose Fund) Rules 2021 were amended by the VCC Act to replace the definition of 'scheme' with a new definition to cater for the VCC Act. These Rules came into operation on 16 May 2022.

Securities (Disclosure Obligations of Reporting Issuers) (Amendment) Rules 2021

Amendments were brought to the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 by the Securities (Disclosure Obligations of Reporting Issuers) (Amendment) Rules 2021. These Rules came into operation on 04 September 2021.

Securities (Preferential Offer) (Amendment No. 2) Rules 2021

Amendments were brought to the Securities (Preferential Offer) Rules 2017 by the Securities (Preferential Offer) (Amendment No. 2) Rules 2021. These Rules came into operation on 04 September 2021.

Securities (Exemption) Rules 2021

In order to avoid any conflict between the provisions of the SA and the Crowdfunding framework, the Securities (Exemption) Rules 2021 were developed. The latter stipulates that the provisions of the SA shall not be applicable to the issue of unlisted shares, debentures or other equity-like instruments and securities on a crowdfunding platform operated by the holder of a Crowdfunding licence under the FSA.

The Securities (Exemption) Rules 2021 also provide that the CEF authorised as REIT are exempted from the requirement to comply with Part V and section 88 of the SA. These Rules came into operation on 04 September 2021.

Securities (Real Estate Investment Trusts) Rules 2021

In accordance with section 155 (2)(xf) of the SA, the Securities (Real Estate Investment Trusts) Rules 2021 were issued to provide for the authorisation and supervision of real estate investment trusts. These Rules came into operation on 04 September 2021.

Private Pension Schemes (Technical Funding Requirement) (Amendment) Rules 2022

The Private Pension Schemes (Technical Funding Requirement) Rules 2013 were amended by the Private Pension Schemes (Technical Funding Requirement) (Amendment) Rules 2022 to, inter alia, provide for the following:

- Definitions of investment reserve management policy, smoothing reserve and investment smoothing reserve ratio;
- The calculation of the technical provisions where the private pension scheme maintains a smoothing reserve;
- Disclosure obligations of the private pension scheme and its actuary in respect of the investment smoothing mechanism; and
- Contents of the investment reserve management policy.

The Rules came into operation on 16 April 2022.

The Private Pension Schemes (Disclosure) (Amendment) Rules 2022

The Private Pension Schemes (Disclosure) Rules 2012 were amended by the Private Pension Schemes (Disclosure) (Amendment) Rules 2022 to provide for the following additional disclosure, as part of the General Disclosure for a Private Pension Scheme – the allocation of return into the members' individual accounts for a private pension scheme which maintains a smoothing reserve. The Rules came into operation on 16 April 2022.

The Financial Services (Administrative Penalties) (Amendment) Rules 2022

The schedule of the Financial Services (Administrative Penalties) Rules 2013 was amended by the Financial Services (Administrative Penalties) (Amendment) Rules 2022:

- by deleting the words 'or financial summaries', in the second row under the heading 'Legal Obligation'; and
- to cater for the amount of administrative penalty pursuant to section 71A (10) of the FSA.

The Rules came into operation on 11 June 2022.



LEGAL AND REGULATORY DEVELOPMENT

AMENDMENTS TO THE FSC REGULATIONS

The Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008

The Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 was amended to cater for the VAITOS Act, Act No. 21 of 2021. In this respect, the definition of 'shares' was replaced with a new definition.

Stock Exchange (Brokerage) (Amendment) Regulations 2022

The Stock Exchange (Brokerage) Regulations 1989 was amended by the Stock Exchange (Brokerage) (Amendment) Regulations 2022 to provide for an appropriate regulatory framework for all licensed securities exchanges and clearing and settlement facilities, for the apportionment of brokerage fees for securities transactions notably for equity. These Rules came into operation on 21 February 2022.

The Securities (Real Estate Investment Trusts) Rules 2021

The Securities (Real Estate Investment Trusts) Rules 2021 were amended by the VCC Act to replace the definition of 'scheme' with a new definition to cater for the VCC Act.

These Rules came into operation on 16 May 2022.



The National Regulatory Sandbox Licence Committee

Kestrel
Falco punctatus



The Mauritius Kestrel was once considered the rarest bird in the world with only four individuals in the wild during the 1970's. It is estimated that the population now numbers about 700 individuals in the wild. In order to restore the population of this endemic bird, eggs were collected from the wild, incubated at the Bird Sanctuary, and chicks were hand reared and released in the native forest.

THE NATIONAL REGULATORY SANDBOX LICENCE COMMITTEE

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

During the year 2021/22, the National Regulatory Sandbox Licence Committee operated under the chairmanship of Lord Anthony St John of Bletso and the other appointed members were as follows:

- Mr Mahess Rawoteea, Director, Economic and Finance, Ministry of Finance, Economic Planning and Development;
- Mr Sarwansingh Purmessur, Permanent Secretary, MFSGG;
- Mr Yvan Jean Louis, Principal State Counsel, Attorney General's Office;
- Mr Mardayah Kona Yerukunodu, First Deputy Governor, BoM;
- Mr Dhanesswurnath Thakoor, Chief Executive, FSC Mauritius;
- Mr Ken Poonoosamy, Chief Executive Officer, EDB; and
- Mrs Carine Charlette-Katinic, Director, Financial Intelligence Unit (FIU).

Following the amendment to the FSA, the FSC Mauritius is now empowered to issue Regulatory Sandbox Authorisations for Fintech activities pertaining to the non-bank financial services sector.

Consequently, the National Regulatory Sandbox Licence Committee was discontinued on 21 November 2021.



Project Office

Eco Parakeet *Psittacula eques*



The Mauritius Eco Parakeet is the only endemic species of parrot left in the Mascarenes. In 1987, less than 10 individuals were known in the wild.

An intensive project by the National Parks & Conservation Service and the Mauritian Wildlife Foundation has helped to increase the number of individuals of this beautiful parakeet. There were around 300 birds in the wild in 2005.

PROJECT OFFICE

FINANCIAL SERVICES BLUEPRINT

The Blueprint for the Mauritius jurisdiction was commissioned by Government and represents its Vision 2030 for a reformed financial services sector for the Mauritius IFC.

The objectives of the Blueprint for Financial Services are to:

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

Imperatives under the Blueprint

The Financial Services Consultative Council is chaired by the Minister of Financial Services and Good Governance. The FSC Mauritius and the MFSGG agreed on the terms of a collaboration with respect to the implementation of the Blueprint for Financial Services. At its first meeting, the five Expert Groups were created to work on the Imperatives of the Blueprint. The individual groups present their recommendations on action points at meetings of the Financial Services Consultative Council on an ongoing basis.

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

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

The Project Office

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

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

The Project Office further conducts regular policy analysis through impact evaluation on topical financial activities, financial products and services and research on international standards and legal framework in relation to the financial services sector. The team continued to devote significant attention to address challenges caused by the COVID-19 pandemic and implement the short-term actions points of the Blueprint in a timely manner to ensure then prompt economic recovery of the financial services sector.

PROJECT OFFICE

It is to be highlighted that for the purpose of the implementation of the Blueprint, the Project Office team was deputed to the MFSGG in 2021 for the prompt coordination and execution of the recommended actions proposed by the Expert Groups. The collaboration and support include the following:

- Thematic research based on the Blueprint action points;
- Intelligence gathering and monitoring of jurisdictions as recommended by the Blueprint;
- Strategic recommendations for the implementation of action points for the six imperatives of the Blueprint; and
- Monitoring the implementation of action points for the six imperatives of the Blueprint.

Key Deliverables of the Project Office

The Project Office coordinates assigned projects and is the focal point between consultants, the projects of the FSC Mauritius and various stakeholders. The team engages with stakeholders to obtain qualitative and quantitative feedback on various projects. In addition, the actions are updated in an implementation plan.

One of the key deliverables in collaboration with the EDB was the review and launch of the Mauritius IFC website on 26 November 2021.

The Project Office also formed part of a dedicated team to approach key stakeholders of the financial services sector to identify challenges as well as opportunities in the GB sector. The objective was to engage with selected MCs to identify issues and challenges in the continuation and further development of the financial services sector faced by operators and clients and to discuss potential solutions at Government level.

Furthermore, it contributed towards the preparation of various webinars and business forums held during the 'Mauritius Financial Services Week' of the Dubai Expo 2020 in December 2021.

The exit of Mauritius from the Grey List, the UK list of High-Risk Third Countries and the EU list of High-Risk Third Countries was fundamental to achieve the overall objectives of the Blueprint in bringing the Mauritius IFC to new heights. Notwithstanding the uncertainty posed by the COVID-19 pandemic, the Project Office remains determined on executing the key action points of the Blueprint with heightened optimism.

Coordinating Projects

As from January 2022, the Project Office is mandated to monitor all projects of the Commission as well as implementing a project management culture at the FSC Mauritius.

