



ANNUAL
REPORT
2022/23

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VISION

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



MISSION

Promote the development, fairness, efficiency and transparency of financial institutions and capital markets in Mauritius;

Suppress crime and malpractices so as to provide protection to members of the public investing in non-banking financial products; and

Ensure the soundness and stability of the financial system in Mauritius.



Statement of the Chairperson





STATEMENT OF THE CHAIRPERSON

*Nothing will work unless you do.
Maya Angelou*

It is with great pleasure, that I present the Annual Report of the Financial Services Commission (FSC) for the year ended 30 June 2023. This report is the third under my tenure as Chairperson. While the years 2020/21 and 2021/22 were dedicated to the exit from the FATF Grey List and laying down the foundations for deploying the post-exit strategy for growth, I am pleased to note that, by the end of the current financial year, the major indicators for licenses had turned green and matched the pre-pandemic levels.

The FSC, during the current financial year, made a clear statement of purpose - to build a new strategy for growth and a new organisation structure to deploy those strategies. From a financial performance point of view, it is with satisfaction that I note that the FSC, for the third year in a row, exceeded the cap of MUR 1 billion as surplus over the financial year, without compromising on any service.

I am now providing a gist of the activities of the different sectors that have contributed to the performance of the FSC.

Board Matters and Corporate Governance

During the financial year under consideration, the Board has met all its statutory obligations. More than 31 hours were spent spanning over 15 meetings of the Board. This is over and above the 52 meetings of its seven sub-committees. The Board also considered 10 Rules and Regulations altogether.

The Global Business Sector

The Global Business (GB) sector in particular, was found to be resilient following the previous listing of the country as high risk and the economic and financial repercussions of the Russia-Ukraine conflict. The sector contributed a share of 8.5 per cent to the country's Gross Domestic Product (GDP), with a real growth rate of 3.3 per cent in 2022-2023. Its contribution to the economy in terms of job creation, regulatory costs paid by GB companies and tax revenue are eloquent. While direct employment, mainly in Management Companies (MCs), is estimated to be around 5,000, the sector also creates indirect employment in other related areas such as banking and insurance, legal and audit services. The aggregate assets of the GB sector have increased at an annual growth rate of 5.3 per cent to reach USD 718 billion in December 2022.

Product Development

The Mauritius International Financial Centre (Mauritius IFC) continued to enhance its value proposition and

attractiveness with the introduction of new financial activities through the Variable Capital Company (VCC) and the Global Shared Services (GSS) in 2022.

The Financial Services (GSS) Rules 2022 were published by the FSC in December 2022. GSS is a new type of activity that enables an entity within a group to provide certain facilities such as record keeping, payment of bills, tax advisory and other services to subsidiaries and affiliates within the group, subject to prior approval from the FSC.

The recent acquisitions of large MCs by big international players will furthermore uphold the reputation of the Mauritius IFC among the global community. These types of acquisitions may, however, result in greater concentration of risks within the GB sector. To that effect, the FSC adjusted its supervisory framework to ensure effective oversight of its licensees operating under the global business regime.

The Insurance Sector

Our Insurance industry has demonstrated strong resilience against the COVID-19 pandemic. In effect, we have seen an expansion in aggregate assets above pre-pandemic levels and witnessed some key regulatory developments. The FSC has introduced a regulatory framework for Structured Investment-Linked Insurance Business in October 2022 and for Third Party Administrator in November 2022.

The FSC has been monitoring the readiness of licensees of the Insurance sector in view of the implementation of the IFRS17 standards. Reporting templates at the regulatory level are currently being revamped in order to align our statutory reporting with international standards.

The FSC has also made substantial progress over the past year on landmark projects such as the National Insurance Claims Database (NICD) and the Bonus Malus system on motor premium based on claims history and driving behaviour.

Environmental, Social and Governance Matters

Environmental, Social and Governance (ESG) ranks high on the agenda of the FSC. We firmly believe that, for the financial sector to help support the transition to a more sustainable future, market participants and financial services firms need quality information, a well-functioning ecosystem and clear standards. Consumers should be able to rely on firms to take ESG or sustainable finance seriously, avoid greenwashing and deliver on their ESG promises. To this end, the FSC has already embarked on numerous ESG initiatives.

STATEMENT OF THE CHAIRPERSON

The FSC is fully committed to the promotion of sustainable finance initiatives and to further support the country in achieving the United Nations' Sustainable Development Goals (SDGs). In particular, as a member of the Task Force on Regulation & Supervision, which is set up by the Bank of Mauritius (BoM), the FSC has embarked on a joint initiative on climate-related and environmental financial risks. In the past year, a data collection exercise had been carried out throughout the insurance industry to evaluate the overall impact of climate-related and environmental risk drivers on the prudential risk profile of our licensees as well as on their internal operations.

The FSC is currently working on an ESG disclosure framework for investment funds. The objective is for licensees to provide sufficient information on their ESG strategies and products for investors to make better informed decisions. This is a first step in the fight against greenwashing practices.

Pensions Schemes

The FSC has issued guidelines for the 'Conversion' or 'Shift' of defined benefit pension schemes to defined contribution pension schemes. Many of these sponsoring employers, along with the service providers of these defined benefit schemes are seeking different ways to manage costs with regard to pension obligations and liabilities. These guidelines are presently assisting the sponsoring employers and service providers to attend to necessary legal requirements and to achieve the required outcomes.

Mauritius is an attractive destination for many expatriates who relocate, invest and work in different economic sectors. Hence, a milestone has been achieved by issuing the Private Pension Schemes (Non-Citizens) Rules 2023 in April 2023. This piece of legislation has introduced a framework for the transfer of the accrued benefits of non-citizens, who have been holding a work permit in Mauritius, to an overseas pension scheme arrangement of their choice, on their relocation to another country.

Technological Adoption

It goes without saying that the financial services industry is becoming more tech-savvy. To demonstrate its commitment in ensuring that there are no technological gaps from a regulatory and supervisory perspective, the FSC has invested massively in various tools, including the FSC One Platform which facilitates the filing of any application for any product/service. During the year under review, the FSC One Platform has been instrumental in facilitating the shift towards a streamlined automation of the majority of the existing supervisory functions of the FSC. The platform has been another tool for the FSC to work more efficiently for the conduct of its supervisory engagements. The

FSC has also acquired a sophisticated blockchain analytical tool that will help supervise the virtual assets market and ensure that no person is involved in Money Laundering (ML) and Terrorism Financing (TF) practices through digital assets.

AML/CFT Risk Based Supervision Framework

The FSC has taken numerous initiatives to enhance and sustain effectiveness of the AML/CFT measures applicable to its licensees. The overarching aim of the FSC's robust RBS Framework, together with the supervisory tools, is to respond to the evolving AML/CFT threats and vulnerabilities for the regulated Financial Institutions (FIs).

In line with its supervisory engagements, the FSC continuously provides guidance and up-to-date information on Money Laundering/ Terrorist Financing (ML/TF) risks and obligations to its licensees through various outreach sessions.

Reinforcing the Regulatory Framework

One of the objectives of the FSC, is to uphold the strength and stability of the financial services sector, by *inter alia*, reinforcing the current enabling legislations and regulatory framework and enacting new legislations and issuing new guidelines as required. Concurrently, the FSC has to adhere to internationally recognised best practices and promote emerging technologies targeted at specialised and pioneering domains, within the financial services sector falling under its purview.

In this context, the FSC has initiated and implemented a series of legislative and regulatory framework amendments during the financial year 2022-2023. The highlights of those amendments are as follows:

The Virtual Asset and Initial Token Offering Services Act

To pursue its objectives to proficiently manage, mitigate and thwart money laundering and financing of terrorism risks that are correlated with virtual assets, and keep up with emerging technological trends, the Virtual Asset and Initial Token Offering Services Act 2021 (VAITOS Act) has been further amended to enhance the powers of the FSC, whilst carrying out an investigation or supervision. Additionally, various FSC Rules and Guidelines, among others, have been issued during the financial year 2022-2023 to supplement the VAITOS Act.

The FSC is also collaborating with other law enforcing agencies for the sharing of information to mitigate the risks associated with virtual assets activities and to safeguard the global financial system. Furthermore, the FSC is constantly scrutinising the virtual asset space to identify any unauthorised activities in this area.

Another key focus during the year under review has been the outreach programmes which emphasised the identification of crucial factors of suspicious virtual assets activities and the various means adopted by fraudulent individuals and companies to lure the public into investing in spurious schemes.

Homogenising the Regulatory Framework on Crowdfunding with the Securities Act

The Securities (Exemption) Rules 2021 were issued by the FSC to prevent any conflict between the Securities Act and the crowdfunding framework. According to these rules, the provisions of the Securities Act do not apply to the issuance of unlisted shares, debentures, or equity-like instruments and securities on a crowdfunding platform operated by a holder of a crowdfunding licence under the purview of the Financial Services Act.

The Securities Act

In the recent years, the Securities sector has witnessed changes in terms of consumer behaviour, the way of conducting business, innovation regarding trading systems, IT, new products and new regulations, among others. In this respect, to keep pace with international developments, the FSC is in the process of revamping the Securities Act, which came into force in 2007, in line with best international practices such as the International Organisation for Securities (IOSCO) objectives and principles. This will enhance the position of our jurisdiction as an IFC of substance.

The Securitisation Bill

The Securitisation Bill is a budgetary measure which was announced in the Budget Speech 2021-2022. The FSC has released a draft bill for consultation to the public and various stakeholders. The aim is to provide a legal framework for securitisation activities in Mauritius, with the goal of promoting the development of the financial market and enhancing the country's attractiveness as an investment destination.

The Financial Services (Framework for the Imposition of Administrative Penalties) Rules

With a view to reinforcing FSC's regulatory powers, the Financial Services (Framework for the Imposition of Administrative Penalties) Rules were published in 2022. The rules are expected to bring more clarity and guidance to the regulated community with respect to the way the FSC makes use of its enforcement powers.

Streamlining the Process

The Authorisation Directorate of the FSC underwent an internal restructuring exercise during the year under review. The purpose was to bring together

core competencies of the staff under one single directorate so as to create enhanced synergy towards improved turnaround time for applications. Active engagement was maintained with stakeholders through both physical and virtual meetings to provide more traction to the application process. In addition, the FSC Single Window facility was set up to facilitate potential applicants for business in the financial services industry.

Local and International Cooperation

During the year under review, the FSC has been actively involved in the elaboration and negotiation of several Memoranda of Understanding with different regulatory bodies, both local and international, so as to establish the appropriate frameworks for mutual assistance and the exchange of information.

Local Cooperation

In September 2022, the FSC signed a Memorandum of Cooperation with the Mauritius Police Force to establish a mechanism for mutual cooperation between the two authorities in the performance of their respective mandates.

International Association of Insurance Supervisors

The FSC is actively represented as Vice Chair on the Governance Working Group (GWG), a sub-committee of the International Association of Insurance Supervisors (IAIS), which regroups insurance supervisors from 200 jurisdictions.

In March 2023, Mauritius hosted the GWG Meeting over two days and welcomed delegates from some 20-member jurisdictions who deliberated on matters pertaining to Governance and Culture, Remuneration, Diversity, Equity and Inclusion. The involvement of the FSC also extends to other IAIS subcommittees such as Signatories Working Group, Climate Risk Steering Group, Audit and Risk Committee, Market Conduct Working Group, Retirement Income and Pensions Forum and Fintech Forum.

The Committee of Insurance, Securities and Non-Banking Financial Authorities

The Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA) has opened its Permanent Secretariat in the Republic of Mauritius and is now poised to fulfil its role in the achievement of the Southern African Development Community (SADC) Vision 2050. Since 28 October 2022, the CISNA permanent Secretariat is being hosted by the FSC within its premises and is providing office space, staff and bearing other operational and administrative costs.

STATEMENT OF THE CHAIRPERSON

The International Organization of Securities Commissions

The FSC became the Africa/Middle-East Regional Committee (AMERC) Representative to the IOSCO Board for the term 2022-2024. The AMERC is one of the four regional committees constituted by the IOSCO and it brings together financial market regulators consisting of 28 ordinary members as well as 14 associate members, all representing regulators from the African and Middle East region.

International Meetings and Exchanges

To foster openness, reinforce collaboration and promote a dynamic engagement, the FSC welcomed, in January 2023, a delegation comprising of officials from The Securities Board of Nepal (SEBON) and representatives from merchant banks, licensed by the SEBON, to discuss the non-banking financial services sector in Mauritius and the regulatory framework.

Additionally, in March 2023, the FSC welcomed, a delegate from the Comissão do Mercado de Capitais, Angola, whose visit was focused on supervisory information technology system.

The FSC also welcomed delegates from the Non-Bank Financial Institutions Regulatory Authority, Botswana in May 2023 for a study visit which included, among others, an understanding of the legal framework and enforcement processes.

With regard to international meetings and conference, the Group of International Finance Center Supervisors (GIFCS) held its 2nd Annual Plenary Meeting from 22 to 24 November 2022 in Mauritius. The event gathered speakers from the FSC and the BoM, the Financial Stability Institute and member organisations from 21 countries, for the discussion of virtual assets, ESG and enforcement techniques.

A Supervisory College of trust and company service providers was also organised to confer about cross-border supervisory issues.

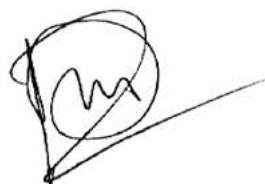
Way Forward

Despite the many challenges, I am confident that through its Strategic Plan 2021/23, the FSC will deliver on its mandate, driven by responsible innovation and sustainability. The Board of the FSC will strive to align its policies and strategies to that of Government to consolidate the position of Mauritius as an International Financial Services Centre of repute.

I seize this opportunity to thank my fellow board members and the Chief Executive for their active participation at Board level and their unwavering contribution and support to the FSC.

I convey my sincere thanks to the Honourable Pravind Kumar Jugnauth, Prime Minister and Minister of Defence, Home Affairs and External Communications, and Minister for Rodrigues, Outer Islands and Territorial Integrity; and the Honourable Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance, for their continuous support to the FSC over the last year.

Last but not least, I convey my appreciation to the staff of the FSC for their unflinching efforts and commitment to meet the objectives of the FSC.



Mardayah Kona Yerukunodu
Chairperson

The background is a dark blue gradient. It features abstract geometric patterns consisting of hexagons of various sizes and colors (light blue, teal, and dark blue). Some hexagons are solid, while others are outlines. Lines connect some of the hexagons, creating a network-like structure. There are also small dots and dashed lines scattered throughout the design.

Statement of the Chief Executive



STATEMENT OF THE CHIEF EXECUTIVE

It is with immense pleasure that I present the Annual Report of the Commission for the financial year 2022/23. The year under review has been a year of continuous progress of our financial services sector. Mauritius has recently improved its overall ranking in the Global Financial Centre Index (GFCI) by 24 places, moving from 92nd in September 2022 to 81st in March 2023 and to the 68th place in September 2023. At the level of the FSC, we saw the implementation and execution of a number of projects in line with our Strategic Plan 2021/23 as well as the Blueprint for financial services. Despite the challenges which we faced, whether characterised by worldwide uncertainties created by the Russia-Ukraine conflict or the slow pick-up of global economic activities, the FSC pursued its mandate to contribute to the development of the financial services sector. In my statement last year, I mentioned a number of new ventures on which the FSC was embarking at that time. As I write now, I am delighted to share that we have positive outcomes from those insights and undertakings as I present our achievements during the year under review as well as our initiatives and ambitions going forward.

Building a Resilient AML/CFT Regime

One of the main focuses of regulation in the recent years has been the fight against money laundering, terrorist financing and counter proliferation financing. Over the past years, the AML/CFT regime of Mauritius has been significantly reinforced resulting in the country's framework being aligned with that of the Financial Action Task Force (FATF) Standards. This enables our jurisdiction to be better equipped in its fight against financial crimes.

Mauritius has committed to the FATF and to the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) that it would sustain its efforts well beyond the FATF Grey Listing to build an effective national AML/CFT regime. To honour this resolute commitment, the FSC has, in line with its Risk-Based Supervisory Framework, completed 335 onsite inspections and 612 offsite reviews during the year 2022/23. Appropriate supervisory actions were taken for any non-compliance identified. A commendable increase has been noted in the average compliance rate from 71 per cent in 2020 to 87 per cent in 2023 for the overall AML/CFT controls of FIs under the purview of the FSC. Building on this positive note, the FSC has embarked on its 4th AML/CFT risk-based supervision cycle 2023/24 since March 2023.

The AML/CFT Offsite Monitoring Questionnaire 2023 also enabled the FSC to assess and risk rate over 1,700 licensees. As part of the FSC AML/CFT supervisory tools, this questionnaire is aligned with the data inputs of FSC's risk matrix. This process assists in identifying and mitigating emerging ML/TF risks in a timely manner.

The FSC is also committed to conduct sustainable outreach activities to ensure its licensees fully understand their AML/CFT obligations and they are equipped to tackle the ever-changing risks. The FSC has accordingly organised over 13 outreach activities during the year 2022/2023, covering key and strategic themes and facilitated by both local and international experts.

Moreover, to keep a robust and up-to-date understanding of its money laundering and terrorist financing risks, Mauritius has embarked on its second National Risk Assessment (NRA) exercise which is being coordinated by the Minister of Financial Services and Good Governance (MFSGG). The Commission is leading the review of the non-banking financial services sectors. The findings of the 2023 NRA exercise will assist in updating the national AML and CFT policies, strategies and activities, which commensurate with the risks identified. Furthermore, the outcome of the 2023 NRA will continue to guide the sectoral risk assessments by the Commission and individual assessments undertaken by the FIs.

Commendable Progress in the Regulation of Virtual Assets

Fintech has been identified as the key enabler and driver for the development of the sector going forward. The VAITOS Act, which came into force in February 2022, empowers the FSC to regulate and supervise Virtual Asset Service Providers (VASPs) and issuers of Initial Token Offerings (ITOs) that carry out business activities in or from Mauritius. During the year under review, the AML/CFT Guidance Notes were updated to assist VASPs and issuers of ITOs in meeting their obligations on Targeted Financial Sanctions (TFS), including sanction screening and implementation of internal controls as well as other procedures to prohibit transactions with designated and listed parties. The FSC also issued a Guide on the VAITOS Act which provides information and guidance for investors and consumers on how to identify scams, frauds, as well as, on the steps to be taken to avoid being a victim of unregulated businesses.

Further to the progress made by Mauritius in addressing the underlying deficiencies including the regulation and supervision of VASPs, at its 22nd Council of Ministers meeting held in September 2022, Mauritius was upgraded to Largely Compliant on its technical compliance rating of Recommendation 15 of the FATF. The FSC has been working in close collaboration with the MFSGG to identify, assess and understand the ML/TF risks faced by the country in relation to Virtual Assets (VAs) and VASPs. With this technical compliance upgrade, Mauritius is now 'Compliant' or 'Largely Compliant' with all the 40 FATF Recommendations.

STATEMENT OF THE CHIEF EXECUTIVE

Environmental, Social and Governance: A Game Changer

Another area which is also high on the FSC's agenda is the establishment of an adequate regulatory framework to support economic growth, while taking into consideration ESG aspects. In line with its strategic plan, the FSC is currently working on an ESG reporting framework for funds and investment businesses which either have embedded ESG strategies or objectives which are aligned with the United Nations SDGs. The objective is to provide a supportive framework for investors and promoters which value ESG factors in their decision-making process.

In addition to the '*Guidelines on the issue of Corporate and Green bonds in Mauritius*' which the Commission issued in the previous financial year, the FSC is now an active member of the Task Force on Climate Related and Environmental Financial Risks set up by the Bank of Mauritius. The FSC is currently working on the recognition of independent external reviewers/certifiers for green bonds.

Reforming Capital Markets and Investment Funds

Mauritius is transitioning from a jurisdiction which is geared towards the provision of conventional financial services to a jurisdiction which understands and shares the values of investors by focusing on new avenues for investments, revamping of current legislations while taking into consideration the environment, social and governance aspects. In the same spirit, the Variable Capital Companies Act was introduced in 2022 which allows a Fund promoter to set up several sub-funds and special purpose vehicles within one structure, hereby leading to economies of scale. The VCC would have one Board of Directors, Collective Investment Schemes (CIS) Manager, CIS Administrator and Custodian for several sub-funds, thus saving on costs. Unlike a protected cell company or other types of multi-fund structure, a VCC can consist of both CIS and Closed-End Fund of any category. With its unique feature, the Variable Capital Companies Act (VCC Act) is expected to be a game changer for the Mauritius IFC.

Likewise, the growing internationalisation of markets, combined with changes in the regulatory landscapes in the current post-crisis environment, means that there is a need to review key policies as well as regulatory and supervisory strategies. Even though Mauritius provides investors with a dynamic securities market and offers world class trading facilities, we, as policy makers, are called upon to engage in a series of reforms to ensure our financial market is solid and adheres to international norms.

The FSC accordingly embarked on the major project of revamping the Securities Act and the CIS Regulations. The SA aims at striking an appropriate balance between the protection of investors, the interest of

market participants and the financial system in general, meaning that it is a critical piece of legislation. The FSC is currently in consultation with regard to the review of the SA with the aim of introducing new regulations/legislative frameworks and products as well as aligning the SA with IOSCO principles and international best practices observed in other comparative jurisdictions.

New Licences and Streamlining of Processes at Authorisation Level

During the year under review, 1,064 new GB licences were issued which is testimony of the soundness of our jurisdiction. On the other hand, the FSC continued to streamline its procedures to improve its services, while ensuring global standards are upheld. During the year under review, new procedures were implemented with a view to streamlining the processing of applications for Collective Investment Schemes (Professional Collective Investment Schemes and Expert Funds) and Closed-End Funds (Professional Collective Investment Schemes). These applications are now being assessed based on confirmations, undertakings, declarations and information submitted on the FSC One Platform. This new approach is expected to result in shorter turnaround times for fund applications.

The FSC also started processing applications for virtual assets service provider licences under the VAITOS Act. The VAITOS Act provides for a modern framework for the licensing of VASPs, namely, virtual asset broker-dealers, virtual asset wallet services, virtual asset custodian, virtual asset advisory services and virtual asset market place. A high interest was noted from the industry for licences in this sector. These activities are heavily dependent on sophisticated technological infrastructure and associated with high risks assets. The Commission has adopted a two-pronged approach to licensing such activities. An in-principle approval is issued to applicants in the first instance with conditions to be fulfilled prior to issuing a licence to start operations. These conditions range from providing independent assessment of their technological infrastructure to putting in place of robust governance structures surrounding the protection of customer assets. The second step is to issue the VASP licence once the in-principle approval conditions are met.

Leveraging on Global Business

The GB sector remains a key player of our jurisdiction. In July 2023, Standard & Poor's confirmed the 'Investment grade' status of Mauritius while Moody's has upgraded the Scorecard-indicated outcome of Mauritius to Baa1-Baa3. Key performance indicators of the GB Sector showed that the adverse consequences of the Russia-Ukraine conflict has had so far a negligible impact on the GB licensing and investment figures. The cumulative number of live Global Business Licences rose by 1.4 per cent on a year-on-year basis and stood at 12,506 as at August 2023. This number is also

3.6 per cent above pre-COVID-19 pandemic level which attests the investor's continued trust in our jurisdiction and reinforces the position of the Mauritius IFC as a robust platform, conducive for cross border investment and transactions.

Against this backdrop, the Commission registered a surplus of over MUR 1 billion for the past three years, confirming its excellent financial position. The FSC remains committed in maintaining the soundness and stability of the non-bank financial services sector.

At the level of the FSC, enhanced substance requirements monitoring remained a priority for global business operations. The Commission had previously launched an economic substance monitoring survey in February 2022 which helped in providing valuable inputs in devising the onsite inspection plan for the year 2022/23.

To ensure compliance with the Financial Intelligence and Anti-Money Laundering Regulations 2018 as well as current market practices or requirements, the FSC also updated its competency standards. The aim was to provide guidance to FIs, including MCs, when considering the appointment of Money Laundering Reporting Officers (MLROs), Deputy MLROs and Compliance Officers. The Financial Services (Global Shared Services) Rules 2022 were also introduced in January 2023 for those entities incorporated in Mauritius whose main activity is to conduct Global Shared Services. The convergence of the domestic and global business regime into a single regime now remains one of the main steps towards leveraging on the Commission's commitment and constant efforts towards operating a strong GB sector.

New Avenues for Insurance and Pensions

With the objective of expanding offerings in the insurance sector, FSC has introduced a new class of long-term insurance business, namely the Structured Investment-Linked Insurance Business under the Insurance Act 2005 (IA) in the year under review. The supervisory framework, under which this line of business would operate, was issued. This new class of business consolidates further the attractiveness of the MIFC and add to the Wealth Management offerings of the jurisdiction.

Moreover, the FSC issued guidelines for the 'Conversion' or 'Shift' of Defined Benefit (DB) pension schemes to Defined Contribution (DC) pension schemes two years ago. Following the increasing financial difficulties being faced by several employer-sponsored DB schemes in Mauritius, which have further worsened owing to the COVID-19 pandemic, many of these sponsoring employers along with the service providers of these DB schemes are seeking different ways to manage costs with regard to pension obligations and liabilities. During the year under review, a considerable number of

applications for conversions and shifts were received from employer-sponsored private pension schemes. These guidelines are providing the required support to the private pensions industry by ensuring that conversions or shifts of DB schemes are carried out fairly and in a transparency manner.

Since 2021, the FSC has started the NICD project for the implementation of a Bonus Malus system, which is in alignment with the Government's strategy concerning road safety. When building this platform, we have re-engineered areas that required improvement and leveraged on technology to bring efficiency in the claims management and recovery process.

The NICD is a repository of claims information on drivers and policyholders which will be collectively fed by the insurance companies. The system will also be linked with the Mauritius Police Force and the National Land Transport Authority. Through the Bonus Malus scoring system, good drivers would be rewarded for their driving and the bad drivers would be penalized in terms of a higher premium.

The NICD also brings a novelty to the current recovery practice through the concept of clearing and settlement of inter-insurers' outstanding claims on a multilateral basis in collaboration with the BoM. The NICD is currently under the final stages of implementation and will be launched in due course.

In the National Budget 2022/23, it was announced that the FSC would revamp its framework to enable reinsurance companies to set up operations in Mauritius. The FSC is engaging with an external consultant to establish a regulatory framework for reinsurance, one that sets Mauritius as the jurisdiction of choice for reinsurers to domicile and also attract African insurance business.

Enhancing Regional and International Cooperation

During the year 2022/23, the FSC continued to build on its existing good relationship with regional committees, international standard setting bodies and other fellow regulators. Mauritius, through the FSC, is now the proud host of the CISNA Secretariat since October 2022. The establishment of the office will play a key role in ensuring harmonisation and compliance in the SADC member states when it comes to non-banking financial services policies. The Commission also hosted three international meetings, namely, the GIFCS 2nd Plenary meeting in November 2022 (co-hosted by the BoM), the IAIS Governance Group meeting and the CISNA Bi-Annual meeting in March 2023. For the year 2023/24, the FSC will continue to nurture international relationships with counterparts through the signature of Memorandum of Understandings (MoUs) and the sharing of experience through the hosting of study visits.

STATEMENT OF THE CHIEF EXECUTIVE

The FSC Regional Centre of Excellence (RCE), in collaboration with the Organisation for Economic Co-operation and Development (OECD), also continued on its journey to building capacity in the sector by hosting four workshops and providing training sessions to over 1,700 participants from around the world in 2022/23. The themes discussed ranged from Fintech, ESG, the promotion of good corporate governance and financial inclusion. In May 2023, through the signature of an agreement, the RCE also re-iterated its commitments to financially assist the OECD in promoting OECD standards and guidance to financial and other market regulators in Southern and Eastern African regions, including the organisation of capacity building programmes. We are looking forward to continued collaboration with the OECD as we move forward.

FSC Single Window

In its endeavour to improve business processes, the Commission proudly launched the FSC Single Window in July 2022. This dedicated office, which is situated at the seat of the FSC in Ebene, was announced as part of the action item under the Blueprint for the financial services sector and was set up in collaboration with the Economic Development Board (EDB) and the Corporate and Business Registration Department (CBRD). It is a facility that can benefit both local and foreign investors by providing a single point of contact to channel investment requests in a user-friendly environment.

The FSC Single Window is a significant milestone to keep pace with the rapid evolution of the financial services sector. By simply booking an appointment via the FSC website, investors can benefit from the assistance of experts from the FSC, the EDB and the CBRD to discuss their investment needs. During the year under review, a total number of 21 meetings have already been held at the FSC Single Window and many more are in the pipeline. I would here like to commend the effort of the various stakeholders to the project and thank all its facilitators for making it happen.

Enforcement Actions

In line with its credible deterrence approach, the FSC can impose a plethora of disciplinary sanctions on defaulting licensees and officers in order to change their behaviour and/or to deter similar conduct of non-compliance by others. During the year under review, three licensees have been subject to a revocation of licences, three licensees have been subject to a suspension of licences, five licensees have been imposed with an administrative penalty (through the settlement framework) and one licensee has been subject to a private warning. These disciplinary sanctions demonstrate that there are meaningful consequences for non-compliance with the enabling laws.

In parallel and in line with its mandate to take measures to protect consumers of financial services products, the FSC also issued 21 investor alerts during the year with the aim of cautioning members of the public against unauthorised entities involved in illegal and improper practices in the sector.

Technology as an Enabler

The Financial Services sector now operates a rapidly changing environment, one which evolves constantly not only in terms of products and policies but, regrettably, in terms of risks and threats as well. Digitalisation has reshaped the 'doing business' landscape and the need for sustainability has gained significant momentum. Therefore, in order to promote a green organisation policy and to provide the right framework to establish, implement and manage information systems, the Commission is planning the digitalisation of Submission of Accounts and Administrative Penalties and the implementation of an ISO 27001 Information Security Management System (ISMS) respectively. In addition, the FSC will make use of the FSC One Platform as an integrated online platform for the conduct of all AML/CFT related supervision work for the supervision cycle 2023/24. Furthermore, the introduction of a digital signature guidelines to regulate the use of digital signatures in signing documents will be introduced thus paving the way for a digitally empowered and efficient financial services sector.

Conclusion and Acknowledgements

As I conclude on this message, I look back on the amount of work which has been undertaken as well as the noteworthy accomplishments and the ambitious projects. These realisations would not have been possible without the contribution of all.

As we continue on this journey, it is now time, more than ever, for all stakeholders of the sector to join hands and move together in same direction to further consolidate the position of our country as a jurisdiction of choice. I firmly believe that we possess the relevant abilities and skills to achieve such heights. The FSC will continue to provide platforms and frameworks for progress and help in engineering great achievements.

To end, my heartfelt thanks goes to the Chairperson and the members of the Board of the FSC, for their continuous guidance and support and to the staff of the Commission for their dedication and commitment in delivering their tasks.


I look forward to a successful year 2023/24.



Dhanesswurnath Thakoor
Chief Executive

Major Events





Fintech refers to technologically enabled financial innovations resulting in new business models, applications, processes or products.



MAJOR EVENTS

The FSC was actively engaged in pursuing its statutory objectives. The financial year 2022/23 was marked by major developments and the implementation of several regulatory initiatives.

Workshop on Fintech and Blockchain Innovation

On 26 and 27 July 2022, the RCE of the FSC in collaboration with the OECD, hosted a hybrid workshop on *Development in Fintech and Blockchain innovation and implications for policy and regulation*.

Financial Literacy Campaign



From left to right: Mr Rajeshsharma Ramlool, SC, Vice-Chairperson of the FSC; Mr Dhanesswurnath Thakoor, Chief Executive of the FSC; Mr Mardayah Kona Yerukunondu, Chairperson of the FSC; the Honourable Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance; and Mr Heman Jhangli, Deputy Commissioner of Police.

On 11 August 2022, the FSC in collaboration with the MFSGG officially launched the Financial Literacy Campaign on the VAITOS Act.

The event was held in the presence of the Honourable Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance; Mr Mardayah Kona Yerukunondu, Chairperson of the Commission and First Deputy Governor of the BoM; and Mr Dhanesswurnath Thakoor, Chief Executive of the FSC.

MAJOR EVENTS

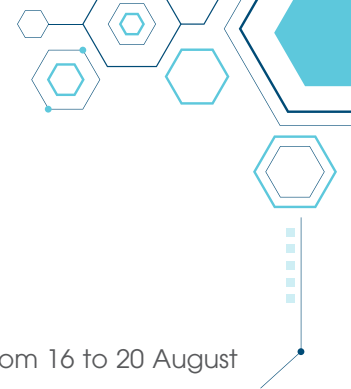


The Honourable Mahen Kumar Seeruttun highlighted in his speech that the *financial sectors around the world, including Mauritius, are also undergoing a metamorphosis. It is, therefore, imperative to empower and protect citizens through financial education, which will boost the confidence of people towards making prudent financial decisions for themselves.* He mentioned that fraudulent financial activities perpetrated by unlicensed entities or individuals cannot thrive in an environment where members of the public are well informed about financial products and services.

Mr Mardayah Kona Yerukunondu highlighted that the Commission, in line with the Government's policies, took decisive steps to introduce new legislation for VAs. Moreover, he underlined that the objective was to sustain the development of the financial services sector in Mauritius. He also mentioned that *it is a new law regulating an innovative concept. This law will bring order in an area of disorder. Such regulated environment will therefore definitely bring more investment to Mauritius and why not making this activity, another pillar of our economy.*



Mr Dhanesswurnath Thakoor stressed in his statement that Fintech is triggering a major transformation of the financial services sector. As such, the jurisdiction finds itself in a unique position to leverage on its track record and solid reputation as a reliable and credible financial centre and position itself as a Fintech Hub. In the same vein, he mentioned that in recent years, the Commission has embarked on a journey to adapt its regulatory architecture to the changing technologies and business models. Guidance notes and relevant legislative instruments have been introduced to regulate business activities in the fintech landscape.



Financial Literacy Week in Rodrigues

The FSC, in collaboration with the MFSGG, hosted a financial literacy week in Rodrigues from 16 to 20 August 2022 on the theme 'The Future of Finance'.



The event, organised by the Financial Services Fund (FSF) which operates under the aegis of the Commission, was launched in the presence of the Honourable Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance; the Honourable Francisco François, Parliamentary Private Secretary; the Honourable Buisson Léopold, Member of the National Assembly; Mr Françoau Grandcourt, Deputy Chief Commissioner of the Rodrigues Regional Assembly; Mr Christian Leopold, Chairperson of the Rodrigues Regional Assembly; Mr Jean Claude Pierre Louis, Island Chief Executive; Mr Dhanesswurnath Thakoor, Chief Executive of the FSC; and Ms Lakshmi Appadoo, Chairperson of the FSF.



In his inaugural speech, the Honourable Mahen Kumar Seeruttun, underlined that *it is a propitious moment to highlight the remarkable growth of the financial services sector in recent years, and the FSC wants to ensure that this sector also actively participates in the development of Rodrigues*. He stated that *both the public and operators need to be properly informed of the evolution of financial services worldwide to be able to adapt to these changes and challenges. It is fundamental that there is a balance between the market dynamics and the need for development as an international financial centre of excellence and substance for our country*. He further underlined that *we strongly believe, with the recent technological advances, Rodrigues as well as its professionals can play a leading role in the realisation of this objective, in the future*. Moreover, he highlighted that *the FSC will continue its efforts to ensure a sustainable consumer awareness programme in Rodrigues*.

MAJOR EVENTS

Mr Dhanesswurnath Thakoor highlighted in his address that *financial education is an ongoing process by which the FSC targets consumers and investors with the view to improve their knowledge of financial products, concepts and risks.* He elaborated on the fundamentals of financial literacy stating that *there is a shift of financial responsibility to the citizen due to the increasing complexity of the types of financial products and services that are available to the public.* Hence, the need for financial literacy campaigns. He added that *we aim to help consumers and investors acquire, through objective training, education or advice, the skills and confidence when dealing with financial products and services.*



During the launch of an awareness session on fintech, crypto assets and alternative mode of financing, held on 17 August 2022, Mr Dhanesswurnath Thakoor stated that *with the recent emergence of distributed ledger and blockchain technology and virtual assets, we are experiencing a real revolution in the Fintech world, as we are moving from traditional services to new technologies.* He emphasised that the FSC as a regulator *has the responsibility to ensure that the activities that are proposed in our jurisdiction are conducted within a defined regulatory framework.*

Workshop on Blockchain Analytics

On 20 September 2022, the FSC hosted a workshop on Blockchain Analytics. As the regulator responsible for the administration of the VAITOS Act, the Commission among other actions acquired the Chainalysis software for the monitoring of crypto-related activities from and through Mauritius. The workshop was led by experts from Chainalysis and their local representative, the Mauritius Network Services Ltd.

Mr Dhanesswurnath Thakoor, Chief Executive of the FSC, highlighted in his opening remarks that *Mauritius has implemented a series of measures and tools to track and identify unlicensed and unregistered natural or legal persons or entities carrying out virtual assets activities, and to apply appropriate sanctions accordingly.* He mentioned that the workshop has two specific objectives: *first to get the insights of the actual operations and secondly, with the training today, industry experts will have hands on practice.* Going forward, the Commission is aiming at working in close collaboration with other institutions to maintain Mauritius as a largely compliant and robust jurisdiction.

FSC Health and Wellness Week

On 03 October 2022, the FSC in collaboration with the MFSGG and the Ministry of Health and Wellness launched the Health and Wellness Week.





The event was held in the presence of the Honourable Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance; Dr. the Honourable Kailesh Kumar Singh Jagutpal, Minister of Health and Wellness; Mr Mardayah Kona Yerukunondu, Chairperson of the FSC and First Deputy Governor of the BoM; Mr Rajeshsharma Ramlooll, SC, Solicitor General and Vice-Chairperson of the FSC and Mr Dhanesswurnath Thakoor, Chief Executive of the FSC.

Dr. the Honourable Kailesh Kumar Singh Jagutpal commended the FSC for organising a Health and Wellness Week for its employees. He highlighted in his address that this initiative of the FSC is in line with the policy of my Ministry to encourage a healthy work life balance at the workplace and, cultivating a culture of good health and wellness can only be productive for both the FSC and its employees.



Mr Mardayah Kona Yerukunondu, in his speech mentioned that *the safety, health and welfare of our employees is paramount, and a safe and healthy working environment is a prerequisite.* He added that the objective of this initiative is to *allow our employees to benefit from various health-promoting activities and remind them that they need to set aside some time for their own personal health and well-being.*

Mr Dhanesswurnath Thakoor highlighted that *at the level of the Commission, we demonstrate our commitment to health and wellness as well as to provide a holistic approach to support the health and safety for our most valuable asset, that is, our People.* Likewise, he elaborated on the current initiatives implemented by the Commission to offer work-life balance through flexible working hours, health talks and the 'WeCare Initiative'.



FSC Blood Donation Day

The FSC organised its annual blood donation day in collaboration with the State Trading Corporation and Grant Thornton Mauritius on 07 October 2022 whereby staff, licensees, and other corporate bodies were invited to participate actively in this life saving endeavour.

Memorandum of Cooperation between the FSC and the Mauritius Police Force

On 30 September 2022, the FSC and the Mauritius Police Force (MPF) signed a Memorandum of Cooperation (MoC). The signatories were Mr Dhanesswurnath Thakoor, Chief Executive of the FSC and Mr Anil Kumarsingh Dip, CSK, PMSM, Commissioner of Police in the presence of Mr Mardayah Kona Yerukunondu, Chairperson of the FSC and First Deputy Governor of the BoM.

Mr Mardayah Kona Yerukunondu stated that *this MoC formalises the already ongoing cooperation between the FSC and the MPF in their mutual endeavour to detect and prevent financial crimes. This MoC reinforces the collaboration between our two law enforcement agencies in the fight against money laundering.*

MAJOR EVENTS

Mr Dhanesswurnath Thakoor conveyed that *the FSC is fully committed to collaborate with the Mauritius Police Force in line with the provisions of the Memorandum of Cooperation pertaining inter alia to the exchange of information, engaging in capacity building programmes and other avenues of common interest such as anti-money laundering prevention and combatting the financing of terrorism and proliferation.*

Mr Anil Kumarsingh Dip stated that *this joint initiative is yet another milestone in the MPF's endeavour to reinforce its partnership with domestic law enforcing agencies in a bid to cracking down on both domestic and transnational crimes, as enshrined in the Police Strategic Policing Plan 2022-2025.*

Africa Financial Industry Summit

Mr Dhanesswurnath Thakoor, Chief Executive of the FSC, attended the second Africa Financial Industry Summit on 28 and 29 November 2022 in Lomé, Togo. The summit provided an excellent platform to African public and private sector leaders to share their views on the best practices to accelerate financial inclusion across the continent; accelerate the emergence of a Pan-African financial services market; and contribute to the development of the regulatory, supervisory, and compliance policies of financial innovation.



FSC Chief Executive as Chair during a strategic roundtable on "Crypto currencies: Regulating the outsider of finance".

Mr Dhanesswurnath Thakoor participated as Chair of a strategic roundtable on 'Crypto currencies: Regulating the outsider of finance'. During his intervention on 28 November 2022, he spoke on the following four key points:

- Extent to which regulators allow FIs to engage in crypto currencies;
- Lessons learnt from other jurisdictions that have legalised Bitcoin;
- Enforcing bans on unlicensed operators or providing a framework for them to operate; and
- Building a safer market environment and reducing volatility.

Furthermore, as a speaker in a panel discussion entitled 'Central Bank Digital Currency and Crypto: A brave new world for African Finance' held on 29 November 2022, he spoke on the following topics:

- How Central Bank Digital Currency (CBDC) and crypto-currencies impact regional integration and financial market complexity?;
- Ways to ensure CBDCs do not bypass commercial banks, replace mobile money and lead to tighter crypto regulations; and
- Measures that insurers and banks should take in relation to risk management and leveraging CBDC transaction data.



During the event, the President of the Republic Togo, His Excellency, Mr Faure Essozimna Gnassingbé received the Chief Executive. Discussions focused on strengthening cooperation between Mauritius and Togo and how to explore new avenues for collaboration in the financial sector.

Financial Services Fund Award Ceremony and Website Launching Event

The FSF hosted an award ceremony and launched its website on 08 December 2022. The event was held in the presence of the Honourable Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance; Ms Lakshmi Appadoo, Chairperson of the FSF; Mr Dhanesswurnath Thakoor, Chief Executive of the FSC and representatives of the industry.

The award ceremony was the culmination of various financial literacy initiatives on the Fintech theme namely: Creative Art Competition, Mobile App Gaming and the Young Talent Competition 2021. In the same vein, the website <http://www.harmony.mu> was launched with the objective to reach a wider audience and revealed the theme 'Sustainable Finance and the Environmental, Social and Governance (ESG) Considerations' for its financial literacy programmes for 2023.



The Honourable Mahen Kumar Seeruttun, in his keynote address underscored that the different competitions are *an excellent opportunity not only for the youth to gain meaningful exposure in the sector as future consumers, but also to better understand financial services as an important and attractive sector to pursue a career.*

MAJOR EVENTS

With the launching of the FSF event, the Honourable Mahen Kumar Seeruttun, encouraged the public to stay connected with this new tool which, *will help to reach out to the public as financial literacy is relevant to all segments of our population and at all levels. According to him, this user-friendly website aims at being an important instrument for the community for personal finances, savings, budgeting and investing at every stage of life.*



Mr Dhanesswurnath Thakoor mentioned in his opening speech that financial literacy is one of the core pillars *for sound financial services to exist in any country. He also stated that the younger generation is in the best to vehicle such values in the industry and help foster a culture of sound financial literacy. He further observed that the FSF, with its own website, will be able to manage and to vehicle its specific information and to be one notch closer to the public in its quest for uplifting the level of financial literacy in the country. He concluded that the FSF's website is the first step towards creating a modern and financially literate public, which will go a long way towards inclusive financial education in the country.*

Group of International Finance Centre Supervisors Annual Plenary Meeting

The GIFCS held its second annual plenary meeting from 22 to 24 November 2022 in Mauritius. The meeting, which was jointly hosted by the FSC and the BoM, marked the first event of its kind in our jurisdiction. The event gathered speakers from the Commission, the BoM, the Financial Stability Institute and GIFCS member countries.

Mr Dhanesswurnath Thakoor, Chief Executive of the Commission, commented that *the hosting of the GIFCS Plenary meeting was an enriching experience for our jurisdiction. To maintain our competitive edge as an International Financial Centre, the FSC has come forward with innovative products and services especially those based on emerging technologies. The Plenary was one of those forums to showcase such achievements. Moreover, this event was an opportunity to develop relationships and exchange supervisory experiences for the benefit of GIFCS members. The various exchanges will positively contribute to uphold our level of expertise as a financial regulator.*

Mr John Aspden, Chairman of GIFCS, underscored that *the key theme of this meeting was for all those present to discuss and share experiences on key topical issues. These are areas where supervision is very much still evolving, so it was especially beneficial to look at examples of good practice in a smaller-nation context.*

Artificial Intelligence Powered Due Diligence Platform

The FSC in collaboration with the Mauritius Research and Innovation Council (MRIC) launched an Artificial Intelligence (AI) Powered Due Diligence Platform on 02 February 2023. This platform aims at moving due diligence processes into a real time surveillance based on a risk scoring system.



From left to right: Dr Kaviraj Sharma Sukon, Chairperson, Mauritius Research and Innovation Council; the Honourable Deepak Balgobin, Minister of Information Technology, Communication and Innovation; the Honourable Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance; Mr Mardayah Kona Yerukunodu, Chairperson of the FSC and First Deputy Governor of the BoM; Professor Theesan Bahorun, Executive Director of the MRIC; and Mr Dhanesswurnath Thakoor, Chief Executive of the FSC.

The Honourable Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance, highlighted in his keynote address that *the launch of the AI Platform, is an announcement to the world that we are constantly reengineering our processes and regulatory environment in order to establish and conduct business in Mauritius.*



The Honourable Deepak Balgobin, Minister of Information Technology, Communication and Innovation, underlined in his speech that *today's event, marks a new turn for our public service, especially in the sector of financial services which constitutes a key pillar of our economy.*

MAJOR EVENTS

The Executive Director of the MRIC, Professor Theesan Bahorun, highlighted in his speech that *there is growing pressure on financial institutions to remain competitive, and this is leading them to undertake major transformation efforts – moving from complex traditional environments to more efficient operations and creating more responsive compliance processes that can meet evolving local and international regulations.*



Mr Mardayah Kona Yerukunondu, Chairperson of the FSC and First Deputy Governor of the BoM, in his welcoming address mentioned that *the FSC has embarked into a digital transformational journey, not because it is fashion, but out of necessity. This project is aligned with the FSC's overarching strategy to improve the financial ecosystem through the digitalisation of its regulatory process.*

International Women's Day

A talk on 'Women Empowerment' was organised for staff members on 08 March 2023 to mark the International Women's Day. The Guest Speaker was Ms Gayle Mary Jane Yerriah, Board Member of the FSC.



IAIS Governance Working Group Meeting

On 15 and 16 March 2023, the FSC hosted the IAIS GWG meeting.



Mr Mardayah Kona Yerukunondu, Chairperson of the FSC; Ms Anna Jernova, Chairperson of the GWG; Mr Dhanesswurnath Thakoor, Chief Executive of the FSC; Mr Aakash Mishra, Vice-Chairperson of the GWG; and members of the IAIS GWG.

The event was held in the presence of Mr Mardayah Kona Yerukunondu, Chairperson of the FSC and First Deputy Governor of the BoM; Ms Anna Jernova, Chairperson of the GWG and Mr Dhanesswurnath Thakoor, Chief Executive of the FSC.



Mr Dhanesswurnath Thakoor highlighted in his opening remarks that the FSC actively participates in six working groups or committees of the IAIS and the hosting of the GWG meeting bears testimony to FSC's commitment towards the Association. The work of the GWG, as a very important component of the overall objectives of the IAIS, is to develop effective corporate governance in the insurance sector. He further outlined that the FSC's regulatory framework is aligned with the IAIS standards and principles and focusses on regulatory issues relating to capital adequacy, solvency, corporate governance, early warning systems and the protection of policyholders.

He concluded by mentioning that the reliability and credibility of our financial system depends on the integrity of our institutions. It is of paramount importance for our financial institutions to keep promoting principles of good corporate governance in order to enhance transparency and confidence in the system.

MAJOR EVENTS

Workshop on Environmental, Social and Governance

On 27 April 2023, the RCE of the FSC in collaboration with the Chartered Financial Analyst (CFA) Society Mauritius hosted a hybrid workshop on 'Environmental, Social & Governance (ESG) Shaping the Future – Challenges and Opportunities'.

Workshop on Good Corporate Governance

On 18 and 19 May 2023, the RCE of the FSC in collaboration with the OECD hosted a two-day hybrid workshop on 'Promoting Good Corporate Governance'.

Grant Agreement between the FSC and the OECD

On 18 May 2023, a Grant Agreement was signed between the FSC, represented by Mr Mardayah Kona Yerukunondu, Chairperson of the Commission, First Deputy Governor of the BoM and Member of the RCE Governing Board; and the OECD, represented by Dr Carmine Di Noia, Director for Financial and Enterprise Affairs. The ceremony was held in the presence of Mr Dhanesswurnath Thakoor, Chief Executive of FSC and Mr Harvesh Seegolam, Governor of the BoM and Chairperson of the RCE Governing Board.

Workshop on Financial Inclusion

The RCE of the FSC in collaboration with the OECD hosted a two-day hybrid workshop on 27 and 28 June 2023 on the theme 'Financial inclusion: Trends, developments, and policy tools'.



Financial Services Career Fair and the Hackathon 2023

The MFSGG, in collaboration with the FSF, Mauritius Finance, the Insurers' Association of Mauritius and the Financial Services Institute organised the Financial Services Career Fair 2023 on 23 and 24 June 2023. The key objectives were to provide job seekers a platform where they could explore numerous employment opportunities in the financial services sector and to bridge the gap between recruitment needs and the available qualified working force. The career fair regrouped around 40 institutions with over 1,000 immediate job openings.

The Hackathon 2023, which is a closed-door non-stop 24-hour competition, was held on 23 June 2023. It was opened to all developers, designers and tech enthusiasts with the objective of creating innovative applications that promote financial literacy.

The Financial Services Commission, Mauritius





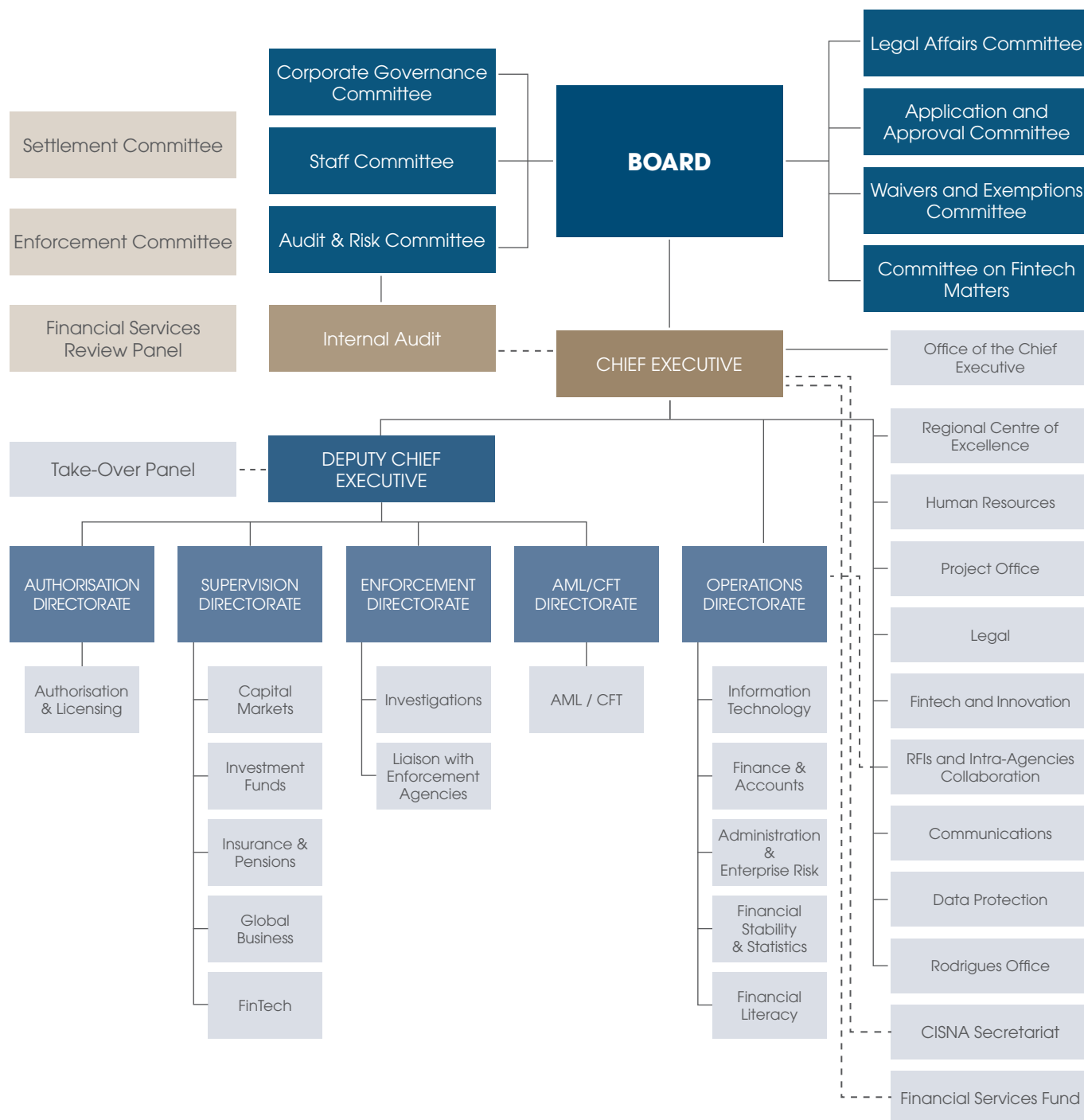
Virtual Asset is a digital representation of value that may be digitally traded or transferred, and may be used for payment or investment purposes.



THE GOVERNANCE STRUCTURE



Figure 1: Organisation Structure



THE BOARD OF THE FSC MAURITIUS

On the 21st of September 2023, the date of the approval of the Audited Financial Statements (AFS) for the year ended 30 June 2023, the Board of the FSC Mauritius comprised:

Chairperson

Mr Mardayah Kona Yerukunondu

Vice-Chairperson

Mr Rajeshsharma Ramloll, SC

Board Members

Mr Premchand Mungar

Mr Sarwansingh Purmessur

Mrs Mariam Rajabally

Ms Gayle Mary Jane Yerriah

Mr Loveneesh Beedasy

Mr Ishwarlall Bonomaully (appointed on 06 September 2023)

Secretary to the Board

Mr Ramanaidoo Sokappadu

Members of the Board who left during the year 2022/23 and up to the date of the approval of the AFS for the year ended 30 June 2023:

Mr Mahess Rawoteea (appointment lapsed on 05 September 2023)

BOARD MEMBER PROFILES



MR MARDAYAH KONA YERUKUNONDU
Chairperson

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

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

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

Mr Yerukunondu has been an ardent defender of the image and reputation of the Mauritius jurisdiction. He has played a key role as an official delegate in several country missions focusing on Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation (AML/CFT). Mr Yerukunondu has also formed part of national delegations of the Eastern

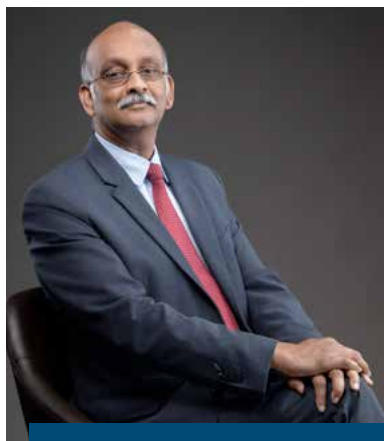
and Southern Africa Anti-Money Laundering Group (ESAAMLG) Task Force of Senior Officials. He is currently a member of the Statutory Core Group for AML/CFT and Proliferation.

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

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

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

BOARD MEMBER PROFILES



**MR RAJESHSHARMA
RAMLOHL, SC**
Vice-Chairperson

Mr Rajeshsharma Ramlohl, SC joined the Board of the FSC Mauritius in May 2014 and has been appointed as Vice-Chairperson since 26 April 2019. He is the Solicitor-General at the Attorney General's Office. Mr Ramlohl holds a specialist LLM in taxation and finance from the Centre for Commercial Law Studies (CCLS), Queen Mary University, London.

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

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

He regularly advises the Government on legal aspects of financial matters, is a tax assessor of the OECD's Global Forum and is an author of the International Bureau of Fiscal Documentation (Netherlands). He is an Advisory Committee Member of the Foundation for International Taxation. Mr Ramlohl has been a tax treaty negotiator for the last 20 years. He acted for the State in many investment arbitrations matters in the Hague, Paris and Brussels and appears regularly before the Private Council in London. He appeared in landmark cases for revenue in *Mauritius Revenue Authority (MRA) v JPMorgan Sicav Investment Company (Mauritius)*

Limited and *MRA v Airbus Industrie*. He conducted the first anti-money laundering prosecution in Mauritius successfully.

He has written widely in international tax journals (including the *Cahier de Droit International Fiscal*) and is on the editorial boards of *Global Taxation*, *International Taxation* and *Foundation of International Taxation* journals. Mr Ramlohl has contributed book chapters to the *Offshore World Survey* (1998, Sweet and Maxwell) and *GAAR General Tax-Anti Avoidance Rules* (2021, Thomson Reuters Legal). He is a regular speaker at international conferences, conducts Masterclasses in international taxation at university faculties abroad (including the University of Lausanne) and is an examiner for postgraduate courses in taxation.

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



**MR PREMCHAND
MUNGAR**
Board Member

Mr Premchand Mungar is a pragmatic and seasoned successful Banking Executive with extensive expertise across various jurisdictions and sectors of the financial services industry spanning over 40 years.

He is currently the Chief Executive and Executive Director on the Board of MauBank Ltd since November 2018. He is also a Vice Chairperson of the Mauritius Bankers Association.

He was appointed as an Independent Non-Executive Board member of the FSC Mauritius in December 2017. He is also the Chairman of the Audit & Risk Committee of the Commission.

Mr Mungar was the General Counsel & Senior Director at the African Trade and Development Bank (TDB) Group, a multilateral financial institution and the financial arm of the Common Market for Eastern and Southern Africa, based in Nairobi, Kenya for 16 years. In 2017, he ended his career at the TDB Group but continued as a Senior Adviser to the TDB Group after his return to Mauritius.

Mr Mungar is an active learner and has recently joined the Elite list of Stanford Alumni's. He has completed the one-year flagship course of Stanford LEAD from Stanford Graduate School of Business in the Year 2023.

Mr Premchand Mungar also holds a master's degree in Finance and Financial Law from SOAS, University of London, and an LLB from the University of Mauritius.

He is a qualified attorney and a member of the Mauritius Law Society since 1995. He attended various executive education courses including the 16th Summer School on International Financial Law organised by Euromoney in collaboration with the University of Oxford at St Catherine's College. He was also sponsored by the Japan Bank for International Cooperation to attend the 10th Autumn Course on International Finance held jointly with Waseda University in Tokyo, Japan. He holds several commendations and was awarded the 2016 President's Excellence Award in Kenya, in recognition of his outstanding contributions to the affairs of the TDB Group.

Mr Mungar is actively involved at the Corporate Governance Development Forum spearheaded by International Development Finance Institutions to develop a framework integrating the principles of governance into investment and business operations. As a consultant, he was also involved in institutional transformation, corporate strategy and business initiatives for financial institutions.



**MR SARWANSINGH
PURMESSUR**
Board Member

Mr Sarwansingh Purmessur was appointed as a Board member of the FSC Mauritius in May 2018. Currently, Mr Purmessur holds the position of Permanent Secretary and is posted to the MFSGG.

He has a long and distinguished career in the Civil Service. Over the past 40 years, he has served in

various Ministries and Departments, including the Income Tax Department, the Ministry of Housing and Lands, the Ministry of Local Government, the Ministry of Technology Communication and Innovation, the Ministry of Foreign Affairs, Regional Integration and International Trade and the National Development Unit of the Ministry of National Infrastructure and Community Development. Among his various responsibilities, he has also served as the Supervising Officer of the Beach Authority.

Mr Purmessur holds a master's degree in Business Administration with specialisation in Human Resource Management from the Indira Gandhi National Open University (IGNOU), India, a master's degree in IT in Business Information Systems from Keele University, UK and a diploma in Public Administration and Management from the University of Mauritius.

Mr Purmessur has also served on various Boards and Committees, namely, the National Housing Development Company Ltd, the Town and Country Planning Board, the Informatics Park Ltd, the Information and Communication Technology Authority, the Rights Management Society, the Financial Services Fund, the National Productivity and Competitiveness Council, the National Committee on Corporate Governance, the National Environment Fund Committee, the Heritage City Co. Ltd and the SBM Holdings Ltd.

He is currently the Chairman of the National Committee on AML/CFT, the Chairman of the Land Drainage Authority, a Director at the Mauritius Housing Company Ltd and a member of the Financial Reporting Council.



MR MAHESS RAWOTEEA
Board Member

Mr Mahess Rawoteea was appointed as a Board member of the FSC Mauritius in October 2018. Currently, he holds the position of Director, Economic and Finance at the Ministry of Finance, Economic Planning and Development. He has fulfilled various key positions in different governmental institutions and has represented the Government in various fora, both at the local and international levels.

He is a fellow member of the Association of Chartered Certified

Accountants and is a holder of a master's degree in Business Administration with specialisation in Finance from the University of Mauritius.

He is a Director of the Financial Services Institute and a Co-opted Director of the Mauritius Africa Fund Ltd. He also serves as Secretary to the National Pensions Fund and National Savings Fund Investment Committee.

BOARD MEMBER PROFILES



MRS MARIAM RAJABALLY
Board Member

Mrs Mariam Rajabally was appointed as a Board member of the FSC Mauritius in April 2019. She is a Partner at a leading accounting firm and specialises in transaction advisory and corporate restructuring. She has been involved in large local and multinational transactions in different sectors. Mrs Rajabally is involved in insolvency proceedings and is a Registered Insolvency Practitioner. Mrs Rajabally also advises on Mauritius and international tax matters.

Mrs Rajabally holds an LLB from the London School of Economics and Political Science, a postgraduate diploma in Financial Strategy from the Said Business School of the University of Oxford and has completed the Harvard Business School Executive Leadership Program. Mrs Rajabally is a Fellow of the Institute of Chartered Accountants of England and Wales (ICAEW).



MS. GAYLE MARY-JANE YERRIAH
Board Member

Ms Gayle Mary-Jane Yerriah was appointed as a Board member of the FSC Mauritius in April 2019. She is currently a litigation barrister in private practice since January 2013. She holds an LLB from the University of Buckingham in United Kingdom, and she completed her BPTC at University of West England. Ms Yerriah was called to the Bar in the UK in November 2011. She is also a member of the Middle Temple Inn UK.

Upon her return to Mauritius, she was also called to the Bar in Mauritius in January 2013. She is a Fellow Arbitrator of the Chartered Institute of Arbitrators UK (CI Arb). She has been a member of the Board of Directors of the Information and Communication Technology Authority. She was also a Board member of the Anglican St Hughes home.



MR LOVENEESH BEEDASY
Board Member

Mr Loveneesh Beedasy was appointed as a Board member of the FSC Mauritius in December 2020. He currently holds the position of Legal Officer at the Mauritius Telecom Ltd.

He has been delivering lectures in law at the Open University of Mauritius over the past years. He has also been involved in the setting up of start-ups and advises private clients on business opportunities in Mauritius. Mr Beedasy acted as consultant for Mauritian companies and has experience in compliance and trust.

Furthermore, Mr Loveneesh Beedasy holds a Graduate Diploma in Legal Practice from Leo Cussen Centre for Law (Australia), an LLB from the University of London, an LLM with a specialisation in International Business Law from the University of Central Lancashire and is a member of the Chartered Institute of Arbitrators UK (CI Arb). He is also an Accredited Mental Health First Aider from Mental Health First Aid Australia.

FSC MAURITIUS BOARD COMMITTEES

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

- Corporate Governance Committee;
- Audit & Risk Committee;
- Staff Committee;
- Legal Affairs Committee;
- Applications and Approvals Committee;
- Waivers and Exemptions Committee; and
- Committee on Fintech Matters.

Corporate Governance Committee

The objective of the Corporate Governance Committee is to ensure that the FSC Mauritius complies, as far as applicable, with the Code of Corporate Governance. The Committee also ensures that necessary disclosures regarding conflicts of interest are made.

Audit & Risk Committee

The Audit & Risk Committee is a sub-committee of the Board that has been delegated the oversight and monitoring responsibilities of the Board. The Committee conducts its affairs in compliance with the Board's approved terms of reference and discharges its responsibilities as contained therein.

The report of the Audit & Risk Committee for the financial year ending 30 June 2023 is published on page 143 of the Annual Report.

Staff Committee

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

Legal Affairs Committee

The mandate of the Legal Affairs Committee is to assess and recommend to the Board, changes in the existing regulatory framework (including FSC Rules, Codes, Guidelines, etc.) and legislation, and introduce new regulatory and legal frameworks. It also monitors the progress of complex cases or cases having a high impact on the Commission or the jurisdiction as a whole.

Applications and Approvals Committee

The Applications and Approvals Committee assesses and recommends to the Board complex applications for licences such as:

- Investment Banking Licences;
- Securities Exchange Licences; and
- Any other application as may be recommended by the Chief Executive.

Waivers and Exemptions Committee

The role of the Waivers and Exemptions Committee is to assess and recommend to the Board, for consideration, requests such as exemptions from regulatory requirements and waivers of administrative penalties.



FSC MAURITIUS BOARD COMMITTEES



Committee on Fintech Matters

The Committee on Fintech Matters acts as a think tank and advises the Board and Chief Executive of the FSC Mauritius on Fintech matters, as well as, monitors the implementation of Fintech initiatives following annual National Budgets. It also recommends the granting of Regulatory Sandbox authorisation to the Board of the FSC Mauritius, inter alia, based on merits and innovativeness of applications.

FINANCIAL SERVICES REVIEW PANEL

The Financial Services Review Panel (FSRP), an ad hoc review panel, shall:

- on application by a person aggrieved by a decision of the Enforcement Committee (EC), review such decision; and
- have such other functions as may be conferred upon it by any relevant Act.

In accordance with section 55 (1) of the FSA, the review panel shall consist of:

- a Chairperson, who shall be a barrister-at-law of not less than five years standing and who shall, from time to time, be appointed by the Minister on such terms and conditions as the Minister may determine;
- a Vice-Chairperson, who shall be the Solicitor-General or his representative; and
- the Financial Secretary or his representative.

Composition

During the period under review, the constitution of the FSRP was as follows:

- Honourable, Mr Joseph Gerard Angoh, GOSK (Chairperson);
- Mr Yvan Jean Louis (Vice-Chairperson); and
- Mr M. Soidek Itoolakhan Lalmahomed (Member)

SETTLEMENT COMMITTEE

Establishment

The Settlement Committee (SC) is an internal independent committee of the FSC Mauritius, set up by the Board pursuant to section 53A of the FSA, whose purpose is to assess the possibility for early resolution of disciplinary matters with a licensee, in case of infringement of our laws.

Composition

During the period under review, the constitution of the SC was as follows:

- Mr Loveneesh Beedasy (Chairperson);
- Mr Mahess Rawoteea;
- Mrs Mariam Rajabally;
- Mr Dhanesswurnath Thakoor;
- Mrs Khemalini Hurdowar; and
- Mrs Sandiah Teelwah Beetul.

Referral of Matters

Settlement is an avenue for licensees to resolve their cases by way of mutual agreement where enforcement actions are being contemplated by the FSC Mauritius.

Any licensee, who is subject to disciplinary proceedings by the FSC Mauritius and who wishes to resolve matters through settlement should submit its application in writing to the Chief Executive of the FSC Mauritius. In assessing whether or not to accept a request for settlement, the Chief Executive will take into consideration numerous factors, including the gravity of the breaches committed and the attitude of the licensee.

Once a matter is referred to the SC, the latter may exercise the disciplinary powers of the FSC Mauritius under section 7(1)(c) of the FSA to impose an administrative sanction on a licensee.

ENFORCEMENT COMMITTEE

Establishment

The EC is an internal independent committee of the FSC Mauritius set up by the Board pursuant to section 52 of the FSA. The purpose of the EC is to exercise the disciplinary powers of the FSC Mauritius under section 7 (1)(c) of the FSA about matters referred to it by the Chief Executive.

Composition

During the period under review, the constitution of the EC was as follows:

- Mr Rajesh Ramloll (Chairperson);
- Ms Gayle Yerriah;
- Mr Deerajen Ramasawmy; and
- Mr Rajhans Pusram.

Referral of Matters

The Chief Executive of the Commission may refer a matter to the EC, for such action, as he may deem appropriate, where:

- he has reasonable cause to believe that the licensee:
 - has contravened any relevant Act, direction or order issued under a relevant Act or any condition of its licence;
 - is carrying out its business in a manner which threatens the integrity of the financial system of Mauritius or is contrary or detrimental to the interest of the public;
 - has committed a financial crime;
 - no longer fulfils any condition or criterion specified under a relevant Act for the grant of a licence;
 - no longer carries out the business activity for which it is licensed;
 - has failed to commence business within 6 months from the date on which it is licensed;
 - is not a fit and proper person; or
- where he becomes aware that a person, whose appointment is in contravention of section 24 (1) of the FSA, is acting as an officer of a licensee.

THE CHIEF EXECUTIVE



MR DHANESSWURNATH THAKOOR
Chief Executive

Mr Dhanesswurnath Thakoor is the Chief Executive of the Financial Services Commission since 18 May 2020.

In his capacity as Chief Executive, Mr Thakoor represents the Commission in a number of international regulatory bodies and committees including the International Organization of Securities Commissions (IOSCO), the International Association of Insurance Supervisors (IAIS), the International Organisation of Pension Supervisors (IOPS) and the Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA). The Commission is the Africa/ Middle-East Regional Committee (AMERC) representative in the IOSCO Board for the term 2022-2024.

Mr Thakoor spearheaded results-driven initiatives at the level of the Commission to complete the action items to address the strategic deficiencies identified by the FATF. These efforts have been instrumental for Mauritius to exit the FATF Grey List in October 2021.

Mr Thakoor has also been at the forefront in the establishment of a modern regulatory framework of a spectrum of innovative financial products and services such as Virtual Assets, Variable Capital Company, Structured Investment-Linked Insurance Business, Peer-to-Peer Lending, Crowdfunding, and

Guidelines for the issue of Green Bonds, among others. He also led a number of digitalisation-driven projects among which the FSC One Platform, Digital Signature Guidelines, and is now leading the National Insurance Claims Database project.

Mr Thakoor also has over 25 years of Central Banking experience. Prior to joining the Commission, he held the post of Assistant Director - Payments Systems and the Mauritius Credit Information Bureau at the Bank of Mauritius (BoM). He was also a member of the internal Fintech Committee and a member of the National Regulatory Sandbox License technical committee at the BoM.

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

Mr Thakoor holds a Master's Degree in Engineering in Information Technology, Electronics and Systems Automation from Polytech Lille in France and an MBA with Specialisation in Finance.

INTERNAL STRUCTURE

DIRECTORATES

The directorates of the Commission are namely Authorisation, Supervision, Enforcement, AML/CFT and Operations.

Authorisation Directorate

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

Supervision Directorate

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

Enforcement Directorate

The Enforcement Directorate (ED) investigates, where it has reasonable cause to believe that licensees or persons who ought to be licensed, have contravened or are contravening or likely to contravene the provisions of any of the relevant laws, licensing conditions or directions issued by the Commission. It also investigates where there are suspected breaches of the Financial Intelligence and Anti-Money Laundering Act 2002 and its relevant regulations, and/or where the activities of the licensees may cause prejudice to the soundness and stability of the financial system or the reputation of Mauritius or may threaten the integrity of the system.

AML/CFT Directorate

The AML/CFT Directorate is responsible for the continuous improvement and effective implementation of the AML/CFT risk-based supervisory framework of the Commission. It is responsible for domestic coordination and cooperation on AML/CFT including participation in the ongoing review of the NRA.

Operations Directorate

The Operations Directorate comprises the Information Technology (IT), Finance and Accounts, Administration & Enterprise Risk (AER), Financial Stability & Statistics and Financial Literacy clusters. Its main role is to provide support to the various clusters of the Commission.

Information Technology Cluster

The Information Technology (IT) cluster is responsible for enhancing the technology-based working environment to meet the evolving needs of the the Commission concerning operational and supervisory capabilities.

Finance & Accounts Cluster

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

Administration & Enterprise Risk Cluster

The AER cluster is, inter alia, responsible for procurement, facilities management, enterprise risk management and business continuity management.

Financial Stability & Statistics Cluster

In collaboration with the BoM, the Financial Stability & Statistics cluster ensures the soundness and stability of the financial system in Mauritius. In addition, it is responsible for the collection, compilation, publication and dissemination of statistics in respect of the financial services and GB sectors.



Financial Literacy Cluster

The Financial Literacy cluster works towards the development of a financially literate population capable of understanding the functioning of the financial services sector and how financial products and services are effectively being used in their daily lives. The cluster liaises with the relevant authorities and other stakeholders (both local and international) on broad financial literacy matters, which also covers financial inclusion.

Clusters reporting to the Chief Executive

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

Office of the Chief Executive

The Office of the Chief Executive monitors the implementation of decisions of the Board. In terms of day-to-day operations, it coordinates the submission of timely, accurate and relevant information to the Chief Executive. It also ensures the dissemination of correspondences throughout the Commission, as well as, manages stakeholders' communications and meetings.

Regional Centre of Excellence

The RCE team works in collaboration with the OECD to develop regional capacity building programmes, conduct research and draft policy papers to be implemented in the Southern and Eastern African region.

Human Resources Cluster

The Human Resources cluster is responsible for capacity building and ensuring that the Commission has the right mix of highly qualified and experienced people to meet its statutory objectives effectively and efficiently. The cluster fosters the maintenance of a conducive environment for its people to learn, grow and continuously add value to the Commission.

Project Office

The Project Office is responsible for the reporting of projects to the Senior Management, to ensure their quality and timely delivery.

Legal Cluster

The Legal cluster assists the Commission on legal matters, drafts legislations and legal documents, and handles litigations, among others.

Fintech and Innovation Cluster

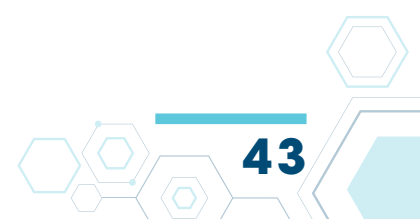
The Fintech and Innovation cluster develops regulatory strategies and implements innovative policies that will impact on financial technologies in Mauritius.

RFIs and Intra-Agencies Collaboration Cluster

The Request for Information (RFI) and Intra-Agencies Collaboration cluster ensures the efficient exchange of information among the different stakeholders.

Communications Cluster

The Communications cluster assists the Commission in the formulation and implementation of its corporate communication plan, strategy and initiatives. It is responsible for the dissemination of up-to-date regulatory news and accurate information targeted to its internal and external stakeholders both on local and international fronts.





INTERNAL STRUCTURE



Data Protection Unit

The Data Protection unit is responsible for data protection compliance.

Internal Audit Cluster

The Internal Audit cluster assists the Audit & Risk Committee in discharging its governance responsibilities and administratively reports to the Chief Executive.

Financial Services Fund

The FSF is a provision under section 68 of the FSA. The funds of the FSF are used to promote the education of consumers of financial services and to meet the expenses of the FSRP. The FSF is administered by a Managing Committee, which is designated by the Minister of Financial Services and Good Governance.

Rodrigues Office

The Rodrigues Office is responsible for monitoring non-banking financial services activities in Rodrigues and acts as a focal point for facilitating any business opportunities. It also assists in the consumer education and financial literacy mandate by carrying out outreach sessions across the island of Rodrigues.

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

The CISNA is a committee of non-banking financial regulators, set up pursuant to Annex 10 of the SADC Protocol on Finance and Investment. The CISNA Secretariat is hosted at the FSC Mauritius.

LEADERSHIP TEAM

In carrying out the mission of the Commission, the Leadership Team is guided by the Code of Conduct for the staff of the Commission, the Senior Management Business Conduct Chart and the core values of the organisation, which are:

- ethical behaviour;
- team work;
- professionalism; and
- compliance with rules.

The Leadership Team, comprising the Chief Executive, the Directors and the Assistant Directors, enables the FSC Mauritius to meet its statutory objectives, coordinates the activities of the various directorates, and provides direction and guidance to the clusters.

The Chief Executive and Directors are assisted by the Assistant Directors and Senior Managers who work together to deliver the operational objectives of the Commission. They are responsible for the implementation of the goals as set out in the strategic and business plans, and of the directions and decisions provided by the Leadership Team.



**PRAKASH
SEEWOSUNKUR**
Chief Operating Officer

Prakash is the Chief Operating Officer of the Commission and currently holds the position of Treasurer at the International Organisation of Pension Supervisors (IOPS) based at the seat of OECD in Paris.

He joined the Commission in 2001 from the Mauritius Offshore Business Activities Authority (MOBAA). During his tenure, he held a senior management position, overseeing various clusters and leading major strategic initiatives. He was a member of the EC.

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

Awarded with the UK Commonwealth Scholarship, he holds a first class honours degree and distinction in MSc. He also has an MBA in Financial Management. He has attended several courses and training programmes on accounting, finance, law and project management.



RENU AUDIT
Director-Supervision

Renu is trained across jurisdictions like India, UK and Mauritius, with more than 25 years of experience in commercial, corporate and financial services regulatory environment. She joined the Commission in 2019. Over the last two decades, she has gained extensive knowhow in financial regulations and in business conduct in Mauritius as she has worked both with regulatory agencies and private sector in Mauritius.

In her career, Renu has actively been involved in leadership roles and participated in various senior level delegations, national committees and international forums. She represents the FSC Mauritius in Co-Regulatory forums with BOM, MRA

and has actively contributed in industry initiatives, governmental taskforce, including exit from FATF Grey list, National Risk Assessment of virtual assets under Recommendation 15 amongst others. During her current tenure at FSC she is actively involved in standardising supervisory processors and reforming regulatory framework with key initiatives like VCC, SILIB, Green Bonds, VAITOS, Private pensions, ESG, to name a few.

Renu is admitted to the Mauritius and Indian Bar. Additionally, she also holds an LLM, Foundation in International Trust management, Financial Management, Oxford Fintech programme, among others.

LEADERSHIP TEAM



KAMALSING BURUN
Assistant Director

Kamalsing joined the FSC Mauritius as Assistant Director, CM in January 2019. He currently heads the Authorisation Directorate. Prior to joining the Commission, Kamalsing worked for a major international bank where he held various positions in Mauritius and in Hong Kong. He has served in local and regional tax advisory roles, has led the implementation of financial crime compliance programmes covering AML, Sanctions, Customer Due Diligence and Tax Transparency and served as director of a number

of investment and fund companies. Previously, Kamal also worked as a consultant advising on cross-border tax planning in the UK.

He is a Fellow of the Association of Chartered Certified Accountants (ACCA), UK and a Chartered Tax Adviser (UK). He is also a member of the Chartered Institute for Securities and Investment. He was previously an active member of the Executive Committee of the International Fiscal Association – Mauritius Branch.



JAYSHREE GUNESS
Assistant Director

Jayshree holds the post of Assistant Director since September 2018. She is currently heading the Enforcement Directorate. Prior to that, she served in various senior level positions in the Corporate Services. She has been with the Commission since 2001. Previously she was at the MOBAA and she worked in the public sector with over 20 years of experience in the financial services sector.

RMIT University, Melbourne and an MBA in International Business from the University of Mauritius. She is a Fellow member of the ACCA, UK and a member of the Certified Practising Accountant, Australia. She is also a member of the Mauritius Institute of Professional Accountants and a member of the Mauritius Institute of Directors (MloD).

Jayshree holds a Bachelor's degree in Economics and Finance from the



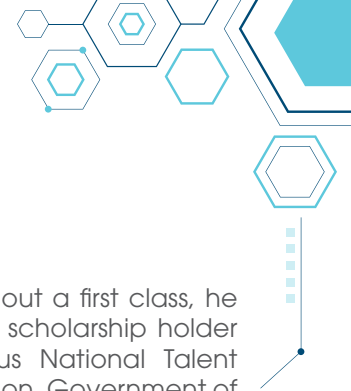
DEERAJEN RAMASAWMY
Assistant Director

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

Loughborough University, UK and a first class degree in Mathematics. He has successfully completed an Executive Programme by the Small Countries Financial Management Centre – Isle of Man, a Leadership Development Programme by TowerStone and a Certificate in External Quality Assurance from UNESCO.

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

Deerajen holds a PhD in Mathematical and Statistical Modelling from



AAKASH MISHRA
Assistant Director

Aakash holds the post of Assistant Director, Insurance & Pensions at the Commission. He joined the Commission in October 2018. He reckons over 30 years of insurance domain experience.

He has worked in senior management positions in Mauritius, Tanzania and India in leading insurance companies. Aakash holds a Post Graduate degree in Sciences and an MBA from Faculty of Management Studies, Delhi University. He is a Fellow, Life Management Institute of Life Office Management Association of USA, an Associate of Toronto Centre and a Licentiate of Insurance Institute

of India. Throughout a first class, he has also been a scholarship holder of the prestigious National Talent Search Examination, Government of India. He has been a past President of Insurers Association of Mauritius from 2014 to 2016.

Aakash has represented the Commission in various international forums and conferences held under the aegis of IAIS and IOPS. He has presented papers in various pensions seminars, including IOPS. Recently he has presented a paper in an RCE OECD event, themed Corporate Governance for Insurers. Aakash has also been selected as a Vice Chair of the IAIS GWG.

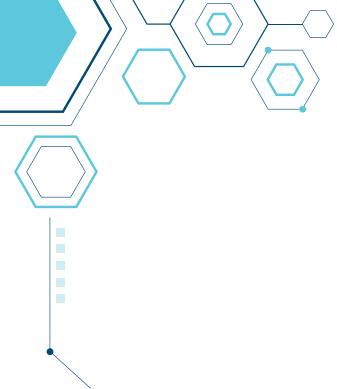


LUXSMI V DUSORUTH
Assistant Director

Joined the Commission in 2012, Luxsmi is a professional in the field of communication strategies, law and financial services with over 19 years of considerable international experience in the Ministry of Justice UK and the financial services sector in Mauritius. She has undertaken several duties including operational management, finance management, project managing in policy and program planning, communication & stakeholder

management, development of solutions to compliance & regulatory risk for AML/CFT and development and promotion of the financial services sector.

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



Strategic Plan 2021/23



Decentralised Finance (DeFi)

refers to a new way of managing financial business activities using blockchain technology. Instead of relying on traditional financial institutions, DeFi uses digital platforms to offer financial services such as trading, investments and insurance without a physical intermediary.

STRATEGIC PLAN 2021/23



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

STRATEGIC OBJECTIVES

Actions

- | | |
|--|--|
| <p>1. Provide for a conducive business environment for Africa-centric investors</p> | <ul style="list-style-type: none"> • Reinforce the position of Mauritius as a strategic partner for infrastructure and regional economic development • Leverage on the African Continental Free Trade Area for stronger economic ties with key African investment destinations • Offer development finance institutions a sophisticated and stable financial centre for their investments in Africa. • Support the African Strategy of the Government • Develop enhanced awareness of the demand factors in terms of products and financial business activities that are best suited for the African markets • Leverage on the Comprehensive Economic Partnership Agreement and position Mauritius as a platform of choice for Indian businesses to invest in Africa |
| <p>2. Consolidate the reputation of Mauritius as a premier jurisdiction for fund administration and investment into India</p> | <ul style="list-style-type: none"> • Introduce measures to incentivise the setting up of fund structures as investment pooling vehicles targeting a diversified range of geographies • Develop the fund advisory potential of Mauritius • Develop an image as a financial centre specialising in fund administration and fund advisory services, as recommended by the Blueprint for Financial Services |
| <p>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</p> | <ul style="list-style-type: none"> • Authorise funds to relocate from other jurisdictions through well communicated re-domiciliation pathways • Develop purpose-built regulations and a package to welcome prominent funds, in particular impact investment funds which aim to pursue noble and profitable strategies • Introduce recognisable impact investment certifications (ESG and SDG) for investment criterion, structuring and strategies • 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 2021/23



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

- Enhance the participation of Mauritius as a member of the Financial Services Board Regional Consultative Groups (FSC RCG) for the Sub-Saharan African region
- 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
- Take measures with a direct impact to improve the position of Mauritius in the Global Financial Centres Index
- Attract high-profile Development Finance Institutions and their Special Purpose Vehicles to Mauritius
- 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

- Monitor and refine legal and regulatory frameworks to improve the level of legal certainty and offer the protection of the law to international investors
- Strengthen the engagement with stakeholders in the industry to gauge demand factors prior to formulating policy refinements for the legal and regulatory framework
- Support Government policy of combatting financial crime and of protecting the reputation of Mauritius as a financial centre
- 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

- | | |
|---|--|
| <p>2. Develop enabling regulations to promote emerging technologies for niche and innovative segments of financial services</p> | <ul style="list-style-type: none"> • Identify niche markets and ensure financial business activities are in alignment with trends in international financial services that are powered by prominent emerging technologies • 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 • Adapt to the offering of competitors supporting the development of technology and finance concurrently • 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"> • Enter into Memoranda of Understanding and Cooperation agreements with well-established Fintech hubs • Maintain a competitive edge by exploring regulatory frameworks beyond its existing parameters, seek cross border and cross agency support • 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"> • Adapt our offering according to new patterns in investor behaviour, sectorial trends and global demand • Attract multinational corporations and financial services conglomerates to adopt Mauritius as their regional Headquarters for Africa and the Indian Ocean • Showcase the potential of Mauritius to attract investment and to leverage on its safety and stability as an investment hub for the world • Demonstrate regulatory efficiency by intervening in contexts of product mis-selling, cyber security breaches, dissatisfaction in materially sensitive disclosures and overall ML and TF deficiencies in business models |

STRATEGIC PLAN 2021/23



B. DEVELOP ENABLING LEGISLATION AND REGULATORY FRAMEWORKS

STRATEGIC OBJECTIVES

Actions

- | | |
|--|---|
| <p>5. Improve shareholder value through cross-border outsourcing, optimised business costs and an affordable talent pool</p> | <ul style="list-style-type: none"> • Develop high-level principles on insourcing business across banking, insurance and securities sectors • 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>6. Foster for innovation and progressive development of our capital markets sector</p> | <ul style="list-style-type: none"> • Enable the implementation of fully automated, multi-currency and multi-asset trading platforms for the listing and trading of securities in Mauritius • Take measures to provide a spectrum of sophisticated investment products on local exchanges for investment funds, asset management firms and investment banks • Cater for an improved combination of domestic and international instruments as part of their asset allocations and diversified risk portfolio construction strategies |



C. OPTIMISING ORGANISATIONAL PERFORMANCE

STRATEGIC OBJECTIVES

Actions

- | | |
|--|--|
| <p>1. Enhance the risk-based supervisory approach of the Commission</p> | <ul style="list-style-type: none"> • Implementation of SupTech & RegTech in line with FATF recommended good practice • Adopt technologies for a more efficient use of resources, to achieve greater efficiency and effectiveness • 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 • Improve decision-making by relying on more qualitative data and be more accurate in the risk-based supervisory approach |
| <p>2. Introduce supervision dashboards and improvements in application turn-around times</p> | <ul style="list-style-type: none"> • Develop supervisory dashboards for a consolidated view on supervision across clusters under the Supervision directorate • Support Senior Management with information and tools to analyse data, monitor performance and generate actionable insights • Take concrete steps to improve application turnaround times • Support Government's vision for continuous improvement in the field of business facilitation and ease of doing business |



C. OPTIMISING ORGANISATIONAL PERFORMANCE

STRATEGIC OBJECTIVES

Actions

- | | |
|--|--|
| <p>3. Streamline standard operating processes at the Commission</p> | <ul style="list-style-type: none"> • Introduce automated processes, workflow management tools and digitalised interfaces • Standardise processes within directorates and build organisational resilience • Foster transparent processes within operations at the Commission |
| <p>4. Develop a Technology and Cyber Risk Supervision team for the Commission</p> | <ul style="list-style-type: none"> • Identify and monitor the risk management performance by licensees of the IT risks within their financial services and products • 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 |
| <p>5. Develop advanced capabilities in data analytics and support regulatory reporting</p> | <ul style="list-style-type: none"> • 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 • Invest in data visualization resources for decision makers to better appreciate the key insights being flagged in analysis reports |



D. ENFORCEMENT

STRATEGIC OBJECTIVES

Actions

- | | |
|---|--|
| <p>1. Foster a pro-compliance culture in the financial services sector and adopt fair intervention strategies</p> | <ul style="list-style-type: none"> • Maintain on-site presence and off-site vigilance to supervise the business conduct of licensees • Consistently apply the Enforcement Manual for increased transparency in the enforcement approach of the Commission • Support the ED and the EC for an effective, fair and proportionate approach to regulatory enforcement |
| <p>2. Encouraging adequate disclosure and the endorsement of corporate governance principles</p> | <ul style="list-style-type: none"> • Encourage ethical behaviour, accountability, transparency and a strong performance by the boards and their officers of listed companies and relevant licensees of the Commission • Undertake a review of the Securities Act 2005 to provide for new opportunities and additional safeguards |

STRATEGIC PLAN 2021/23



D. ENFORCEMENT

STRATEGIC OBJECTIVES

3. Align the Enhanced Memorandum of Understanding of the IOSCO

Actions

- Complete the process of becoming a signatory to the IOSCO Enhanced Multilateral Memorandum of Understanding (MoU), and cooperate with its international counterparts under well-established and mutually beneficial frameworks



E. RISK MANAGEMENT AND FINANCIAL STABILITY

STRATEGIC OBJECTIVES

1. Complete the implementation of the 2019-2022 National Strategy of Mauritius to combat ML, TF and proliferation financing
2. Collaborate with foreign regulators to adequately identify and assess systemic risks posed by multinational corporations holding significant market segments within the regional landscape.
3. Facilitate the sharing of information and cooperate with the BoM and law enforcement agencies.
4. Identify and monitor the vulnerabilities of the financial system with respect to the global economy and collaborate with the BoM to ensure its soundness and stability.

Actions

- 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 ML, TF and proliferation financing
- 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
- Broaden the visibility of systemically important businesses and consider prudential action where necessary
- Develop dynamic models for intra-agency collaboration with the BoM and law enforcement agencies
- Support the economic function of Mauritius by collaborating with the BoM on financial stability and for monetary policy to thrive



F. LOOKING TO THE FUTURE: RECRUITMENT & CAPACITY BUILDING

STRATEGIC OBJECTIVES

Actions

- | | |
|---|---|
| <ol style="list-style-type: none"> 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 | <ul style="list-style-type: none"> • Introduce methodologies for the screening of profiles and the hiring of talent to help the Commission achieve its statutory objectives and the strategic goals |
| <ol style="list-style-type: none"> 2. Consistently provide bespoke training programmes to the staff of the Commission, based on their respective job families | <ul style="list-style-type: none"> • Explore smart capacity building frameworks and leverage the technological overhaul at the Commission to identify efficient ways to upskill the labour force • Prioritise capacity-building programmes on a needs-basis for the respective job families |
| <ol style="list-style-type: none"> 3. Reinforce core corporate values and upscale the overall quality of service at the Commission through capacity building initiatives | <ul style="list-style-type: none"> • Foster a culture of sound corporate governance, strong ethics and quality of service • Deploy workflow management tools and performance metrics |



G. CAPITALISING ON NEW TECHNOLOGIES

STRATEGIC OBJECTIVES

Actions

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Consolidate and strengthen the IT security infrastructure to protect the organisation against cyber risks and for optimum data protection | <ul style="list-style-type: none"> • Implement an effective cyber security risk management framework to ensure confidentiality, integrity and availability of data • Implement fully operational administrative, technical, and physical controls. A robust and comprehensive security management programme |
| <ol style="list-style-type: none"> 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 | <ul style="list-style-type: none"> • Introduce data collection and aggregation capabilities to improve its monitoring and reporting • Invest in screening solutions for Red Flags to be identified with pace and accuracy |
| <ol style="list-style-type: none"> 3. Achieve ISO 27001 compliance and migrate the IT infrastructure to a Tier 4 data centre, to mitigate operational risks and safeguard business continuity | <ul style="list-style-type: none"> • Implement an effective ISO 27001 ISMS • Provide the Commission with a management framework of policies, procedures and controls that would store data securely |

STRATEGIC PLAN 2021/23



H. INTERNATIONAL COOPERATION & SHARING OF EXPERTISE

STRATEGIC OBJECTIVES

Actions

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Expand the presence and involvement of the Commission through memberships and associations with international standard-setting bodies | <ul style="list-style-type: none"> • Improve the visibility of Mauritius and the participation of the Commission in international fora • Increase the memberships of the Commission in international associations and standard-setting bodies • 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 |
| <ol style="list-style-type: none"> 2. Position the Commission as an important stakeholder for the professional development of talent in Africa and the Indian Ocean | <ul style="list-style-type: none"> • Consider opportunities to host capacity-building programmes on a regular basis to maintain the good relations forged with foreign supervisory authorities |
| <ol style="list-style-type: none"> 3. Develop a virtual capacity-building platform to dispense tailored Massive Open Online Courses, host conferences and hold technical workshops through the RCE of the FSC Mauritius | <ul style="list-style-type: none"> • Serve as a resourceful partner for our international stakeholders • Improve relations with international counterparts, and governmental agencies |



I. RETHINKING COMMUNICATIONS AND FINANCIAL LITERACY

STRATEGIC OBJECTIVES

Actions

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Develop enriched digital content and apply frequent, clear and timely communication strategies for effective stakeholder management | <ul style="list-style-type: none"> • Participate in the World Investor Week • Adjust communication and financial literacy efforts of the Commission to ensure the relevance of our strategies |
| <ol style="list-style-type: none"> 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 | |

Authorisation Directorate



Application Programming Interface (API)

is a set of definitions and protocols that enables two different software systems to communicate, and exchange data and functionality, with each other. It defines rules and protocols for how one software system can request and exchange information or perform actions together with another application or service.

AUTHORISATION DIRECTORATE

The Authorisation Directorate issues licences and grants authorisations for Global Business Companies (GBCs), Authorised Companies (AUs) and financial activities falling under the following Acts:

- The Financial Services Act 2007 (FSA);
- The SA;
- The Insurance Act 2005 (IA);
- The Private Pension Schemes Act 2012 (PPSA);
- The VAITOS Act; and
- The VCC Act.

Applications are assessed against the requirements of the relevant acts and licensing criteria. When assessing an application, the FSC Mauritius focuses, *inter alia*, on:

- whether the application and the proposed activities are in compliance with the relevant legislations;
- whether the business model of the proposed company and its activities can lead to risks such as reputational risk;
- whether the proposed company has adequate financial resources to conduct the regulated activities; and
- whether the beneficial owners and the proposed officers are fit and proper.

Restructuring

Following an internal restructuring exercise, the processing of all applications have been centralised within the Authorisation Directorate with effect from 01 July 2022.

New Procedures – Applications for Collective Investment Schemes and Closed-End Funds

On 02 February 2023, the FSC Mauritius implemented new procedures with a view to streamlining the processing of applications. These are currently applicable to Collective Investment Schemes (CIS) authorised as Professional Collective Investment Schemes (PCIS) and Expert Funds and to Closed-End Funds (CEFs) authorised as PCIS.

MCs / applicants are now required to provide confirmations and undertakings in an approved form, accompanied by:

- a signed declaration by two resident directors of the MCs / applicants; and
- a legal certificate confirming that the constitutive documents and the offer document accompanying the application are in compliance with the SA, the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008, other relevant Acts, any guidelines issued by the Commission and any other applicable laws.

This new approach is expected to result in shorter turnaround times for fund applications.

FSC Rules for Global Shared Services

The Commission issued new rules for GSS on 20 December 2022. The licensing criteria and the application form were published to facilitate the application for this licence as per the requirements of the new rules.

Engagement with Stakeholders

During the year 2022/23, the directorate engaged actively with industry operators with the aim of improving the overall turnaround time for the issuance of licences. Several meetings were held with industry participants in order to enhance the quality and completeness of applications. The Commission hosted a workshop on the theme 'Meeting the industry for licensing' on 09 December 2022. The focus was on applications for Investment Funds and CIS Managers. The objective was to highlight areas of improvements in respect of submission of applications for funds.

AUTHORISATION DIRECTORATE

Membership to the Association of National Numbering Agencies

On 02 December 2021, the Commission joined the Association of National Numbering Agencies (ANNA) and became the sole National Numbering Agency for Mauritius for a proper oversight on the issue of International Securities Identification Number (ISIN) in Mauritius. Duly-licensed and regulated clearing and settlement facilities in Mauritius are able to allocate ISIN, Classification of Financial Instruments code and Financial Instrument Short Name to all types of financial instruments issued by issuers. For the period under review, 121 ISINs were issued.

Issuance of New Licences

Variable Capital Companies Licence

The local fund industry demonstrated an interest for the VCC Licence following the enactment of the VCC Act. The VCC Act provides, within one structure, the possibility for funds to carry out business through one or more sub-funds or special purpose vehicles. As at 30 June 2023, the Commission has issued four licences under the VCC Act.

Virtual Asset and Initial Token Offering Services Licence

The VAITOS Act provides a modern framework for the licensing of virtual asset service providers in Mauritius, namely, virtual asset broker-dealer, virtual asset wallet services, virtual asset custodian, virtual asset advisory services and virtual asset market place. The VAITOS Act also provides for the registration of issuers of ITOs. A high interest was noted from the industry for licences under the VAITOS Act.

As at 30 June 2023, the Commission granted nine in-principle approvals (with certain conditions) to applications made under the VAITOS Act. Licences are issued to applicants upon successfully meeting the conditions.

Licences and Authorisations Issued

The following tables show the number of licences and authorisations issued during the year 2022/23.

Table 1: Number of licences and authorisations issued for GBC and AU

Category of Licence	July 2022 to June 2023	July 2021 to June 2022
GBC	1,064	1,053
AU	620	837

Table 2: Activity licences and authorisations issued

Enabling Laws	Categorisation as per the FSC Rules	July 2022 to June 2023	July 2021 to June 2022
FSA	Global Headquarters Administration	1	2
	Global Treasury Activities	2	1
	Global Legal Advisory Services	1	-
	Management Licence	11	6
	Payment Intermediary Services	5	6
	Distribution of Financial Products	2	2
	Treasury Management	1	-
	Credit Finance	3	2
	Actuarial Services	1	1
	Investment Banking	1	-
SA	Securities Trading Systems	1	-
	Investment Dealers	70	50
	Representative of Investment Dealer	1	3
	Investment Advisers	26	34
	Representative of Investment Adviser	16	39
	CIS	31	21
	CEFs	47	40
	CIS Manager	31	23
	CIS Administrator	1	1
	Securities Exchange	1	-
	Clearing and Settlement Facilities	1	-
VCC Act	Variable Capital Companies	4	-
IA	External Insurance Business	1	-
	Professional Reinsurer	1	-
	Insurance Broker	2	3
	Insurance Agent	6	11
	Insurance Salesperson	80	102
PPSA	Pension Schemes	1	3
Trust Act 2001	Qualified Trustee (other than a MC)	2	9

AUTHORISATION DIRECTORATE

Table 3: Virtual asset service providers – in-principle approvals

Enabling Laws	Categorisation as per the FSC Rules	July 2022 to June 2023	July 2021 to June 2022
VAITOS Act	Virtual Asset Broker – Dealer (Class M)	2	-
	Virtual Asset Wallet Services (Class O)	1	-
	Virtual Asset Custodian (Class R)	2	-
	Virtual Asset Advisory Services (Class I)	1	-
	Virtual Asset Market Place (Class S)	3	-

Supervision Directorate





Big data refers to datasets that are so large, fast or complex that they are difficult or impossible to process using traditional statistical methods. Big data technologies are therefore used to analyse such huge volume of data to computationally reveal patterns, trends, and associations.



GLOBAL BUSINESS

SECTOR OVERVIEW

The financial services sector is the second largest contributor to GDP in Mauritius. GB remains the backbone of the financial services sector and it has forged a reputation for economic substance. Moreover, the GB sector continues to play a very significant role to consolidate the financial services sector as an engine of growth and employment.

Since its creation, the GB sector has evolved to adapt to the changing regulatory and financial landscape both on local and international fronts. Accordingly, the Commission has embarked on AML/CFT inspections to ensure that its licencees in the GB sector adhere to the revamped legal and regulatory framework in place.

The GB sector has regained its momentum after the delisting of Mauritius by the FATF, the European Union and the UK; and the picking up of economic activities in the aftermath of the COVID-19 pandemic. However, the momentum has been subdued by the disruptions caused globally by the Russia – Ukraine conflict.

Going forward, insofar as the GB sector is concerned, the Minister of Finance, Economic Planning and Development has announced key provisions for the sector in a view to continue the overhauling of the global business regime. Accordingly, the FSA would be amended to specifically empower the FSC Mauritius to:

- take enforcement actions in case of breach of AML/CFT legislation;
- include breach of the AML/CFT legislation as a ground for referral to the EC;
- enhance the role of MCs with respect to ensuring compliance of their clients with relevant laws;
- clarify that the issuance of a certificate of good standing is also applicable to AUs;
- provide for the electronic filing of documents by licensees in the GB sector;
- empower the FSC Mauritius to make rules on obligations and responsibilities of holders of a Management licence; and
- align sanctions for non-payment of administrative penalties with that of non-payment of licence fees.

Furthermore, in order to consolidate the position of the MIFC, the scope of the VCC has been expanded to allow their use for family offices and wealth management in addition to investment funds.

GLOBAL BUSINESS

SUPERVISION

Offsite Supervision

Statutory Filing of Accounts

Licensees were required to file their AFS / financial summaries in line with the prescribed statutory requirements after the expiry of the temporary relief granted during the COVID-19 period.

Economic Substance Requirements Monitoring

During the year under review, the Commission launched a survey on the conduct of the Core Income Generating Activities (CIGA) of 11,635 GBCs. It was found that 37 per cent of these entities claimed to have availed or would be availing of partial exemption. Following this survey, 285 GBCs administered by 33 MCs were inspected for CIGA purposes. Out of this, 125 GBCs, which claimed partial exemption, related to pure equity holding companies and the remaining 160 GBCs related to other activities. On 10 April 2023, the Commission launched its annual survey on economic substance requirements resulting in an onsite plan for the 2023/24 cycle. The CIGA onsite inspection was ongoing at close of the year under review.

Tax Residence Certificate

The Mauritius Revenue Authority (MRA) in collaboration with the Commission has implemented an electronic and user-friendly platform for Tax Residence Certificate (TRC) purposes. Any application for a TRC by a GBC with the MRA requires clearance from the Commission. The GBC is required to be in good standing in terms of fees, charges 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 Commission has provided clearance to 7,015 TRC applications.

Tax Holidays

The Second Schedule of the Income Tax Act provides for tax holidays with respect to certain licence holders of the Commission. These licensees need to satisfy the test of employment and substance requirements among others in order to be eligible for availing tax holidays. During the year under review, requests for tax holidays made by licensees were processed by the Commission for onward clearance to the MRA.

Complaints against MCs / Corporate Trustees

The Commission received 14 complaints against MCs / Corporate Trustees. These complaints related to unsatisfactory services, disputes of a commercial nature between the MCs and their clients, limited access to company records and failure to comply with statutory filings among others. At close of the year under review, seven of these complaints had successfully been addressed by the Commission. Two complaints were referred to ED for relevant actions. The remaining are still under consideration by the FSC Mauritius.

AML/CFT Onsite Inspection

In line with the commitment undertaken by Mauritius towards the FATF Action Plan, an onsite inspection schedule was devised on a risk-based approach for the GB sector targeting MCs / Corporate Trustees so as to cover the 2022/23 AML/CFT Inspection Cycle 3. For the year under review, 53 inspections were carried out with the verification of 16 compliance parameters. In eight instances, following the low level of compliance revealed, licensees were referred to the ED for relevant actions.

INVESTMENT FUNDS

SECTOR OVERVIEW

The last few years witnessed the resilience of the fund industry despite the volatile international investment climate. This may be depicted by the number of funds and their respective intermediaries and functionaries licensed over the years which have not changed significantly. This resilience is the outcome of enhanced regulatory framework put in place by the Commission with respect to the fund industry such that it remains competitive in the face of the changes in investors' needs and dynamics of the financial markets. To this effect, the Commission has brought certain developments, which *inter alia* includes the enactment of the VCC Act.

As at 30 June 2023, the total number of investment funds being regulated stood at 1,014, representing an increase of approximately 1.19 per cent compared to the previous financial year.

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

Categories of Investment Funds	2023	2022*
CIS (Single fund)	221	233
CIS (having more than 1 fund)	168	176
CIS (Protected Cell Company)	54	44
CEF (Single fund)	537	516
CEF (having more than 1 fund)	15	15
CEF (Protected Cell Company)	19	18
Total	1,014	1,002

*Revised figures

As at 30 June 2023, there was a total number of 464 CIS Managers, representing an increase of approximately 5.45 per cent compared to the previous financial year.

Table 5: Number of investment funds intermediaries as at 30 June

Types of Investment Funds Intermediaries	2023	2022*
CIS Managers	464	440
CIS Administrators	11	10
Custodians	11	11
Total	486	461

*Revised figures

Table 6: Number of other NBFIs as at 30 June

Other NBFIs	2023	2022*
Asset Management	9	8
Custodian (non-CIS)	10	10
Distribution of Financial Products	24	23
Total	43	41

*Revised figures

INVESTMENT FUNDS

SUPERVISION

Onsite and offsite monitoring form an integral part of the supervisory process in ensuring that licensees are adhering to applicable laws and regulations.

AML/CFT Onsite Inspection

Based on the risk ratings of its licensees, the Commission conducted 168 onsite inspections as part of the AML/CFT inspection cycle during the year 2022/23. The inspections targeted investment funds, CIS Managers, Custodian, Distribution of Financial Products and Asset Management.

Prudential Inspection

In addition to the AML/CFT inspections, three prudential inspections were conducted during the year 2022/23. These inspections were triggered following the receipt of adverse press articles and complaints.

Offsite Monitoring

Post-licensing Requests

During the year 2022/23, 4,079 post-licensing requests were processed under the FSA and SA, and other rules and regulations made thereunder.

Tax Residence Certificate Applications

For the year under review, good standing reports were provided to 1,054 TRC applications mainly relating to investment funds, CIS Managers and Asset Management.

Complaints

For the year 2022/23, 11 complaints relating to investment funds and intermediaries were received.

Regulatory Developments in the Investment Funds Sector

Regulatory Framework on VCC

The VCC Act, which came into force on 16 May 2022, is expected to further reinforce the status of Mauritius as a diversified IFC, by enlarging the product base accessible to investors.

The VCC structure allows a fund promoter to set up several sub-funds and special purpose vehicles within one structure, leading to economies of scale. The VCC may have one Board of Directors, CIS Manager, CIS Administrator and Custodian for several sub-funds, thus saving on costs. Unlike a protected cell company or other types of multi-fund structure, a VCC can operate as a CIS or a CEF of any category and may elect to have a separate legal personality from that of the VCC. With its unique feature, the VCC Act is expected to be a game changer for the Mauritius IFC.

Environmental, Social and Governance

Sustainable finance is a means to support economic growth while taking into consideration the environment, social and governance aspects. In line with its strategic plan, the Commission is currently working on an ESG reporting framework for investment businesses. The objective is to provide a supportive framework for investors and promoters, which value ESG factors in their decision-making process. The Commission has adopted a comprehensive policy agenda comprising of an action plan for the development of a framework for sustainable finance. To this end, the Commission has launched a survey for investment businesses and funds. The objectives of the survey are to, inter alia, understand the blockers and enablers that are valued by the licensees for them to consider sustainable investments.



Review of the Securities Act

Given the evolving financial environment in which Mauritius is operating, the SA and associated regulations are currently being reviewed.

Collaboration with the Industry

The 'Sub-Committee on Funds' was established under the Joint Committee between the Commission and Mauritius Finance. The objective of this sub-committee is to advise and make recommendations on technical matters relating to the investment funds sector. Several meetings were held during the year 2022/23 and the key deliberations, among others, revolved mainly around the implementation of the revised legislative framework governing investment funds and intermediaries in Mauritius.



CAPITAL MARKETS

SECTOR OVERVIEW

During the year 2022/23, securities exchanges worldwide remained relatively volatile. The securities markets, in the second half of 2022, was marked by a series of events, namely, the slowing rate of economic growth, tighter monetary policy, persistent inflation, and rising interest rates.

However, during the first half of 2023, a slight improvement in economic activities was noted. Many jurisdictions adopted regulatory framework to collectively address associated emerging needs such as shifting to sustainable financial products.

CAPITAL MARKETS' STRUCTURE

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

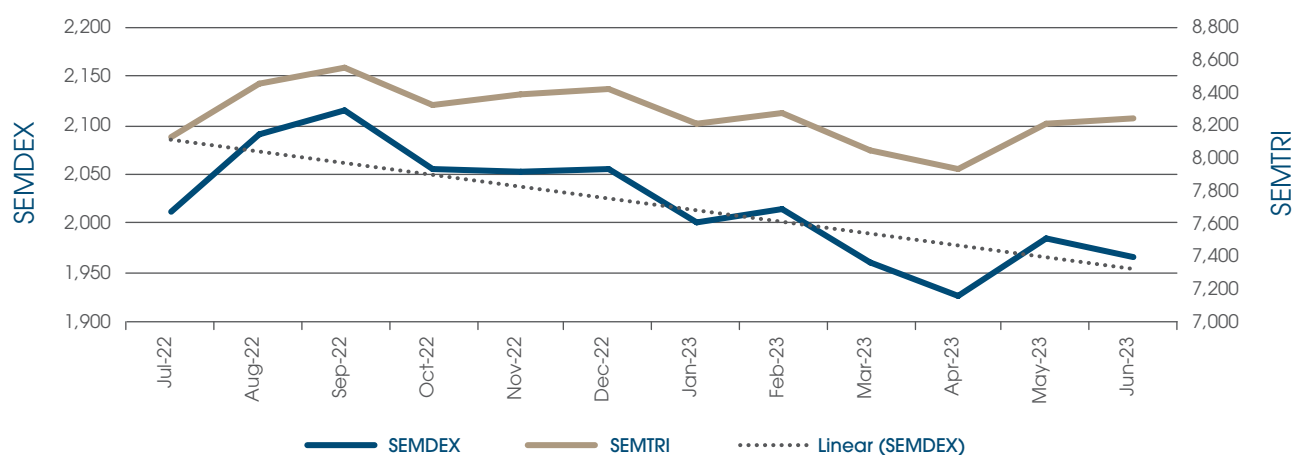
- Market infrastructures**

Market infrastructures are licensed under sections 9, 10 and 11 of the SA consisting of securities exchanges, clearing & settlement facilities and securities trading systems.

There are currently three licensed Securities Exchanges in Mauritius – the Stock Exchange of Mauritius Ltd (SEM), AFRINEX Limited and MINDEX Limited.

For the financial year ended 30 June 2023, the Stock Exchange of Mauritius (SEM) evolved within a mixture of both bearish and bullish trends. A gradual upward trend was registered at the start of July 2022 and pursued on with a continued volatility trend until 30 June 2023. The trends of the SEMDEX and SEMTRI are reflected in the graph below.

Figure 2: Evolution of SEMDEX and SEMTRI during the year under review



Source: SEM

Market Performance

The SEM operates two markets, namely the Official Market and the Development and Enterprise Market (DEM).

At the end of June 2023, the total market capitalisation for both markets on the SEM amounted to MUR 362.22 billion as compared to MUR 393.27 billion during the same period in 2022. The total value of shares exchanged stood at MUR 16.7 billion for the year 2021/22 with an overall volume of 1.1 billion shares. Comparatively, for the year 2022/23, the total value of shares traded stood at MUR 14.1 billion and the volume of shares exchanged amounted to 439.3 million.



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

Table 7: Figures for SEM Indices – Official Market

Particulars	Start (Opening) July 2022	End (Closing) June 2023	Start (Opening) July 2021	End (Closing) June 2022
SEMDEX	2,127.14	1,967.05	1,863.22	2,127.14
SEM-10	387.18	361.66	346.69	387.18
SEMTRI (MUR)	8,568.62	8,244.77	7,274.51	8,568.62
SEMTRI (USD)	2,999.70	2,846.90	2,683.07	2,999.70
SEMSI	113.68	106.19	100.83	113.68

Source: SEM

Table 8: Figures for SEM Indices – DEM

Particulars	Start (Opening) July 2022	End (Closing) June 2023	Start (Opening) July 2021	End (Closing) June 2022
DEMEX	295.92	252.67	284.38	295.92
DEMTRI (MUR)	450.84	395.56	422.72	450.84
DEMTRI (USD)	317.52	274.91	313.66	317.52

Source: SEM

Afrinex Limited

Afrinex Limited is a pan-African exchange with global reach and local presence in Mauritius. It is a demutualised, fully electronic, multi-currency and multi-asset trading platform offering listing and trading of securities services.

It offers stock, bonds, derivatives, Exchange Traded Funds, commodities, and structured notes. As at 30 June 2023, Afrinex Limited had 10 issuers listed on its platform with a total listing value of USD 13.35 billion.

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

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

• Reporting Issuers

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. During the period under review, the Commission granted registration to one entity as Reporting Issuer (RI) 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 for a deregistration from the Commission. As at 30 June 2023, there were 139 RIs registered with the Commission. RIs were subject to ongoing disclosure requirements as per the SA and the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.



CAPITAL MARKETS

In addition to the CM's structure, there are provisions under section 79A of the FSA 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.

DEVELOPMENTS IN CAPITAL MARKETS

Sustainable Finance Initiatives

Guidelines on Corporate and Green Bonds

The Green bond market has evolved rapidly in recent years and has allowed major capital market players to contribute towards the economy in a sustainable manner. The FSC Guidelines on Corporate and Green Bonds mark another step towards transforming the capital markets sector in Mauritius and in providing the jurisdiction a competitive edge as an IFC. These guidelines act as a reference document to issuers as well as investors for the issuance of green bonds while protecting investors against greenwashing.

Economic, Social and Governance Disclosure Framework

As part of its Strategic Plan 2021-2023, the Commission is currently implementing a comprehensive ESG disclosure framework for its licensees.

A survey was conducted in January/February 2023 to targeted licensees (investment funds, insurance companies, pension fund managers, investment advisers, investment dealers, and reporting issuers) with the objective to understand the type of sustainable investment products being offered, the ESG risk management policies, and reporting made to investors including key performance indicators under each ESG theme.

The Securities Act 2005

The Commission is currently revamping the SA to align it with international norms and new developments in the financial services landscape. This will provide an opportunity to tap on the new regulatory framework to reinforce Mauritius as a sustainable IFC.

Securisation Bill

The introduction of a new Securitisation Bill was announced in the National Budget 2021-2022. The objective is to provide a legal framework on securitisation of financial products through special purpose vehicles. Accordingly, the Commission has drafted the proposed Securitisation Bill, which was issued for public consultation in March 2023.

Financial Literacy

In May 2023, the Commission participated in the Mauritius Broadcasting Corporation TV Programme 'Eclairage Economique' along with representatives of the SEM and the Central Depository and Settlement Co. Ltd. The topic was on investment on the stock market.

Capital Markets Sub-Committee

The sub-committee consisting of representatives from the securities exchange, Mauritius Finance and the securities sector met thrice during the period under review. Topics of discussion were on SA, Securitisation and Special Purpose Acquisition Company among others.

SUPERVISION

Monitoring of Securities Exchanges / Clearing & Settlement Facilities

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 online through the Automated Trading System in terms of their volume, share price and any corporate actions. In addition, these licensees have to submit the statutory returns and requirements as per the prescribed laws.

Meetings with Securities Exchanges

As part of its supervisory mandate, the Commission regularly meets with the representatives of the securities exchanges to discuss any exceptions or developments on market trading sessions, ongoing obligations and listing matters, for instance, amendments to listing Rules and operational Rules.

Furthermore, in light of new developments in the capital markets landscape, the securities exchanges brought several amendments to their respective rules, which were approved by the Commission.

Submission of Statutory Requirements, Notifications, and Request for Approvals

For the year 2022/23, licensees submitted statutory requirements as per relevant Acts, which included filing of:

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

Post-licensing Requests

During the year 2022/23, 2,613 post-licensing requests were processed under the FSA and SA, and other rules and regulations made thereunder.

Market Intermediaries

The following table indicates the number of entities including GBCs, which are licensed as investment dealers and investment advisers and their representatives.

Table 9: Number of investment dealers, investment advisers and representatives as at 30 June

Activity	2023	2022*
Investment Dealer	237	178
Investment Adviser	361	356
Representative of Investment Dealer	30	30
Representative of Investment Adviser	158	145

*Revised figures

Investment Banking

As at 30 June 2023, there were nine investment banking licence holders.

AML/CFT Onsite Inspections

In line with the RBS plan for the third cycle of 2022/23, as at 28 February 2023, CM had completed 63 AML/CFT focused inspections. The onsite inspections were focused on risks identified both at the national level through the NRA and at the sectorial and entity level. The onsite inspections conducted on the premises of entities licensed under the SA and FSA. 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. There were two licensees referred to the Enforcement Directorate and which are still under its consideration.

INSURANCE

SECTOR OVERVIEW

Insurance supervisors have been closely monitoring and adapting to various international trends to ensure the stability and efficiency of the insurance industry. While the COVID-19 pandemic had subsided worldwide and the lockdowns were eased in 2022, insurers continued to adjust to protect their operations and retain their customers. However, the insurance industry had to tackle multiple challenges, namely the ongoing Ukraine-Russia conflict, inflationary measures, rising cost of healthcare, climate risk among others. Consequently, many insurers increased their premium rates thereby shifting the burden to policyholders.

Furthermore, with the International Financial Reporting Standard (IFRS) 17 being effective as from 01 January 2023, insurers fast tracked the transition and focused on getting ready. The implementation of that standard has presented the industry with unexpected complex challenges such as data collection at a granular level, end-to-end integration, time and resources.

On the other hand, 2022 was also a year of growth, innovation and digitisation for the insurance industry. Insurers explored cost savings opportunities and ways to better promote the selling of insurance products online. In addition, digitisation has helped insurers to make their current system and process more efficient.

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).

Table 10: Trends in long term insurance business

Parameters	2022	2021	2020
Number of Insurers	7	7	7
Value of Assets (MUR billion)	106.0	106.2	87.6
Gross Premiums (MUR billion)	12.7	11.6	10.5
Termination (death, maturity, surrenders, lapse)	79,965	69,344	63,098
Value of Claims (MUR billion)	9.2	8.1	8.1
Number of Policies	583,002	553,116	525,065

Additional statistics are provided in Appendix 2.

The total value of assets was MUR 106.0 billion in 2022 compared to MUR 106.2 billion in 2021. Gross premium increased by nine per cent in 2022 to reach MUR 12.7 billion compared with MUR 11.6 billion in 2021 and the number of policies increased by five per cent from 553,116 in 2021 to 583,002 in 2022.

General Insurance Business

In 2022, there were 15 insurers licensed to conduct general insurance business. The value of assets increased by six per cent in 2022 to reach MUR 25.1 billion compared with MUR 23.6 billion in 2021. The capital and reserves decreased by two per cent to reach MUR 9.2 billion compared to MUR 9.5 billion in 2021.

Gross premiums for motor business amounted to MUR 4.4 billion in 2022 compared to MUR 4.1 billion in 2021, representing an increase of eight per cent. Gross premiums for non-motor business stood at MUR 9.8 billion in 2022 compared with MUR 7.7 billion in 2021.

Underwriting profits stood at MUR 0.1 billion in 2022 compared with MUR 0.5 billion in 2021, representing a decrease of 76 per cent. Technical reserves increased by 14 per cent over the same period. Operating profits amounted to MUR 0.8 billion in 2022 compared with MUR 1.01 billion in 2021, representing a decrease of 20 per cent over the previous year.

The number of motor claims stood at 66,048 for 2022, which is higher than the figure of 61,595 in 2021. In the same line, the number of non-motor claims amounted to 432,789 in 2022 and 356,327 in 2021. The number of policies increased from 575,758 in 2021 to 603,124 in 2022.

Table 11: Trends in general insurance business

Parameters	2022	2021	2020
Number of Insurers	15	15	15
Value of Assets (MUR billion)	25.1	23.6	21.2
Gross Premiums (MUR billion)	14.2	11.8	11.1
Number of Claims	498,837	417,922	318,936
Value of Claims (MUR billion)	8.0	6.2	6.0
Number of Policies	603,124	575,758	564,783

Additional statistics are provided in Appendix 2.

Insurance Intermediaries

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

Table 12: Number of insurance intermediaries as at 30 June

Activity	Domestic		GB		Total	
	2023	2022	2023	2022	2023	2022
INS-2.1 Insurance Manager	-	-	9	9	9	9
INS-2.2A Insurance Agent (Company)	167	172	4	4	171	176
INS-2.2B Insurance Agent (Individual)	63	65	-	-	63	65
INS-2.3 Insurance Broker	38	38	31	32	69	70
INS-2.4 Insurance Salesperson (Registration)	813	979	-	-	813	979

Funeral Schemes

Since 01 October 2016, the management of funeral schemes has become a regulated business activity under the FSA. The funeral scheme management business is governed under the Financial Services (Funeral Scheme Management) Rules 2016 (FSM Rules).

In 2022, there were two licensed funeral scheme managers. The unlicensed Funeral Scheme Managers have all been asked to stop underwriting any new business and have been given firm timelines to submit their application and obtain a license.

DEVELOPMENTS IN THE INSURANCE SECTOR

National Insurance Claims Database and Bonus Malus System

The National Budget 2021-2022 announced the setting up of the NICD for the implementation of the Bonus Malus system in order to reform the vehicles-driver insurance system. In July 2022, the Commission appointed a firm to develop the system in consultation with all the relevant stakeholders while putting emphasis on the innovation of the system, in particular, the concept of clearing and settlement of claims through multilateral netting. The NICD is in its final stages of implementation.

Insurance companies will utilise the Bonus Malus system to reward or penalise policyholders based on their claim history embedded on the NICD. This will encourage a culture of responsible driving and promote fair pricing in the motor insurance industry.

INSURANCE

Structured Investment-Linked Insurance Business

The Commission introduced the Structured Investment-Linked Insurance Business as a fifth class of long term insurance business in Part I of the First Schedule to the IA on 02 August 2022. Following consultation with the industry, the Commission has issued, under the IA, the Insurance (Structured Investment-Linked Insurance Business) Rules 2022 effective as from 03 September 2022. The Commission also strengthened the legal framework through consequential amendments to the:

- IA;
- Insurance Regulations 2007;
- Insurance (Long-Term Insurance Business Solvency) Rules 2007;
- Insurance (Returns) Rules 2007;
- Financial Services (Consolidated Licensing and Fees) Rules 2008; and
- Guidelines on stress test requirement for long term insurers.

On 16 September 2022, the Commission organised a training session for its staff and the industry stakeholders focusing on an overview of the new class of insurance business and its corresponding regulatory framework.

Technical Committee on Insurance and Pensions

A technical committee was set up under the chairmanship of the Commission on 29 September 2021 to look into regulatory matters including technical discussions and opinion sharing pertaining to the insurance and pensions industry.

Insurers' Association of Mauritius

The Commission engages regularly with representatives of the Insurers' Association of Mauritius. This collaborative approach enables the Commission to keep abreast with the market dynamics and realities which are taken into consideration when provisions of the law are amended and to identify potential areas of regulatory interventions. It also allows high-level discussion on the developments in the industry such as the NICD, IFRS 17 and matters related to budgetary measures among others.

International Financial Reporting Standards 17

In June 2020, the International Accounting Standards Board issued amendments to the IFRS 17 Insurance Contracts (IFRS 17). IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual reporting periods beginning on or after 01 January 2023.

The Commission specifies additional disclosure requirements under the Insurance (Returns) Rules 2007 and remains committed to working with the industry and key stakeholders to support a robust implementation of IFRS 17. This includes revised reporting documents, instructions and consultation on minimum capital requirement.

During the year 2022/23, the FSC Mauritius enlisted the services of a consultant for the implementation of IFRS 17 and the applicable IFRSs. The Commission has also launched a survey to insurers and reinsurers for recalibration of capital adequacy. As part of its deliverables, the consultant submitted a report focussed on making the current IT infrastructure more efficient and responsive to the IFRS 17 project.

Task Force on Regulation & Supervision

The Commission is a member of the Task Force on Regulation & Supervision, set up by the BoM. In August 2022, the Commission engaged with the insurance industry through a data collection exercise in line with the Task Force's initiative on climate-related and environmental financial Risks. The survey aimed to capture the overall impact of climate-related and environmental risk drivers on the prudential risk profile of the Commission's licensees as well as their internal operations.

Third Party Captive Insurance Business

Following the enactment Captive Insurance Act, the Commission issued the Captive Insurance (Pure Captive insurance business) Rules 2016 to provide for specific requirements regarding pure captive insurers.

In line with its objective to explore new avenues for development in the financial services sector, the Commission is working towards the introduction of new categories of Captive Insurance Business. The Commission has appointed a consultant to establish the regulatory framework for third party captive insurance business along with the review of relevant regulations, rules and statutory returns.

Third Party Administrator

Following consultation with the industry, the Commission has under the IA, issued the Insurance (Third-Party Administrators) Regulations 2022 effective as from 26 November 2022 for services provided by third party administrators to insurers. The purpose of the regulatory framework is to provide a structured environment for third party administrators to operate in the best interest of policyholders. It is in line with the objectives of the Commission to maintain fair, safe, stable and efficient insurance markets for the benefit and protection of the public.

Reinsurance Hub

The National Budget 2022/23 announced the introduction of the regulatory framework for reinsurers to set up operations in Mauritius. The Commission has already embarked in a recruitment exercise for a reinsurance consultant.

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.

The following table provides an overview of the 22 onsite inspections conducted.

Table 13: Onsite inspections carried out by Insurance Supervision

	Number of	
	Licenses	Onsite Inspections
Long Term Insurance	7	2
General Insurance	15	3
Insurance Brokers	38	8
GBCs carrying on Insurance Business	61	9

Offsite Supervision

As part of offsite supervision, statutory returns of insurers and insurance intermediaries were reviewed. Issues identified were communicated to relevant licensees for appropriate remedial actions.

Monitoring of Funeral Scheme Managers

During the year 2022/23, the Commission has closely monitored the newly licensed funeral scheme managers so that they comply with their post-licensing requirements and the FSM Rules. The Commission also requested the companies to take necessary actions to address issues such as governance, solvency, liquidity amongst others.

PENSIONS

SECTOR OVERVIEW

The pensions industry across the globe has been historically challenged by the need to generate sufficient returns and sustainable incomes for members of pension schemes. Following the economic downturn owing to the COVID-19 pandemic, the pension landscape has changed drastically across many countries. This industry continues to evolve towards finding more cost-effective solutions. One of those solutions pertains to Defined Benefit (DB) pension schemes changing to DC arrangements. This is due to the high costs and challenges associated with maintaining DB arrangements until the last member retires. Despite the fact that DC pension is the most common type of pension available today and is more straightforward for members to comprehend, it is also characterised by certain risks that are borne by the members and not the sponsoring employers. In view of the nature of DC schemes and the current economic environment characterised by low growth and low return across the world, more and more countries are trying to provide other financial incentives in order to render DC schemes more attractive. Therefore, many jurisdictions are adopting the following in order to further provide a decent retirement income to members of DC schemes:

- Increase coverage through tax incentives and information campaigns;
- Encourage higher rates of contributions (matching contributions, fiscal incentives for voluntary savings);
- Extend contribution periods, especially through late retirement;
- Use alternative investments including ESG framework to improve investment performance;
- Provide more flexibility in the retirement phase of DC schemes by combining drawdown plans with deferred life annuities;
- Use technology to improve financial knowledge and communication;
- Provide default options and simple information and choice to those with low financial education; and
- Produce proportionate regulations to increase financial inclusion.

Mauritius has a long tradition of voluntary private pension schemes, which are in majority sponsored by employers of the private sector, to provide pension benefits to their employees at retirement, over and above the State pension. These private pension schemes are either DB schemes, DC schemes or a mix of both DB and DC schemes. These schemes constitute the work-life savings of employees including those who may not be fully conversant with financial terms and concepts. In this respect, it is very important for such private pension schemes to be regulated and supervised by an authority that shall ensure the proper functioning of the schemes and thus, safeguarding the best interests of the beneficiaries.

The PPSA, proclaimed in 2012, governs the regulation and supervision of private pension schemes in Mauritius. Pursuant to section 5 of the PPSA, the Commission is the designated authority in Mauritius that regulates and supervises the private pensions industry. The legislation for the private pensions industry is in line with the international principles, recommendations and guidelines issued by the IOPS and OECD.

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

- pension schemes;
- external pension schemes; and
- foreign pension schemes.

Pursuant to section 8 of the PPSA, private pension schemes are required to be established as a trust, a foundation or such body of persons as may be specified in the FSC Rules. Pension schemes previously established as superannuation funds under the repealed Employees Superannuation Fund Act, continue to exist and operate under the provisions of the PPSA. On the other hand, private pension schemes, previously established and operating under contractual arrangements are required to convert into trusts or foundations, in order to comply with other specific requirements of the PPSA. This transition continues to be monitored by the Commission.

As at 30 June 2023, there were 76 private pension schemes licensed by the Commission, which covered approximately 2,320 sponsoring employers. During the year under review, the Commission received a high number of applications for sponsoring employers to join private pension schemes.

Following the coming into force of the Portable Retirement Gratuity Fund (PRGF) under the Workers' Rights Act 2019 (WRA), employers of the private sector are 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. To be eligible for the aforementioned exemption, employers' rate of contribution should not be less than that prescribed in the PRGF Regulations, as certified by the actuary of the scheme. It is to be noted that private pension schemes provide to beneficiaries a pension for life at retirement while the PRGF provides a one-off gratuity (a lump sum) at retirement.

The Commission conducts both onsite and offsite supervision 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. With regard to ensuring compliance with the Financial Intelligence and Anti-Money Laundering Act, the Commission is also mandated to carry out AML/CFT onsite inspections of pension scheme administrators and external pension schemes.

Following the issuance of the *Guidelines for the 'conversion' or 'shift' of defined benefit pension schemes to defined contribution pension schemes* in April 2021 and given the current prevailing challenging economic situations that the private sector in Mauritius is facing, more and more sponsoring employers are transitioning their pension schemes from DB to DC. These changes to private pension schemes are occurring such that sponsoring employers are able to continue providing pension benefits to their employees whilst managing their costs relating to these benefits and the running of their businesses.

The effect of an ageing population in Mauritius and a rising dependency ratio on a decreasing working age population will continue to put increased pressure on the social protection system of the country. This may create additional forthcoming challenges that can impact the performance of the private sector with regard to sustaining voluntary pension systems for employees' benefits.

Private Pension Schemes Industry at a Glance

Private Pension Schemes

Table 14: Number of private pension schemes licensed as at 30 June

Category of Private Pension Schemes	2023	2022
Pension Schemes	72	72
Foreign Pension Schemes	-	-
External Pension Schemes	4	7
Total	76	79

Pursuant to section 9 of the PPSA, the Commission has licensed one pension scheme during the period under review. Pursuant to section 45 of the PPSA and section 28 of the FSA, the Commission has approved the winding up of one pension scheme and three external pension schemes.

Table 15: Total assets of private pension schemes as at 30 June

	2022 (MUR Billion)	2021 (MUR Billion)
Total Assets	59.77	58.31

Pension Scheme Administrators

Table 16: Number of licensed pension scheme administrators as at 30 June

Category of Pension Scheme Administrators	2023	2022
Pension Scheme Administrators	8	9
Long Term Insurers authorised to administer Private Pension Schemes	5	5

During the year under review, there has been no new licence issued. Pursuant to section 28 of the FSA, the Commission has approved the winding up of one pension scheme administrator.

PENSIONS

SUPERVISION

Onsite Inspection

The onsite inspections are aimed at assessing the degree of compliance of licensees with the relevant legislations and to understand the licensee's business activities and operating environment. In line with the AML/CFT supervisory plan for the third cycle 2022/23, one AML/CFT onsite inspection was conducted.

Offsite Supervision

During the year 2022/23, 903 post-licensing requests were processed under the FSA and the PPSA among others.

Following the advent of COVID-19 pandemic and the increasing financial difficulties, sponsoring employers of DB schemes have been seeking different ways to manage their costs with regard to pension liabilities and the sustainability of the schemes. In this respect, the issuance of the *guidelines for the 'conversion' or 'shift' of defined benefit pension schemes to defined contribution pension schemes* has provided the required legal framework to ensure that conversions or shifts are carried out in a fair and transparent manner.

Since the coming into operations of the guidelines, an upward trend in the number of private pension schemes embarking in shift and conversion processes has been observed. This is resulting in a growing number of applications being submitted to the Commission for consideration. As part of its assessment of these applications, the Commission ensured the following, *inter alia*:

- DB schemes were fully funded in the context of conversions and contingency plans were appropriately submitted in the context of shifts;
- Consent of members was properly sought and obtained; and
- Full disclosure of the relevant information was made to concerned members through the conduct of communication exercises.

During the year under review, the Commission has approved seven shifts and three conversions, pursuant to the requirements of the guidelines. Moreover, the Commission has approved 16 applications for deemed to be licensed DB schemes (in contractual forms) to move to a legal structure which is compliant with the PPSA.

As part of its ongoing monitoring exercise, the Commission ensured that governing bodies and administrators of private pension schemes have not deviated from their respective statutory responsibilities as specified in the PPSA, FSC Rules made thereunder and constitutive documents of the schemes. The offsite supervision process focused on the following areas, *inter alia*, licensing and authorisation, governance, disclosure, administration, investment exposure, technical funding requirements and management of assets of private pension schemes. In cases where the Commission identified compliance issues in respect of specific legal requirements, relevant compliance letters were issued to the governing bodies and administrators of private pension schemes, for them to take remedial actions within prescribed time frames.

Referral to Enforcement

As at 30 June 2023, an external pension scheme and a long term insurer, acting as an administrator to private pension schemes, were referred to the ED for non-compliance to the regulatory framework.

Review of Audited Financial Statements and Actuarial Valuation Reports

The Commission has conducted offsite reviews with respect to AFS, Statutory Returns, Actuarial Valuation Reports and Actuarial Reports of private pension schemes under its purview. The monitoring of these statutory submissions revealed several administrative oversights and non-compliance issues.

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 on the deficiencies identified and to ensure on the timely submissions of all relevant statutory documents.



During the year under review, several meetings were held with the relevant stakeholders of these private pension schemes to discuss on non-compliances identified and the way forward in cases where they intended to shift or convert pursuant to the guidelines.

Legislative Framework

During the year under review, the following amendments to the law were introduced:

Private Pension Schemes Act

Further to the coming into force of the Finance (Miscellaneous Provisions) Act 2022, the PPSA was amended to introduce section 30 (3A) to cater for the transfer of a member from one private pension scheme to another person.

Private Pension Schemes (Non-Citizens) Rules 2023

Previously, the PPSA and the FSC Rules made thereunder did not provide for the transfer of the accrued benefits of a non-citizen, having held a work permit to work in Mauritius, to an overseas pension scheme arrangement.

In view of the above, the Private Pension Schemes (Non-Citizens) Rules 2023 was issued in April 2023, allowing for the transfer of the accrued benefits of a non-citizen from a private pension scheme in Mauritius to an overseas pension scheme arrangement, upon his relocation.

Private Pension Schemes (Licensing and Authorisation) (Amendment) Rules 2023

In April 2023, the Private Pension Schemes (Licensing and Authorisation) (Amendment) Rules were issued to cater for:

- the introduction of the term 'cash equivalent transfer value' with regard to the amount that a private pension scheme offers for transfer from one scheme to another;
- enhanced clarity in respect of the calculation of the transfer value of accrued benefits of a member of a DB scheme or the DB section of a private pension scheme;
- whenever a member of a DB scheme exercises his option to retain his accrued benefits in the DB scheme itself, he should be allowed to preserve same on a DB basis;
- the introduction of a layer of protection to ensure that the transfer value of a member of a contributory DB scheme is not lower than his actual share of contributions to the scheme;
- the transfer of accrued pension benefits from a private pension scheme to another person or an individual pension scheme or plan, with the term 'person' specifically defined; and
- a timeline for the transfer of a member's total accrued benefits to another person or to an individual pension scheme or plan, such that the member is not unfairly penalised in case of undue delays in the administration processes.

Portable Retirement Gratuity Fund

The PRGF is a fund, which is established under the WRA 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.

Effective as from 01 January 2022, employers are 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 where the share of the employer's rate of contribution is not less than the rate prescribed in the Workers' Rights (Portable Retirement Gratuity Fund) Regulations 2020 (PRGF Regulations).





PENSIONS

In this respect, all employers sponsoring private pension schemes hold a certificate issued by the Commission, certifying that the sponsoring employer participates in a private pension scheme licensed by the Commission. As at 30 June 2023, the Commission has issued 2,320 certificates to sponsoring employers participating in private pension schemes.

During the year under review, the WRA was amended through the Finance (Miscellaneous Provisions) Act 2022 to introduce the following:

Requirement of an Actuarial Certificate

Where a sponsoring employer has a private pension scheme licensed by the Commission under the PPSA, the employer is exempted from contributions to the PRGF, subject to the share of the employer's rate of contribution not being less than the rate prescribed in the PRGF Regulations as certified in writing by the actuary of the private pension scheme.

Pursuant to section 90A (3) of the WRA, an application submitted to the Commission in respect of a new sponsoring employer joining a private pension scheme, shall be accompanied with a certificate from the actuary of the private pension scheme certifying that the above criteria has been met.

Pursuant to section 90A (4) of the WRA, existing employers who have been issued with certificates from the Commission shall, by 31 December 2023 at latest, submit to the Commission an actuarial certificate certifying that the above criteria has been met.

The aforementioned requirements are applicable for DC schemes only.

Withdrawal of Certificates issued by FSC Mauritius

Sponsoring employers of DC schemes are required to ensure that monthly contributions are remitted to their respective private pension schemes. Pursuant to section 90A (2) of the WRA, the Commission may withdraw the certificate of a sponsoring employer in the event that a particular employer:

- Does not satisfy the eligibility criteria required under section 90 (1)(c)(ii) of the WRA; or
- Has not paid contributions for more than 3 months in accordance with rule 9 of the Private Pension Schemes (Administration) Rules 2014.

FINTECH

SECTOR OVERVIEW

Fintech, enabled by emergent technologies and innovative solutions, has significantly disrupted the financial services industry worldwide. The main forces for innovation led by Fintech in terms of product and delivery continue to be a substantial underpenetrated market across numerous financial services. The drivers significantly include fast-growing digital adoption, mobile penetration, virtual asset ecosystem, and the regulatory environment coupled with world-leading digital infrastructure.

Fintech Activities

The following range of activities fall under the scope of the Fintech – Supervision 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
- VASPs and issuers of ITOs – licensed or registered under sections 7 and 23 of the VAITOS Act.

SUPERVISION

The Commission ensures that its licensees comply with the law and operate in accordance with appropriate governance standards, internal systems and controls in order to prevent financial crime by adopting a RBS approach.

The Commission has subscribed to a blockchain analytical tool, to enhance the supervisory and enforcement capabilities of the FSC Mauritius and ensure the sound and stable conduct of business activities of VASPs and ITO Services, in or from Mauritius.

The Commission has further implemented a web scrapping tool using open-source intelligence with dark web integration for supervision and investigation purposes.

The number of licensees stood as follows:

Table 17: Number of Fintech licensees as at 30 June

Activities	2023	2022
Payment Intermediary Services	27	24
Peer to Peer Lending	2	2
Custodian Services (Digital Asset)	1	1
Total	30	27



FINTECH

Onsite Supervision

The objectives of the inspection are to understand the operational part of the business activity and ensure compliance with the relevant legislations, including having effective AML/CFT controls.

The Commission conducted five onsite inspections, in line with the RBS plan, as part of the AML/CFT inspection cycle. During the onsite inspection cycle for the year 2022/23, key AML/CFT deficiencies in terms of risk assessment, outdated policies and procedures, independent audit and suspicious transaction monitoring and reporting were identified and discussed with the senior management of the inspected licensees. The outcome of onsite supervision engagements led, in some instances, to the referrals to ED for relevant actions.

Offsite Supervision

Fintech products and services are fertile ground for the perpetration of digital and/or financial crimes, fraud, ML and TF which may disproportionately affect the financial services industry and the reputation of the Mauritius IFC. Thus, the importance of having a constant monitoring of relevant licensees through offsite supervisory reviews of their regulatory submissions and reporting obligations.

Other Clusters





Smart contract is a digital agreement that automatically executes clauses of the contract when certain conditions are met without the need of intermediaries.



LEGAL AND REGULATORY DEVELOPMENTS

The Legal cluster is responsible for providing legal advice to the Commission, drafting of legislations and legal documents, and handling of litigations before the Courts of Mauritius, the FSRP and the Judicial Committee of the Privy Council.

MAIN AMENDMENTS TO LEGISLATIONS

The Financial Services Act

The FSA was amended by the Finance (Miscellaneous Provisions) Act 2022:

- In section 24, by adding a new subsection (8) to provide that any person acting as an officer of a licensee, but whose appointment is in contravention of subsection (1), shall remain liable for any offence committed under a relevant Act;
- In Part IX, in the heading, by inserting, after the word 'COMMITTEE', the words ', SETTLEMENT COMMITTEE';
- In section 52 (2)(b), by deleting the word 'Executive' and replacing it by the words 'Senior Manager';
- In section 53, by repealing subsection (1) and replacing it with a new subsection to provide for an additional instance where the Chief Executive may refer a matter to the EC for such action as the EC may deem appropriate;
- In section 53, subsection (11), by deleting the definition of 'licensee' and replacing it by a new definition;
- By inserting, after Sub-Part A, a new Sub-part – Sub-Part AA on 'Settlement Committee';
- By inserting, after section 77B, a new section – 77C on 'Global activities';
- In section 94 (2), by repealing paragraph (g);
- In the Second Schedule, in Part I, by deleting the following items – 'Global headquarters administration Global shared services Global treasury activities'; and
- By adding the Sixth Schedule set out in the Seventh Schedule to the Finance (Miscellaneous Provisions) Act 2022.

The Insurance Act

The IA was amended by the Finance (Miscellaneous Provisions) Act 2022:

- In section 2, by inserting new definitions for the following – 'clearing', 'clearing system', 'custodian', 'custodian agreement' and 'settlement';
- In section 6A, in subsection (1), by adding a new paragraph (f) to provide that the Commission may require an insurer which provides motor insurance business to furnish information as the Commission may require for the purpose of facilitating, in collaboration with other regulatory bodies, the clearing and settlement of claims through a clearing system.
- By inserting, after section 6A (6), a new subsection – (6A) to provide that every insurer which provides motor insurance business shall comply with the requirements of FSC Rules for the smooth functioning of the clearing system;
- In section 20 (2)(a), by deleting the words 'long term policy' and replacing them with the words 'long term policy or structured investment-linked insurance policy';
- In section 37, by repealing subsection (1) and replacing it with a new subsection to provide for the instances where an appointment of a person is deemed to be approved;
- In section 48 (4), by inserting, after the words 'long term insurance business', the words 'or structured investment-linked insurance business';
- In section 82, by repealing subsection (1) and replacing it with a new subsection;
- By inserting, after section 85, a new section – 85A for the Custody of assets of structured investment-linked insurance business;
- In section 91, by deleting the words '2 years' wherever they appear and replacing them by the words '5 years'; and
- In the First Schedule, in Part I, by adding 'Structured investment-linked insurance business' as a new item.

LEGAL AND REGULATORY DEVELOPMENTS

The Private Pensions Schemes Act

Section 30 of the PPSA was amended by the Finance (Miscellaneous Provisions) Act 2022 to make provisions regarding the transfer of a member from one private pension scheme to another person.

The Securities Act

Section 107 of the SA was amended by the Finance (Miscellaneous Provisions) Act 2022 to provide for requirements regarding audit firm of CIS Manager and collective investment scheme. Any audit firm auditing the financial statements of a CIS manager or collective investment scheme shall be approved by the Commission and the Commission shall not approve an audit firm unless it is satisfied that that audit firm has adequate experience, expertise and resources to audit the financial statements of a CIS manager or collective investment scheme.

The Virtual Asset and Initial Token Offerings Services Act

Section 2 of the VAITOS Act was amended by the Finance (Miscellaneous Provisions) Act 2022 to align with the definition of 'investigatory authorities' provided under the Financial Intelligence and Anti-Money Laundering Act and section 40A was introduced to empower the Commission or other investigatory authority to make use of investigative tools and information such as blockchain analytics or web-scraping tools.

FSC RULES

FSC Rules under the Financial Services Act

Financial Services (Global Shared Services) Rules 2022

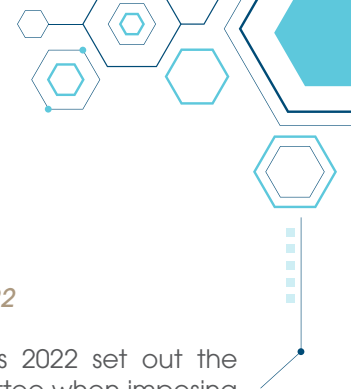
The Financial Services (Global Shared Services) Rules 2022 provide for the regulatory framework on the governance and conduct of GSS providers and shall apply to an entity incorporated in Mauritius and whose main activity is to provide GSS to a related entity providing financial service outside Mauritius. These rules came into operation on 03 January 2023.

Financial Services (Family Office) (Amendment) Rules 2022

The Financial Services (Family Office) Rules 2020 were amended by the Financial Services (Family Office) (Amendment) Rules 2022 to provide that the aggregate value of assets and/or investments under the management of a Family Office (Single) licence or Family Office (Multiple) licence shall be at least USD 5 million. These rules came into operation on 30 September 2022.

Financial Services (Administrative Penalties) (Amendment) Rules 2023

The Financial Services (Administrative Penalties) Rules 2013 were amended by the Financial Services (Administrative Penalties) (Amendment) Rules 2023 to provide for the amount of administrative penalty for each business day of non-compliance pursuant to section 22 (1) of the VAITOS Act and rule 34 (2) of the Financial Services (Custodian services (digital asset)) Rules 2019. These rules came into operation on 01 June 2023.



Financial Services (Framework for the Imposition of Administrative Penalties) Rules 2022

The Financial Services (Framework for the Imposition of Administrative Penalties) Rules 2022 set out the methodology which shall be applied by the Commission, the EC or the Settlement Committee when imposing administrative penalty by virtue of section 7 (1)(c)(v) of the FSA. These rules came into operation on 01 October 2022.

Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2023

The Financial Services (Consolidated Licensing and Fees) Rules 2008 were amended by the Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2023 to provide for processing fee and fixed annual fee for GSS. These rules came into operation on 28 January 2023.

Financial Services (Consolidated Licensing and Fees) (Amendment No. 6) Rules 2022

The Financial Services (Consolidated Licensing and Fees) Rules 2008 were amended by the Financial Services (Consolidated Licensing and Fees) (Amendment No. 6) Rules 2022 to provide for processing fee and fixed annual fee for Other Insurance Professionals – Third Party Administrator. These rules came into operation on 26 November 2022.

Financial Services (Consolidated Licensing and Fees) (Amendment No. 5) Rules 2022

The Financial Services (Consolidated Licensing and Fees) Rules 2008 were amended by the Financial Services (Consolidated Licensing and Fees) (Amendment No. 5) Rules 2022 to provide for the variable annual fee payable on a quarterly basis for Structured Investment-Linked Insurance Business. These rules came into operation on 03 September 2022.

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 with the FSA. These rules came into operation on 01 July 2022.

FSC Rules under the Insurance Act

Insurance (Structured Investment-Linked Insurance Business) Rules 2022

The Insurance (Structured Investment-Linked Insurance Business) Rules 2022 were issued to provide for the regulatory framework for the Structured Investment-Linked Insurance Business and to prescribe the specific requirements applicable to Structured Investment-Linked Insurance Business. These rules came into operation on 03 September 2022.

The Insurance (Long-Term Insurance Business Solvency) (Amendment) Rules 2022

The Insurance (Long-Term Insurance Business Solvency) Rules 2007 were amended by the Insurance (Long-Term Insurance Business Solvency) (Amendment) Rules 2022 to cater for Structured Investment-Linked Insurance Business. These rules came into operation on 03 September 2022.

Insurance (Returns) (Amendment) Rules 2022

The Insurance (Returns) Rules 2007 were amended by the Insurance (Returns) (Amendment) Rules 2022 to cater for Structured Investment-Linked Insurance Business. These rules came into operation on 03 September 2022.



LEGAL AND REGULATORY DEVELOPMENTS

FSC Rules under the Private Pensions Schemes Act

Private Pension Schemes (Licensing and Authorisation) (Amendment) Rules 2023

The Private Pension Schemes (Licensing and Authorisation) Rules 2012 have been amended by way of the Private Pension Schemes (Licensing and Authorisation) (Amendment) Rules 2023 so as to ensure that private pension schemes adhere to same formula to calculate accrued benefit to be transferred. These rules came into operation on 10 April 2023.

Private Pension Schemes (Non-Citizens) Rules 2023

The Private Pension Schemes (Non-Citizens) Rules 2023 have been issued to cater for the transfer of accrued pension benefits of Non-Citizens of Mauritius to overseas pension scheme arrangements regulated or supervised in a foreign jurisdiction when they leave Mauritius. These rules came into operation on 10 April 2023.

FSC Rules under the Virtual Asset and Initial Token Offerings Services Act

Virtual Asset and Initial Token Offerings Services (Capital and Other Financial Requirements) Rules 2022

The Virtual Asset and Initial Token Offerings Services (Capital and Other Financial Requirements) Rules 2022 have been issued to cater for Capital and Other Financial Requirements and is applicable to all virtual asset service provider that carry out business in or from Mauritius. These rules came into operation on 01 July 2022.

Virtual Asset and Initial Token Offerings Services (Client Disclosure) Rules 2022

The Virtual Asset and Initial Token Offerings Services (Client Disclosure) Rules 2022 have been issued to cater for client disclosure and is applicable to all virtual asset service providers that carry out business in or from Mauritius as well as all virtual asset service providers which sell relevant products / services in Mauritius. These rules came into operation on 01 July 2022.

Virtual Asset and Initial Token Offerings Services (Custody of Client Assets) Rules 2022

The Virtual Asset and Initial Token Offerings Services (Custody of Client Assets) Rules 2022 have been issued to cater for Custody of Client Assets and is applicable to all virtual asset service providers that carry out business in or from Mauritius, and which have custody of one or more VAs for one or more clients. These rules came into operation on 01 July 2022.

Virtual Assets and Initial Token Offerings Services (Cybersecurity) Rules 2022

The Virtual Assets and Initial Token Offerings Services (Cybersecurity) Rules 2022 have been issued to cater for Cybersecurity and is applicable to all virtual asset service providers that carry out business in or from Mauritius. These rules came into operation on 01 July 2022.

Virtual Asset and Initial Token Offerings Services (Publication of Advertisements) Rules 2022

The Virtual Asset and Initial Token Offerings Services (Publication of Advertisements) Rules 2022 have been issued to cater for Publication of Advertisements and is applicable to any virtual asset service provider, and to any issuer of ITOs, that carry out business in or from Mauritius as well as any virtual asset service providers, and / or any ITOs which intend to advertise and market relevant products/services in or from Mauritius. These rules came into operation on 01 July 2022.

Virtual Assets and Initial Token Offerings Services (Risk Management) Rules 2022

The Virtual Assets and Initial Token Offerings Services (Risk Management) Rules 2022 have been issued to cater for Risk Management and is applicable to all virtual asset service providers that carry out business in or from Mauritius. These rules came into operation on 01 July 2022.



Virtual Asset and Initial Token Offerings Services (Statutory Returns) Rules 2022

The Virtual Asset and Initial Token Offerings Services (Statutory Returns) Rules 2022 have been issued to cater for Statutory Returns and is applicable to all virtual asset service providers that carry out business in or from Mauritius. These rules came into operation on 01 July 2022.

Virtual Asset and Initial Token Offerings Services (Travel) Rules 2022

The Virtual Asset and Initial Token Offerings Services (Travel) Rules 2022 have been issued to provide for supplementary obligations for virtual asset service providers, intermediary virtual asset service providers and FIs, in addition to the requirements of section 19 of the VAITOS Act, when, inter alia, involved with cross-border wire transfer or batch file transfer of VAs, on behalf of customers.

These Travel Rules are applicable to FIs acting on behalf of a customer, in the same manner as they would have applied to a VASP, with such modifications, adaptations and exceptions as may be necessary to bring them in conformity with the Travel Rules. These Rules came into operation on 01 July 2022.

FSC REGULATIONS

FSC Regulations under the Insurance Act

Insurance (Amendment) Regulations 2022

The Insurance Regulations 2007 were amended by the Insurance (Amendment) Regulations 2022 to cater for Structured Investment-Linked Insurance Business. These regulations came into operation on 27 August 2022.

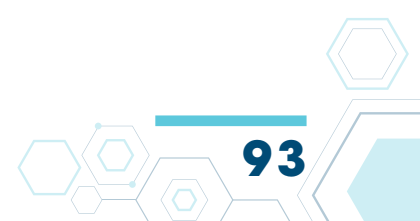
Insurance (Third-Party Administrators) Regulations 2022

The Insurance (Third-Party Administrators) Regulations 2022 were issued to cater for the licensing and regulatory requirements applicable to Third-Party Administrators. These regulations came into operation on 26 November 2022.

FSC Regulations under the Securities Act

Securities (Collective Investment Schemes and Closed-end Funds) (Amendment) Regulations 2022

The Securities (Collective Investment Schemes and Closed-end Funds) (Amendment) Regulations 2022 amended the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 to align same with the Securities (Amendment) Act and to provide for application of listed foreign fund for recognition under section 101 of the SA to be channelled through the securities exchange. These regulations came into operation on 15 July 2022.



FINTECH AND INNOVATION

The Fintech and Innovation cluster was set up on 01 July 2022 with the objective of contributing to thought leadership, guidance and advisory support, to address the fast-evolving regulatory policy and strategic landscapes impacting on fintech and innovation.

The action plan of the cluster *inter alia* revolves around the following key tasks and projects:

- Strategic support to the FSC Board and Management on fintech matters, including making proposals on developments in the field of financial technologies/services and innovation, in line with international standards and best practices;
- Operationalisation of the Innovation Office, including market engagement with prospective applicants and technical guidance to internal and external stakeholders of the fintech sector;
- Establishment and administration of the regulatory sandbox authorisation regime;
- Fostering cooperation with local and international institutions in the fields of fintech and innovation;
- Participation in international fintech forums and in ad hoc working groups or task forces to address fintech strategies and developments in Mauritius; and
- Empowering staff of the Commission and industry stakeholders through involvements in capacity building programmes.

Fintech and Innovation Milestones

The following sections provide a comprehensive summary of the salient milestones achieved.

Warnings against Scams and Frauds

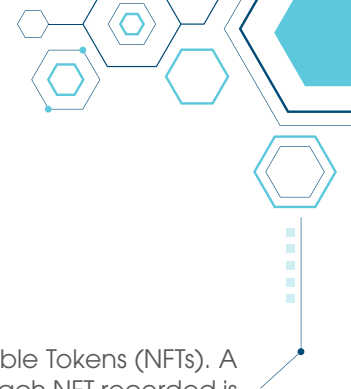
Following the successful implementation of the VAITOS Act since February 2022, the FSC Mauritius issued a Communiqué on 06 July 2022 to warn potential investors on the risks associated with VASPs and issuers of ITOs, which are not licensed or registered. The Communiqué specially urged the public to exercise caution whenever investing or trading in VAs and Virtual Tokens, given the potential risk of being scammed or defrauded by unregulated VASPs or unregistered issuers of ITOs.

In that respect, the Commission also issued a guide on the VAITOS Act, which *inter alia*, provided essential information and guidance for investors and consumers on how to identify scams and frauds, as well as on the steps to be taken to avoid being a victim. The attention of the public was equally drawn to the fact that there are no specific or statutory compensation funds in Mauritius for any losses, which may be incurred by investors and consumers, or any other parties, through the services offered by VASPs and issuers of ITOs.

Revision of Fintech Series Guidance Notes

Following the coming into force of the VAITOS Act, the relevant Fintech Series Guidance Notes were reviewed in order to align and avoid any inconsistencies. The following revised Fintech Series Guidance Notes came into effect as from 25 August 2022:

- Updated Guidance Notes on the Recognition of VAs as an asset-class for investment by Sophisticated and Expert Investors;
- Updated Guidance Notes on Security Token Offerings (STOs); and
- Updated Guidance Notes on STOs and Security Token Trading Systems.



Regulatory Treatment of Non-Fungible Tokens

Clarifications were provided by the Commission on the regulatory treatment for Non-Fungible Tokens (NFTs). A NFT is a token recorded using distributed ledger technology such as blockchain, whereby each NFT recorded is distinguishable from any other NFT. This allows each NFT to be given unique features and to be associated with a distinct physical asset or VA. NFTs are often linked to items such as artworks, music or videos, among others. NFTs may take different forms and therefore, warrant different regulatory treatments.

Industry Consultation on Stablecoins

The Commission has also issued, for consultation, draft guidance notes to inform industry stakeholders about its regulatory policy on stablecoins. A stablecoin is a type of VA that relies on stabilisation tools to maintain a stable value relative to one or several fiat currencies or other assets, including VAs. The use of stablecoins within the VA ecosystem has increased rapidly in recent years. Stablecoins were originally considered safer and less volatile than other types of VAs. However, with the rise in Decentralised Finance (DeFi) applications, stablecoins are being used for several other purposes and can consequently impact on risks to the financial system.

The proposed guidance notes have been circulated to the relevant domestic institutional authorities and industry associations. The Commission aims to circulate the proposed guidance notes for further public consultation.

Public Consultation on Decentralised Autonomous Organisations

In line with the innovative and transparent regulatory policy-making process, the Commission took the initiative to draft specific guidance notes on Decentralised Autonomous Organisations (DAOs), which were issued for public consultation on 13 February 2023. DAOs are blockchain-based organisations whose activities and decision-making are coordinated by self-executing codes, also known as smart contracts. The objectives of the proposed guidance notes were to:

- provide guidance on the legal structures available to DAOs in Mauritius; and
- establish minimum expected standards for DAOs wishing to obtain legal personality and limited liability status in Mauritius.

Based on the feedback received during the public consultation and from other domestic institutions, the Commission is keen to extend its collaboration for the setting up of a conducive legislation for DAOs in Mauritius.

Public Consultation on Fintech Service Providers

The draft Financial Services (Fintech Service Provider) Rules were issued for public consultation on 08 March 2023. A first public consultation had been effected in relation to fintech service providers, in February 2021 followed by a second public consultation, which aimed at seeking the feedback of industry stakeholders and the public on the proposed rules.

Public Consultation on Cloud Computing Services

The Commission issued draft 'Guidelines on Cloud Computing Services' for public consultation on 29 June 2023. Cloud computing is a broad term which encompasses access to a shared pool of on-demand configurable computing resources over the internet. These resources are provided in various forms where minimal management effort or service provider interaction are generally required. The primary objective was to provide a range of best practices for observance by the licensees of the Commission, on a risk-based and proportionate basis, whenever adoption of cloud computing services is considered.

FINTECH AND INNOVATION

Fintech and Innovation Collaborations

Financial Literacy Campaign on Virtual Asset and Initial Token Offerings Services Act

A financial literacy campaign on the VAITOS Act was organised by the Commission in collaboration with the FSF, throughout the third and fourth quarters of 2022. This campaign was designed to provide domestic and international stakeholders of the Commission with a sound understanding of the VAITOS Act and its practical implications. The campaign comprised a series of outreach events that were conducted in Mauritius and Rodrigues, as well as informative materials disseminated through print and audio-visual media.

Training on Blockchain Analytics

Following the purchase of a blockchain analytics tool, the Commission organised a workshop with the Mauritius Network Services Ltd on 20 September 2022. This workshop enabled stakeholders to gain practical insights into the VA landscape worldwide and the blockchain analytic solutions, which can assist financial regulators to better monitor VA transactions. The workshop was attended by representatives from public sector institutions, law enforcement agencies as well as the private sector.

Webinars on Implementation of Virtual Asset and Initial Token Offerings Services Act

A series of webinars were facilitated alongside a team of experts from Gunnercooke llp, an international law firm, which collaborated with the Commission on the formulation of subsidiary rules under the VAITOS Act.

Fintech Strategy Committee (Working Group)

Over the past few years, the Government of Mauritius has taken several initiatives to position Mauritius as a fintech hub for the region. The MFSGG had, in this vein, set up two sub-committees in 2020 to work on developing the regulatory framework and product development for the fintech sector. Following the outcomes of these sub-committees, it was noted that several institutions have taken initiatives to advance the fintech agenda in their own ways, which resulted in a lack of cohesive and concerted national approach.

Against this backdrop, the MFSGG decided to establish a new Fintech Working Group since July 2022. The Commission has been actively contributing to this working group along with representatives of the EDB, the BoM, the MRA among others. A subject matter specialist from the private sector was appointed by the MFSGG, to act as Chairperson of this working group.

Collaboration with Financial Services Institute Ltd

In the context of the 30th year of celebration of the Mauritius IFC, a representative of the Commission acted as keynote person for a training that was organised by the Financial Services Institute Ltd on 27 February 2023. The themes of this training programme were related to the licensing and compliance regimes under the VAITOS Act.

IOSCO AMERC Fintech Working Group

The Commission is an active member of the IOSCO – Africa / Middle-East Regional Committee (IOSCO AMERC) Fintech working group. The objective is to facilitate the sharing of information and experiences between countries of the AMERC region with a view to upscale the awareness, knowledge and understanding of Fintech-related issues.

IAIS Forum on Fintech

The IAIS has constituted a Fintech Forum, which is a platform to share practical insights and experiences on fintech-related developments impacting the insurance sector and insurance supervisors globally. The Commission is represented on the Artificial Intelligence and Machine Learning sub-group and the Distributed Ledger Technologies and blockchain sub-group of the IAIS Fintech Forum.

Mauritius Research and Innovation Council Working Group on Financial Innovation

The Commission has contributed to the elaboration of a report on the thematic area of financial innovation that was prepared by a cross institutional working group constituted by the MRIC. This report provided an overview of financial innovation in Mauritius and explained the contribution of different technologies in the development of relevant products and services. It *inter alia* comprised of a situational analysis of Mauritius, as an IFC, in the field of financial innovation and provided a list of strategic orientations for sustaining the country's vision, accordingly. This strategic report was finalised during the third quarter of 2022 following the organisation of the 'Assises de la Recherche et de L'Innovation 2022' by the MRIC.

Regulatory Sandbox Authorisation

The Regulatory Sandbox Authorisation (RSA) offers unparalleled opportunities for fintech promoters and operators to conduct experiments, in a controlled testing environment, under the supervision of the FSC Mauritius. In that respect, one entity was issued with the first RSA under section 14B of the FSA, on 30 March 2022. The Commission has been continuously monitoring and assessing its progress and different milestones throughout its lifecycle. After a successful testing of its proposed solution, this entity is in the process of exiting the regulatory sandbox environment.

The Commission is further streamlining the application guidelines for RSAs, including procedures for seamlessly submitting applications through the FSC One Platform.

Global Financial Innovation Network

The Commission, as an active member of the Global Financial Innovation Network (GFIN), has been actively participating in the second cross-border testing initiative, namely the GFIN Greenwashing TechSprint, since 28 April 2023. The TechSprint will last until September 2023 and its primary objective is to bring international regulators and firms / innovators together with the aim to address a GFIN priority on ESG by developing a tool or solution that could help regulators more effectively tackle or mitigate the risks of Greenwashing in financial services.

STAKEHOLDER RELATIONS

The Commission has an active role on the local, regional and international landscape. Over the past years, the Commission laid much emphasis on developing strong bonds and on maximising the reach of its collaborative initiatives with international standard setting bodies such as the IOSCO, IAIS and IOPS. The adoption of international best practices, norms and standards testifies the commitment of the Commission to consolidate the position of Mauritius as a financial services centre of excellence. To support this commitment further, the Commission promotes cooperation through the exchange of information, attachment programmes and the participation and hosting of conferences.

Effective cooperation, exchange of information and a robust working relationship between regulators are key elements for the preservation of the financial stability of a country. The Commission continuously works toward signing MoUs with its local, regional and international counterparts aiming to:

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

The Commission is also committed to adhere to international best practices on transparency and disclosure of information. During the year under review, the Commission has signed the following agreements:

Tripartite Memorandum of Understanding with Local Authorities

Date	Authorities	Purpose
21 July 2022	FSC Mauritius, EDB and CBRD	The MoU sets out a framework of co-operation between the FSC Mauritius, CBRD and EDB in their common pursuit for the setting up and administration of the Single Window System.

Memorandum of Cooperation with Local Authority

Date	Authority	Purpose
30 September 2022	MPF	The MoC signed between the FSC Mauritius and the MPF establishes a mechanism for mutual cooperation between the two authorities in the performance of their respective mandates.

Attachment Programmes / Study Visits

The Securities Board of Nepal

The Commission welcomed, from 18 to 20 January 2023, a delegation from Nepal, which comprised officials from the Securities Board of Nepal and licensed representatives from merchant banks.

The Comissão do Mercado de Capitais, Angola

From 29 to 30 March 2023, the Commission welcomed a delegate from the Comissão do Mercado de Capitais, Angola.

The Non-Bank Financial Institutions Regulatory Authority

The Commission welcomed, from 04 to 05 May 2023, three delegates from the Non-Bank Financial Institutions Regulatory Authority.



INTERNATIONAL PRESENCE OF THE FSC MAURITIUS

Milestone achieved by the Commission

Appointment of the Commission as AMERC Representative to the IOSCO Board

During the year under review, the Commission became the AMERC representative to the IOSCO Board for the term 2022/24. The AMERC is one of the four regional committees constituted by the IOSCO and it brings together financial market regulators consisting of 28 ordinary members as well as 14 associate members, all representing regulators from the African and Middle East regions. This committee serves as a forum focusing on regional issues relating to securities regulation in the African / Middle-East region.

International Meetings and Conferences

The Commission was actively engaged with its foreign counterparts and participated in several conferences and meetings as follows:

IOPS Meetings

The Commission attended the following IOPS events:

- The Extraordinary General Meeting on 18 July 2022;
- Workshop on RBS on 26 and 27 September 2022;
- Technical Committee meeting, Annual General Meeting and the OECD / IOPS Global Forum on Private Pensions from 02 to 04 November 2022;
- Working Party on Private Pensions meeting from 05 to 07 December 2022;
- Technical Committee meetings on 14 and 15 March 2023;
- SupTech Workshop on 06 April 2023; and
- Joint Working Party on Private Pensions and IOPS meetings on 12 and 13 June 2023.

Islamic Financial Services Board Innovation Forum

The Commission participated in the Fourth Islamic Financial Services Board (IFSB) Innovation Forum held in Doha, Qatar on 14 September 2022. The theme of the forum was 'Innovations in Sustainability and Regulation of Financial Services'. The annual event provided a platform for market players operating in the Islamic financial services industry to showcase their most recent innovations and developments in the areas of sustainable finance.

IOSCO Meetings

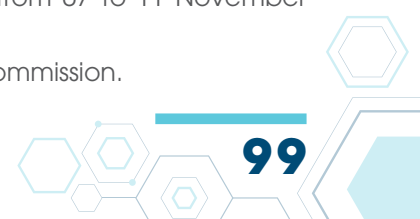
The Commission was represented in the following events organised by the IOSCO:

- IOSCO Growth and Emerging Markets Committee meeting on 04 July 2022;
- IOSCO Monitoring Group – Steering Committee meeting on 20 September 2022;
- IOSCO 47th Annual Meetings and Public Conference from 17 to 20 October 2022;
- IOSCO FinTech Task Force Meeting on 24 April 2023;
- IOSCO AMERC Meeting on 10 May 2023; and
- IOSCO Monitoring Group – Steering Committee meeting on 17 May 2023.

IAIS Meetings

The FSC Mauritius was represented in the following IAIS meetings:

- IAIS Committee Meetings, Annual General Meeting and Annual Conference from 07 to 11 November 2022; and
- IAIS GWG Meeting on 15 and 16 March 2023. This meeting was hosted by the Commission.



STAKEHOLDER RELATIONS

GIFCS Second Annual Plenary Meeting

The GIFCS held its second annual plenary meeting from 22 to 24 November 2022 in Mauritius. This event in a hybrid format, was jointly hosted by the FSC Mauritius and the BoM. The event gathered speakers from the Commission, the BoM, the Financial Stability Institute and member organisations from 21 countries. Topics covered during the meeting were, *inter alia*, on Virtual assets, ESG and Enforcement techniques among others. A supervisory college of trust and company service providers was also organised and has provided an interactive forum for discussions relating to cross-border supervisory issues.

FSB RCG Sub-Saharan Africa Meeting

The Commission attended the FSB RCG Sub-Saharan Africa Meeting on 01 and 02 December 2022 in Ukunda, Kenya. Discussions were, *inter alia*, on current global and regional financial stability issues and their potential impact on the Sub-Saharan economies, including issues arising from commodity markets, the risk of longer-term structural issues from inflation, and vulnerabilities from non-banking financial intermediation.

21st Annual Meeting of Institut Francophone de la Régulation Financière

The Institut Francophone de la Régulation Financière held its annual meeting on 31 May, 01 and 02 June 2023 in Tunis, Tunisia, which was hosted by the Conseil du Marché Financier. The theme of the meeting was 'Qualité de l'information: challenges pour les sociétés, nécessité pour l'investisseur'. The Chief Executive intervened virtually during the Presidents meeting held on 01 June 2023 and also provided an update on the latest regulatory developments in our jurisdiction.

EXCHANGE OF INFORMATION

International Stakeholders

The Commission engages in and fosters information sharing on a multilateral, bilateral, and on ad hoc basis. Multilateral sharing mechanisms are encompassed under the Multilateral Memorandum of Understanding in place between member countries of international organisations such as the IOSCO, IAIS, CISNA and GIFCS. In addition, MoUs outline the scope and terms of the information sharing among regulators and provide a cooperation framework.

The table below illustrates the number of RFIs attended by the Commission to and from overseas counterparts:

International RFI	July 2022 to June 2023	July 2021 to June 2022
Requests made	302	242
Requests received	131	160

Local Stakeholders

The Commission was actively engaged in the exchange of information with local authorities and made formal requests for assistance to its counterparts during the same period.

Local RFI	July 2022 to June 2023	July 2021 to June 2022
Requests made	48	66
Requests received	177	177

INTERNATIONAL TRADE INITIATIVES AND REVIEWS

During the year under review, the Commission has provided input for numerous international negotiations, reports and projects coordinated by the Ministry of Foreign Affairs, Regional Integration and International Trade and other Ministries on:

- World Trade Organisation and COMESA-related assignments; and
- Bilateral agreements between Mauritius and Rwanda, India and the UAE.

CISNA SECRETARIAT

The CISNA was established in 1998 under Annex 10 of the SADC Protocol on Finance and Investment. CISNA forms part of the SADC Finance, Investment and Customs Directorate and reports to the SADC Committee of Ministers of Finance and Investment through the Committee of Senior Treasury Officials. The CISNA membership comprises 26 Member Authorities from 14 SADC Member States, who are responsible for the regulation and supervision of the non-banking financial services. CISNA's role is to strive to ensure that all regulatory frameworks within SADC are harmonised and comply with best international practices, standards and principles as set by the relevant international standard setting bodies.

The Commission has been selected to host the Permanent Office of the CISNA Secretariat and the official opening was done on 28 October 2022. The event was attended by the Governor of the BoM, Mr Harvesh Seegolam; the Chairperson of the FSC Mauritius, Mr Mardayah Kona Yerukunodu, the Chief Executive of the FSC Mauritius, Mr Dhanesswurnath Thakoor; Board Members of the Commission; and delegates from 12 SADC Member States, namely Angola, Botswana, Democratic Republic of Congo, Eswatini, Malawi, Mauritius, Mozambique, Namibia, South Africa, United Republic of Tanzania, Zambia and Zimbabwe.

DATA PROTECTION

The Commission handles a huge amount of personal data and is strongly committed to data security of its employees and licensees. The regulator, as Data Controller, complies with Data Protection laws and best practices and has taken steps to reinforce data security and address the increasing risk of data breaches.

The Data Protection Unit has proactively conducted several awareness programmes to sensitise staff against the risks of leakage of data and the criminal and reputational consequences of data breaches. It has also provided timely data protection advice to all clusters, whenever required, to enable continuous compliance with data protection laws. There has been no incidence of breach reported during the period under review.

HUMAN RESOURCES

The Commission is mindful that its capacity to regulate and supervise effectively depends on its people. The knowledge, expertise, abilities, skill-sets and experience of staff are pivotal for the success of the organisation. The Commission has strengthened its workforce, which, as at 30 June 2023 stood at 326 employees.

The movement of employees during the year under review is provided as per table below.

Table 18: Movement of employees as at 30 June

Job Family	New Recruits		Leavers		Number of Officers	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Executive	-	1*	2	2	19*	22*
Technical	6	6	6	6*	241*	240
Administrative	-	-	1	-	22	23
Support	-	8	1	2	44	45
Total	6	15	10	10	326	330

* Include movement in job family

Performance Based Culture

The Commission continuously strives to strengthen its performance culture in order to achieve the desired results. The Commission is conscious that at the crux of its success is the performance of staff at all levels.

In that respect, the current performance management system in place is geared towards building a performance-focused culture within the Commission. It also aims at improving the quality of the relationship among staff, encourages the sharing of expectations and the building of a climate of openness and mutuality.

Building Expertise

The Commission continued to enhance the development and the potential of its staff through training and development opportunities and exposure both locally and internationally. Specialised knowledge, skills and competencies are required at the Commission, which can only be acquired through exposure and training. As such, with a view to assist our staff to further improve their knowledge, skills and competencies, various training and development programmes as well as secondment opportunities were made available to them.

The Commission has implemented a number of strategies to address the capacity building needs of its staff and ensured that training is imparted on a continuous basis. In addition to face-to-face training, other modes of training such as e-learning platforms and virtual conferences were adopted. A summary of trainings / seminars / conferences and meetings attended by staff during the year 2022/23 with the number of contact hours are provided in table below:

Table 19: Summary of training sessions and contact hours

Type	Number of Trainings	Contact Hours
In-House	92	6,329.0
Local	33	650.5
Overseas	19	656.0
Total	144	7,635.5

Some of the training sessions attended by staff are as follows:

Online Certificate Course in Blockchain Development Technology

The Commission participated in an Online Certificate Course in Blockchain Development Technology, which was held from 08 August 2022 to 30 September 2022. The objectives of this course were, *inter alia*, to provide participants with the ability to understand how blockchain systems work and the use of blockchain technology.



Toronto Centre Regional Leadership Programme for Securities Regulators

The Commission participated in the Toronto Centre Regional Leadership Programme for Securities Regulators which was organised by the Monetary Authority of Singapore Academy and Toronto Centre from 22 to 26 August 2022. The programme focused on developing the capability of participants to implement change in their organisations effectively, take difficult decisions in a timely manner, and deal with stakeholders. The programme also covered issues, which arose from the global financial crisis, such as regulatory failures, and the need for more robust corporate governance.

IOSCO – International Sustainability Standards Board Capacity Building Program

The FSC Mauritius participated in the IOSCO – International Sustainability Standards Board (ISSB) Capacity Building Programme on 'Sustainable Finance', which was held from 28 to 29 September 2022. The objective was to understand how the new ISSB standards would fit into the overall public regulatory framework and the role of securities regulators in progressing the sustainability corporate disclosure agenda.

Training on International Public Sector Accounting Standards

In view of the latest amendments in the Statutory Bodies (Accounts and Audit) Act, the Commission is required to prepare its accounts based in Accruals International Public Sector Accounting Standards (IPSAS). In this context, a training session on IPSAS was conducted by the Civil Service College, Mauritius for staff members on 28 February 2023 and 03 March 2023.

Training on AML/CFT Supervision

As part of the continuous capacity-building programme of the Commission, a three-day training session on AML/CFT was conducted for staff from 14 to 16 March 2023 by a consultant. The training focused on RBS including discussion on enhancing the conduct of onsite and offsite inspections as well as efficient allocation of resources. The training also covered, *inter alia*, topics pertaining to elements of threats and vulnerabilities present in the financial system, verification of AML/CFT parameters during onsite inspections and the broad use and application of enforcement actions.

Workshop on AML/CFT for Directors

The Commission, in collaboration with the MloD organised a workshop on 'Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT) for Directors' on 03 May 2023. The workshop focused on the local context and its peculiarities to AML/CFT and the FATF principles.

Review of Salary and Terms and Conditions of Employment

A comprehensive review of the existing salary and terms and conditions of employment exercise was conducted by a consultant during the period under review. In order to capture the main areas of focus, a participatory approach was embraced whereby, every staff member was given an opportunity to be heard and to voice out their views.

Young Graduate Development Programme

The Commission continued in its endeavour with the Young Graduate Development Programme to ensure the availability of qualified and trained manpower to meet the forthcoming needs of the Commission as well as the sector. The aim of the programme is to offer young graduates a unique opportunity to gain exposure and experience with regards to regulatory matters.

HUMAN RESOURCES

BoM-FSC AML/CFT Graduate Programme

This scheme aims at attracting young graduates to join a one-year programme, which will provide them with a unique development opportunity as well as insight on AML/CFT and related regulatory and industry matters. The trainees are provided with on-the-job training on AML/CFT aspects of the supervisory functions of the FSC Mauritius, the BoM and their respective licensees. The first batch of trainees who joined in April 2022 were awarded a certificate upon successful completion of the one-year programme. A second batch of trainees joined the programme in January 2023.

Engaging Employees - With our People

Celebration of Independence Day

The 55th Anniversary of the Independence of Mauritius and the 31st Anniversary of the Republic of Mauritius were celebrated on 10 March 2023 at the FSC House. A poster competition on the theme 'L'harmonie dans nou Republic' was also organised for staff to showcase their creativity.

Celebrating Long Service and Retirement

In March 2023, employees who have completed 10 years of service were awarded a shield to recognise their contribution and celebrate their loyalty.

One of our long-standing staff, Mr Jugdeo (Danny) Bhowaneedin, Chief Administrative Assistant, retired from the Commission in June 2023. Mr Bhowaneedin who had joined the former MOBAA had a total of 30 years of service.

Go Green Competition

The Commission recently launched a 'Go Green' Competition. The aim was to create awareness among staff members of their actions on the environment and to encourage them to come up with feasible ideas which the Commission might consider and implement to make the workplace more environmentally friendly and reduce our carbon footprint. The competition arose interest among staff and several teams submitted their proposals and made presentations before a panel.

Employee Welfare, Wellness and Work-life Balance

The Commission annually organises a series of initiatives and activities to encourage a healthy work-life balance at the workplace and to promote a culture of health and well-being within the Commission. In its endeavour to promote and encourage a fit and healthy lifestyle, the Commission provides a fully-subsidised and well-equipped in-house gym to its employees. The Commission also ensures daily distribution of fresh fruits to all members of staff. Regular zumba sessions and football matches are also organised.

THE REGIONAL CENTRE OF EXCELLENCE

In line with its objectives of capacity building, the Regional Centre of Excellence (RCE) of the FSC Mauritius hosted several workshops:

1. in collaboration with the Organisation for Economic Co-operation and Development (OECD):
 - Financial inclusion: Trends, developments, and policy tools
 - Promoting good corporate governance
 - Developments in Fintech and Blockchain innovation and implications for policy and regulation
2. in collaboration with the Chartered Financial Analyst Society, Mauritius
 - Environmental, Social & Governance (ESG) Shaping the Future – Challenges and Opportunities

Moreover, the RCE launched its website and logo. The grant agreement between the FSC Mauritius and the OECD was also renewed.

All events were moderated by:



Mrs. Kheertee Ramsahok
Head of RCE

Further details on the events are as follows:

Workshop on 'Financial Inclusion: Trends, developments and policy tools' hosted on 27 & 28 June 2023 at the RCE

This two-day hybrid workshop of three hours respectively delved into capacity-building and knowledge-sharing sessions, related to the latest trends and developments in financial inclusion, financial consumer protection, and financial literacy, with a particular focus on developments in Africa. The workshop was attended by 500 participants, both virtually and physically from 8 different countries.

Workshop on 'Promoting good corporate governance', 18 & 19 May 2023 at the Westin Turtle Bay Resort & Spa, BalACLava, Mauritius

This two-day hybrid workshop of four hours respectively delved into the provisions for promoting good corporate governance and understanding the need to review the G20/OECD Principles of corporate governance. The workshop was attended by 520 participants, both virtually and physically from 15 different countries.

Signature of Grant Agreement Ceremony between the FSC Mauritius and the OECD on 18 May 2023 at the Westin Turtle Bay Resort and Spa, BalACLava.

The Grant Agreement (GA) was signed between the FSC Mauritius and the OECD on 18 May 2023 represented by Mr Mardayah Kona Yerukunodu, Chairperson, FSC Mauritius and RCE Governing board member and Dr Carmine Di Noia, Director for Finance and Enterprise Affairs, OECD respectively. It was conducted in the presence of Mr Harvesh Seegolam, Governor, Bank of Mauritius, and Chairperson of the RCE Governing Board and Mr Dhanesswurnath Thakoor, Chief Executive of the FSC Mauritius. The signature of the GA was to ensure that the RCE and the OECD delivered on the objectives set by the Memorandum of Understanding between the Government of Mauritius and the OECD.



THE REGIONAL CENTRE OF EXCELLENCE

RCE-CFAI Workshop on 'Environmental, Social & Governance (ESG) Shaping the Future - Challenges and Opportunities' hosted on 27 April 2023 at the RCE.

This half-day hybrid workshop was hosted in collaboration with the Chartered Financial Analyst society, Mauritius (CFASM) and it looked into the Environmental, Social, and Governance (ESG) framework which helped stakeholders to understand how an organisation could manage its risks and seize opportunities related to ESG criteria.

The workshop gathered 350 participants, both virtually and physically.

Workshop on 'Developments in Fintech and Blockchain innovation and implications for policy and regulation' hosted on 26 & 27 July 2022 at Maritim Resort & Spa, BalACLava, Mauritius

This two-day hybrid workshop of three hours respectively delved into the recent trends and policy practices in fintech and blockchain technology, based on the analysis and policy guidance from the OECD. Those outcomes were applied to an African setting. The workshop focused on digitalisation, which is a steady driver of change in financial markets, and innovation in Financial Technology (Fintech) and digitally enabled financial services which helped in improving economic resilience since the COVID-19. Moreover, the workshop further looked at new technologies like blockchain which was being harnessed in other sectors.

Launching of RCE Logo and Website on 27 July 2023 at Maritim Resort & Spa, BalACLava, Mauritius.

The RCE logo and website were officially launched on 27 July 2022 by Dr. the Honorable Renganaden Padayachy, Minister of Finance, Economic Planning and Development in the presence of the Honourable Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance; Mr Harvesh Seegolam, Governor of BoM and Chairperson of the RCE Governing Board; Mr Mardayah Kona Yerukunodu, Chairperson of the FSC and First Deputy Governor of the BoM; Mr Oliver Garrett-Jones, Head of Blockchain Policy, OECD and Mr Dhanesswurnath Thakoor, Chief Executive of the FSC Mauritius.



RCE Logo



REGIONAL CENTRE OF EXCELLENCE

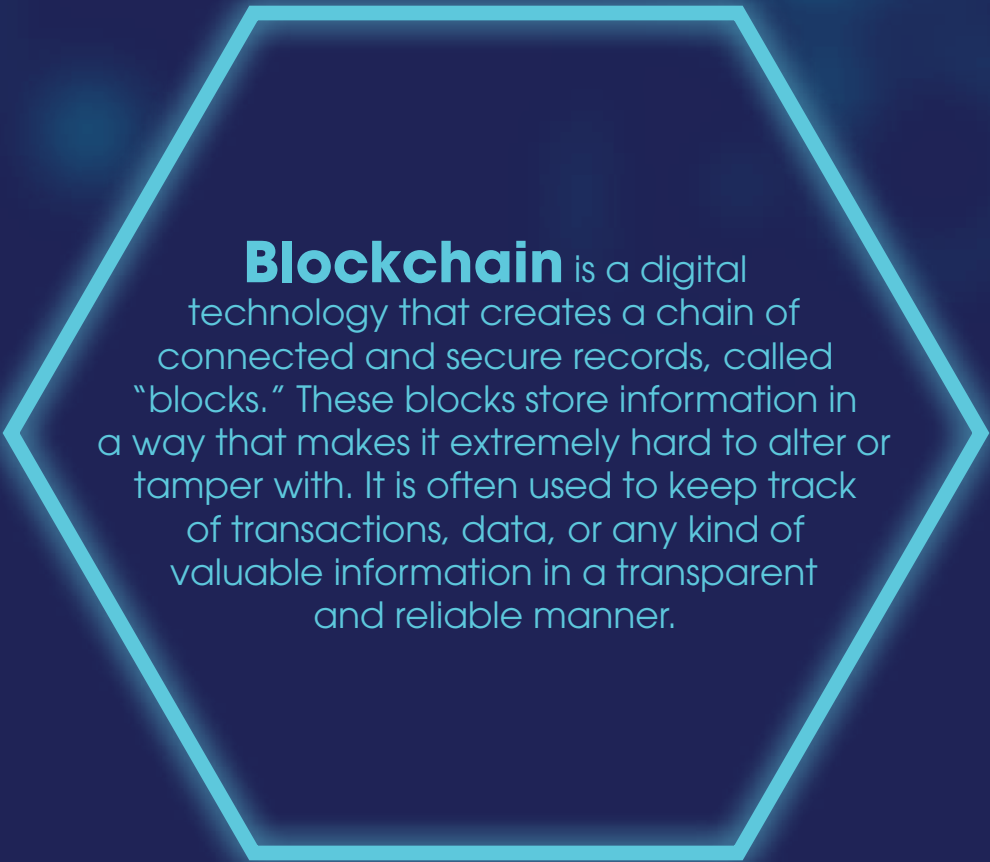
The RCE logo is designed with a futuristic approach showing an innovative Centre which is going towards the new generation. The Letters 'R' and 'C' are intertwined to add some vibrancy and confer an approachable aspect. The dot illustrates Mauritius as the focal point towards the African region. The colors used denotes prestige, excellence, transparency and partnerships.

RCE Website

The RCE website was launched to provide information on the activities conducted by the RCE. The website would serve as a valuable tool to promote the events/ workshops the RCE hosted and plans to host. The RCE website can be accessed on <https://rcemauritius.org>

Enforcement Directorate





Blockchain is a digital technology that creates a chain of connected and secure records, called “blocks.” These blocks store information in a way that makes it extremely hard to alter or tamper with. It is often used to keep track of transactions, data, or any kind of valuable information in a transparent and reliable manner.



ENFORCEMENT DIRECTORATE

As our financial sector grows in scale and sophistication, a robust enforcement regime is necessary to deter financial misconduct and protect consumers and investors' confidence with a view to sustain the reputation of Mauritius as a trusted IFC. The ED plays a pivotal role in ensuring that the Commission makes use of its enforcement powers judiciously in a proportionate and fair manner.

The Commission aims to embed a culture of compliance among its licensees. Where appropriate, it attempts to ensure that contraventions or instances of misconduct are rectified through the normal supervisory processes. Where breaches are particularly serious or efforts to address the shortcomings are not satisfactory, the Commission makes use of its statutory powers and can impose a range of disciplinary sanctions, which include:

- suspending a licence;
- revoking a licence;
- disqualification of officers of a licensee;
- issuing directions;
- issuing private warnings;
- issuing public censure;
- imposing administrative penalties.

In support of the core functionalities of the Commission as a regulator, the ED is responsible to conduct investigations on potential or actual cases of wrongful practices and serious regulatory misconduct. The powers of the Commission to investigate is not limited to its licensees. Unlicensed / unauthorised persons that are carrying out licensable activities falling under the purview of the Commission may be subject to special investigations.

Focus for the Year 2022/23

For the year 2022/23, without relegating the objective of ensuring strict compliance with AML/CFT laws to a secondary focus, an emphasis on the protection of consumers of financial services was made since the number of scams reported has been on the rise in the recent years.

The Commission has amplified its endeavour to raise the awareness against unlicensed businesses and potential frauds since the outburst of the COVID-19 pandemic. Scams and other conceivable fraudulent practices have been outpouring. As a result, the Commission is consistently putting the public and investors on guard by issuing alerts on its website and publications in the local newspapers.

Our Approach to Enforcement

The Commission is committed to consistently and proportionately exert its enforcement powers in a fair and transparent manner. As recognized by the FATE, the prime constituent to a resilient AML/CFT regime is an efficient supervision and enforcement regime. Accordingly, Enforcement, Supervision and AML Directorates of the Commission have a common vision.

The Commission assesses each case on its own merits in determining the sanction to be imposed which will allow it to achieve the desired outcome coherently, while taking into consideration the severity of the offences as well as other relevant factors.

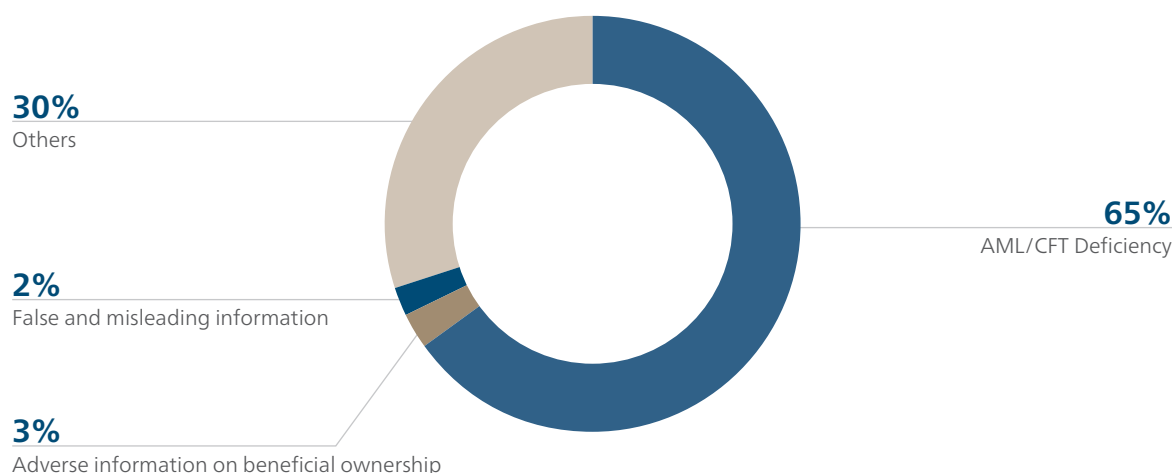
Key Areas of Activity

Referral of Cases to the Enforcement Directorate

The Commission is committed to enforcing the laws and regulations in meeting its vision to be a sound and competitive Financial Services Centre. The ED works along the Supervision Directorate to probe into cases with a weak and/or failing AML/CFT regime. During the year under review, 86 cases were referred to the ED, out of which, the majority were AML/CFT related.

ENFORCEMENT DIRECTORATE

Figure 3: Breakdown of cases referred to the ED

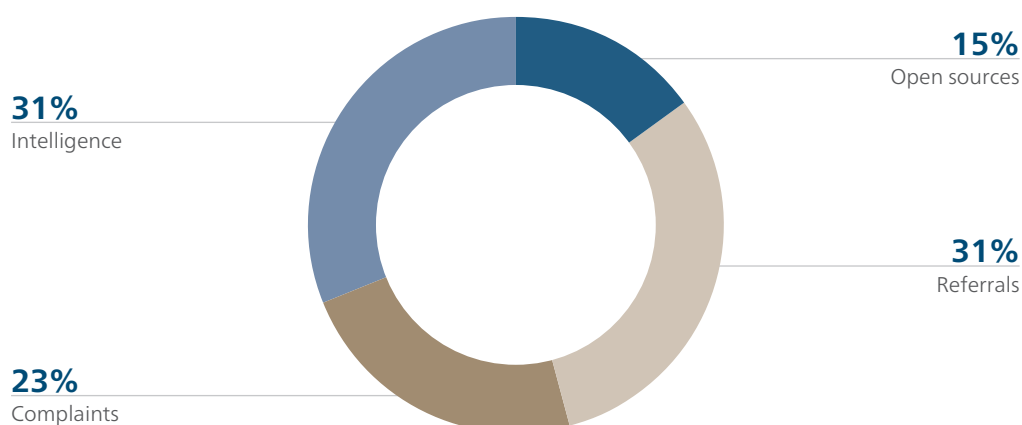


Investigations / Inquiries

The FSC Mauritius adopts a fair approach as guiding principle to enforcement. As such, it conducts investigations in a transparent and reliable way. In case of suspected contraventions and/or misconducts by its licensees, the ED has been vested the responsibility to conduct investigations / inquiries into such matters. The findings are tabled to the Board of the Commission as per the FSA. Sanctions are imposed by either the Chief Executive or the EC. During the year under review, 13 inquiries / investigations were carried out that dealt with a wide-ranging spectrum of transgressions by licensed firms and individuals, which include:

- fraud and corruption;
- AML control failures;
- unlicensed financial service activities; and
- fraudulent conduct.

Figure 4: Breakdown of triggers of investigations / inquiries



Enforcement Actions

The ED recommends enforcement action on a case-by-case basis, commensurate with the severity of the breach. During the year under review, out of the cases referred to the ED, 36 show cause letters were issued to notify the individuals / entities of their possible referral to the EC.



The table below shows the number of enforcement actions taken.

Table 20: Number of Enforcement Actions taken

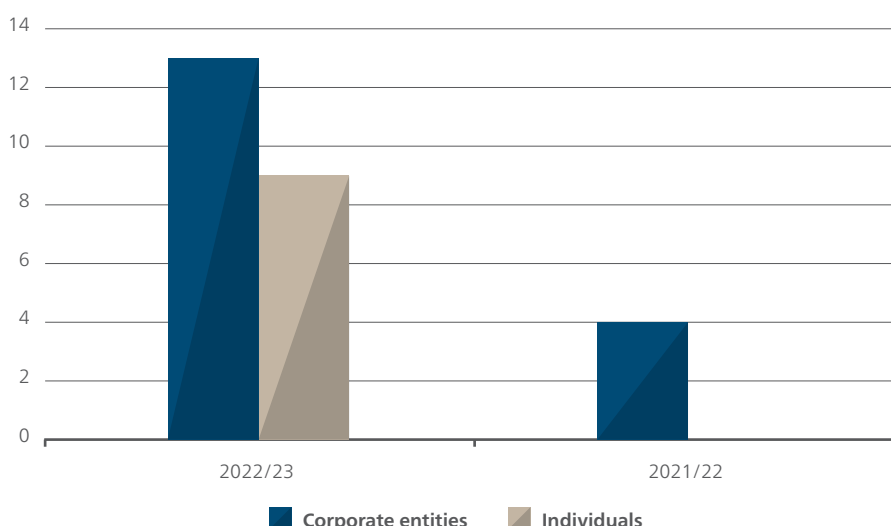
Types of Enforcement Actions	July 2022 to June 2023	July 2021 to June 2022
Suspension of Licence	6	3
Revocation of Licence	3	4
Directions Issued	43	9
Private Warning	1	1
Administrative Penalty	5	11

Referral to the Enforcement Committee

The EC is mandated to exercise the disciplinary powers of the FSC Mauritius under section 7 (1)(c) of the FSA in the determination of cases referred to it by the Chief Executive.

During the year under review, the Commission referred 14 entities and three individuals to the EC.

Figure 5: Number of corporate entities and individuals referred to the EC



Referral to the Settlement Committee

Settlement is a reconciliatory approach, which allows defaulting licensees to resolve their cases by way of mutual agreement with the Commission. Settlement is considered on a case-by-case basis in line with the criteria set out in the Settlement Framework and Enforcement Manual to ensure that the outcomes are fair, consistent, and proportionate and in the public interest. If an agreed outcome cannot be reached, the case will proceed in accordance with the enforcement process. One case was referred to the Settlement Committee during the year under review.

Publication of Enforcement Outcomes

The Commission promotes accountability and a credible deterrence approach by maintaining an open and transparent process through publication of its outcomes. The Commission publishes enforcement outcomes in such form and manner as it regards applicable and appropriate.

Intelligence

The ED is the central repository for receiving, analysing and disseminating intelligence between the Commission and the domestic enforcement agencies namely the Financial Intelligence Unit (FIU), the ICAC and the MPF.



ENFORCEMENT DIRECTORATE

During the period under review, the ED received 100 RFIs and made 13 RFIs from or to domestic counterparts, as follows:

Table 21: Intelligence and RFIs

Public Sector / Law Enforcement Agency	Requests Received	Requests Made
FIU	57	7
ICAC	21	2
MPF	22	4

Investor Alerts

The Commission regularly caution members of the public of the different forms of scams they might be exposed to through the publication of investor alerts and communiqués. During the year under review, 21 investor alerts were issued against 24 entities by the Commission. In addition, with a view to identify those VASPs, operating without a licence, the Commission has:

- carried out nine special investigations;
- issued nine investor alerts and one general alert to caution the public;
- issued 24 letters to VASPs who ought to be licensed by the FSC Mauritius; and
- conducted two outreach sessions regarding enforcement of VAITOS.

During the period, the Commission has referred nine cases relating to suspected ML, fraud and soliciting of investors by unauthorised entities, among others, to law enforcement agencies in Mauritius. International assistance were also sought from relevant foreign bodies in 19 instances by the ED.

Collaboration with International Counterparts

The Commission collaborates with international regulators on investigations and requests for information. During the year under review, the Commission has provided its assistance to a number of overseas regulators.

AML/CFT Directorate





Artificial Intelligence (AI)

involves the use of computers to perform task or actions that traditionally required human intelligence. It is akin to a computer brain that can think and learn, enabling computers to mimic human aptitudes by processing data, recognising patterns, making decisions, and improving performance over time.



AML/CFT DIRECTORATE

The AML/CFT Directorate is the focal point in providing specialised expertise on AML/CFT matters to the other divisions of the Commission. The Directorate oversees the development and implementation of the RBS framework of the Commission. In addition, it is responsible for domestic coordination and cooperation on AML/CFT including participation in the ongoing review of the NRA exercise and the legislative framework.

The AML/CFT RBS Framework of the Commission has the following blocks:

- Offsite Monitoring;
- Onsite Inspections; and
- Outreach and Training.

The AML/CFT supervisory plan for FSC, with respect to specific onsite inspections, offsite monitoring and supervision, including thematic reviews, is established on an annual basis. In order to provide guidance and up-to-date information on ML / TF risks and obligations to its licensees, the annual AML/CFT-related outreach plan is devised and delivered with the support of the Supervision and Enforcement Directorates.

The Commission is committed to keep pace with the changing environment by harnessing the use of technology through the FSC One Platform.

National Risk Assessment Exercise

In line with FATF Recommendation 1, Mauritius embarked, in August 2022, on its second NRA exercise under the aegis of the MFSGG. The first NRA exercise was completed with the publication of the corresponding findings and outcomes in 2019. With a view to strengthen the assessment methodology from the 2019 exercise, the current review caters for the TF risk to be assessed separately from the ML risk due to the distinct nature of TF. This approach allows the Commission to fully assess the TF threats and vulnerabilities so as to establish adequate CFT controls for the mitigation of these risks. The review of the NRA will allow the Commission to keep its understanding of the ML and TF risks updated as well as identify and assess emerging key risks and vulnerabilities. The exercise is being carried out using the NRA Tool developed by the World Bank, which is designed to facilitate the inclusion of all relevant local stakeholders.

Various working groups were established to assess and rate the ML / TF threats and vulnerabilities at national and sectorial levels. These groups comprise representatives from supervisory bodies, law enforcement agencies, the FIU, the University of Mauritius, and the private sector. The Commission is also part of the national ML / TF vulnerability team and the TF threat team.

The Commission has set up four internal working groups for the sectors falling under its purview, namely:

- the Securities Sector;
- the Insurance Sector;
- other Financial Institutions Sector; and
- MCs and Trust Service Providers Sector.

The working groups comprise senior technical officers from the AML/CFT and Supervision Directorates to ensure an in-depth assessment and analysis of the risk exposure of the sectors to ML/TF. The working groups also engage with the Authorisation and Enforcement Directorates to ensure that the NRA results provide a true reflection of the ML/TF risk exposure.

Risk Assessment of Legal Persons and Legal Arrangements

As part of the NRA exercise, Mauritius is also undertaking a review of the ML and TF risks associated with legal persons and legal arrangements in the jurisdiction. This is in line with FATF Recommendations 24 and 25 which require Mauritius to assess the risks of misuse of all types of legal persons and legal arrangements in order to take appropriate steps to manage and mitigate the identified risks.

The ML and TF risk assessment is based on World Bank Methodology on Risk Assessment of Legal Persons, Legal Arrangements, and Beneficial Ownership-related Risks. The risk assessment exercise of Legal Person is steered by a Technical Working Group comprising of representatives from the Commission, CBRD, BoM, FIU,

AML/CFT DIRECTORATE

RoA (Registrar of Association), Independent Commission against Corruption, Registrar of Cooperatives and the MFSGG. The Commission, together with the RoC, is co-chairing this risk assessment on Step 3 of the World Bank methodology. The ML and TF risk assessment of legal arrangements is being chaired by the Commission.

The results of the risk assessments will enable Mauritius to identify the threats and vulnerabilities associated with each type of legal person and legal arrangement together with the overall level of risk mitigation efforts required. Consequently, the outcomes will enable the FIs to have a better understanding of the ML/TF risks associated with the different types of legal entities for consideration in their own risk assessments so as to develop the necessary risk mitigation measures.

Eastern Southern Anti Money Laundering Group

The ESAAMLG is a regional body subscribing to global standards to combat ML and TF and proliferation financing.

Eastern Southern Anti Money Laundering Group Enhanced Follow-Up

Mauritius submitted its Sixth Enhanced follow-up reports to the ESAAMLG in June 2023. The report details the progress made by the relevant competent authorities, including FSC Mauritius, in addressing the recommended actions under the Mutual Evaluation Report and improving the level of effectiveness across the eleven immediate outcomes.

As such, 11 immediate outcome sub-committees were set up by the National AML/CFT Committee to enhance institutional coordination at the technical and operational levels to ensure that Mauritius implements an effective AML/CFT system, which meets international standards. These sub-committees report regularly to the MFSGG on, *inter alia*, the progress made in addressing the recommended actions under the Mutual Evaluation Report. FSC Mauritius co-chairs the sub-committees for immediate outcomes 3 and 4 and is a member of sub-committees of immediate outcomes 1, 2, 5, 10 and 11.

Ensuring Compliance with the FATF Recommendations

In June 2019, Recommendation 15 was revised to include obligations related to VAs and VASPs. Following the new requirements of Recommendation 15, which were adopted by the FATF in October 2019, Mauritius was downgraded from Compliant (C) to Partially Compliant (PC).

After conducting the risk assessment exercise for VAs and VASPs and thereafter designating FSC Mauritius as the AML/CFT supervisory authority of VASPs, the deficiencies were addressed leading to a re-rating of Recommendation 15. Subsequently, Mauritius was re-rated largely compliant (LC) with Recommendation 15.

Following the upgrade on technical compliance of Recommendation 15 at the 44th Task Force of Senior Officials Meeting in September 2022, Mauritius is now rated C or LC on all of the 40 FATF Recommendations. Considering the progress made by the country since the adoption of its Mutual Evaluation Report, the following table illustrates the revised technical compliance of Mauritius with the FATF Recommendations:

Table 22: Technical compliance ratings – Fifth FUR of Mauritius, September 2022

R1	R2	R3	R4	R5	R6	R7	R8	R9	R10
C	C	C	C	C	C	C	LC	C	C
R11	R12	R13	R14	R15	R16	R17	R18	R19	R20
LC	C	C	C	LC	C	C	C	C	C
R21	R22	R23	R24	R25	R26	R27	R28	R29	R30
C	C	C	LC	LC	LC	C	LC	C	C
R31	R32	R33	R34	R35	R36	R37	R38	R39	R40
C	LC	C	LC	C	LC	LC	LC	LC	LC

Note: Four technical compliance ratings are available: Compliant (C), Largely Compliant (LC), Partially Compliant (PC), and Non-Compliant (NC).



Updates to Guidance Issued

AML/CFT Guidance Notes for VASPs & Issuers of Initial Token Offerings

As part of risk-based approach of the Commission, supervisory frameworks, manuals (inspection manual and enforcement manual), among others are updated annually to respond to the evolving AML/CFT threats and vulnerabilities of the regulated FIs. On 04 July 2022, an updated AML/CFT guidance notes for VASPs and issuers of ITOs was published on the website of the Commission. These notes aim to assist VASPs and issuers of ITOs in meeting their obligations on TFS, including sanctions screening and implementation of internal controls and other procedures to prohibit transactions associated to designated and listed parties.

The AML/CFT Supervisory Framework of the Commission

FSC Mauritius AML/CFT Risk Based Supervision

By adopting a risk-based approach, the Commission has been able to systematically evaluate and manage the risks associated with its FIs within the non-banking financial sector. This proactive approach has enabled the Commission to effectively address and mitigate ML and TF risks, bolstering the integrity and stability of the financial system.

In addition, the Commission recognises the importance of staying ahead of evolving risks and continuously updating its supervisory programme to adapt to emerging challenges. This ensures that the supervisory efforts and resource allocation are efficiently directed towards areas with higher risks, thereby reinforcing the effectiveness of the supervisory regime in combatting ML/TF. In March 2023, the Commission successfully completed its third supervision plan for cycle 2022/23, which included a combination of onsite and offsite inspections of its FIs.

Use of Technology for Risk Based Supervision

In January 2023, an offsite monitoring questionnaire was launched through the FSC One Platform, providing 1,750 licensees with the convenience of filling in and submitting the questionnaire online allowing for better survey management and timely response. Building upon this foundation, the Commission continued its commitment to the improvement of the platform and developed a module with functionalities and interfaces for carrying out supervisory activities. This has marked a milestone in optimising supervisory data management and assessment.

By harnessing the technological solutions and the comprehensive data captured, the Commission is equipped to continually upgrade its risk understanding capabilities of the supervised entities and uphold its mandate of effective AML/CFT supervision. The progress made by the Commission also contributes towards demonstrating compliance with effectiveness requirements under Immediate Outcome 3 of the FATF Methodology.

Onsite Inspections and Offsite Reviews

Onsite Inspections

In line with the third supervisory cycle 2022/23, the Commission devised its supervision plan taking into consideration the updated risk distribution of regulated entities based on the result of the previous supervisory engagements and the outcomes of the offsite monitoring questionnaire. AML/CFT inspections conducted by the Commission are either targeted (for high risk and medium risk rated FIs) or full scope (for very high risk rated FIs). The scope and intensity of the inspection and supervisory program are determined by the Commission in order to address the AML/CFT risk profile of these FIs. For the supervisory cycle 2022/23, the Commission conducted 335 onsite inspections and the sectoral breakdown of the number of inspections is as follows:

AML/CFT DIRECTORATE

Table 23: Sectoral breakdown of the number of onsite inspections in the supervisory cycle 2022/23

Sector	Number of Inspections
TCSP	46
CM	61
Investment Funds	200
Fintech	5
Insurance	22
Pensions	1
Total	335

Offsite Reviews

For the supervisory cycle 2022/23, 612 offsite reviews were conducted for the low risk FIs in line with the RBS framework. This review covers verification of four parameters notably risk assessment, policies and procedures, beneficial ownership and independent audit.

The following table provides the sectoral breakdown of the number of offsite reviews carried out during the supervisory cycle 2022/23:

Table 24: Sectoral breakdown of the number of offsite reviews in the supervisory cycle 2022/23

Sector	Number of Offsite Inspections
TCSP	23
CM	113
Investment Funds	463
Insurance	9
Fintech	4
Total	612

An overall improvement was observed for this cycle with respect to the compliance culture of the FIs that were subjected to the review as compared with the previous two cycles. The highest compliance rate was with respect to the policies and procedures and beneficial ownership obligations. Risk assessment and independent audit parameters remained the least compliant. As per established process, the Commission followed up on the remedial actions of entities with identified shortcomings.

Outreach and Awareness Sessions

During the year 2022/23, the Commission continued to consolidate its capacity building and awareness raising programmes, which is in line with its core function and the National AML/CFT Strategy. A number of outreach and training sessions were conducted either virtually or in hybrid mode. Some of the sessions were conducted under the Technical Sub-Committee on Legal and Regulatory Requirements, Training and Outreach (TSL) of the Inter-Agency Coordination Committee (ICC). It is noteworthy that the outreach activities are designed to focus on areas where more guidance is required by the licensees based on the findings from the onsite inspections and offsite monitoring and analysis of feedback forms. The objective is to increase regulatory effectiveness and addressing critical areas promptly.

Post the exit from the FATF Grey List, the Commission sustained the momentum and continued with catalysing capacity building programmes. As at 30 June 2023, approximately 3,660 participants have benefitted from the 13 outreach sessions. Concurrently, the Commission ensures the facilitation and provision of regular and specialised AML/CFT training for its staff to enhance their capabilities to conduct RBS so that current and future operational needs are met. For the year 2022/23, the Commission officers participated in 42 training sessions related to AML/CFT matters.



SN	Date	Outreach and Awareness Sessions on AML/CFT Matters
1	05 and 06 July 2022	ICC Virtual Workshop on Demystification on Fintech, Virtual Assets and Initial Token Offerings
2	22 July 2022	ICC Virtual Workshop on Introduction to the Virtual Asset Space – Legal Obligations
3	18 August 2022	ICC Virtual Outreach on Enforcing the VAITOS Act
4	01 September 2022	ICC Webinar on Beneficial Ownership Transparency of Legal Persons
5	23 September 2022	Virtual Outreach on AML/CFT Compliance for Insurance Brokers
6	30 September 2022	ICC Refresher Course on Risk-Based Approach to AML/CFT
7	04 November 2022	ICC Virtual Outreach on Customer Due Diligence, Enhanced Due Diligence, Transaction Monitoring and Suspicious Transaction Reporting
8	12 December 2022	Virtual Outreach on Targeted Financial Sanctions and Proliferation Financing
9	14 December 2022	ICC Virtual Workshop on Compliance Officer / Money Laundering Reporting Officer and Beneficial Ownership
10	22 December 2022	Refresher Session to Qualified Trustees on Transparency of Beneficial Ownership Information
11	03 March 2023	ICC Virtual Workshop on Virtual Assets / Virtual Asset Service Providers
12	17 March 2023	Outreach on AML/CFT Preventive Measures with FSC AML/CFT Consultant
13	12 May 2023	ICC Workshop on Independent AML/CFT Audit

Active Participation in Committees related to AML/CFT

Inter-Agency Coordination Committee

Established in 2020 pursuant to a MoC, the ICC regroups AML/CFT Supervisors, namely, the Commission, BoM, Attorney General's Office, FIU, CBRD, RoA, Mauritius Institute of Professional Accountants and the Gambling Regulatory Authority. In a spirit of cooperation and to effectively combat ML, TF and proliferation financing, the ICC met regularly during the financial year ended 30 June 2023 to deliver on its mandate. The three technical committees under the ICC consisting of representatives from AML/CFT Supervisors are:

- Technical Sub-Committee on Supervision which aims to establish and implement an efficient and robust AML/CFT supervision through a risk-based approach;
- Technical Sub-Committee on Coordination which emphasises on the effective coordination by all supervisory authorities, FIU and law enforcement authorities; and
- Technical Sub-Committee on Legal and Regulatory Requirements, Training and Outreach which is mandated to adopt a coordinated approach to revision of existing laws and regulations pertaining to AML/CFT cross-cutting issues, conduct capacity building initiatives for the Supervisors and joint outreach sessions for the private sector.

During the year 2022/23, nine outreach sessions were spearheaded by the Technical Sub-Committee on Legal and Regulatory Requirements, Training and Outreach with the participation of resource persons from the Commission. The Commission, in collaboration with the Technical Sub-Committee on Legal and Regulatory Requirements, Training and Outreach, the MFSGG, His Majesty's Treasury of United Kingdom and Office of Financial Sanctions Implementation organised several training to its pool of resources on TFS and RBS in order to continuously improve supervisory effectiveness.

AML/CFT Working Group

The AML/CFT Working Group is set up under the Joint Coordination Committee (JCC) between the BoM and the Commission. During the year 2022/23, it met on several occasions to share information on a regulator-to-regulator basis to deliberate on cross-cutting issues related to AML/CFT under their respective purview. The working group plans and coordinates joint onsite inspections for FIs regulated by both authorities.



AML/CFT DIRECTORATE

Appointment of Mauritius as Reviewer of the Africa Middle East Joint Group

Mauritius was appointed as a reviewer of the Africa Middle East Joint Group as from September 2022. The Commission, being one of the lead reviewers, is responsible for assessing submissions of countries under the FATF's International Cooperation Review Group. The Commission is also actively involved in the ESAAMLG projects aimed at addressing thematic issues identified in the region.

Experience Sharing on AML/CFT Matters with other Regulators

The Commission welcomed several international delegations from Namibia, Nepal and Democratic Republic of Congo for an experience sharing in the implementation of the FATF Action Plan. The Commission also seized the opportunity to elaborate on key areas such as:

- the legal and RBS frameworks;
- meeting the FATF technical compliance requirements;
- the development of regulatory framework for the supervision of VASPs in Mauritius;
- the enforcement regime; and
- the application of RBS through the FSC One Platform.

Mauritius Finance – FSC Mauritius Working Group AML Sub-Committee

The MF-FSC Mauritius Working Group AML Sub-Committee, established under the joint committee between the two institutions, has, as main objective, the coordination and collaboration on AML/CFT matters. During the year 2022/23, the sub-committee held eight meetings and they discussed AML/CFT matters and proposed amendments to the prevailing legislations.

Operations Directorate





Cloud Computing Technology allows the storing and accessing of data and computing services over the internet. Data is not stored on personal computers but remote servers are instead used to store data, run applications, and perform tasks. It is similar to having a virtual computer that can be accessed from anywhere.



FINANCIAL LITERACY AND CONSUMER PROTECTION

The Commission is empowered under section 6 of the FSA to *promote public understanding of the financial system including awareness of the benefits and risks associated with different kinds of investment and to take measures for the better protection of consumers of financial services*. Part VI of the FSA consolidates these functions by providing measures to protect consumers of financial services and financial products.

The Commission aims to increase financial literacy among the population for a better understanding of the financial services sector and to promote increased use of financial products and services. The Commission is committed to create investor awareness and expand financial education thereby empowering people to take informed investment decisions. Through financial literacy, consumers of financial services are able to:

- practise financial planning;
- adopt the habit of saving and investing for their prosperity and economic wellbeing; and
- choose the appropriate financial products to suit their priorities and goals.

Information and Media Campaigns

In the fulfilment of this mandate, information and education campaigns on financial services were pursued by the FSF through different media during the year under review. The campaigns aim at sensitising various target audiences including consumers, entrepreneurs, investors, employees, students and retired people on the need to adopt the right reflexes while taking financial decisions.

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

Under the renewed agreement with the Mauritius Broadcasting Corporation, the Commission has jointly developed programmes, which were broadcasted on the local radio and TV. Sustained communication to continue disseminating various key messages to inculcate good financial reflexes was also pursued during the year under review. Additional materials, including videos and info graphics, were produced on a number of financial literacy topics for targeted audiences, including financial planning, good habits of budgeting, saving and investment in relevant financial services and products. These are posted on relevant website and social media pages. Brochures and informative games are also distributed to the public during outreach sessions.

Financial Services Career Fair

At the initiative of the MFSGG, the FSF / the Commission, in collaboration with stakeholders organised a Financial Services Career Fair on 23-24 June. The objective of this career fair was to create a platform for interaction between the industry, job seekers, students and the public in general in relation to job opportunities in the financial services sector. This fair has regrouped around 40 institutions, including industry representatives and educational / training institutions.

Harmony Website

A website dedicated to financial literacy was launched on 08 December 2022. The Harmony website (www.harmony.mu) includes a repository of all financial literacy materials produced, enabling visitors to obtain useful information on, *inter alia*, money management and investment skills.

FINANCIAL LITERACY AND CONSUMER PROTECTION

Competitions

Various talent and financial literacy competitions have been successfully completed during the year under review, namely:

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

A 24-hour non-stop hackathon was organised on 23-24 June 2023. It was opened to all developers, designers and tech enthusiasts, with the objective of creating innovative apps that promote financial literacy. 14 teams competed for the development of a financial education game designed to help users become more conscious of money management and better manage their finances.

Consumer Outreach Sessions and 'Ansam Avec CSU' Initiative

The FSF is present on a weekly basis around the island, as part of the 'Ansam Avec Citizen Support Unit (CSU)' initiative of the Prime Minister's Office. The objective is to reach out to the population through dedicated information stands to attend to queries and impart financial literacy. 45 outreach sessions were organised across the island during the year under review.

Financial Literacy Week in Rodrigues

A financial literacy week with the theme 'The Future of Finance' was organised in Rodrigues Island from 16 to 20 August 2022. The objective was to reach out to all stakeholders in view of encouraging sound money management and inculcating an investment culture among the population. Latest developments, especially in the fintech sphere, were also discussed during the event. A panel discussion and a training session on insurance were also held on 16 and 17 August 2022. A dedicated career guidance session took place on the 16 August 2022 and a full day session on fintech was organised on 17 August 2022.

Information Campaigns at International Level

Since 2023, the FSF has also embarked on information campaigns at an international level. The objective is to create awareness on the financial services sector, including products and services available in the Mauritius jurisdiction. The first campaign launched during the period under review concerns India, which is a major partner for the Mauritius IFC.

FINANCIAL STABILITY & STATISTICS

FINANCIAL STABILITY

One of the objectives of the Commission under section 5 (e) of the FSA is to ensure the soundness and stability of the financial system in Mauritius in collaboration with the BoM. This exercise is carried out through the BoM / FSC Mauritius Joint Coordination Committee. The Commission closely monitors risks and possible deficiencies emanating from the non-banking financial sector, findings of which are reported on a semi-annual basis in the Financial Stability Report of the BoM.

Contribution to the BoM Financial Stability Report

A summary of the Commission's contribution to the BoM Financial Stability Report covering the six months ended December 2022 has been outlined hereunder:

The global economy is experiencing a number of turbulent challenges, such as the adverse impact of the Russia-Ukraine conflict, highest rates of inflation around the globe seen in recent decades and the tightening of monetary policy, which followed, hereby continue to dampen economic prospects worldwide. Outlook for the domestic landscape is no exception.

While the Mauritian economy has demonstrated resilience amidst the volatile international setting, boosted by several factors, notably a strong recovery in the tourism sector, the course of domestic inflation was inexorably influenced by international commodity prices.

The financial and insurance activities remained robust with a growth rate of 4.2% and a contribution to GDP at 13.6% for 2022. The GB sector expanded by a healthy rate of 3.0% and has contributed around 8.5% to the GDP during the same period (Source: Statistics Mauritius National Accounts). Albeit a forecasted increase of 5% overall in the GDP growth for 2023, conspicuous concerns remain on the extent of the impact of the slowdown in global economy and, in particular, in key partner countries.

Life Insurance Industry

Following a slight decline observed for the semester ended June 2022, the value of total assets of life insurers picked up in the last semester of the year. Life insurers seem to have reduced their exposure from equity investment towards fixed income instruments hedging against the fall of share prices in financial markets while also tapping into new investment opportunities of rising interest rates. The sector's largest exposures remained with Government of Mauritius / BoM followed by investments held in the banking, multi-industry / investment sectors and non-residents as at end of December 2022. In terms of gross premiums, life insurers continued to maintain their growth momentum for the period under review though some seasonal fluctuations are noted. Almost half of the total Gross Premium earned pertain to life assurance followed by Linked Long Term Insurance and Pension segments. Life insurers maintained a positive solvency status, with the largest insurance companies (in terms of gross premiums) holding larger capital cushions.

General Insurance Industry

The outlook for general insurers remained positive showing a growth trajectory in all main indicators. A rising trend is noted in value of assets of general insurers and has remained undeterred since the first semester of 2021. Likewise, the number of policies in force for both motor and non-motor segments displayed growth for the semester ended 2022. Many factors could play a determining influence on the observed boost since the peak of the pandemic in 2021. According to OECD, the COVID-19 pandemic may have increased awareness and demand for certain insurance products in many countries in 2021, especially for health insurance policies, financial safety nets and savings products. In addition, during periods of sanitary restrictions, many insurers have embarked into a digitalisation of their operations from on-boarding of clients to reporting of claims; thus bringing more efficiency. Another factor could be the heightened inflation rate in 2022, which could have led to an increase in the price of policy premiums and consequentially, in the value of assets held by general insurers. In terms of solvency position, all general insurers were found to be sufficiently capitalised for their respective financial year ended 2022. Small and medium sized companies maintained on average, a larger solvency margin, which remained broadly unchanged as compared to 2021. In contrast, large general insurers had, on average, a solvency position slightly less than the level observed in 2021.

FINANCIAL STABILITY & STATISTICS

Private Pension Schemes

Value of assets of the pension scheme industry continued on its declining trend for the semester ended December 2022. This may be largely attributable to the combined effects of the relatively large exposure to equity investment and the sluggish performance of financial markets. As opposed to the life insurance sector, the pension scheme industry is more sensitive to externalities given its relatively large exposure to foreign equity.

Global Business Sector

As the world continues to witness a more dynamic global business environment, the sector remains susceptible to growing challenges. Hence, monitoring of developments in this segment, irrespective of positive or adverse, remains of utmost importance.

In a bid to keep pace with the fast-evolving demand of global investors, the Mauritius IFC introduced two new activities during the year 2022, notably the VCC and the Global Shared Services.

On the supervisory front, the acquisition of large MCs by big international players has been observed in recent years, which increasingly calls for enhanced collaboration between other jurisdictions. While these acquisitions could furthermore uphold the repute of the jurisdiction, they can equally trigger risks of high concentration. It is therefore believed that the role of supervisory colleges is crucial to develop a comprehensive understanding of the risk profile of these international groups and develop a framework for addressing the key issues that are relevant from a supervisory perspective. Cooperation with other jurisdictions is also essential to keep pace with the best practices in terms of supervision and enforcement especially with the development of new products.

Over the past decade, the Mauritius IFC has successfully positioned itself as a platform of choice for outbound investment into the African region to the effect that it has become the preferred destination of business surpassing India in terms of number of GBCs. In February 2023, the FATF announced that South Africa was included in its list of jurisdictions under increased monitoring. South Africa being an important partner country, the impact of this 'grey-listing' on the jurisdiction is another area for close monitoring.

For the semester ended December 2022, the number of live GBCs slightly progressed compared to the year before. Newly licensed entities have increased while a decrease was noted in terms of exits compared to the two preceding years, which testifies the trend towards pre-pandemic figures despite the adverse impact of the conflict between Russia and Ukraine. While a contraction has been noted in gross portfolio investment flows towards India and Africa, it was found to be less pronounced than the fall observed in the Morgan Stanley Capital International world index. Despite the erratic nature of gross direct investment flows, the figures for 2020 and 2022 respectively seem to have been adversely influenced by the outbreak of the COVID-19 pandemic and the Russia-Ukraine conflict.

Supervision of Financial Conglomerates

As of date, the FSC Mauritius has conducted two cycles of review on conglomerates falling under its purview with the Commission as the lead regulator. NBFIs which are part of the groups were the focus of the two exercises. Based on the findings of the two cycles, face-to-face meetings were conducted with two concerned conglomerates. No major threat to the stability of the groups under review was noted, except for a few minor issues. Further insights were expected to be received during the third cycle. In that respect, in April 2023, the Commission launched its third data collection exercise for the year ended March 2023.

The Commission continues to closely monitor areas of risk (concentration risk, contagion risk and risk of conflicts of interest with respect to related-party transactions) as part of an ongoing risk management process.

Furthermore, legislative amendments have been made respectively in the BoM Act and the FSA to give both the BoM and the FSC a supervisory purview on conglomerates, which contain a FI in its group structure. However, the framework ought to be furthermore consolidated to give the necessary powers to the two financial regulators to have effective oversight on the relevant groups of entities. In this context, the BoM has requested the Commission through the BoM / FSC Mauritius Joint Coordination Committee – Working Group on Financial Stability (FSWG) to provide its comments on a proposed set of legislative amendments resulting from an IMF Technical Assistance.

Enhanced Monitoring of Lending Activities of NBFIs

During the period under review, the Commission launched the second cycle of the Lending Activities survey to collect data for the year ended March 2023. This exercise is being carried out to monitor potential risks with respect to exposures of NBFIs involved in lending activities. While this exercise was initially covering the Credit Finance, Leasing and Factoring businesses only, it has now been extended to include the Treasury Management segment as from the second cycle. In terms of analysis, three areas of risks have been identified, namely Concentration risk (Asset class concentration / Industry concentration), Gap Analysis (Asset Liabilities matching) and Risk of default (analysis of outstanding debt). Data from the second cycle is currently being evaluated and a report will accordingly be circulated to relevant stakeholders.

Financial Soundness Indicators

The Commission has been compiling the Financial Soundness Indicators (FSI) on insurance corporations according to the IMF FSI Guide 2019 since the beginning of 2022. As of June 2023, data for six quarters (2021 Quarter 4 – 2023 Quarter 1) have been collected among insurance corporations. All the figures reported are currently being investigated and revised where necessary at level of the Commission. However, milestones of this data collection exercise are also being reported to and monitored by the FSWG. The latter is of the view that at this stage of the exercise, it would be important to have a TA from the IMF to evaluate the data compiled and provide guidance on a number of practical issues notably with the introduction of IFRS 17.

STATISTICS

The FSA empowers the Commission to collect, compile and disseminate statistics. Section 6 (j) of the FSA, states that one of the functions of the Commission is to 'collect, compile, publish and disseminate statistics in respect of the financial services and global business sectors'.

FSC Mauritius Annual Statistical Bulletin

With a view to achieve the aforementioned objectives, the Commission prepares and publishes on a yearly basis the FSC Mauritius Annual Statistical Bulletin on its website, which provide figures on the licenses issued under various categories by the Commission.

FINANCIAL STABILITY & STATISTICS

Implementation of Surveys

The Commission administers several surveys to its licencees as part of the requirements of the IMF SDDS. According to section 7 (2) of the FSA, the Commission through the Online Data Capture System has been conducting quarterly, bi-annual and annual surveys. Quality of the data collected remains a primary focus. More than 50 consistency checks on average are carried out for each survey form before the results are validated and disseminated. Details about surveys conducted by the Commission for the period under review has been summarised in the table below:

Survey	Details
IMF Monetary and Financial Statistics (MFS) Survey	<p>The IMF MFS survey is implemented by the BoM / FSC Mauritius JCC as part of IMF's SDDS requirements. In view to have more visibility on the figures, the quarterly survey is divided into GBCs and Domestic categories. During the period under review, the Working Group on Statistics benefitted from a Technical Assistance mission from the IMF's Statistics Department in October 2022.</p> <p>IMF MFS Survey for the Global Business Sector</p> <p>The GBC category covers around 12,000 entities. As mentioned above, the purpose of the IMF Technical Assistance mission was to assess, for the first time, the source of data on GB companies. Improvement in the quality of data was highly commended by the mission. Sessions are being carried out by the working group towards continuous improvement in the data and ensuring that the IMF recommendations are implemented.</p> <p>IMF MFS Survey for the Domestic Sector</p> <p>The domestic segment comprises of approximately 150 domestic entities operating in the insurance, pensions and fund industries. The mission reviewed available domestic data for insurance corporations, pension funds, and investment funds. The improvement in quality of data was recognised by the Mission and the efforts of the Commission and its licencees were commended. It was highlighted that the data was of good quality and could be published. The mission therefore recommended disseminating of MFS data for at least five quarters (2022Q1-2023Q1).</p>
External Sector Statistics and National Accounts (ESSNAC) Survey 2022	<p>The ESSNAC survey aims at collecting financial data from GBCs for the compilation of various macro-economic statistics namely the Balance of Payments, International Investment Position, Foreign Portfolio, Foreign Direct Investment and National Accounts. This exercise is conducted in collaboration with the BoM and Statistics Mauritius. In line with the recommendations of the IMF Technical Assistance mission conducted in December 2021, several major amendments were incorporated in the ESSNAC Survey questionnaire.</p>
Exchange of Sector Information on Securities' Issuers	<p>The FSC Mauritius administered the bi-annual Exchange of Sector Information on Securities' Issuers survey to collect data on the International Securities Identification Number (ISIN) code for securities issued by 28 participating countries. The aim of the survey is to establish a centralised database on portfolio investments securities. From June to December 2022, 209 entities participated in the survey and around 1300 ISIN codes have been compiled. This exercise was conducted in collaboration with the BoM.</p>
Employment Survey 2022	<p>The Employment Survey is now being carried out by the Commission on a semi-annual basis to get a better insight on the operations of all domestic licencees under its purview. The main objective of this exercise is to collect data on the number of direct employment categorised by Gender, Local / Expatriate and Job Family namely Managerial, Technical and Support. In addition, this survey captures information on termination, resignation, retirements and new recruits.</p>



Membership of the Committees

Financial stability remains of utmost concern to both BoM and FSC Mauritius, given the continuous challenges and developments in the current economic environment. In that respect, both regulators have strengthened collaboration through different working groups and committees, with a view to ease the process of effective consolidated supervision on the financial system. The FSC Mauritius is a member of various working groups, committees and boards as outlined below:

S/N	Names of Committees / Working Groups
1	Financial Stability Committee The Chief Executive of the Commission is a member of the Financial Stability Committee, which is chaired by the Minister of Finance, Economic Planning and Development. It regularly reviews and ensures the soundness and stability of the financial system.
2	BoM / FSC Mauritius Joint Coordination Committee In view of the ongoing changes in the financial services industry, the BoM and the Commission collaborate closely for the overall supervision of the financial sector. Different working groups have been established, including that on financial stability and on statistics.
3	Joint BoM / FSC Mauritius Working Group on Financial Stability The FSWG, established under the BoM / FSC Mauritius JCC, has objectives to share knowledge and information. In that respect, for the period under review, a paper on the GB Sector was finalised and recommendations for ongoing monitoring of the GB Sector are currently being put in place. Under this working group, we also have several task forces including one which is mandated to prepare a framework for the identification and monitoring of exposures emanating from the GB sector to the financial system and the economy at large.
4	Joint BoM / FSC Mauritius Working Group on Statistics The working group on statistics is established under the BoM / FSC Mauritius JCC, with the aim to collect and disseminate statistical data as per legal requirements and the commitment of Mauritius to adhere to the IMF SDDS.
5	Working Group BoM / Statistics Mauritius / FSC Mauritius This working group consists of BoM, Statistics Mauritius and FSC Mauritius with the aim to facilitate sharing of information between the three organisations.
6	MRA / FSC Mauritius Joint Coordination Committee A mechanism similar to that with the BoM exists between MRA and FSC Mauritius, so as to ensure effective exchange of information between the two authorities.
7	Statistics Board The Commission is a co-opted member of the Statistics Board, which is responsible for providing guidance on statistical matters to the Minister of Finance, Economic Planning and Development and other producers of official statistics.



COMMUNICATIONS

The Commission was actively engaged in the implementation of its communications plan and strategy during the year under review. Relevant information was channelled to stakeholders in a timely manner to ensure effective communication and transparency.

The Commission regularly disseminates information to its stakeholders and the public through, *inter alia*, communiqués, press releases, circulars, alerts, public notices and reports. These are posted on the Commission's website and published in local newspapers, where appropriate or whenever required by the law. Appendix 5 provides a list of publications issued during the year 2022/23.

Corporate information published in local and international business directories were updated on a regular basis to ensure factual reporting. The visibility of the Commission was reinforced through ongoing media coverage both at national and international level through interviews, advertorials and other forms of publications. In addition, the Commission was involved in the implementation of targeted public relations exercises pertaining to the various regulatory initiatives undertaken.

The Commission monitors the local and international news pertaining to the financial services sector on a daily basis to ensure that it remains abreast of all developments relating to the sector. In addition, it maintains ongoing interaction with media representatives, and press requests are promptly and effectively attended.

E-Newsletters

The Commission reinforces its visibility through effective dissemination of its ongoing regulatory actions and organisational initiatives by issuing its e-Newsletter on a quarterly basis.

Website

To maintain its online presence, the Commission ensures a direct communication line with its licensees, industry stakeholders, the media and the public through hands-on information regularly posted on its website.

Social Media

Furthermore, to reach out to a more diverse audience, the Commission provides regular updates by posting on its LinkedIn and Twitter corporate social media profiles.

ADMINISTRATION & ENTERPRISE RISK

The AER cluster plays an important role in the management of services and processes by supporting core businesses of the Commission. It is responsible to provide a safe and healthy work environment to the staff of the Commission, and lays emphasis on the efficient usage of public utilities while embracing green technology. AER has re-engineered its processes with respect to its day-to-day activities related to administrative works, facilities management and procurement among others.

Fixed Asset Register

The Fixed Asset Register keeps track of all assets at the Commission through a systematic approach for efficient usage over the life cycle of the assets. During the year under review, damaged and obsolete assets were disposed of, in accordance with established protocol to promote a healthy and safe workplace. As disasters can be financially devastating and severely disrupt operations, the Commission has insured its assets under various coverage to lessen its exposure to liabilities.

Facilities Management

The Facilities Management aims to provide a safe working environment for all employees. It ensures proper space allocation, functional public utilities and compliance with the Occupational Safety and Health Act.

Eco-friendly Practices and the Use of Green Technologies

By embracing green technology, the Commission aims to be ecologically conscious, cut costs, and make efficient use of resources. The office of the Commission already has a fresh air unit system, which reduces the need for the air conditioning system. Although the workplace is equipped with energy-saving LED lighting, staff are encouraged to use natural light in the workplace and meeting rooms. In the spirit of conservation of natural resources for a sustainable environment, all shredded papers and old newspapers are collected for recycling.

Procurement

The responsibility for implementing and administering procurement-related activities is under the Procurement Unit, which is subject to both internal and external audit. The Commission conducts its procurement process in line with the Public Procurement Act, the Public Procurement Regulation 2008, Directives and Circulars issued by the Procurement Policy Office. The procurement process underpins to achieve value for money by embedding best practices and principles of public procurement. Competition is encouraged by allowing maximum participation through open advertised bidding process and providing equal opportunity to SMEs. The Commission uses the Government e-Procurement System making the procurement process more efficient and transparent for stakeholders.

Scanning / Registry / Archive

The Scanning unit is responsible for digitalising all incoming documents at the Commission for internal distribution while the Registry unit is responsible for safe keeping all hard copies of incoming. In the archive, files and other materials are organised into categories for fast retrieval as and when required. The process at these units have been streamlined to achieve an effective management system in order to keep up with the changing needs of the Commission regarding data management and to create a friendly environmental workplace with the aim to reduce our carbon footprint.

Event Management

The AER is responsible to provide all logistical support for organising events at the Commission. Events are planned and organised in the most cost effective manner by making optimum use of resources.

Business Continuity Management System

As part of its commitment to strong corporate governance, the Commission maintains a reliable business continuity management system based on the industry best practices. This system reinforces operational resilience and enables swift and efficient response measures amidst unexpected challenges, safeguarding the interests of the Commission and its employees, stakeholders, reputation, brand, and value-creating activities.

INFORMATION TECHNOLOGY

Information technology is increasingly focused on the adoption of state-of-the-art and modern technology-based solutions to streamline and re-engineer its processes. As part of its digital transformational journey, the Commission has implemented the FSC One Platform, Artificial Intelligence Due Diligence Platform, IT operationalisation of the CISNA secretariat, security-based solutions, and upgrades to enhance the security and robustness of its systems. Furthermore, in its approach to innovation and modernisation, the Commission has embarked on the NICD project, a centralised repository on motor claims data for the insurance sector.

FSC One Platform

The FSC One Platform aims to empower the licensees of the Commission to self-manage their information through a completely centralised, transparent, and paperless digital platform. Significant progress and enhancements have been carried out on the platform, which includes mainly seamless integration with the Corporate and Business Registration Division for details on incorporation of entities and the Mauritius Automated Clearing and Settlement System for payments processing.

Post-licensing Module

A post-licensing module has been added to the FSC One Platform, allowing licensees among others to create and submit their requests. Several virtual training sessions were scheduled to assist licensees to use these new functionalities.

Statutory Filings / Administrative Penalties Module

Licensees can submit their returns and pay their administrative penalties at a mere click on this module. In addition, they now have full visibility on their licences, filing information, penalties accrued and payment status.

Renewal of Annual Fees Module

Another major milestone for the platform was the launch of this new module in June 2023. Licensees can now pay their annual fees as well as fees of their clients through the automatic payment instruction or deposit accounts with the Commission.

Email Security

The Commission implemented a more advanced and robust secure email gateway solution to improve its email security posture. The solution implemented encompasses features such as email filtering, impersonation protection, social engineering defence, audit logging and reporting, among others.

Privileged Access Management

The Commission previously faced several challenges regarding the protection, control, and monitoring of privileged access in its expanding information technology environment. It was crucial to adequately control internal and external privileged users to prevent any potential abuse stemming from their level of access. In addition, external threats were identified, recognising that humans often constitute the weakest link in the cyber security chain.

Privileged Access Management (PAM) encompasses cybersecurity strategies and technologies aimed at exerting control over elevated ('privileged') access and permissions for users, accounts, processes, and systems across an IT environment. Consequently, PAM has been identified as one of the critical controls essential for improving the Commission's overall security posture. The PAM has been implemented as a solution to address these identified cyber security risks, which significantly enhances information security, ensures responsible governance, provides visibility, and reduces operational costs associated with the management of privileged accounts.




Secure File Transfer Solution

In an era where data security is paramount, organisations must prioritise secure file transfer solutions to safeguard sensitive information. The FSC Mauritius implemented a robust and reliable platform that offers a comprehensive solution for securely sharing and storing files. By leveraging on the solution implemented, the Commission can ensure seamless file sharing while maintaining a strong focus on both operational efficiency and enhanced security measures. The secure file transfer solution addresses both operational and security requirements for internal and inter-organisation file sharing.



PROJECT OFFICE



The Project Office has the responsibility of reporting projects of the Commission, to ensure timely delivery. On a monthly basis, a comprehensive report providing essential updates for each project is provided to Senior Management, contributing to informed decision-making and sustained progress. In the event of any deviation or issue, remedial actions are identified and necessary measures are recommended.

The Project Office has served as the pivotal liaison between the Project Implementation & Monitoring Agency, which was set up by the Ministry of Finance, Economic Planning and Development to ensure the smooth and timely implementation of budgetary measures 2022/23. It also played a crucial role as the liaison point between the Commission, the Ministry of Finance, Economic Planning and Development and the MFSGG for the evaluation of proposals related to the National Budget 2023/24. Moreover, the Project Office facilitated meaningful communication between the Commission and other key stakeholders within the financial industry, providing the Commission's valuable insights and perspectives on their proposals.

HIGHLIGHTS FOR THE YEAR 2022/23

STATISTICS: YEARLY HIGHLIGHTS

Table 25: Main contributors of the Mauritian economy

	2023 **		2022 *		2021	
	GVA	GR	GVA	GR	GVA	GR
Financial and Insurance Activities	13.5	3.9	13.5	4.2	13.9	4.2
Monetary Intermediation	7.0	4.4	7.0	4.5	7.1	4.2
Financial Leasing and other Credit Granting	0.6	2.3	0.6	4.6	0.6	1.3
Insurance, Reinsurance and Pension	2.0	4.0	2.1	4.1	2.3	3.1
Other	3.8	3.1	3.8	3.8	3.9	5.3
Manufacturing	13.4	3.1	13.6	9.1	13.2	8.3
Wholesale & Retail Trade, Repair of Motor Vehicles and Motorcycles	11.5	3.0	11.4	3.0	12.0	4.1
<i>of which: Wholesale and Retail Trade</i>	11.0	3.0	11.0	3.0	11.5	4.1

Source: Statistics Mauritius, National Accounts, June 2023 issue

* Revised ** Forecast GVA: Gross Value Added GR: Growth Rate

The GDP at market prices in 2023 is forecasted to grow by 5.3 per cent, compared to 8.8 per cent in 2022 and the GVA at basic prices in 2023 is expected to grow by 5.2 per cent, followed by a high growth of 9.8 per cent in 2022. The key contributors to the 5.2 per cent growth is attributed to the following industries: accommodation and food service activities, financial and insurance activities, construction, manufacturing, wholesale and retail trade, and repair of motor vehicles and motorcycles. With respect to the financial services sector, the latter has become one of the main pillars of the Mauritian economy, contributing 13.5 per cent of the GDP with a growth rate of 3.9 per cent estimated for the year 2023. The sector consists of several sub-sectors including monetary intermediation, financial leasing and other credit granting, insurance, reinsurance and pension among others. As per Statistics Mauritius, employment in the financial services sector stood at 14,470 as at 31 March 2022.

Table 26: Contribution and growth of the GB Sector

	2023 **		2022 *		2021	
	GVA	GR	GVA	GR	GVA	GR
Financial and Insurance Activities						
GB Sector ^	8.5	3.7	8.5	3.3	8.6	6.8

Source: Statistics Mauritius, National Accounts, June 2023 issue

* Revised ** Forecast GVA: Gross Value Added GR: Growth Rate

^ The Global Business sector includes activities of GBCs and services purchased by the GBCs from local enterprises (e.g. management, accounting, auditing, legal, advertising, real estate, banking, etc.).

The contribution of the GB sector to the GDP of Mauritius is forecasted at 8.5 per cent in 2023 and has produced a year-on-year growth of 3.7 per cent compared to 3.3 per cent in the year 2022. It is important to note that the sector plays an important role in the creation of employment, contribution to the GDP and balance of payments, among others.

HIGHLIGHTS FOR THE YEAR 2022/23

Table 27: Employment in financial and insurance activities, March 2021 to March 2022

Industrial Group	March 2022 **			March 2021 *		
	Male	Female	Both Sexes	Male	Female	Both Sexes
Financial and Insurance Activities	6,411	8,329	14,740	6,381	8,192	14,573
<i>of which Monetary Intermediation</i>	4,056	4,729	8,785	4,054	4,602	8,656
<i>Financial Leasing and other Credit Granting</i>	380	874	1,254	390	872	1,262
<i>Insurance, Reinsurance and Pension Funding</i>	1,070	1,671	2,741	1,048	1,652	2,700

Source: Statistics Mauritius, Survey of Employment and Earnings in Large Establishments (March 2022)

* Revised ** Provisional

Table 28: Direct employment level by licensees of FSC Mauritius as at 31 December

Licence Category	2022	% of Total
Domestic		
Pension Scheme Administrator	112	1
Registrar and Transfer Agent	53	1
Treasury Management and Investment Banking	110	1
Credit Finance and Factoring	80	1
Leasing	1,140	11
Long Term Insurance Business	906	9
General Insurance Business	1,828	17
Insurance Broker	390	4
Investment Dealer	62	1
Investment Adviser	155	1
Custodian Services (CIS and Non-CIS)	-	
CIS Manager	176	2
Payment Intermediary Services	-	
Stock Markets and Providers of Market Infrastructure	44	0
Other	193	2
Total	5,249	50
Trust and Company Service Providers		
MCs and Corporate Trustees	5,224	50
Overall Total	10,473	100

The above table provides a snapshot on the employment level under various distinct licence categories falling under the purview of the Commission. It is to be noted that there is an equal distribution of employment level in both the domestic sector and Trust and Company Service Providers. The domestic category 'Other' has witnessed a considerable increase from 47 as at June 2022 to 193 as at end of December 2022 owing to the reporting of a new activity being the 'Funeral Scheme Management'.

Table 29: Employment movement as at December 2022

Category	Local						Expatriate					
	Managerial		Technical		Support		Managerial		Technical		Support	
	M	F	M	F	M	F	M	F	M	F	M	F
Employment as at 30 June 2022	968	674	1,754	3,430	994	2,005	75	20	32	14	4	3
New recruits from outside financial services sector ¹	22	8	63	126	59	138	-	-	-	-	3	-
New recruits within financial services sector ²	50	29	222	441	46	87	6	6	5	3	-	-
New recruits who were unemployed ³	1	1	62	166	24	58	-	-	-	5	-	1
Resignation / Retirement / Termination of contract / Death ⁴	38	46	255	523	117	174	9	3	5	3	1	-
Other / Closure of company ⁵	11	10	(1)	16	1	4	1	-	(2)	-	-	-
Employment as at 31 December 2022	1,015	679	1,844	3,654	1,006	2,120	73	23	30	19	6	4
Number of temporary staff with a contract of one year or less as at 31 December 2021	4	-	28	61	19	50	-	-	1	-	2	1
Number of temporary staff with a contract of more than one year	14	13	54	97	5	27	-	1	-	-	-	-
Total	18	13	82	158	24	77	0	1	1	0	2	1
												377

M: Male F: Female

¹ means staff recruited on permanent basis who previously worked outside the financial services sector (such as agriculture, manufacturing, tourism, construction, ICT, education, professional services such as accounting firms and legal firms)

² means staff recruited on permanent basis who previously worked from an entity licensed by the FSC Mauritius or the BoM

³ means staff recruited on permanent basis who previously was unemployed or was on traineeship / contract one year or less

⁴ means permanent staff who no longer works for the company due to resignation, retirement, death or termination of contract by employer

⁵ means any other movement in number of permanent staff of the company / closure of the company

The above table illustrates data on the number of new recruits standing to 1,632 as at 31 December 2022. The number of employees falling under the category 'Other' has been subjected to a substantial decrease from 51 as at 30 June 2022 to 40 as at end December 2022. Lastly, the number of termination has further increased from 1,104 to 1,174 as at December 2022.

HIGHLIGHTS FOR THE YEAR 2022/23

FINANCIAL HIGHLIGHTS

Below is an analysis of the financial performance of the Commission for the financial year ended 30 June 2023 compared to the previous year.

	2023 MUR million	2022 MUR million
Income	1,820	1,731
Fees, late charges and other income	1,633	1,546
Administrative penalties	187	184
Credit losses ((increase) / decrease)	-	1
Operating Expenses	(683)	(573)
Finance Costs	-	-
Surplus of income over operating expenses	1,137	1,158
Exchange fluctuation gain	66	147
Surplus for the period	1,203	1,305
Other comprehensive income	(37)	(15)
Surplus and other comprehensive income for the year	1,166	1,290

During the year 2023, surplus and other comprehensive income amounted to MUR 1,166 million representing a decrease of 9.6 per cent as compared to 2022 (MUR 1,290 million).

In line with the requirements of the FSA, the Commission has provided MUR 1,057 million for the year as contribution to the Consolidated Fund.

Income Review

Income constitutes of 'Fees, late charges, and other income', 'Administrative penalties (net of provisions for credit losses)', and other penalties.

Fees, late charges, and other income (excluding interest income) for 2023 amounted to MUR 1.60 billion, representing an increase of 5.3 per cent as compared to 2022. Fees from GB, CM, Funds and Fund Intermediaries were slightly higher than last year, whereas renewal for Authorised Companies dropped considerably in 2023. On the other hand, income from administrative penalties increased due to continued debt recovery activities carried out.

Interest income was MUR 34 million compared to MUR 18 million in 2022 mainly on account of an increase in market yields across the board. The currency-wise mix of investment currencies is in line with the risk management policies set by the Investment Committee.

Expenses Review

Operating expenses (provision for credit losses excluded) for 2023 amounted to MUR 683 million comprising mainly of staff-related costs. Operating expenses increased by MUR 110 million compared to 2022, owing mainly to increase in staff related costs (MUR 82 million), trainings, seminars and events (MUR 11 million), office and administrative expenses (MUR 6 million), legal and professional fees (MUR 3 million), as well as depreciation charges (MUR 8 million).

Finance costs consist of interest on lease liabilities, which has slightly increased due to new lease arrangements signed on new terms.



Re-measurement of Defined Benefit Obligation

In line with the requirements of IAS 19 for employee benefits, an amount of MUR 37.12 million was credited to the re-measurement of defined benefit obligation for 2023 compared to MUR 15.39 million credited for 2022. The fund is presently fully funded, and, in line with the latest actuarial valuation, is recognised as a liability in the Commission's books.

Contribution to Consolidated Fund

The Commission made a provision of MUR 1,057 million towards the Consolidated Fund from the year's surplus, of which MUR 327 million had already been transferred as at 30 June 2023. Additionally, during the year under review, the residual amount of MUR 164 million has been transferred to the Consolidated Fund from the previous year's surplus.

Total contribution (paid and provided for) to the Consolidated Fund amounted to MUR 13,392 million since the financial year 2001, as follows:

Table 30: Contribution to Consolidated Fund

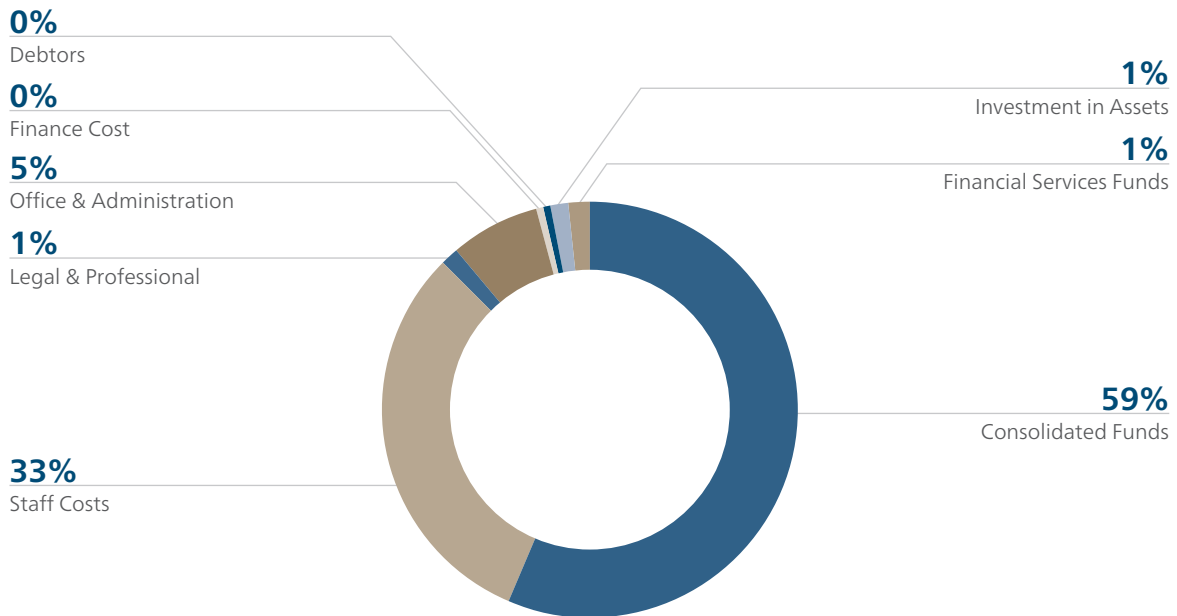
Year	MUR million
2001	N/A
2002	0
2003	100
2004	60
2005	70
2006	90
2007	90
2008	120
2009	140
2010	1,166
2011	496
2012	844
2013	979
2014	598
2015	715
2017	1,407
2018	849
2019	1,360
2020	867
2021	1,020
2022	1,364
2023	1,057
TOTAL	13,392

Contribution to the Consolidated Fund for 2010 and 2017 were on an 18-month basis

HIGHLIGHTS FOR THE YEAR 2022/23

The following pie chart provides an indication of the apportionment on income into value adding expenditure / contribution.

Figure 6: Value Added for 2023.



Statutory Reporting





Cryptocurrency is a type of virtual asset that is decentralised and not controlled by any single organisation or centralised authority. Instead, it relies on blockchain technology to keep track of transactions and ownership. Bitcoin and Ether are some of the well-known cryptocurrencies

REPORT OF THE AUDIT & RISK COMMITTEE

Preamble

The Audit & Risk Committee, a sub-committee of the Board, presents its report for the financial year ended 30 June 2023. The Board delegates its responsibilities to the Audit & Risk Committee, which in turn functions according to the Board's approved terms of reference and discharges its responsibilities as stipulated therein.

Composition of the Audit & Risk Committee

During the financial year ended 30 June 2023, the independent non-executive Board members who served the Committee were:

Mr Premchand Mungar	- Chairperson
Mr Mahesh Rawoteea	- Member
Mr Loveneesh Beedasy	- Member

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

Terms of Reference

The responsibilities of the Audit & Risk Committee, *inter alia*, include:

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

Meetings

In carrying out its responsibilities, the Audit & Risk Committee met on seven occasions during the reporting period. The internal auditor attended all meetings held during the reporting period. The Committee also met with the external auditor and representatives of management who attended the meeting upon invitation.

The agenda for the meetings is outlined by the Secretary in consultation with the Chairperson of the Committee. The Secretary is responsible for taking minutes of the meetings and circulating the minutes to all members of the Committee, as well as, ensuring that the minutes are tabled for the subsequent Board meeting.

Activities of the Audit & Risk Committee

A. Internal Audit

The Audit & Risk Committee received and deliberated on 10 internal audit reports submitted by the internal auditor covering the following areas as per the approved internal audit plan:

- Financial management and reporting;
- Internal control and risk management assurance;
- Authorisation and supervision regulatory process reviews; and
- Corporate activities.

REPORT OF THE AUDIT & RISK COMMITTEE

B. Statutory Auditor

Messr Chokshi & Chokshi LLP, Chartered Accountants from India, was re-appointed as the statutory auditor for the financial year ended 30 June 2023.

No non-audit services were provided by the statutory auditor for the reporting period.

C. Other Key Items

The committee also considered and deliberated on the following key items during the reporting period:

- a) FSC Risk Management initiatives (appointment of ERM consultant, development of ERM policies, procedures and risk registers;
- b) The 2023 annual internal audit plan;
- c) The FSC Mauritius budget for the period 2023/24;
- d) Administrative penalty recovery management action plan;
- e) The statutory auditor's management letter points; and
- f) Implementation status of the recommendations made by the Committee.

D. Subsequent Events

a) *New and Revised International Financial Reporting Standards*

The Audit & Risk Committee deliberated and recommended, to the Board, the new and revised accounting standards that are relevant to the operations of the FSC Mauritius and effective for accounting period beginning on or after 01 July 2022.

b) *Statutory Reporting for the Financial Year ended 30 June 2023*

The committee considered the external auditor's report and the AFS for the financial year ended 30 June 2023 prepared using appropriate accounting policies, estimates and judgements in accordance with the IFRS and relevant legal and regulatory requirements. The Committee discussed critical policies, judgments and estimates with the statutory auditor.

The committee considered and recommended the Expected Credit Loss to be provided for the financial year ended 30 June 2023.

No significant issues were noted in relation to the financial statements.

Following deliberations on the audited accounts for the financial year ended 30 June 2023, the committee recommended the AFS to the Board for its approval. The Board subsequently approved the AFS.



Premchand Mungar
Chairperson

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

for the period 01 July 2022 to 30 June 2023

1.0 Preamble

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

While adhering to good governance practices, the Board stands guided by the Code and ensures that its governance structure complies, as far as possible, with all the requirements of the Code. Throughout the year ending 30 June 2023, to the best of the Board’s knowledge, the FSC Mauritius has applied and explained all the principles set out in the Code, to the extent that the latter is not in conflict with the provisions of the law.

An explanation on how the FSC Mauritius has applied the principles of the Code is provided below-

1.1 Principle 1: Governance Structure

The FSC Mauritius has been established by the Financial Services Act (‘FSA’) and in accordance with section 4 (2) of the FSA, it is administered and managed by a Board which consists of:

- (a) a Chairperson, suitably qualified and experienced in the field of business, finance or law, appointed by the Prime Minister on such terms and conditions as the Prime Minister may determine; and
- (b) a Vice-Chairperson, and not more than seven other members, suitably qualified and experienced in the field of business, finance or law, appointed by the Minister on such terms and conditions as the Minister may determine.

In the pursuit of its objects, the FSC Mauritius is required to perform its functions independently in accordance with section 3 (3) of the FSA. In addition, its statutory objectives and functions are provided under sections 5 and 6 of the FSA, respectively.

1.1.1 Board Charter and Code of Ethics

The Board Charter and the Code of Ethics for Board members are available for reference on the website of the FSC Mauritius.

1.1.2 Organisational Chart

The organisational chart of the FSC Mauritius is published on its website and available in the Annual Report.

1.2 Principle 2: The Structure of the Board and its Committees

The FSC Mauritius had a Board structure comprising of eight members, including the Chairperson.

The profiles of the Board members are found at page 33 of the annual report and on the website of the FSC Mauritius.

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

for the period 01 July 2022 to 30 June 2023

1.2.1 Board and Sub-committees Composition

The composition of the FSC Mauritius' Board and its sub-committees during the financial year 2022-23 is illustrated as follows:

Chairperson	Members
Mr Mardayah Kona Yerukunondu	Mr Premchand Mungar
	Mr Sarwansingh Purmessur
Vice-Chairperson	Mr Mahess Rawoteea
Mr Rajeshsharma Ramlohl, SC	Ms Gayle Mary Jane Yerriah
	Mrs Mariam Rajabally
	Mr Loveneesh Beedasy
Secretary	
Mr Ramanaidoo Sokappadu	

All Board members are Mauritian residents and their independence has been assessed within the parameters of the Code.

1.2.2 Board Diversity

As at 30 June 2023, the Board of the FSC Mauritius comprised of eight Board members, including two females and six males. The Board met 15 times for the period ending 30 June 2023.

All the members have a diverse mix of skills and are professionals who possess adequate knowledge in the field of business, finance, law and accounting.

1.2.3 Board Committees

The Board carries out its functions through the following sub-committees:

Audit & Risk Committee
Corporate Governance Committee
Staff Committee
Legal Affairs Committee
Committee on Fintech Matters
Waivers and Exemption Committee
Application and Approval Committee



The terms of reference of the sub-committees are formally approved by the Board and are reviewed or amended on a regular basis. The reporting mechanism in place ensures that matters discussed at the level of the sub-committees are escalated to the Board by the Chairpersons of the sub-committees. This enables the Board to discharge its duties more effectively.

The composition of the different sub-committees is illustrated below:

Audit & Risk Committee

- Mr Premchand Mungar (Chairperson)
- Mr Mahesh Rawoteea (Member)
- Mr Loveneesh Beedasy (Member)

Corporate Governance Committee

- Mr Sarwansingh Purmessur (Chairperson)
- Mr Rajeshsharma Ramloll, SC (Member)
- Mr Premchand Mungar (Member)

Staff Committee

- Mr Sarwansingh Purmessur (Chairperson)
- Ms Gayle Mary Jane Yerriah (Member)
- Mr Rajeshsharma Ramloll, SC (Member)

Legal Affairs Committee

- Mr Rajeshsharma Ramloll, SC (Chairperson)
- Ms Gayle Mary Jane Yerriah (Member)
- Mr Loveneesh Beedasy (Member)

Committee on Fintech Matters

- Mrs Mariam Rajabally (Chairperson)
- Ms Gayle Mary Jane Yerriah (Member)
- Mr Loveneesh Beedasy (Member)

Application and Approval Committee

- Mr Mahesh Rawoteea (Chairperson)
- Mr Sarwansingh Purmessur (Member)
- Mrs Mariam Rajabally (Member)

Waivers and Exemption Committee

- Ms Gayle Mary Jane Yerriah (Chairperson)
- Mrs Mariam Rajabally (Member)
- Mr Premchand Mungar (Member)

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

for the period 01 July 2022 to 30 June 2023

The main responsibilities of the different sub-committees are as follows:

Audit & Risk Committee

- monitors and reviews the integrity of the FSC Mauritius' financial statements and accounting policies;
- recommends for approval of the FSC Mauritius' audited financial statements;
- reviews with management and the external auditors the adequacy and compliance of internal control systems;
- monitors and reviews the internal audit function and considers regular reports from internal audit on internal financial controls, operations and risk management;
- considers the appointment of the external auditors, oversees the process for their selection and makes recommendations to the Board in relation to their appointment;
- monitors and reviews the external auditors' independence, objectivity and effectiveness;
- oversees the operation of the policies on conflicts of interest; and
- ensures that recommendations from external and internal audit, as approved by the Audit & Risk Committee and the Board, are followed and implemented.

Corporate Governance Committee

- recommends to the Board on the corporate governance provisions to be implemented so that the Board remains effective and complies, as far as applicable, with the prevailing corporate governance principles; and
- ensures that the reporting requirements and disclosures made with regard to corporate governance, whether in the annual report or on an ongoing basis, are in accordance with the principles of the Code, as far as applicable.

Staff Committee

- ensures that the human capital remains the most valuable resource that drives the achievement of the FSC Mauritius' strategic objectives and performance;
- fosters consistent, fair and equitable employee relations in the workplace; and
- defines and monitors activities which positively influence the effectiveness (competency, motivation, productivity, among others) of staff as they work towards the achievement of the goals and objectives of FSC Mauritius.

Legal Affairs Committee

- assesses and recommends to the Board, changes in existing regulatory framework (including FSC Rules, Codes, and Guidelines etc.) and legislations and introduce new regulatory and legal frameworks; and
- monitors progress of complex cases or cases having a high impact on the Commission or the jurisdiction.

Committee on Fintech Matters

- advises the Board and Chief Executive of the FSC Mauritius on Fintech matters;
- monitors the implementation of Fintech initiatives following National Budgets; and
- recommends the granting of Regulatory Sandbox Authorisation to the Board of the FSC Mauritius, on the basis of merits of applications.

Application and Approval Committee

- assesses and recommends to the Board the approval of Investment Banking Licences, New Exchange Licences, Payment Intermediary Services Licences and any other applications as may be recommended by the Board.

Waivers and Exemption Committee

- assesses and recommends to the Board for consideration requests from licensees for exemption from regulatory requirements and requirements imposed by FSC Rules.



1.2.4 The Secretary of the Board

The Secretary of the Board, Mr Ramanaidoo Sokappadu, holds a Bachelor of Arts degree in Economics. He was Director, Economic and Finance at the Ministry of Finance, Economic Planning and Development. He has worked in the civil service for nearly 40 years. In addition to being a Board director on several parastatal bodies and public sector companies, he has also worked as short-term consultant for the Commonwealth Secretariat and the World Bank. He has been acting as Secretary to the Board of FSC Mauritius since 2001.

1.2.5 The Chief Executive

The Chief Executive, appointed by the Board of the FSC Mauritius, with the approval of the Minister, is responsible for the execution of the policy of the Board and for the control and management of the day-to-day business of the FSC Mauritius. By virtue of section 9 (5) of the FSA, the Chief Executive attends Board meetings unless otherwise directed by the Board and may take part in deliberations. However, the Chief Executive is not an ex-officio member as he does not have the right to vote and can be directed not to attend Board meetings by the Board.

1.3 Principle 3: Director Appointment Procedures

In accordance with the provisions of the FSA, the Chairperson of the Board is appointed by the Prime Minister and the Minister of Financial Services and Good Governance appoints the Vice-Chairperson, and not more than seven other members.

In accordance with section 4 (3) of the FSA, every member shall hold office for a period of three years and shall be eligible for reappointment.

As at 30 June 2023, there were 5 Board members (including the Chairperson) who were independent from the Ministry.

1.4 Principle 4: Duties, Remuneration and Performance

1.4.1 Roles and Responsibilities

The Board charter, referred to in Principle 1, defines the way in which the Board conducts its functions and specifies the distribution of responsibilities from the Board to its Committees and to management. The Charter also provides for succession planning, as well as a statement regarding assumption of responsibility for succession planning. Succession planning is addressed, where required, at the level of the parent ministry.

Pursuant to section 8 (1) of the FSA, Board meetings are held as often as is necessary but not less than once every month. At any meeting of the Board, five members shall constitute a quorum. For specific matters, senior members of the management team are also invited to be in attendance, to provide any clarifications required by the Board.

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

for the period 01 July 2022 to 30 June 2023

1.4.2 Attendance at Board Meetings and Board Committees

An account of the records of attendance at the Board's and Committees' meetings for the year under review are provided in tabular form below:

Board Member	Board Meeting	Staff Committee	Audit & Risk Committee	Corporate Governance Committee	Legal Affairs Committee	Waivers and Exemption Committee	Applications & Approval Committee	Fintech Matters Committee
Number of meetings held during the year	15	7	5	2	10	14	12	2
Mr M. Kona Yerukunodu	15	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr R. Ramloil SC	13	5	N/A	N/A	9	N/A	N/A	N/A
Mr P. Mungar	15	N/A	5	2	N/A	N/A	N/A	N/A
Mr S. Purmessur	12	7	N/A	2	N/A	N/A	11	N/A
Mr M. Rawoteea	9	N/A	4	N/A	N/A	N/A	12	N/A
Ms G. Yerriah	14	6	N/A	N/A	10	14	N/A	2
Mrs M. Rajabally	13	N/A	N/A	N/A	N/A	14	10	2
Mr L. Beedasy	15	N/A	5	N/A	10	N/A	N/A	2

1.4.2 Training of Board members

During the period under review, Board members attended capacity building programmes by the Regional Centre of Excellence.

New Board members are informed of all laws which govern the FSC Mauritius and laws which it administers as well as the guidelines/codes/standards issued by the FSC Mauritius.

1.4.3 Disclosure of Interests for the Reporting Period

In accordance with section 84 of the FSA, where any member of the Board, the technical committee or their spouse or next of kin has any direct or indirect interest in relation to any matter before the Board or technical committee, as the case may be, he shall -

- (a) disclose at or before the meeting convened to discuss that matter, the nature of his interest; and
- (b) not take part in any deliberation or any decision-making process in relation to that matter.

Any disclosure of interest of Board members as required under section 84 of the FSA to be recorded in the minutes of the Board or Committee as the case may be. The Board's Secretary maintains a register of interest.

1.4.4 Board Evaluation

The FSC Mauritius is an independent regulator and the Chairperson of the Board assesses the Board members. Attendance to Board meetings by Board members are published in the corporate governance report.

1.4.5 Board Remuneration

Every Board member is paid by the FSC Mauritius such fees as the Board may, with the approval of the Minister, determine in accordance with section 4 (4) of the FSA.

In addition, Board members who are also members of the Committees of the FSC Mauritius were paid specific fees as from October 2018.

The Board members' remunerations for the reporting period 30 June 2023 are provided at page 208 of the Annual Report.



1.4.6 Assistance to the Board

The Secretary to the Board provides support to Board members and ensures that all relevant documents are sent to each Board member prior to each meeting. After each meeting, the Secretary is responsible to prepare the Minutes of Proceedings, to communicate Board decisions to the Chief Executive and to ensure the necessary follow-up on key decisions agreed to be executed.

Throughout the year ending 30 June 2023, the members of the Board had unrestricted access to all the necessary and relevant information.

1.4.7 Information Technology

The FSC Mauritius ensures that a robust Information Technology framework is maintained to protect its information assets and uphold the security and performance of information and Information Technology systems. It invests in technology to enhance its IT governance leading to operational resilience.

The FSC Mauritius achieves its IT security governance primarily by formulating and enforcing policies, standards, and control measures that cover people, processes, and technology. This fosters a comprehensive approach to safeguarding the IT assets.

A budget for information technology, whereby costs are rationalised, is allocated annually based on the FSC Mauritius' consolidated requirements and all IT expenditures are made in accordance with the approved budget.

1.5 Principle 5: Risk Governance and Internal Control

The Board is responsible to ensure that the FSC Mauritius has a well-established and robust system of risk management and internal control. The FSC Mauritius has a risk management mechanism to identify and mitigate risks as described in Principle 7. The internal audit unit reports to the Audit & Risk Committee on the internal control process of the FSC Mauritius.

1.5.1 Whistleblowing Policy

The FSC Mauritius is committed to encourage a culture in which individuals feel confident enough to raise concerns and to challenge poor practices and behaviour in the workplace. The FSC Mauritius has a whistleblowing policy whereby employees can report matters of concern, without any fear or risk of victimisation, discrimination or unfair disadvantage.

1.6 Principle 6: Reporting with Integrity

In line with section 85 (1) of the FSA, the FSC Mauritius publishes, not later than six months after the close of every financial year, a report on its activities together with its audited accounts in respect of the previous financial year.

The annual report of the FSC Mauritius is published in full on the website of the FSC Mauritius.

1.6.1 Social Issues

In accordance with the relevant provisions of the FSA, the functions of the FSC Mauritius as the regulator of the non-bank financial services sector and global business, concern the protection of consumers of financial services. In addition, the FSC Mauritius is responsible to promote public understanding of the financial system, including raising awareness of the benefits and risks associated with different kinds of investment. The objective of the FSC Mauritius is also to ensure the sound development of the financial services sector in Mauritius. The annual report 2022/23 has explained the activities of the FSC Mauritius in view of fulfilling its objectives.

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

for the period 01 July 2022 to 30 June 2023

1.6.2 Environmental issues

The initiatives undertaken by the FSC Mauritius to safeguard the environment are:

Encouraging staff to use natural lights

Using fresh air system to allow air from the outside to circulate within the office, thus, reducing the use of air conditioning

Having a full fledge digitalisation system to encourage paperless office

Replacing tube lights with automatic sensor led lights to reduce cost and save energy

Using solar water system

Recycling shredded papers and old newspapers to ensure sustainable environment

Sensitising staff to save water and energy on an ongoing basis

Ensuring the usage of envelopes despatched at the FSC Mauritius for internal purposes

Daily and weekly in-depth cleaning

1.6.3 Safety & Health Issues

The FSC Mauritius believes that the safety, health and welfare of its employees is of paramount importance and that a safe working environment is a prerequisite to achieving its stated goals.

As a responsible employer, the FSC Mauritius aims at ensuring that all employees work in an environment where there is minimum or no risk of injury, no causes of ill health to the employees or damage to the property. As such, it has defined the safety and health of its employees as a priority in all its functions where safety and health come first.

The FSC Mauritius ensures that it complies with the provisions of the Occupational Safety and Health Act and related legislations. The Safety and Health Officer ensures that the required inspections, audit and assessment of safety and health standards are conducted. He also reviews, recommends, develops measures to control workplace hazards and advises Management on matters pertaining to safety and health.

The Safety and Health Committee meets every two months to, *inter alia*, discuss and make proposals to the FSC Mauritius on matters regarding the safety, health and welfare of employees. The Committee also promotes cooperation between the employer and the employees with the aim to achieve and maintain a safe and healthy working environment and conditions. In addition, follow-up is made to ensure that safety and health issues raised are addressed.

Necessary protocols and procedures pertaining to COVID-19 are in place to ensure the safety and welfare of all employees as well as visitors.



1.7 Principle 7: Audit

The FSC Mauritius has an internal audit unit which reports functionally and regularly to the Audit & Risk Committee. The Audit & Risk Committee's Report is published at page 143 of the annual report.

The internal audit unit is managed by a member of the Association of Chartered Certified Accountants who also holds a master's degree with specialisation in Financial Management.

1.7.1 Risk Management and Internal Control

Institutions are required to implement effective internal controls and better risk management due to multiple risk factors. The Board is entrusted with the responsibility for the risk management mechanisms. In this context, the FSC Mauritius appointed a consultant for the development and implementation of a dynamic Enterprise Risk Management Framework.

The consultant was mandated to draft a Risk Management Framework, Risk Management Policy and related documents. Strategic and Operational Risk Registers have also been devised and implemented. The findings of the registers are reported to the Audit & Risk Committee on a quarterly basis. The assurance of the risk management process is carried out through the internal audit cluster who reports its findings and observations to the Audit & Risk Committee. The different risks of the FSC Mauritius as well as the measures taken by the FSC Mauritius are provided below:

Strategic Risk	
Key risk	Mitigation of risk
Strategic risks are the risks of failing to achieve the FSC Mauritius' statutory objectives. They result from incorrect assumptions on external or internal factors, inappropriate strategic plan, ineffective strategic execution or failure to respond in a timely manner to changes in the environment regulated by the FSC Mauritius.	To mitigate the risks, the FSC Mauritius has set up a strategic plan approved by the Board as well, as a Key Performance Indicators (KPIs) system at organisational, cluster and individual levels to assess and report on achievement of key objectives. The ratings of the KPIs at all levels are used as a basis for the payment of performance bonuses.
Operational Risk	
Key risk	Mitigation of risk
Operational risks are risks of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk arises from human error, inappropriate conduct, and failures in systems, processes and controls. It is inherent in all activities, processes and systems and generated from all operational areas.	<p>To mitigate risks of disruption of operations, the FSC Mauritius has established a conducive control environment with operational risk policies, processes, systems, as well as appropriate risk culture within the FSC Mauritius.</p> <p>The FSC Mauritius has a business continuity management policy to ensure that key operations continue regardless of any disruption (for example, fire, flooding or act of government with respect to the recent pandemic). In addition, at cluster level, risk policies, processes, systems, as well as an appropriate risk management culture have been implemented.</p>

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

for the period 01 July 2022 to 30 June 2023

Reputational Risk

Key risk

Negative perceptions of the conduct or practices may adversely impact the vision of the FSC Mauritius. Reputational risk arises from failure to meet stakeholders' expectations as a result of any action, event or situation caused by the FSC Mauritius or its employees that can adversely impact the FSC Mauritius' reputation.

Mitigation of risk

To mitigate the risk, the FSC Mauritius has a Code of Conduct which focuses on integrity and honesty of staff and also provides for a compliance mechanism. In addition, regular management meetings are held with various stakeholders with respect to their expectations and any complaint they may have.

Compliance Risk

Key risk

Compliance risks are risks related to exposure to legal penalties, material financial loss or loss of reputation that the FSC Mauritius may suffer by failing to act in accordance with its legal obligations. Compliance risk arises from the legal and regulatory requirements under which the FSC Mauritius operates as a statutory body.

Mitigation of risk

To mitigate the risk, all clusters ensure that the FSC Mauritius act in accordance with its legal obligations.

1.8 Principle 8: Relations with Shareholders and other Key stakeholders

The FSC Mauritius is committed to engage actively with its stakeholders through regular meetings with its parent Ministry to discuss policy and provide updates on matters relating to the financial services sector. Furthermore, the FSC Mauritius makes use of different platforms such as communiqués and press release to ensure that stakeholders are fully aware of updates in the financial services sector. Monthly meetings are held with industry representatives, namely the Mauritius Finance, to discuss about industry-related issues and initiatives.

Task forces have been set up by the FSC Mauritius to ensure a quasi-permanent sharing of information and experiences on key topics of relevance to concerned stakeholders and to support the implementation of the Blueprint recommendations. Regular interactions with the BoM are held through the joint coordination committee.

The FSC Mauritius maintains relations with its international counterparts through membership with international standard setting bodies such as IOSCO, IAIS, IOPS, IFSB, GIFCS and CISNA.

The FSC Mauritius engages with both local and international counterparts to promote cooperation for effective supervision, exchange of information and reinforce capacity building through established MoUs.

The FSC Mauritius is a member of the financial stability committee. The functions of the committee shall be to regularly review and ensure the soundness and stability of the financial system.

2.0 Protection from Liability

In accordance with section 88 of the FSA, any member of the Board, technical committee or of the enforcement committee is protected from liability for anything done or omitted to be done by the member in the performance of his duties in good faith.

BOARD'S REPORT 2023

The Board of the Financial Services Commission presents its report and the AFS of the FSC Mauritius for the year ended 30 June 2023.

Review of Activities

The FSC Mauritius is an independent regulatory authority deemed to be established under the FSA to regulate the financial services sector other than banking, and global business. The FSC Mauritius licenses, regulates, monitors and supervises the conduct of business activities in the said sectors.

Statement of Board's Responsibilities in respect to the Financial Statements

The Board of the FSC Mauritius is responsible for the preparation of the financial statements for each financial year/period, which gives a true and fair view of the state of affairs of the FSC, its income and expenditure, and its cash flows for the period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards i.e. the IFRSs have been followed, and explained in the financial statements; and
- prepare the financial statements in accordance with the FSA and the Statutory Bodies (Accounts and Audit) Act 1972.

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

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



M. Kona Yerukunonda
Chairperson



Premchand Mungar
Member

Approved by the Board of the FSC on 21 September 2023.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE CHAIRMAN OF THE BOARD OF THE FINANCIAL SERVICES COMMISSION

Opinion

We have audited the annual financial statements of the Financial Services Commission ("the Commission"), set out on pages 160 to 208 of the Annual Report 2022-23 of the Commission, which comprise the statement of financial position as at 30 June 2023, the statement of financial performance, the statement of changes in funds, the statement of cash flows for the year then ended, the statement of comparison of annual estimates and actual amounts and the notes, comprising a summary of significant accounting policies and other explanatory notes (hereinafter collectively referred to as "the financial statements").

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 30 June 2023, and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Parts A and B) (IESBA) and other independence requirements applicable to performing audits of financial statements in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 34(a) to the financial statements regarding revision of staff salaries and allowances and its impact on the annual financial statements.

Our opinion is not modified in respect of this matter.

Other Information

The Board of the Commission is responsible for the other information. The other information comprises the Report of the Corporate Governance Committee, which we obtained prior to the date of this auditor's report and Board's Report and Report of the Audit & Risk Committee, which is expected to be made available to us after the date of this audit report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and shall not express an audit opinion or any form of assurance conclusion thereon. Our reporting responsibilities regarding Report of the Corporate Governance Committee is dealt with in the "Report on Other Legal and Regulatory Requirements" section of this report.

In connection with our audit of the financial statements, our responsibility is to read the other information, identified as above, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the report of the Corporate Governance Committee, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read Board's Report and Report of the Audit & Risk Committee, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Commission's Responsibilities for the Financial Statements

The Commission is responsible for the preparation of the financial statements in accordance with the IFRS; the Financial Services Act, 2007; the Statutory Bodies (Accounts and Audit) Act, 1972 and the Financial Reporting Act, 2004, and for such internal control as the Board of the Commission determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of the Commission is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of the Commission either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

The Board of the Commission is also responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

Report on other Legal and Regulatory Requirements

We performed procedures to obtain audit evidence that the Commission has complied with the Financial Services Act, 2007; the Statutory Bodies (Accounts and Audit) Act, 1972; the Financial Reporting Act, 2004; the Public Procurement Act, 2006; and the National Code of Corporate Governance for Mauritius (2016), in so far as these related to financial matters, financial management and other related matters during the year under audit. We performed procedures to identify findings in so far as these related to financial matters, financial management and other related matters but not to gather evidence to express assurance on overall compliance with the above mentioned laws and regulations.

Responsibility of the Board of the Commission

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

Reporting on Compliance with the Financial Services Act, 2007

We have obtained information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our procedures and in our assessment, proper accounting records have been maintained.

Based on our procedures, we have not come across any instances of non-compliance with the provisions of the Financial Services Act, 2007 in so far as they relate to the financial statements.

Reporting on Compliance with Statutory Bodies (Accounts and Audit) Act, 1972

We have obtained information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our procedures.

Based on our procedures, we have not come across any instances of non-compliance with the Statutory Bodies (Accounts and Audit) Act, 1972 in regard to extravagant or wasteful nature of expenditure incurred, the application of resources, and the carrying out of the operations economically, efficiently and effectively. *No directions have been received from the Ministry of Financial Services and Good Governance during the year, except that the Ministry of Financial Services and Good Governance has during the year issued directives to the Commission to align their policies in regard to overseas missions, travel costs, related allowances in line with the Government and undertake discussion of staff salary review.*

Reporting on Compliance with the National Code of Corporate Governance for Mauritius (2016)

The Board of the Commission is responsible for preparing the Report of Corporate Governance. Our responsibility under the Financial Reporting Act, 2004 is to report on the compliance with the National Code of Corporate Governance 2016 ("the Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirements of the Code. *Based on our assessment of the disclosures made on corporate governance in the annual report and relying on the explanations provided by the Board in regard to the principles of the Code, which have not been complied with, in our opinion, the disclosures in the annual report are not inconsistent with the Code.*

Reporting on Compliance with the Public Procurement Act, 2006

The Board of the Commission is responsible for the planning and conduct of its procurement. It is also responsible for defining and selecting the appropriate method of procurement and contract type in accordance with the provisions of the Public Procurement Act, 2006 (PPA) and relevant Regulations. Our responsibility is to report on whether the provisions of Part V of the PPA regarding the Bidding Process have been complied with. Our procedures in this regard were based on test checks as considered appropriate by us.

Based on our procedures performed *and relying on Board's representation and explanations*, nothing has come to our attention that causes us to believe that the provisions of Part V of the PPA regarding the Bidding Process have not been complied with.



Mitil Chokshi
Partner

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Date: 21 September 2023

STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	NOTE	2023 MUR	2022 MUR
ASSETS			
Non-current assets			
Property, plant and equipment	6(a)	124,274,888	120,947,679
Intangible assets	6(b)	15,554,212	2,656,777
Right-of use assets	6(c)	5,905,365	6,139,782
Assets at amortised cost	7	48,906,153	49,062,902
Other financial assets	9	1,652,192	1,938,538
		196,292,810	180,745,678
Current assets			
Assets at amortised cost	7	-	50,819,618
Other financial assets	9	457,293	447,486
Receivables	10	200,518,371	132,350,196
Cash and bank balances	11	2,008,878,331	889,093,382
Bank deposits	12	702,763,423	1,035,143,800
		2,912,617,418	2,107,854,482
TOTAL ASSETS		3,108,910,228	2,288,600,160
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	8	43,478,221	20,808,908
Lease liabilities	15	4,190,013	4,804,307
		47,668,234	25,613,215
Current liabilities			
Payables	13	1,641,639,402	1,521,786,750
Provisions	14	204,724,972	175,282,768
Lease liabilities	15	784,737	110,030
Amount payable to the FSF	16	26,001,079	29,570,651
Amount payable to the Consolidated Fund	17	894,787,520	328,360,027
		2,767,937,710	2,055,110,226
TOTAL LIABILITIES		2,815,605,944	2,080,723,441
NET ASSETS		293,304,284	207,876,719
REPRESENTED BY:			
General Fund		70,694,449	42,109,836
General Reserve Fund	18	222,609,835	165,766,883
		293,304,284	207,876,719

Approved by the Board of the Commission on 21 September 2023.
Signed on their behalf



Mardayah Kona Yerukunodu
Chairperson



Premchand Mungar
Board Member



Dhanesswurnath Thakoor
Chief Executive

The accounting policies on pages 165 to 186 and the notes on pages 187 to 208 form an integral part of these financial statements.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2023

	NOTE	2023 MUR	2022 MUR
INCOME			
Fees from licensees	19	1,578,771,001	1,499,541,370
Penalties and charges	20	204,284,473	206,678,300
Interest	21	33,676,324	17,702,676
Other income	22	3,772,801	5,861,160
		1,820,504,599	1,729,783,506
OPERATING EXPENSES			
Staff related costs	23	532,575,464	450,500,111
Training and seminars	24	18,921,507	7,784,700
Legal and professional expenses	25	17,167,737	14,364,493
Office and administrative expenses	26	86,572,606	80,793,219
Depreciation & amortisation of property and equipment	6(a), 6(b)	26,813,849	17,870,119
Depreciation of right-of-use assets	6(c)	930,437	1,021,460
Provision / (reversal) for credit losses		259,911	(867,458)
		683,241,511	571,466,644
FINANCE COSTS			
Interest on leasing		303,990	220,982
SURPLUS OF INCOME OVER OPERATING EXPENSES		1,136,959,098	1,158,095,880
Exchange fluctuation gain		65,606,988	146,927,671
SURPLUS FOR THE YEAR		1,202,566,086	1,305,023,551
OTHER COMPREHENSIVE INCOME / EXPENSE			
Items that will not be reclassified to surplus or deficit			
Remeasurement of defined benefit obligation	8	(37,122,436)	(15,390,233)
SURPLUS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR		1,165,443,650	1,289,633,318

Approved by the Board of the Commission on 21 September 2023.
Signed on their behalf



Mardayah Kona Yerukunondu
Chairperson



Premchand Mungar
Board Member



Dhanesswurnath Thakoor
Chief Executive

The accounting policies on pages 165 to 186 and the notes on pages 187 to 208 form an integral part of these financial statements.

STATEMENT OF CHANGES IN FUNDS AND UNREALISED RESERVES

for the year ended 30 June 2023

	General Reserve Fund MUR	General Fund MUR	TOTAL MUR
At 01 July 2021	241,347,236	67,814,181	309,161,417
Surplus for the year	-	1,305,023,551	1,305,023,551
Other Comprehensive Income	-	(15,390,233)	(15,390,233)
Payment to the Consolidated Fund by virtue of Section 4C of the Statutory Bodies (Accounts and Audit) Act	(141,347,236)	-	(141,347,236)
Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The FSA.	65,766,883	(65,766,883)	-
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The FSA.	-	(26,306,753)	(26,306,753)
Transfer to the Consolidated Fund as per Sections 82A(2A) and 82A(3) of the FSA. (Note 17)	-	(1,223,264,027)	(1,223,264,027)
At 01 July 2022	165,766,883	42,109,836	207,876,719
Surplus for the year	-	1,202,566,086	1,202,566,086
Other Comprehensive Income	-	(37,122,436)	(37,122,436)
Payment to the Consolidated Fund by virtue of Section 4C of the Statutory Bodies (Accounts and Audit) Act	-	-	-
Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The FSA.	56,842,952	(56,842,952)	-
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The FSA.	-	(22,737,181)	(22,737,181)
Transfer to the Consolidated Fund as per Sections 82A(2A) and 82A(3) of the FSA. (Note 17)	-	(1,057,278,904)	(1,057,278,904)
At 30 June 2023	222,609,835	70,694,449	293,304,284

Approved by the Board of the Commission on 21 September 2023.

Signed on their behalf



Mardayah Kona Yerukunondu
Chairperson



Premchand Mungar
Board Member



Dhanesswurnath Thakoor
Chief Executive

The accounting policies on pages 165 to 186 and the notes on pages 187 to 208 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2023

	NOTE	2023 MUR	2022 MUR
Cash generated by operations	27	1,297,413,353	1,449,297,434
Interest received	30.2	28,060,364	54,331,398
Payment of Retirement benefit obligation		(20,808,908)	(48,921,329)
Net cash generated from operating activities		1,304,664,809	1,454,707,503
Cash flow from investing activities			
Acquisition of property and equipment		(27,692,815)	(18,806,403)
Acquisition of intangible assets		(22,254,001)	(2,154,598)
Proceeds from disposal of property and equipment		-	635,000
Investment in bank deposits		-	(2,010,927,826)
Proceeds from maturity of investments in bank deposits		332,160,000	2,520,193,466
Purchases of financial assets at amortised cost		-	(51,000,000)
Proceeds from maturity of financial assets at amortised cost		51,000,000	622,041,786
Net cash generated from investing activities		333,213,184	1,059,981,425
Cash flow from financing activities			
Lease repayments		(630,890)	(637,000)
Interest on lease repaid		(303,990)	(220,982)
Payment to the FSF		(26,306,753)	(21,942,232)
Payment to the Consolidated Fund	17	(490,851,411)	(2,220,823,043)
Net cash used in financing activities		(518,093,044)	(2,243,623,257)
Net increase in cash and cash equivalents		1,119,784,949	271,065,671
Cash and cash equivalents at the beginning of the year		889,093,382	618,027,711
Cash and cash equivalents at end of the year		2,008,878,331	889,093,382

Cash and cash equivalents consist of cash in hand, balances with the bank in savings accounts and investments in fixed deposits.

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

Cash and bank balances	11	2,008,878,331	889,093,382
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Approved by the Board of the Commission on 21 September 2023.

Signed on their behalf



Mardayah Kona Yerukunodu
Chairperson



Premchand Mungar
Board Member



Dhanesswurnath Thakoor
Chief Executive

The accounting policies on pages 165 to 186 and the notes on pages 187 to 208 form an integral part of these financial statements.

STATEMENT OF COMPARISON OF ANNUAL ESTIMATES AND ACTUAL AMOUNT

for the year ended 30 June 2023

INCOME

Fees from licensees
Penalties and charges
Interest
Other income

OPERATING EXPENSES

Staff related costs
Training and seminars
Legal and professional expenses
Office and administrative expenses
Depreciation & amortisation
Provision for credit losses

FINANCE COSTS

Interest on leasing

SURPLUS OF INCOME OVER OPERATING EXPENSES

Exchange fluctuation gain

SURPLUS FOR THE YEAR

OTHER COMPREHENSIVE INCOME

Items that will not be reclassified to surplus or deficit

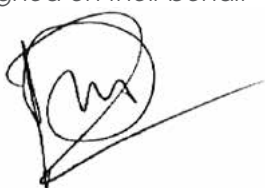
Remeasurement of defined benefit obligation

SURPLUS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR

ACTUAL MUR	BUDGET MUR	VARIANCE MUR
1,578,771,001	1,589,260,000	(10,488,999)
204,284,473	200,000,000	4,284,473
33,676,324	13,976,000	19,700,324
3,772,801	3,524,000	248,801
1,820,504,599	1,806,760,000	13,744,599
532,575,464	567,346,000	(34,770,536)
18,921,507	64,078,000	(45,156,493)
17,167,737	51,454,000	(34,286,263)
86,572,606	104,532,000	(17,959,394)
27,744,286	107,642,000	(79,897,714)
259,911	-	259,911
-	-	-
683,241,511	895,052,000	(211,810,489)
303,990	26,898,000	(26,594,010)
1,136,959,098	884,810,000	252,149,098
65,606,988	-	65,606,988
1,202,566,086	884,810,000	317,756,086
(37,122,436)	-	(37,122,436)
1,165,443,650	884,810,000	280,633,650

Approved by the Board of the Commission on 21 September 2023.

Signed on their behalf



Mardayah Kona Yerukunondu
Chairperson



Premchand Mungar
Board Member



Dhanesswurnath Thakoor
Chief Executive

The accounting policies on pages 165 to 186 and the notes on pages 187 to 208 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

1. GENERAL INFORMATION

1.1 Corporate Information

The financial statements of the FSC for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Board on 21 September 2023. The FSC was established in Mauritius under the Financial Services Development Act 2001 on 1 August 2001 as an independent regulatory authority. The FSC currently regulates the non-banking financial services sector, the GB sector and the virtual assets / initial token service providers. FSC has become member of the Association of National Numbering Agencies and the sole National Numbering Agency for Mauritius since 2 December 2021 and regulates issuance of International Securities Identification Number (ISIN) for securities. With the enactment of the FSA, the Commission is deemed to have been established under this legislation.

The Government vide Gazette of Mauritius No.59 dated 8 July 2023, added name of FSC in the First Schedule of the Financial Reporting Act, 2004. FSC, by virtue of the above Gazette, became the Public Interest Entity (PIE) with effect from 8 July 2023.

The registered office of the Commission is at FSC House, 54, Cybercity, Ebene, Republic of Mauritius.

1.2 Contribution to the Consolidated Fund of the Government of Mauritius

FSC, being an independent regulatory authority, in terms of amendments to the FSA, is required to maintain its General Reserve Fund of stipulated amount (MUR 100 million represented by assets net of liabilities) to attain its objectives under Section 82 and Section 82A of the FSA:

- a) FSC has created a General Fund into which all monies received by the Commission has been paid, and out of which, all payments required to be made including future charges and commitments, have been adjusted.
- b) FSC allocates 2% from the audited surplus for the year determined in accordance with section 82(6) of the FSA, excluding any outstanding administrative penalties, from the General Fund to the FSF (2022: 2%)
- c) FSC allocates 5% from the audited surplus for the year determined in accordance with section 82A(2)(a) of the FSA, from the General Fund to the General Reserve Fund (2022: 5%)
- d) In accordance with section 82A(3) of the FSA, FSC has, after the allocations to the Financial Services Fund and General Reserve Fund, and adjusting any related outstanding administrative penalties included in the income statement, provided for transfer of the remaining balance in the General Fund to the Consolidated Fund of the Government of Mauritius as soon as practicable.

The Commission has disbursed MUR 164,102,027 during the year from the opening balance payable.

FSC has made provision for transfer of MUR 1,057,278,904 (2022: MUR 1,223,264,027) towards the Consolidated Fund of the Government of Mauritius, out of which MUR 326,749,384 has already been disbursed during the year 2022-23.

Hence, total amount paid into the Consolidated Fund during the year 2022-23 is MUR 490,851,411.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

2. BASIS OF PREPARATION AND NEW ACCOUNTING STANDARDS

2.1 Basis of Preparation

FSC has been excluded from the First Schedule to the Statutory Bodies (Accounts and Audit) Act, by virtue of amendments in section 6A(3) of the Statutory Bodies (Accounts and Audit) Act. Therefore requirements of preparing financial statements in compliance with the International Public Sector Accounting Standards ("IPSAS") issued by IFAC is not applicable to FSC. Accordingly, the Commission has prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS") and the interpretation of these standards as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements. These financial statements have been prepared on historical cost basis, apart from financial assets and liabilities (which are recognized at fair value) and the valuation of the retirement benefit obligation. These financial statements are presented in Mauritian Rupees, being the reporting and functional currency, and rounded off wherever appropriate.

The accounting policies adopted for the current year are consistent with those of the previous financial year except that FSC has adopted new/revised standards and mandatory interpretations for the financial years beginning on or after 01 July 2022. The effects of these are stated below:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in Note 3.2 provided below.

2.2 Going Concern

The forecasts and projections of the Commission, show that it should be able to operate within their current funding levels in the foreseeable future. The directors have a reasonable expectation that the Commission has adequate resources to continue in operational existence for the foreseeable future. The financial statements therefore have been prepared on a going concern basis.

2.3 Adoption of New and Revised International Financial Reporting Standards

In the current period, the Commission has applied all the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for the accounting period beginning on or after 01 July 2022.

2.4 New Standards and Amendments

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2022 and are applicable to the Commission:

The Commission has assessed the relevance of the standards, interpretations and amendments to existing standards that have been published and mandatory for accounting periods beginning after 01 July 2022 and which the Commission has not early adopted and concluded these will not have a significant impact on the financial statements for the year ended 30 June 2023.

- **Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework - With effect from 01 January 2022**

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

FSC does not anticipate that the application of the amendments has any material impact on its financial statements.

- **Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use - With effect from 01 January 2022**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The effective date for adoption of this amendment is annual periods beginning on or after 1 January 2022, with earlier application permitted.

FSC does not anticipate that the application of the Standard in the future has any material impact on its financial statements.

- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract - With effect from 01 January 2022**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

FSC does not anticipate that the application of the amendments have any material impact on its financial statements.

2.5 New Accounting Pronouncements issued and Not Yet Effective.

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

Except where retrospective application is prescribed, the Commission intends to adopt these standards prospectively when they become effective.

Amendments to IFRS 16 Leases - Sale and Leaseback Transactions - With effect from 01 January 2024

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

After the commencement date, the seller-lessee shall apply paragraphs 29–35 to the right-of-use asset arising from the leaseback and paragraphs 36–46 to the lease liability arising from the leaseback. In applying paragraphs 36–46, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The Amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

IFRS 17 Insurance Contracts - With effect from 01 January 2023

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts reinsurance contracts and investment contracts with discretionary participation features. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The IASB in June 2020 published recent amendments in IFRS 17. The amendments to IFRS 17 covers scope exclusion for credit card and similar contracts and optional scope exclusion for loan contracts with insurance coverage limited to plan amount, application of IFRS 17 in interim financial statements, risk mitigation option using instruments other than derivatives, recovery of losses from underlying insurance contracts through reinsurance contracts held. The standard and the amendment are effective for annual reporting periods beginning on or after 1 January 2023.

FSC does not anticipate that the application of the standard in the future will have any material impact on its financial statements.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Postponed Indefinitely

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. IAS 28 and IFRS 10 amended as follows:

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognized to the extent of unrelated investors' interests in the associate or joint venture.
- Gains and losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognized in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

- Gains and losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interest in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Earlier application of these amendments is still permitted.



FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current - With effect from 01 January 2023

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The effective date for adoption of this amendment is annual periods beginning on or after 1 January 2023, with earlier application permitted.

FSC does not anticipate that the application of the amendments will have any material impact on its financial statements.

Amendments to IAS 1 - Amended by Disclosure of Accounting Policies and IAS 8 - Clarifying the Definition of Accounting Estimates - With effect from 01 January 2023

These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Applying the amendments, an entity discloses its material accounting policies instead of its significant accounting policies. Further, amendments are made to IAS 1 to explain how an entity can identify a material accounting policy. IAS 8 is amended to replace the definition of a change in accounting estimate with a definition of accounting estimates. Under new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. A change in accounting estimates that result from new information or new developments is not the correction of an error. In addition, the effects of change in an input or a measurement technique used to develop accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Amendments to IAS 1 Presentation of Financial Statements - Non Current Liabilities with Covenants

The amendments issued in October 2022 clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date.

The 2022 amendments introduce additional disclosure requirements. When an entity classifies a liability arising from a loan arrangement as non-current and that liability is subject to the covenants which an entity is required to comply with within twelve months of the reporting date, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period, including:

- (a) the carrying amount of the liability;
- (b) information about the covenants;
- (c) facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants based on its circumstances at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

The Amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures

On 25 May 2023, the International Accounting Standards Board (the IASB or the Board) issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers. As a result, supplier finance arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the original payment due dates.

The Amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction - With effect from 01 January 2023

On May 7, 2021, the IASB published 'Deferred Tax related to Assets and Liabilities arising from a Single Transactions (Amendments to IAS 12)' that clarify how an entity accounts for deferred tax on transactions such as leases and decommissioning obligations. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2023, with earlier application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

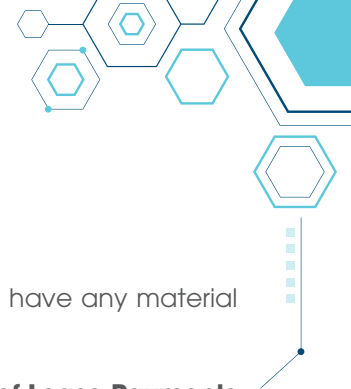
Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two Model Rules

On 23 May 2023, the International Accounting Standards Board (the IASB or Board) issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (the Amendments) to clarify the application of IAS 12 Income Taxes to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules.

The amendments introduce:

- a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023.



FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

IFRS Interpretation Committee (IFRS IC) Agenda Decision - Lessor Forgiveness of Lease Payments

In October 2022, the IFRS IC agenda decision ('AD') was finalised in response to a submission on how the lessor in an operating lease accounts for a particular rent concession under IFRS 9 and IFRS 16. The rent concession considered is one where the only change to the lease contract is the lessor's forgiveness of certain lease payments due from the lessee, some of which have been recognised by the lessor as operating lease receivables (and as lease income) and some of which have not (future lease payments).

When the lease payments are forgiven, the Committee concluded that the lessor should apply the derecognition requirements in IFRS 9 to the operating lease receivables and apply the lease modification requirements in IFRS 16 to future lease payments, including accrued lease payments, as discussed further below.

The AD's effective date follows the IASB due process which provides entities with sufficient time to incorporate the new requirements into their accounting systems and so those applying the Standards have sufficient time to prepare for the new requirements. Views of applicable regulators and the legal environment in the jurisdiction should also be considered by companies delaying the application of the requirements, particularly if the impact is material.

2.6 New IFRS Sustainability Disclosure Standards

IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information

In June 2023, ISSB (International Sustainability Standards Board) has issued IFRS S1 which requires an entity to disclose information about its sustainability related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

This Standard requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. For the purposes of this Standard, these risks and opportunities are collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects'.

The Standard is effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

IFRS S2 - Climate-related Disclosures

In June 2023, ISSB (International Sustainability Standards Board) has issued IFRS S2 which requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The Standard is effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

2.7 Improvements to IFRS

In May 2020, the IASB (International Accounting Standards Board) issued Annual Improvements to IFRS 2018-2020 cycle.

Cycle 2018-2020

- IFRS 1 First Time Adoption of IFRS
- IFRS 9 Financial Instruments
- IFRS 16 Leases
- IAS 41 Agriculture

IFRS 1 First Time Adoption of IFRS

The amendments permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation difference using the amounts reported by its parent, based on the parent's date of transition to IFRS.

IFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes when it applies '10 percent' test in paragraph B3.3.6 of IFRS in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on other's behalf.

IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of biological asset using a present value technique. This will ensure consistency with requirements of IFRS 13.

These amendments are effective for annual period beginning on or after 01 January 2022.

FSC has not had any material impact on its financial statements, from application of these amendments.

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

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

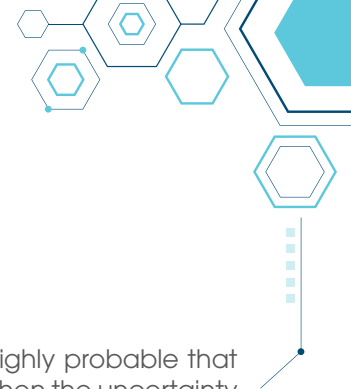
3.1 Significant Accounting Policies

a) Revenue recognition

(i) Fees from licensees

Annual licensing fees are raised in terms of the FSA and FSC Rules. Fees are earned from:

- Licenses issued to applicants for a GBC or Authorised Company.
- Licenses issued to applicants to carry out financial services or financial business activities, including Virtual Assets and Initial Token Offering Services under the relevant Acts.
- Brokerage fees as per Stock Exchange (Brokerage) Regulations.



Recognition

Revenue from fees is recognised on an accrual basis and to the extent that it is highly probable that significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with variable consideration is subsequently resolved.

Revenue arising from processing, annual license, registration fees, late charges and reinstatement fees are recognised when the performance obligation is satisfied in time or over time.

Measurement

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

Income	Revenue Recognition
Processing Fees	Recognised at a time of application
Annual Fees	Recognised to the extent of certainty
Re-instatement Fees	Recognised at the time of application for re-instatement
Fees from Insurance Companies	Accrued quarterly based on gross premium from policies issued
Fees from Brokerage Companies	Accrued monthly based on value of the transactions undertaken

(ii) Revenue from administrative penalties

Recognition

Revenues arising from administrative penalties pursuant to the issuance of the Financial Services (Administrative Penalties) Rules 2013, effective from 01 January 2014 and the Financial Services (Framework for the Imposition of Administrative Penalties) Rules, 2022, effective from 01 October 2022 are recognised when a licensee fails to comply with a legal obligation specified in the said rules and accounted where there is no significant uncertainty as to its collectability. These penalties are recognised only to the extent that it is highly probable that significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with it is subsequently resolved.

Measurement

Revenue from fees is measured at the fair value of the consideration received or receivable, taking into account terms of payment which may be defined from time to time in the FSC Rules. Waivers of administrative penalties are offset against revenue from administrative penalties. By virtue of amendments in the Financial Services (Administrative Penalties) Rules 2013, w.e.f. 01 January 2018, the administrative penalty payable in respect of each breach of a legal obligation specified in the first column of the Schedule and committed by a licensee after 31 December 2017 has been capped at MUR 150,000 (USD 5,000).

Income	Revenue Recognition
Administrative Penalties	Recognised net of uncertain revenues
Sanction Penalties	Recognised net of uncertain revenues

For Administrative Penalties fees, the Commission calculates PD rates and LGD rates based off historical behavior based off risk-homogeneous segments. The historical PD rates are adjusted through a regression framework to a PiT PD to take into consideration current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

(iii) Interest income

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

(iv) Other income

Other income constitutes income derived by the Commission (other than interest income), and includes fees receivable from the Insurance Industry Compensation Fund, in accordance with Section 4(3) of the Insurance (Industry Compensation Fund) Regulations made by the Minister under sections 88 and 92 of the Insurance Act.

Other income includes ISIN issuance fees and same is recognised at the time of issuance of ISIN.

Other income is measured at the fair value of the consideration received or receivable, taking into account terms of payment, which may be mutually agreed to with the counterparty.

b) Expenditure

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

Staff costs

Remuneration to staff in respect of the services rendered during the reporting period is expensed in that reporting period.

Short term Employee Benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leaves and sick leaves in the period the related service is rendered at the undiscounted amount of benefits expected to be paid in exchange for that service.

c) Pensions and other post-employment benefits

Defined Benefit Scheme

FSC contributes to a defined benefit plan for non-contractual employees, the assets of which are held independently and administered by an insurance company, taking account of the recommendations of independent qualified actuaries as per IAS 19: Employee Benefits.

Pension is payable to eligible employees upon retirement/death/termination of employees under provisions of the Statutory Bodies Pension Fund Act 1978 (as amended).

For defined pension benefit plans, the pension costs are assessed using the projected unit credit method. Actuarial gains and losses are charged to Other Comprehensive Income. Current and Past service costs are recognised in the Statement of Financial Performance. Net interest is recognised in the Statement of Financial Performance. The pension obligation is measured at the present value of the estimated future cash outflow using interest rates of government securities which have terms to maturity approximating the terms of the related liability.



The defined benefit asset or liability comprises the present value of the defined benefit obligation, less unrecognised past service costs and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any unrecognised past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Re-measurements of the net defined benefit liability or asset, the effect of changes in the asset ceiling where applicable, and the return on the plan assets other than interest, are recognised in other comprehensive income in the period in which they arise.

Where the benefits of a plan are amended or curtailed, the change in the present value of the net defined benefit obligation relating to past service by the employees is recognised as gain or loss in the period of the amendment.

FSC recognises gains and losses in the Statement of Financial Performance on the settlement of a defined benefit plan when the settlement occurs.

Defined Contribution Scheme

Pursuant to changes to the Pension legislation, the Commission contributes to a Defined Contribution Scheme for its employees joining the Commission on a substantive post as from 01 January 2013.

A defined contribution plan is a plan under which the Commission pays fixed contributions into a separate entity. The Commission has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

d) Foreign currency transactions and balances

Items included in the financial statements are measured using the Commission's functional currency. FSC's financial statements are presented in Mauritian Rupees, which is the functional and presentation currency of the Commission.

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition (date of recording). Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or revaluation of monetary items are taken to the Statement of Financial Performance. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

For income received in advance in foreign currency, the transaction date for the purposes of determining the exchange rate, is the date of initial recognition of the income received in advance.

e) Property, plant and equipment

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

Initial Measurement

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

Subsequent Measurement

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

The carrying amount of an item of property and equipment is de-recognised on disposal or when no future economic benefits are expected to arise from its use. Gains and losses on disposal or de-recognition of items of property and equipment are determined by comparing proceeds, if any, with carrying amounts and are recognised in operating surplus or deficit when the asset is de-recognised. Repairs and maintenance which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged to the Statement of Financial Performance during the financial period in which they are incurred.

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

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

The depreciation charge for each period is recognised in the Statement of Financial Performance.

The Commission reviews residual values and useful lives for all items of property, plant and equipment for the purpose of depreciation calculations, and impairment provisions. In determining residual values, the Commission uses historical sales and management's best estimate based on market prices of similar items. Useful lives of property and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. The useful life for all items of property, plant and equipment is determined as per the Commission's capitalisation policy.

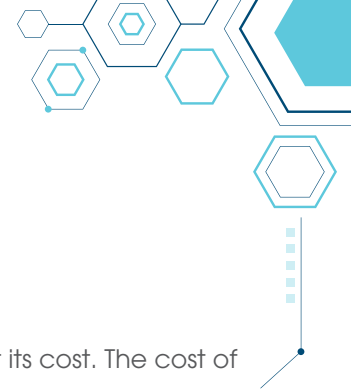
Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress" and are stated at cost.

f) Leases

Assets held under leases are recognised as assets of FSC at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the balance amount of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Commission's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Right-of-use assets comprises of office space, building, fitting outs, furniture, parking space, and land.



Initial Measurement of the right-of-use asset

An item of right-of-use asset that qualifies for recognition as an asset is measured at its cost. The cost of an item of a right-of-use asset comprises of the following at the recognition date:

- The present value of lease payments that are not paid at that date;
- Any lease payments associated with the lease made at or before the commencement date, less any payments made by the lessor to FSC;
- The initial direct cost, that is the incremental cost of obtaining the lease; and
- An estimate of costs to be incurred by FSC in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms of the lease.

Initial Measurement of Lease Liability

At the commencement date, the lease payments included in the measurement of the lease liability comprise of the following payments for the right to use the underlying asset during the lease term that are unpaid as on the commencement date:

- Fixed payments less any lease incentives receivable
- Variable lease payments
- Amounts expected to be payable by the Commission under residual guarantees
- The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease

Subsequent Measurement of right-of-use assets

All right-of-use assets of FSC are shown at historical cost less accumulated depreciation and/or accumulated impairment losses, if any, and adjusted for any re-measurement of the corresponding lease liability resulting from revised in-substance fixed lease payments. Right-of-use assets are subject to depreciation requirements as per IAS 16: Property, Plant and Equipment and tested for impairment when there is an indicator that the asset or assets should be impaired as per IAS 36: Impairment of Assets.

Subsequent Measurement of the lease liability

After the commencement date, the lease liability is measured by:

- Increasing the carrying amount to reflect the interest on the lease liability;
- Reducing the carrying amount to reflect the lease payment made; and
- Re-measuring the carrying amount to reflect any re-assessment or lease modification specified or to reflect revised in-substance fixed lease payments.

g) Intangible assets

Intangible assets comprise of computer software.

Initial measurement

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

Subsequent measurement

Intangible assets are carried at historical cost less any accumulated amortization and accumulated impairment losses.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

Intangible assets with finite lives are amortised over the useful economic life of the asset and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is set out below. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible assets.

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

Item	Average Useful life
Computer Software	3 years

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

h) Financial instruments – initial recognition and subsequent measurement

(1) Financial assets

Initial recognition and measurement

Financial assets of FSC include cash and cash equivalents, short-term deposits, assets held to maturity, fees and penalties receivables, staff loans and other receivables.

The Commission recognises a financial asset or a financial liability in its Statement of Financial Position only when the Commission becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. For financial assets measured at amortised costs, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Classification of Financial Assets

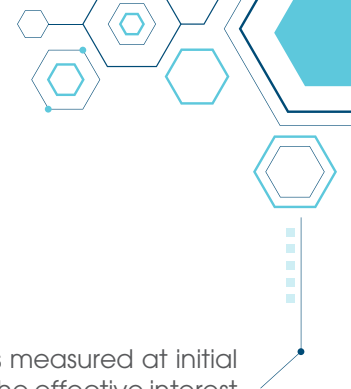
Financial assets that meet the following conditions are measured subsequently at amortised cost:

- Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- Financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).



(i) Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method, of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization of the discount/premium is included in the Statement of Financial Performance. The losses arising from impairment are recognised in the Statement of Financial Performance.

Investments in treasury notes, treasury bills and bank fixed deposits are classified as financial assets amortised at cost. Interest income is recognized in the Statement of Financial Performance.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the licensees;
- a breach of contract such as a default or past due event; or
- the disappearance of an active market for a security because of financial difficulties.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Commission assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date.

(ii) Financial instruments classified at FVTOCI

The Commission does not hold any financial assets classified at fair value through other comprehensive income.

(iii) Financial instruments classified at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

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

For staff loans, the Commission still assigns a probability of default to account for the fact that default events may still occur, even if such events have not been observed before. This probability of default is very low for stage 1 accounts but gets higher for stage 2 accounts to account for lifetime expected losses. Loss given default percentages are assigned based on F-IRB prescriptions, again, due to lack of historical defaults observed which prevents the use of internal data.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

De-recognition

FSC derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the Statement of Financial Performance.

Measurement and recognition of expected credit losses

Measurement of expected credit losses is a function of the probability of default, loss given default (i.e. The magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Commission in accordance with the contract and all the cash flows that the Commission expects to receive, discounted at the original effective interest rate.

Expected credit losses are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Commission in accordance with the contract and the cash flows that the Commission expects to receive. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Commission measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are a portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if a default occurs within a period of 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate. ECL are recognised using a provision for impairment losses in profit and loss.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Commission measures ECL on an individual basis, or on a collective basis for portfolios of assets that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

The key inputs used for measuring ECL are:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure At Default (EAD).



PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Commission would expect to receive, taking into account cash flows from any financial asset. The LGD models for secured assets consider forecasts of future security valuation taking into account time to and cost of realisation of security and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the asset.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest. The Commission's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the asset. The entity uses EAD models that reflect the characteristics of the portfolios. The Commission measures ECL considering the risk of default over a period of 12 months from the end of the financial year over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items).

For receivables, the Commission applies a simplified approach in calculating ECLs. Therefore, the Commission does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Commission has established a loss rate matrix that is based on its historical credit loss experiences, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Commission uses a loss rate matrix to calculate ECLs for receivables. The rates are based on days past due for groupings of various licensees' segments that have similar loss patterns (i.e. by nature of business, sectors). The loss rate matrix is initially based on the Commission's historical observed default rates. The Commission then calibrates the matrix to adjust the historical credit loss experience with forward-looking information, i.e. inflation rate was found to be statistically significant. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Commission's historical credit loss experience and forecast of economic conditions may also not be representative of licensees' actual default in the future.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the licensees; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Commission assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a back-stop if amounts are overdue from non-live licensees.

Definition of Default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the PD which affects both the measurement of ECLs and the identification of a significant increase in credit risk

The Commission considers the following as constituting an event of default:

- the licensee is past due more than 90 days on any material credit obligation to the Commission; or
- the licensee is unlikely to pay its credit obligations in full.

This definition of default is used by the entity for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing if the licensee is unlikely to pay its credit obligation, the Commission takes into account both qualitative and quantitative indicators.

Significant increase in credit risk

The Commission monitors all financial assets except receivables from licensees' are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Commission will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Commission compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised.

In making this assessment, the Commission considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Commission's historical experience and expert credit assessment including forward-looking information.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD. As a back-stop when an asset becomes 90 days past due, the Commission considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. As noted if there is evidence of credit-impairment the assets are at stage 3 of the impairment model.

(2) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified in accordance with the substance of the contractual arrangements.

The Commission's financial liabilities consist of accounts payable.



Subsequent measurement

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Financial liabilities measured subsequently at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

De-recognition

FSC derecognizes financial liabilities when, and only when, the Commission's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Financial Performance.

(3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only if:

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

(4) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined with reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, fair value is determined using appropriate valuation techniques.

i) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise of cash at bank and cash in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

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

For treasury bills and bank deposits, the Commission uses externally published information from S&P 'Annual Default and Rating Transition Study' to assign a probability of default based on the instruments' credit rating. This PD obtained from S&P transition matrices is a long-term average which needs to be converted to a point-in-time (PIT) PD which takes into consideration current conditions and forecasts of future economic conditions. The Commission uses Global GDP growth as latent factor to convert the long-term average into a PIT PD through Merton-like transition matrix mechanics framework.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

j) Provisions

Provisions are recognised when FSC has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When FSC expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

k) Taxation

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

l) Related Parties

Parties are considered related to FSC if they have the ability, directly or indirectly, to exercise significant influence over FSC in making financial and operating decisions, or vice versa. Related parties may be individuals or other entities.

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

m) Comparative figures

Comparative figures have been reclassified and restated to conform to the presentation of the current period.

3.2 Significant accounting judgments, estimates and assumptions

The preparation of FSC's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, have been described below. FSC bases its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of FSC. Such changes are reflected in the assumptions as and when they occur.

As judged by normal commercial practice & prudence, the Commission ensures that no expenditure is incurred of extravagant and wasteful nature. Also, resources are applied, and operations are carried out economically, efficiently and effectively.

3.2.1 Pension benefits

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



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

3.2.2 Determining Fair Values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. FSC maximizes the use of observable inputs when computing fair values and applies its judgment when estimating non-observable inputs.

3.2.3 Provision for credit losses/ECL

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

Critical judgements in applying the Commission's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Commission's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- **Business model assessment:** Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Commission determines the business model at a level that reflects how group of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Commission monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.
- **Significant increase of credit risk:** ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Commission takes into account qualitative and quantitative reasonable and supportable forward-looking information.
- **Establishing group of assets with similar credit risk characteristics:** When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Commission monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.
- **Re-segmentation of investment portfolios and movement between portfolios** is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

- Models and assumptions used: The entity uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

4. CONTINGENT LIABILITIES/COMMITMENTS

4.1 Contingent Liabilities

FSC has pending lawsuits with claims against it. The nature of these claims relate mostly to claims from applicants for revoking their licenses, contractual and employment claims. Management is unable to determine with accuracy the exact timing of any cash outflows due to the long timeframes normally associated with such claims. The amounts claimed from claimants/applicants will not necessarily be the final amounts awarded by the courts, as the amounts claimed by litigants need to be proved. Section 88 of the FSA provides for immunity for FSC's staff in the performance of their duties in good faith.

The pending lawsuits against FSC with claims are estimated at MUR 1,413,472,869, excluding interests and costs (2022: MUR 673,388,567). FSC is of the view that there is a high certainty of success in defending all of the pending lawsuits. In the unlikely event that FSC is unsuccessful, the Commission will bear these costs with no reimbursements expected from insurers, as FSC has no insurance cover for damages relating to court cases. The amounts claimed from claimants/applicants will not necessarily be the final amounts awarded by the courts, as the amounts claimed by litigants need to be proved. Further, FSC being established under the Financial Services Act, any ultimate shortfall would have sovereign support.

4.2 Financial Commitments

FSC has approved, in principle, plans aimed at enhancing the tangible and intangible infrastructure commensurate with the scale of operations. The total amount committed internally and externally as at 30 June 2023 is MUR 17,015,542 (2022: MUR 12,614,117). This will be funded out of internal resources.

5. Statutory Deposits of Insurance Companies not included in the Statement of Financial Position

In accordance with the IA, statutory security deposits of insurance companies, totaling an amount of MUR 182,796,374 (2022: MUR 179,796,374) are lien marked in favour of the Commission, and not included in the Statement of Financial Position.

6(a) Property, plant and equipment

	MOTOR VEHICLE MUR	FURNITURE MUR	COMPUTER EQUIPMENT MUR	OFFICE EQUIPMENT MUR	BUILDING MUR	FIXTURES & FITTINGS MUR	CAPITAL WORK IN PROGRESS MUR	TOTAL MUR
COST								
At 01 July 2022	14,970,267	26,733,249	80,784,657	14,152,385	167,775,311	107,167,287	7,968,053	419,551,209
Purchases	-	385,799	708,915	339,502	-	35,494	26,223,105	27,692,815
Reclassification Adjustment	-	-	-	-	-	-	(6,896,053)	(6,896,053)
Disposals	-	(86,238)	(20,439)	(1,500)	-	(11,246)	-	(119,423)
At 30 June 2023	14,970,267	27,032,810	81,473,133	14,490,387	167,775,311	107,191,535	27,295,105	440,228,548
DEPRECIATION								
At 01 July 2022	10,126,018	25,704,369	74,093,141	12,173,500	81,490,436	95,016,066	-	298,603,530
Charge for the year	1,614,750	468,370	5,906,208	979,331	5,775,844	2,712,780	-	17,457,283
Disposals	-	(86,237)	(11,355)	(1,500)	-	(8,061)	-	(107,154)
At 30 June 2023	11,740,768	26,086,502	79,987,994	13,151,331	87,266,280	97,720,785	-	315,953,660
NET BOOK VALUE								
At 30 June 2023	3,229,499	946,308	1,485,139	1,339,056	80,509,031	9,470,750	27,295,105	124,274,888
COST								
At 01 July 2021	12,978,518	26,012,514	77,765,155	13,519,970	167,775,311	105,800,142	-	403,851,610
Purchases	4,998,999	785,663	3,019,502	656,490	-	1,377,696	7,968,053	18,806,403
Disposals	(3,007,250)	(64,928)	-	(24,075)	-	(10,551)	-	(3,106,804)
At 30 June 2022	14,970,267	26,733,249	80,784,657	14,152,385	167,775,311	107,167,287	7,968,053	419,551,209
DEPRECIATION								
At 01 July 2021	10,632,513	25,299,785	70,669,510	11,228,312	75,714,592	92,172,708	-	285,717,420
Charge for the period	2,500,755	469,512	3,423,631	964,951	5,775,844	2,851,135	-	15,985,828
Disposals	(3,007,250)	(64,928)	-	(19,763)	-	(7,777)	-	(3,099,718)
At 30 June 2022	10,126,018	25,704,369	74,093,141	12,173,500	81,490,436	95,016,066	-	298,603,530
NET BOOK VALUE								
At 30 June 2022	4,844,249	1,028,880	6,691,516	1,978,885	86,284,875	12,151,221	7,968,053	120,947,679

There are no restrictions on titles on any items of property and equipment and there are no items pledged as security for liabilities. Contractual commitments for acquisition of any items of property and equipment is disclosed in Note 4.2. There have been no impairments of any items of property and equipment during the current period. (2021/22: Nil)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

During the year under review, following the maturity of the existing lease, the Commission entered into new lease arrangement for a period of 3 years. This resulted in the recognition of right-of-use asset and lease liability.

Intangible assets

	COMPUTER SOFTWARE MUR	TOTAL MUR
COST		
At 01 July 2022	80,570,114	80,570,114
Purchases	22,254,001	22,254,001
At 30 June 2023	102,824,115	102,824,115
AMORTISATION		
At 01 July 2022	77,913,337	77,913,337
Charge for the year	9,356,566	9,356,566
At 30 June 2023	87,269,903	87,269,903
NET BOOK VALUE		
At 30 June 2023	15,554,212	15,554,212
COST		
At 01 July 2021	78,415,516	78,415,516
Purchases	2,154,598	2,154,598
At 30 June 2022	80,570,114	80,570,114
AMORTISATION		
At 01 July 2021	76,029,046	76,029,046
Charge for the year	1,884,291	1,884,291
At 30 June 2022	77,913,337	77,913,337
NET BOOK VALUE		
At 30 June 2022	2,656,777	2,656,777

There have been no impairments of intangible assets during the current and prior periods. There are no intangible assets pledged as security.

6(c) Right-of-use assets

	LAND MUR	OFFICE SPACE MUR	BUILDING MUR	FURNITURE MUR	FITTINGS MUR	PARKING SPACE MUR	TOTAL MUR
COST							
At 01 July 2022	6,442,771	1,079,341	-	-	-	-	7,522,112
Purchases	-	746,603	-	-	-	-	746,603
Derecognition of asset	-	(51,914)	-	-	-	-	(51,914)
At 30 June 2023	6,442,771	1,774,030	-	-	-	-	8,216,801
DEPRECIATION							
At 01 July 2022	1,354,655	27,675	-	-	-	-	1,382,330
Charge for the year	339,093	591,344	-	-	-	-	930,437
Adjustment due to derecognition of asset	-	(1,331)	-	-	-	-	(1,331)
At 30 June 2023	1,693,748	617,688	-	-	-	-	2,311,436
NET BOOK VALUE							
At 30 June 2023	4,749,023	1,156,342	-	-	-	-	5,905,365
COST							
At 01 July 2021	6,442,771	-	2,057,340	-	-	-	8,500,111
Purchases	-	1,079,341	-	-	-	-	1,079,341
Adjustment / derecognition due to change in repayment amount / non-renewal of lease agreement	-	-	(2,057,340)	-	-	-	-2,057,340
At 30 June 2022	6,442,771	1,079,341	-	-	-	-	7,522,112
DEPRECIATION							
At 01 July 2021	1,015,561	-	1,402,649	-	-	-	2,418,210
Charge for the year	339,094	27,675	654,691	-	-	-	1,021,460
Adjustment / derecognition due to change in repayment amount / non-renewal of lease agreement	-	-	(2,057,340)	-	-	-	(2,057,340)
At 30 June 2022	1,354,655	27,675	-	-	-	-	1,382,330
NET BOOK VALUE							
At 30 June 2022	5,088,116	1,051,666	-	-	-	-	6,139,782

6(c)(1) The cost relating to variable lease payments that do not depend on an index or a rate, amounted to nil for the year ended 30 June 2023 (2022 : Nil)

There were no leases with residual value guarantees.

Moreover, during the current year, the lease agreement pertaining one of the office spaces reached its maturity. This resulted in derecognition of the corresponding right-of-use asset, and lease liability. The resultant gain has been recognised in the Income Statement under Other Income.

6(c)(2) Currently, FSC is paying rent for lease arrangements which consist of office space, furniture, fittings and parking space on month to month basis. As such, the provisions under paragraph 5 of IFRS 16 (i.e. Recognition exemption) was adopted.

6(c)(3) As at 30 June 2023, the Commission has committed to enter into a lease arrangement for a fully-fitted office space of around 5,000 square metres, for an initial period of 10 years. The lease agreement will take effect at a future period when the office is ready for use.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

7. ASSETS AT AMORTISED COST

	2023 MUR	2022 MUR
Within one year		
Treasury Notes / Bonds	-	51,000,000
Premium on Treasury Notes / Bonds	-	(164,469)
Expected Credit Loss	-	(15,913)
	-	50,819,618
More than one year		
Treasury Notes / Bonds	48,400,000	48,400,000
Premium on Treasury Notes / Bonds	538,769	695,518
Expected Credit Loss	(32,616)	(32,616)
	48,906,153	49,062,902
	48,906,153	99,882,520

Reconciliation of assets at amortised cost

	2023 MUR	2022 MUR
Opening balance	99,931,049	671,705,064
Purchases of financial assets at amortised cost	-	51,000,000
Proceeds from maturity of financial assets at amortised cost	(51,000,000)	(622,041,786)
Interest adjustment	7,720	(732,229)
Closing balance at face value	48,938,769	99,931,049
Expected Credit Loss (Note 30.6.2)	(32,616)	(48,529)
Closing balance at fair value	48,906,153	99,882,520

8. RETIREMENT BENEFITS OBLIGATION / (ASSET)

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

The pension scheme has been established by virtue of the Statutory Bodies Pension Funds Act 1978, under which all contributions are made and benefits paid out. The Commission does not intend to bring any amendments or curtailments to the plan. Any deficit on the plan as per annual actuarial valuation is funded by the Commission. It is expected that total contribution to the plan during the next reporting period will be around MUR 24 million. This excludes contributions by the Commission to make good any deficit as per annual actuarial valuation. There are no other parties responsible for the governance of the defined benefit plan.

An Asset Liability Management (ALM) exercise is frequently performed by SICOM for the plan and its recommendations are considered when setting the optimal investment policies for the plan. The purpose of the ALM exercise is to determine an appropriate investment strategy based on the expected liability profile and the expected development of the financial assets of the funds managed by SICOM Ltd. Our ALM exercise is performed based on projections of liability cash flows in the future and using an asset model calibrated for the Mauritian market.

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

Current service cost
Employee contributions
Fund expenses
Interest expense
Total included in staff costs

2023 MUR	2022 MUR
23,091,151	21,156,282
(7,428,704)	(7,060,695)
995,406	879,033
113,033	1,033,723
16,770,886	16,008,343
25,160,003	2,734,529

Actual return on plan assets/liability

Movements in asset/liability recognised in statement of financial position as determined by the actuarial valuation

Opening balance
Total staff costs (as above)
Past service funding
Contributions paid by the Commission
Amount Recognised in Other Comprehensive Income
Liability/(asset) as at the close of the period

20,808,908	48,921,329
16,770,886	16,008,343
(20,808,908)	(48,921,329)
(10,415,101)	(10,589,668)
37,122,436	15,390,233
43,478,221	20,808,908

Reconciliation of the present value of the defined benefit obligation

Present value of obligation at start of period
Current service cost
Interest cost
Benefits paid
Liability loss
Present value of obligation at end of period

2023 MUR	2022 MUR
480,648,323	454,747,977
23,091,151	21,156,282
26,041,215	22,737,399
(14,493,173)	(9,198,900)
36,547,237	(8,794,435)
551,834,753	480,648,323

Reconciliation of fair value of the plan assets

At start of the period
Expected return on plan assets
Asset (v) / gain
Past service funding
Contributions from the employer
Contributions from the employees
Benefits paid and other outgo
At close of the period

2023 MUR	2022 MUR
459,839,415	405,826,648
25,928,182	21,703,676
(575,199)	(24,184,669)
20,808,908	48,921,329
10,415,101	10,589,668
7,428,704	7,060,695
(15,488,579)	(10,077,932)
508,356,532	459,839,415

The major categories of plan assets, and the expected rate of return at the statement of financial position date for each category, are as follows:

Fixed interest securities and deposits
Loans
Local equities
Overseas bonds and equities
Property

2023 %	2022 %
53.90	58.00
2.80	2.90
14.00	13.60
28.80	25.00
0.50	0.50
100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

Components of the amount recognised in Other Comprehensive Income

Assets experience loss during the year

Liability experience (loss) / gain during the year

2023 MUR	2022 MUR
(575,199)	(24,184,669)
(36,547,237)	8,794,435
(37,122,436)	(15,390,234)
(1,358,332)	8,060,222
-	-
(35,188,905)	734,213
(575,199)	(24,184,669)
(37,122,436)	(15,390,234)

Remeasurement

Liability experience (loss) / gain

Liability loss due to change in demographic assumptions

Liability (loss) / gain due to change in financial assumptions

Asset gain

The plan is exposed to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service benefits is re-insured.

The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of the actuarial valuation and sensitivity analysis were as follows:

	2023 %	2022 %
Discount rate	6.15	5.50
Future salary increases	4.50	3.50
Future pension increases	3.50	2.50

The assumptions for mortality before retirement is estimated at Nil (2022 - Nil). Mortality in retirement has been based on PA (90) Tables rated down by 2 years (2022: PA (90) Tables rated down by 2 years). The retirement age is 65 years.

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

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

The sensitivity analysis below have been determined based reasonably on possible changes of the assumptions occurring at the end of the following reporting periods.

At 30 June 2023

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	100 basis points	Decrease by MUR 100.8m	Increase by MUR 134.3m
Future salary increases	100 basis points	Increase by MUR 78.1m	Decrease by MUR 64.9m
Life expectancy	1 year	Increase by MUR 14.2m	Decrease by MUR 14.3m

At 30 June 2022

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	100 basis points	Decrease by MUR 88.6m	Increase by MUR 117.9m
Future salary increases	100 basis points	Increase by MUR 69.5m	Decrease by MUR 57.3m
Life expectancy	1 year	Increase by MUR 12.6m	Decrease by MUR 12.6m

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The average age of the active members as at 30 June 2023 is 44 years while that of pensioners is 66 years.

Defined Contribution Scheme

Contributions

2023 MUR	2022 MUR
15,044,772	14,305,672

9. OTHER FINANCIAL ASSETS

Other financial assets comprise of staff loans

Staff loans at fair value

Within one year

More than one year

2023 MUR	2022 MUR
457,293	447,486
1,652,192	1,938,538
2,109,485	2,386,024
2,718,111	3,155,582
(608,626)	(769,558)
2,109,485	2,386,024

Total staff loans at amortised cost

Fair value adjustment

Balance at fair value

(Note 30.6.4)

The staff members of the Commission have been granted loans at preferential rates as per the Commission's salary terms and conditions. Types of staff loans are housing loan, car loan, motorcycle / auto-cycle loan, computer loan and multipurpose loan.

Staff Loans - Secured

Secured staff loans consist of housing loan, car loan and motorcycle / auto-cycle loan which are secured by way of inscription / lien on the property of the staff.

Staff Loans - Unsecured

Unsecured loans consist of computer loan and multipurpose loan which are granted under personal guarantees.

An annual assessment for the recoverability of the loans are carried out, and based on such assessment as at 30 June 2023, management is satisfied that none of the loans have suffered impairment.

Following the review of staff salary terms and conditions in 2013, granting of new staff loans were discontinued with effect from 01 July 2014.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

Balances of loans are as follows:

Secured

Total secured staff loans at face value

Fair value adjustment

Balance at fair value

(Note 30.6.4)

Unsecured

Total unsecured staff loans at face value

Fair value adjustment

Balance at fair value

2023 MUR	2022 MUR
2,718,111	3,155,582
(608,626)	(769,558)
2,109,485	2,386,024
-	-
-	-
-	-

10. RECEIVABLES

Fees and penalties receivable

Other receivables

Accrued interest

Prepayments

Provision for credit losses

(Note 30.1)

(Note 30.2)

(Note 30.6.1)

2023 MUR	2022 MUR
1,177,671,268	840,502,646
37,113,405	15,405,124
8,261,283	2,645,322
29,773,548	18,260,930
(1,052,301,133)	(744,463,826)
200,518,371	132,350,196

11. CASH AND BANK BALANCES (See Note 12.1)

Cash on hand

Bank balances

2023 MUR	2022 MUR
76,377	67,931
2,008,801,954	889,025,451
2,008,878,331	889,093,382

12. BANK DEPOSITS (See Note 12.1)

US Dollar

Mauritian Rupee

Expected Credit Loss

(Note 30.6.3)

2023 MUR	2022 MUR
283,500,000	515,660,000
420,000,000	520,000,000
(736,577)	(516,200)
702,763,423	1,035,143,800

12.1 Cash and bank balances, and bank deposits with maturity date of 12 months or less, relate to advance fees collected from Management Companies/licensees as per the Financial Services (Consolidated Licensing and Fees) Rules, 2008, for which services are to be rendered during the succeeding year, hence maintained towards deployment thereof. The Surplus at the year-end would thereafter be transferred to the Consolidated Fund. Cash and bank balances, and bank deposits net of advances from Management Companies are therefore as follows:

Cash and bank balances, and bank deposits

Advance from Management Companies

Prepaid license fees

Cash and bank balances, and bank deposits net of advance from Management Companies and prepaid license fees

(Note 11 & 12)

(Note 13)

(Note 13)

2023 MUR	2022 MUR
2,711,641,754	1,924,237,182
(348,604,863)	(1,134,423,518)
(1,215,545,277)	(376,592,496)
1,147,491,614	413,221,168

13. PAYABLES

		2023 MUR	2022 MUR
Other creditors and accruals		77,489,262	10,770,736
Advances from Management Companies	(Note 12.1)	348,604,863	1,134,423,518
Prepaid licence fees	(Note 12.1)	1,215,545,277	376,592,496
		1,641,639,402	1,521,786,750

14. PROVISIONS

		2023 MUR	2022 MUR
Sick leave		49,820,621	36,779,824
Passage benefits	(Note 12.1)	28,392,069	27,955,753
Gratuity***	(Note 12.1)	3,381,466	2,356,875
Annual leave		47,238,647	39,446,092
Bonus		75,892,169	68,744,224
		204,724,972	175,282,768

***Consists of contractual employees

	Sick leave MUR	Passage benefits MUR	Gratuity MUR	Annual leave MUR	Bonus MUR	Total MUR
At 30 June 2023						
Balance at 01 July 2022	36,779,824	27,955,753	2,356,875	39,446,092	68,744,224	175,282,768
Charged to the Statement of Financial Performance	19,283,089	14,246,438	3,225,778	9,024,289	62,629,227	108,408,821
Paid during the year	(6,242,292)	(13,810,122)	(2,201,187)	(1,231,734)	(55,481,282)	(78,966,617)
Balance at 30 June 2023	49,820,621	28,392,069	3,381,466	47,238,647	75,892,169	204,724,972

	Sick leave MUR	Passage benefits MUR	Gratuity MUR	Annual leave MUR	Bonus MUR	Total MUR
At 30 June 2022						
Balance at 01 July 2021	35,789,625	22,299,980	3,451,497	35,870,829	59,078,967	156,490,898
Charged to the Statement of Financial Performance	6,953,834	12,237,193	3,594,018	4,254,998	58,692,090	85,732,133
Paid during the year	(5,963,635)	(6,581,420)	(4,688,640)	(679,735)	(49,026,833)	(66,940,263)
Balance at 30 June 2022	36,779,824	27,955,753	2,356,875	39,446,092	68,744,224	175,282,768

Provision for sick leave - Employees are entitled to refundable sick leave days per calendar year. A provision has been raised for all the sick leave that has accrued to employees up to year end.

Provision for passage benefits - Passage benefits are allowances provided to employees for holidays travel.

Provision for gratuity - The Chief Executive and employees holding a contractual position are entitled to a gratuity based on their annual salary and terms of the contract.

Provision for annual leave - Employees working on a contractual basis are entitled to refundable annual leave. A provision has been raised for all the annual leave that has accrued to employees up to year end.

Provision for bonus - Bonuses comprise of end of year bonus (which is a statutory bonus in terms of the Employment Rights Act) and a performance related bonus (which is based and determined on an internal performance management system).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

15. LEASE LIABILITIES

The Commission has entered into various lease agreements as a lessee in relation to land, building and parking spaces, and have classified them as leases under IFRS 16.

	2023 MUR	2022 MUR
Opening balance	4,914,337	4,495,144
Lease liabilities recognised during the year	746,603	1,079,341
Lease liabilities derecognised during the year	(55,300)	(23,145)
Lease rental payments made during the year	(934,880)	(857,985)
Interest expense charged to the Income Statement	303,990	220,982
Closing balance	4,974,750	4,914,337
Lease liabilities		
Short term	784,737	110,030
Long term	4,190,013	4,804,307
	4,974,750	4,914,337

Lease commitment

The FSC has committed a future lease for new office to commence on or after December 2023 in a building which is currently occupied by a Government agency. The necessary accounting effects will be given in future periods.

16. AMOUNT PAYABLE TO THE FINANCIAL SERVICES FUND

	2023 MUR	2022 MUR
Opening balance	29,570,651	25,206,130
Transfer from General Fund as per section 82(6) of the FSA	22,737,181	26,306,753
Payment to the FSF	(26,306,753)	(21,942,232)
Closing balance	26,001,079	29,570,651

17. AMOUNT PAYABLE TO THE CONSOLIDATED FUND

	2023 MUR	2022 MUR
Opening balance	328,360,027	1,184,571,807
Transfer from General Fund as per sections 82A(2A) and 82A(3) of the FSA	1,057,278,904	1,223,264,027
Payment to the Consolidated Fund during the period	(490,851,411)	(2,079,475,807)
Closing balance	894,787,520	328,360,027

18. GENERAL RESERVE FUND

	2023 MUR	2022 MUR
Opening balance	165,766,883	241,347,236
Payment to the Consolidated Fund by virtue of section 4C of the Statutory Bodies (Accounts and Audit) Act	-	(141,347,236)
Transfer from General Fund as per section 82A(2) of the FSA	56,842,952	65,766,883
Closing balance	222,609,835	165,766,883

19. FEES FROM LICENSEES

	2023 MUR	2022 MUR
Global business and Authorised Companies	1,453,119,372	1,388,564,244
Non-banking financial institutions	115,127,750	97,718,387
Brokerage	10,523,879	13,258,739
	1,578,771,001	1,499,541,370

20. PENALTIES AND CHARGES

	2023 MUR	2022 MUR
Administrative penalties	185,052,757	163,701,899
Other penalties**	1,658,506	19,410,317
Late charges	17,573,210	23,566,084
	204,284,473	206,678,300

Administrative penalties have been recognised in the Financial Statements to the extent that a significant reversal in the amount of revenue therefrom will not occur at the time of related uncertainty is resolved. The administrative penalties are thus being recognised net of uncertain revenues.

**This includes administrative penalties collected pursuant to the Financial Service (Framework for The Imposition of Administrative Penalties) Rules, 2022, which came into effect on 01 October 2022.

21. INTEREST

	2023 MUR	2022 MUR
Amortisation of premium on Treasury Notes	7,722	2,475,845
Bank deposits and treasury bills	33,377,202	14,944,946
Staff loans	291,400	281,885
	33,676,324	17,702,676

22. OTHER INCOME

	2023 MUR	2022 MUR
Gain on property and equipment disposed	-	616,413
Administration fee from the Insurance Industry Compensation Fund	500,000	500,000
Fees from issuance of ISIN	3,271,470	1,856,820
Sundry balances written back	-	1,066,739
Gain on change in terms of lease agreement	1,331	1,821,188
	3,772,801	5,861,160

(Note 6(c)(2))

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

23. STAFF RELATED COSTS

Staff salaries and allowances	(Note 34(a))
Fair value adjustment to staff loans	
Retirement benefits	
Family Protection Scheme	
National Savings Fund	
Passage benefits	
Board and committee fees	
Travelling allowances	
Staff welfare	

2023 MUR	2022 MUR
405,024,995	334,944,384
(160,932)	501,838
41,973,875	37,298,172
8,619,011	7,887,381
2,067,507	2,189,042
14,246,438	12,237,193
7,877,586	7,543,218
38,415,915	35,505,630
14,511,069	12,393,253
532,575,464	450,500,111

24. TRAINING AND SEMINARS

Overseas conferences and seminars
Local events
Staff training

2023 MUR	2022 MUR
7,026,399	3,958,737
10,612,645	2,940,342
1,282,463	885,621
18,921,507	7,784,700

25. LEGAL AND PROFESSIONAL EXPENSES

Auditors' fees
Legal fees
Professional advisory fees
National Regulatory Sandbox License Committee costs*

2023 MUR	2022 MUR
4,733,281	4,500,466
2,143,563	1,275,375
10,290,893	7,711,117
-	877,535
17,167,737	14,364,493

*Being an independent committee to coordinate the processing of all Regulatory Sandbox License applications made to the EDB in relation to Fintech.

26. OFFICE AND ADMINISTRATIVE EXPENSES

Maintenance of office premises
IT maintenance and licenses
Rental expenses
Insurance of office premises
Post, telephone, internet and fax charges
Electricity and water
Stationery
Subscription**
General office expenses
Vehicle expenses
Advertising and publication
Loss on scrapping of property plant and equipment

2023 MUR	2022 MUR
1,978,755	1,675,488
21,745,921	14,221,716
25,885,027	25,031,170
668,207	637,308
11,386,413	12,032,369
4,116,646	4,384,498
1,857,645	2,388,378
8,553,732	6,098,130
6,413,187	6,260,580
2,022,425	1,375,673
1,932,378	6,687,909
12,270	-
86,572,606	80,793,219

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

27. CASH FLOW FROM OPERATING ACTIVITIES

	2023 MUR	2022 MUR
Surplus for the year	1,202,566,086	1,305,023,551
Adjustments for:		
Staff loans fair value adjustment	(160,932)	501,838
Gain on disposal of property and equipment	-	(616,413)
Gain on change in terms of lease agreement	(1,331)	(1,821,188)
Interest income	(33,668,602)	(15,226,831)
Retirement benefits obligation	6,355,785	5,418,675
Interest on lease	303,990	220,982
Amortisation of premium on Treasury Notes	(7,722)	(2,475,845)
Other non-cash adjustments	193,357	659,848
Depreciation and amortisation	27,744,287	18,891,578
Loss on scrapping of property plant and equipment	12,270	7,086
Provision for credit losses	259,911	(867,458)
Cash flow from operating activities, before working capital changes	1,203,597,099	1,309,715,823
(Increase) / decrease in fees receivable	(22,695,174)	25,599,148
Decrease in staff loans	437,471	1,163,464
Increase in other receivables	(21,708,280)	(7,201,236)
(Increase) / decrease in prepayments	(11,512,618)	7,926,055
Increase in accrued expenses and other payables	149,294,855	112,094,181
Net cash flow from operating activities	1,297,413,353	1,449,297,435

28. CAPITAL RISK MANAGEMENT

The Commission's objectives when managing its funds and reserves are to safeguard the Commission's ability to continue as a going concern. The FSA requires the Commission to maintain certain funds to serve different purposes.

The Commission's capital structure is to a large extent determined by the FSA (Refer to note 1.2 which highlights the funds that have to be maintained by the Commission). There have been no changes to what the entity manages as capital (which the Commission defines as the General Reserve Fund), the strategy for capital maintenance and the requirements imposed by the FSA.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

29. LIQUIDITY RISK

The Commission monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Commission's objective is to maintain a balance between continuity of funding and flexibility by keeping a minimum float and investing any excess in short term deposits. The Commission has no borrowings, nor does it plan to raise funds in the foreseeable future.

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

	Maturity		Total Cash Flows MUR	Total Carrying Amount MUR	Total Fair Value MUR
	0 - 1 Year MUR	> 1 year MUR			
At 30 June 2023					
Financial assets					
Assets at amortised cost	-	48,906,153	48,906,153	48,938,769	48,906,153
Other financial assets	457,293	1,652,192	2,109,485	2,718,111	2,109,485
Receivables	170,744,823	-	170,744,823	222,944,918	213,803,127
Cash and bank balances	2,008,878,331	-	2,008,878,331	2,008,878,331	2,008,878,331
Bank deposits	702,763,423	-	702,763,423	703,500,000	702,763,423
	2,882,843,870	50,558,345	2,933,402,215	2,986,980,129	2,976,460,519
Financial liabilities					
Payables	426,094,125	-	426,094,125	426,094,125	426,094,125
Lease liability	784,737	4,190,013	4,974,750	4,974,750	4,974,750
	426,878,862	4,190,013	431,068,875	431,068,875	431,068,875
	Maturity		Total Cash Flows MUR	Total Carrying Amount MUR	Total Fair Value MUR
	0 - 1 Year MUR	> 1 year MUR			
At 30 June 2022					
Financial assets					
Assets at amortised cost	50,819,618	49,062,902	99,882,520	99,931,049	99,882,520
Other financial assets	447,486	1,938,538	2,386,024	3,155,582	2,386,024
Receivables	114,089,267	-	114,089,267	136,968,951	127,849,304
Cash and bank balances	889,093,382	-	889,093,382	889,093,382	889,093,382
Bank deposits	1,035,143,800	-	1,035,143,800	1,035,660,000	1,035,143,800
	2,089,593,553	51,001,440	2,140,594,993	2,164,808,964	2,154,355,030
Financial liabilities					
Payables	1,145,194,254	-	1,145,194,254	1,145,194,254	1,145,194,254
Lease liability	110,030	4,804,307	4,914,337	4,914,337	4,914,337
	1,145,304,284	4,804,307	1,150,108,591	1,150,108,591	1,150,108,591

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

The Commission monitors the adequacy of cash inflows in terms of the budget estimates on a regular basis.

Fair Value Hierarchy

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

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

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

Level 3 - unobservable inputs for the asset or liability.

Fair Value hierarchy as at 30 June 2023

	Level 1 MUR	Level 2 MUR	Level 3 MUR	Total Carrying Amount MUR	Total Fair Value MUR
Financial assets					
Other financial assets	-	2,109,485	-	2,109,485	2,109,485

Fair Value hierarchy as at 30 June 2022

	Level 1 MUR	Level 2 MUR	Level 3 MUR	Total Carrying Amount MUR	Total Fair Value MUR
Financial assets					
Other financial assets	-	2,386,024	-	2,386,024	2,386,024

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

Valuation techniques used

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

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

The basis of inputs have not changed from prior period.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

30. CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a contract, leading to a financial loss. In the normal course of business, the Commission is exposed to the credit risk from accounts receivable, loans to staff and balances with banking institutions. The carrying amounts of these balances represent the maximum credit risk that the Commission is exposed to. Prepayments were excluded for the purposes of this note.

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

- with regards to accounts receivable, except administrative penalties, credit risk is limited as the Commission is a regulatory body, and fees are charged in terms of the legislation. The majority of fees are received in advance;
- the Commission has put in place internal procedures to promptly identify receivables for administrative penalties, and periodic claims are sent to the debtors to ensure recoverability. A provision against irrecoverability is made against debtors based on management judgement including Expected Credit Loss model.
- for staff loans, the Commission maintains control procedures and requests security when loan is granted to staff. For certain types of loans the security involves inscriptions on the property of the staff while for other loans personal guarantees are required;
- for transactions with banking institutions, it holds bank balances and short term deposits with the SBM Bank (Mauritius) Ltd, ABSA Bank (Mauritius) Ltd, MauBank Ltd, The Mauritius Commercial Bank and SBI (Mauritius) Ltd. As such, the Commission mitigates the risks related to bank balances and deposits by keeping its funds in a wide spread of banks of a certain level of repute. Management assesses and only invests in banks with a high credit rating; and
- for held to maturity investments, the Commission invests in the Government of Mauritius and Bank of Mauritius T Bills, T Notes and Bonds.

30.1 Fees and administrative penalties receivable

	Past due but not impaired MUR	Past due and impaired MUR	2023 MUR	2022 MUR
Within one year	37,579,559	83,714,989	121,294,548	54,529,556
More than one year	105,657,992	950,718,728	1,056,376,720	785,973,090
	143,237,551	1,034,433,717	1,177,671,268	840,502,646

30.2 Accrued interest

Balance at the beginning of the year	2,645,323	39,274,045
Interest income	33,676,324	17,702,676
Interest received	(28,060,364)	(54,331,398)
Balance at the end of the year	8,261,283	2,645,323

Accrued interest was raised in accordance with the terms of the contracts for the respective financial instruments.

None on the amounts above were considered to be past due and no impairments were required.

30.3 Staff loans

Within one year	457,293	447,486
More than one year	1,652,192	1,938,538
	2,109,485	2,386,024

30.4 Bank balances

	2023 MUR	2022 MUR
Bank balances	2,008,801,954	889,025,451
Bank deposits	702,763,423	1,035,143,800
	2,711,565,377	1,924,169,251

30.5 Assets at amortised cost

Within one year	-	50,819,618
More than one year	48,906,153	49,062,902
	48,906,153	99,882,520

None of these financial assets are granted as collateral or securities.

Except for staff loans, there is no collateral held as security. (Refer to Note 9 for details for collateral held as security)

30.6 The following tables explain the changes in the loss allowances between the beginning and the end of the year.**30.6.1 Fees, administrative penalties and other receivables**

	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Administrative penalties	610,650	97,780,950	1,056,376,720	1,154,768,320
Fees debtors	22,606,851	108,667	187,430	22,902,948
Other receivables	71,234,060	-	17,863,925	89,097,985
Total gross carrying amount	94,451,561	97,889,617	1,074,428,075	1,266,769,253

An analysis of changes in the gross carrying amount and the corresponding ECL allowances are as follows:

Gross carrying amount as at 01 July 2022	41,425,266	30,731,665	803,837,014	875,993,945
New assets originated or purchased	86,830,030	97,889,617	473,781,063	658,500,710
Payments and assets derecognised (excluding write offs)	(33,377,064)	(14,538,295)	(219,810,043)	(267,725,402)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(426,670)	(16,193,369)	16,620,039	-
At 30 June 2023	94,451,562	97,889,618	1,074,428,073	1,266,769,253
ECL allowance as at 01 July 2022	1,230,001	20,517,795	722,716,031	744,463,827
New assets originated or purchased	325,534	83,388,482	422,503,559	506,217,575
Payments and assets derecognised (excluding write offs)	(948,818)	(10,049,375)	(193,226,330)	(204,224,523)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(120,414)	(10,468,421)	16,433,090	5,844,255
At 30 June 2023	486,303	83,388,481	968,426,350	1,052,301,134

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

30.6.2 Assets at amortised cost

	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Treasury Bills	48,938,769	-	-	48,938,769
Total gross carrying amount	48,938,769	-	-	48,938,769

An analysis of changes in the gross carrying amount and the corresponding ECL allowances are as follows:

Gross carrying amount as at 01 July 2022	99,931,048	-	-	99,931,048
New assets originated or purchased	7,721	-	-	7,721
Payments and assets derecognised (excluding write offs)	(51,000,000)	-	-	(51,000,000)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2023	48,938,769	-	-	48,938,769
ECL allowance as at 01 July 2022	48,529	-	-	48,529
New assets originated or purchased	-	-	-	-
Payments and assets derecognised (excluding write offs)	(15,913)	-	-	(15,913)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2023	32,616	-	-	32,616

30.6.3 Bank Deposits

	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Bank deposits	703,500,000	-	-	703,500,000
Total gross carrying amount	703,500,000	-	-	703,500,000

An analysis of changes in the gross carrying amount and the corresponding ECL allowances are as follows:

Gross carrying amount as at 01 July 2022	1,035,660,000	-	-	1,035,660,000
New assets originated or purchased	80,000,000	-	-	80,000,000
Payments and assets derecognised (excluding write offs)	(412,160,000)	-	-	(412,160,000)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2023	703,500,000	-	-	703,500,000
ECL allowance as at 01 July 2022	516,200	-	-	516,200
New assets originated or purchased	271,692	-	-	271,692
Payments and assets derecognised (excluding write offs)	(51,315)	-	-	(51,315)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2023	736,577	-	-	736,577



30.6.4 Other financial assets

	Stage 1 MUR	Stage 2 MUR	Stage 3 MUR	Total MUR
Staff Loans	2,718,111	-	-	2,718,111
Total gross carrying amount	2,718,111	-	-	2,718,111

An analysis of changes in the gross carrying amount and the corresponding ECL allowances are as follows:

Gross carrying amount as at 01 July 2022	3,155,582	-	-	3,155,582
New assets originated or purchased	-	-	-	-
Payments and assets derecognised (excluding write offs)	(437,471)	-	-	(437,471)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2023	2,718,111	-	-	2,718,111
ECL allowance as at 01 July 2022	(769,558)	-	-	(769,558)
New assets originated or purchased	-	-	-	-
Payments and assets derecognised (excluding write offs)	160,932	-	-	160,932
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2023	(608,626)	-	-	(608,626)

31. CATEGORIES OF FINANCIAL INSTRUMENTS

	Receivables and Other financial assets MUR	Financial liabilities at amortised cost MUR	Assets at amortised cost MUR	Financial assets at fair value through P&L MUR	Total MUR
Categories of financial instruments - 2023					
Non-current assets					
Assets at amortised cost	-	-	48,906,153	-	48,906,153
Other financial assets	-	-	-	1,652,192	1,652,192
Current assets					
Assets at amortised cost	-	-	-	-	-
Receivables	208,364,295	-	-	-	208,364,295
Cash and bank balances	2,008,878,331	-	-	-	2,008,878,331
Other financial assets	-	-	-	457,293	457,293
Bank deposits	702,763,423	-	-	-	702,763,423
Total Assets	2,920,006,049	-	48,906,153	2,109,485	2,971,021,687
Non-current liabilities					
Lease liability	-	4,190,013	-	-	4,190,013
Current liabilities					
Payables	-	426,094,125	-	-	426,094,125
Lease liability	-	784,737	-	-	784,737
Total liabilities	-	431,068,875	-	-	431,068,875

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

	Receivables and Other financial assets MUR	Financial liabilities at amortised cost MUR	Assets held to Maturity MUR	Financial assets at fair value through P&L MUR	Total MUR
Categories of financial instruments - 2022					
Non-current assets					
Assets at amortised cost	-	-	49,062,902	-	49,062,902
Other financial assets	-	-	-	1,938,538	1,938,538
Current assets					
Assets at amortised cost	-	-	50,819,618	-	50,819,618
Receivables	122,410,472	-	-	-	122,410,472
Cash and bank balances	889,093,382	-	-	-	889,093,382
Other financial assets	-	-	-	447,486	447,486
Bank deposits	1,035,143,800	-	-	-	1,035,143,800
Total Assets	2,046,647,654	-	99,882,520	2,386,024	2,148,916,198
Non-current liabilities					
Lease liability	-	4,804,307	-	-	4,804,307
Current liabilities					
Payables	-	1,145,194,254	-	-	1,145,194,254
Lease liability	-	110,030	-	-	110,030
Total liabilities	-	1,150,108,591	-	-	1,150,108,591

32. CURRENCY AND EXCHANGE RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Commission's exposure to the risk of changes in foreign exchange rates relates primarily to the Commission's operating activities (when revenue or expense is denominated in a different currency from the Commission's functional currency) and holding bank deposits which are denominated in foreign currencies.

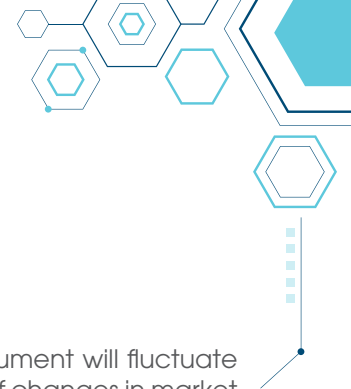
The Commission receives licence fees in USD. Consequently, the Commission is exposed to the risk that the exchange rate of the USD relative to the MUR may change in a manner which has a material effect on the reported values of the Commission's licence fee income, which are denominated in USD.

The Commission is exposed to currency risk as a result of conversion of foreign currency balances held in USD. These balances were held in USD during the financial period and the exchange fluctuation gain of MUR 65,606,988 (2022: gain of MUR 146,927,671) has occurred mainly due to transactions in USD. During the period USD **appreciated** against MUR by 130 basis points. (2022: appreciated by 380 basis points)

The table below shows the carrying amounts of the financial assets and liabilities, denominated in currencies other than the functional currency.

	Assets		Liabilities	
	2023 MUR	2022 MUR	2023 MUR	2022 MUR
Euro				
Bank deposits	-	-	-	-
Receivables	-	-	-	-
Other creditors and accruals	-	-	-	-
US Dollars				
Bank deposits	283,500,000	515,351,715	-	-
Cash and bank balances	1,414,106,947	748,298,285	-	-
Receivables	116,630,713	83,791,708	-	-
Advances from Management Companies	-	-	353,338,144	1,138,923,992

The assessment of currency fluctuation risks is reviewed by the Investment Committee from time to time.



32(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission's exposure to the risk of changes in market interest rates relates primarily to the Commission's bank balances with floating interest rates.

The Commission manages its interest rate risk by placing its excess funds in term-deposits with fixed interest rates. The Commission has exposure to staff loans which are recognised at fair value. The changes in fair value are recognised in the Statement of Financial Performance.

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with specific financial assets whose interest rates periodically changes as per market rate. The following table demonstrates the sensitivity of the Commission's surplus to interest rate changes, all other variables held constant:

	Change in Yield (basis point)	Effect on Surplus 2023 MUR	Effect on Surplus 2022 MUR
Bank balances	+50	10,044,392	4,445,127
	-50	(2,012,559)	(2,775,612)

32(b) Foreign Currency Risk

The following table shows the sensitivity of the Commission's Funds to exchange rate changes, all other variables held constant:

	Change MUR exchange rate	Effect on Funds 2023 MUR	Effect on Funds 2022 MUR
Financial assets and liabilities	+1 MUR	29,954,421	2,880,561
	-1 MUR	(29,954,421)	(2,880,561)

32(c) Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Commission's performance to developments affecting a particular industry.

The Commission derives 92% (2022:91%) of its regular income (exclusive of administrative penalties, other penalties and late charges) from the GB sector and as such the concentration of risk is high around this sector. The GB sector is largely dependent on the International climate and Double Tax Avoidance Treaties with certain prominent countries.

In line with its strategic plan and the Blueprint for Innovating and Transforming the Mauritius IFC of 2030, the Commission is taking various measures to further diversify the markets within the financial services sector, through increased partnership with emerging markets. The Mauritius IFC is expected to position itself as a specialist regional IFC focused on Africa and India, with deep expertise in these areas. Moreover, the Commission will capitalise on opportunities in both domestic and international capital markets, captive insurance in Africa, cross-border asset management, African fintechs, reinsurance, and cryptocurrency exchange.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

33. RELATED PARTY TRANSACTIONS DISCLOSURE

Board fees, salaries and allowances to Key Managerial Persons

Name of Key Management Personnel	Appointment	End of appointment	Designation	2023 MUR	2022 MUR
Mr Mardayah Kona Yerukunondu	12 May 2020	-	Chairperson	840,000	840,000
Mr Rajeshsharma Ramlohl	26 Apr 2018	-	Vice Chairperson	1,104,000	1,104,000
Mr Premchand Mungar	28 Dec 2017	-	Member	720,000	720,000
Mr Sarwansingh Purmessur	24 May 2018	-	Member	720,000	720,000
Mr Mahess Rawoteea	9 Oct 2018	-	Member	953,333	720,000
Ms Gayle Mary-Jane Verriah	26 Apr 2019	-	Member	1,020,000	1,020,000
Mrs Mariam Rajabally	26 Apr 2019	-	Member	907,903	720,000
Mr Azaad Aumeerally	24 Dec 2020	28 Feb 2022	Member	-	440,000
Mr Loveneesh Beedasy	24 Dec 2020	-	Member	972,000	715,484
Mr Dhanesswurnath Thakoor	18 May 2020	-	Chief Executive	6,463,779	5,146,150
TOTAL			Salaries Allowances	13,881,015	12,325,634

In regard to disclosure of significant financial interest of the Board/Key Management Personnel with respect to their interested entities/immediate family members, a full scope of compliance (inter alia including declaration/information/disclosures) mechanism is being developed for future periods within the Board Charter.

34 (a) STAFF SALARIES AND ALLOWANCES


The staff salaries and allowances increase currently estimated at MUR 47,715,782/- are under review by the Commission in consultation with the Ministry of Financial Services and Good Governance and pending finalisation, the same have been provided for in the financial statements under 'staff related cost' (Note No. 23) for the year ended 30th June 2023. Any adjustments thereto, will be accounted for in future periods, after conclusion.

34 (b) STAFF TRAVEL ALLOWANCES

Pursuant to administrative directive of general nature from the Ministry of Financial Services and Good Governance, the Commission considering its specificities, is in the process of aligning their practice in relation to staff travel for overseas missions, related costs and allowances, per diems, in line with those applicable to the Government. Since these amounts and adjustments therefrom are not material, these will be accounted for in future periods, after finalisation.

Appendices





Web 3.0 refers to the next generation of the Internet that makes online experiences more connected, intelligent and user-centered. In Web 3.0, information can be understood by computers more easily, enabling smarter searches and personalised recommendations.

APPENDICES

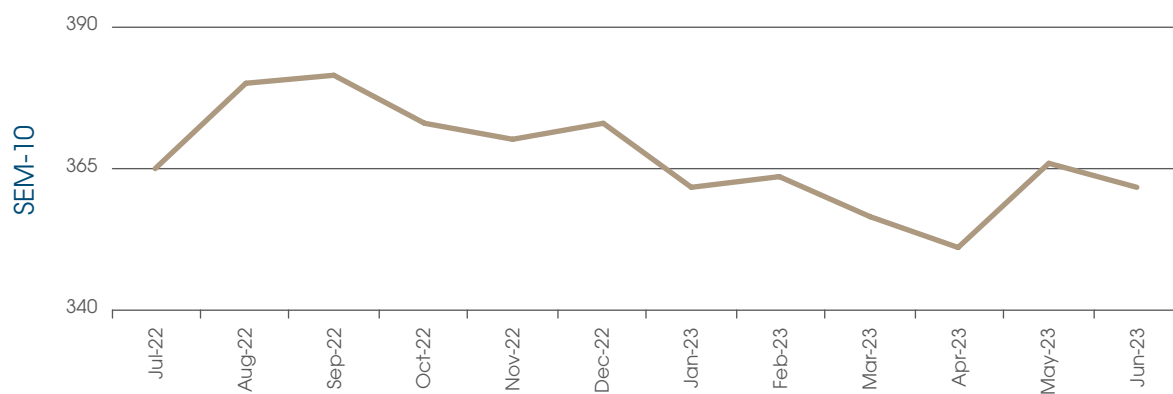
APPENDIX 1: MARKET TRENDS IN SECURITIES

Table 31: Local stock exchanges indices - July 2022 to June 2023 (End Month)

Year 2022/23	SEMDEX	SEM-10	SEMTRI (MUR)	SEMTRI (USD)	SEMSI
July 2022	2,011.03	364.90	8,122.56	2,836.98	106.68
August 2022	2,092.26	380.02	8,460.19	2,989.57	111.88
September 2022	2,115.51	381.62	8,555.82	2,994.09	114.62
October 2022	2,056.07	373.22	8,319.14	2,972.81	111.33
November 2022	2,053.32	370.12	8,397.77	3,017.99	109.75
December 2022	2,055.25	373.02	8,427.63	3,020.78	110.62
January 2023	2,002.36	361.7	8,218.14	2,891.56	107.09
February 2023	2,014.38	363.47	8,272.20	2,804.68	107.51
March 2023	1,959.29	356.62	8,045.97	2,762.96	104.51
April 2023	1,926.35	351.08	7,930.09	2,774.44	102.46
May 2023	1,984.67	366.15	8,217.85	2,831.69	106.98
June 2023	1,967.05	361.66	8,244.77	2,846.90	106.19

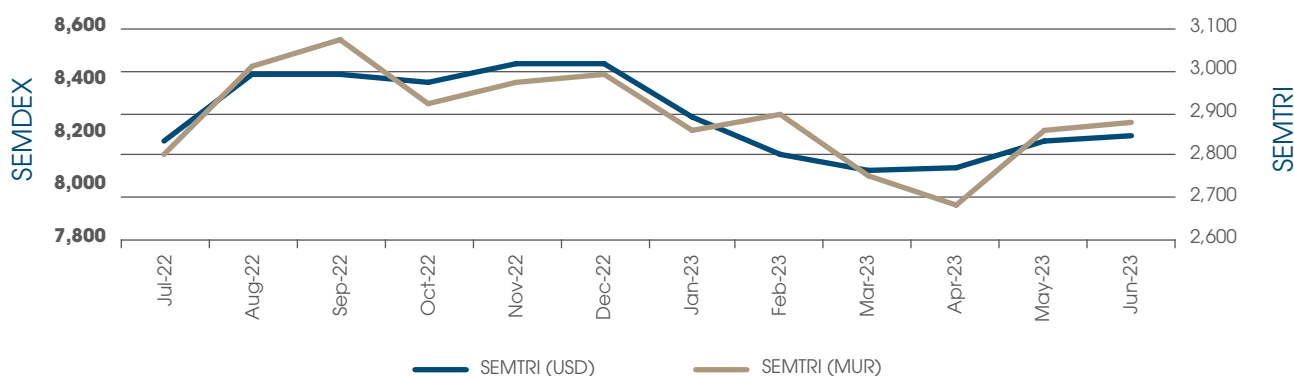
Source: SEM

Figure 7: Evolution of SEM-10 as at June 2023 (End Month)



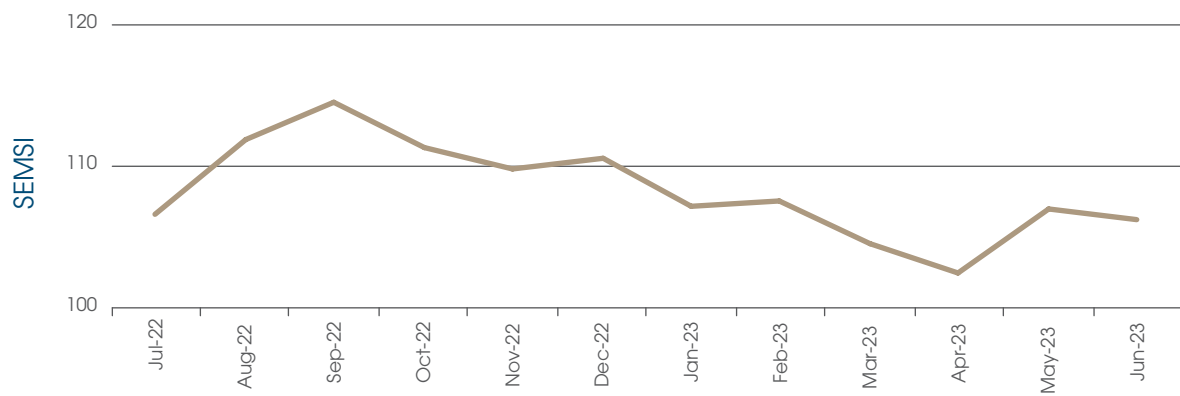
Source: SEM

Figure 8: Evolution of SEMTRI (MUR and USD) as at June 2023 (End Month)

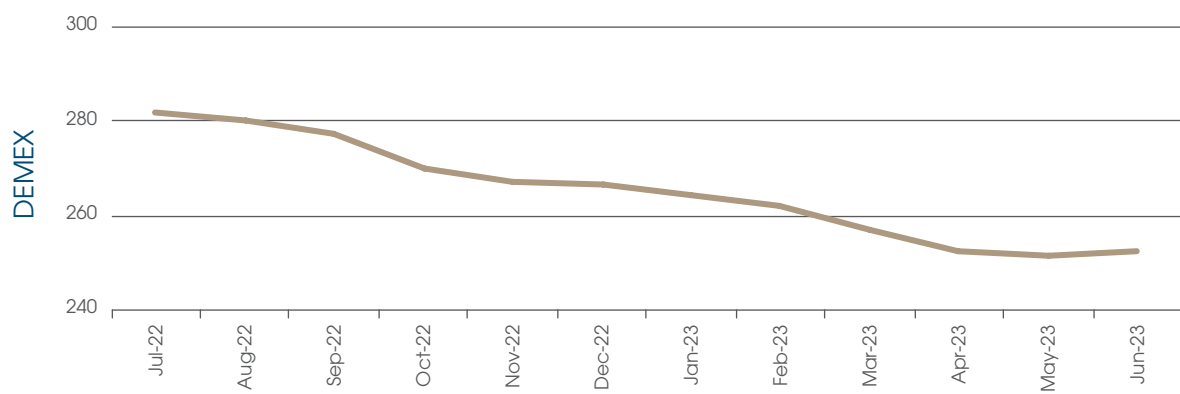


Source: SEM

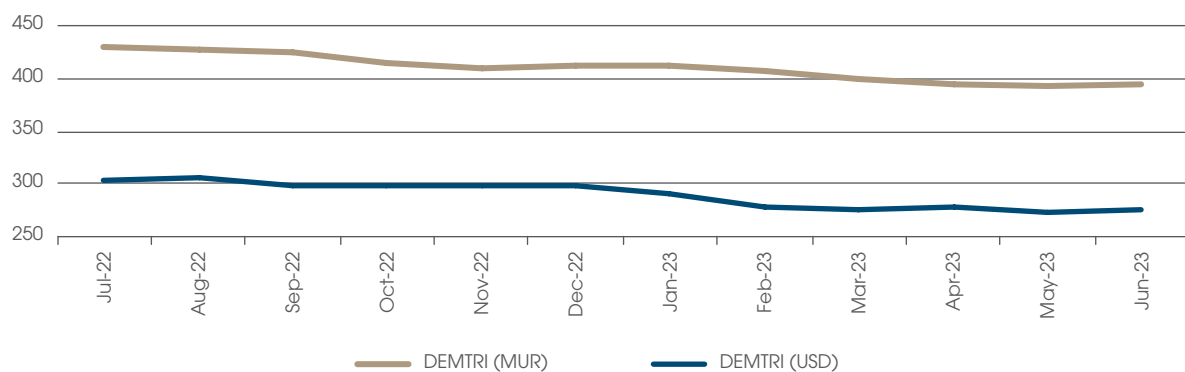
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Figure 9: Evolution of SEMSI as at June 2023 (End Month)

Source: SEM

Figure 10: Evolution of DEMEX as at June 2023 (End Month)

Source: SEM

Figure 11: Evolution of DEMTRI (USD and MUR) as at 30 June 2023 (End Month)

Source: SEM - Historical data

Table 32: International stock exchanges indices – July 2022 to June 2023 (End Month)

Year 2022/23	US Dow Jones Industrial Average	US Nasdaq Composite	Bombay Stock Exchange SENSEX	London's FTSE 100 Index	France's CAC 40 Index	Hong Kong's Hang Seng Index
July 2022	32,845.13	12,390.69	57,570.25	7,423.43	6,448.50	20,156.51
August 2022	31,510.43	11,816.20	59,537.07	7,284.15	6,125.10	19,954.39
September 2022	28,725.51	10,575.62	57,426.92	6,893.81	5,762.34	17,222.83
October 2022	32,732.95	10,988.15	60,746.59	7,094.53	6,266.77	14,687.02
November 2022	34,589.77	11,468.00	63,099.65	7,573.05	6,738.55	18,597.23
December 2022	33,147.25	10,466.48	60,840.74	7,451.74	6,473.76	19,781.41
January 2023	34,086.04	11,584.55	59,549.90	7,771.70	7,082.42	21,842.33
February 2023	32,656.70	11,455.54	58,962.12	7,876.28	7,267.93	19,785.94
March 2023	33,274.15	12,221.91	58,991.52	7,631.74	7,322.39	20,400.11
April 2023	34,098.16	12,226.58	61,112.44	7,870.57	7,491.50	19,894.57
May 2023	32,908.27	12,935.29	62,622.24	7,446.14	7,098.70	18,234.27
June 2023	34,407.60	13,787.92	64,718.56	7,531.53	7,400.06	18,916.43

Source: <https://www.marketwatch.com/investing/index/1/historical?countrycode=in>

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APPENDIX 2: TRENDS IN INSURANCE

Long Term Insurance Business

Table 33: Long term insurance business figures

	2019	2020	2021	2022
NUMBER OF INSTITUTIONS				
Long Term	7	7	7	7
NUMBER OF INSURANCE POLICIES				
Long Term	501,328	525,065	553,116	583,002
ASSETS				
Assets (MUR million)	84,961	87,556	106,193	106,005
% Δ in Assets	9	3	21	-0.2
TECHNICAL RESERVES				
Life Fund (MUR million)	78,014	78,895	89,855	89,292
% Δ in Life Fund	10	1	14	-0.6
CAPITAL AND RESERVES				
Capital and Reserves (MUR million)	3,521	4,501	12,233	12,904
% Δ in Capital and Reserves	1	28	172	5
ASSETS AND LIABILITIES				
Assets (MUR million)	84,961	87,556	106,193	106,005
Life Fund (MUR million)	78,014	78,895	89,855	89,292
Capital and Reserves (MUR million)	3,521	4,501	12,233	12,904
Other Liabilities (MUR million)	1,452	1,764	1,717	1,785
% of Capital and Reserves to Life Fund	5	6	14	14
PREMIUMS				
Net Premiums (MUR million)	10,241	9,942	10,995	12,036
Reinsurance (MUR million)	489	590	618	649
Gross Premiums (MUR million)	10,730	10,532	11,613	12,685
% Δ in Gross Premiums	8	-2	10	9
CLAIMS				
Net Claims (MUR million)	7,556	7,920	7,875	8,993
Reinsurance (MUR million)	140	141	210	249
Gross Claims (MUR million)	7,696	8,061	8,085	9,242
% Δ in Gross Claims	5	5	0.3	14



General Insurance Business

Table 34: General insurance business figures

	2019	2020	2021	2022
NUMBER OF INSTITUTIONS				
General	15	15	15	15
NUMBER OF INSURANCE POLICIES				
General	563,019	564,783	575,758	603,124
Assets (MUR million)	20,099	21,225	23,648	25,147
% Δ in Assets	7	6	11	6
ASSET MIX				
Equities (MUR million)	2,685	2,915	4,105	3,387
% Δ in Equities	15	9	41	-17
% of Total Assets	13	14	17	13
Cash Equivalents (MUR million)	2,773	3,614	3,937	4,649
% Δ in Cash Equivalents	-7	30	9	18
% of Total Assets	14	17	17	18
Government Bonds (MUR million)	2,718	2,822	2,009	1,901
% Δ in Government Bonds	45	4	-29	-5
% of Total Assets	14	13	8	8
Other Bonds (MUR million)	172	205	1,016	980
% Δ in Other Bonds	-48	19	396	-4
% of Total Assets	1	1	4	4
Property (MUR million)	1,032	983	1,033	1,061
% Δ in Property	16	-5	5	3
% of Total Assets	5	5	4	4
Other Assets (MUR million)	10,720	10,686	11,548	13,169
% Δ in Other Assets	3	-0.3	8	14
% of Total Assets	53	50	49	52
LIABILITIES				
Capital and Reserves (MUR million)	7,889	8,153	9,460	9,287
% Δ in Capital and Reserves	-3	3	16	-2
% of Total Equities and Liabilities	39	38	40	37
Technical Reserves (MUR million)	8,598	7,994	10,509	12,022
% Δ in Technical Reserves	10	-7	31	14
% of Total Equities and Liabilities	43	38	44	48
Other Liabilities (MUR million)	3,612	5,078	3,678	3,838
% Δ in Other Liabilities	25	41	-28	4
% of Total Equities and Liabilities	18	24	16	15

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	2019	2020	2021	2022
TOTAL PREMIUMS				
Net Premiums (MUR million)	6,697	7,427	7,678	8,886
Reinsurance (MUR million)	3,595	3,638	4,130	5,292
Gross Premiums (MUR million)	10,292	11,065	11,808	14,178
% Δ in Gross Premiums	10	8	7	20
PREMIUMS - MOTOR				
Net Premiums (MUR million)	3,632	3,743	3,826	4,066
Reinsurance (MUR million)	178	206	237	325
Gross Premiums (MUR million)	3,810	3,949	4,063	4,391
% Δ in Gross Premiums	9	4	3	8
PREMIUMS - NON-MOTOR				
Net Premiums (MUR million)	3,065	3,684	3,852	4,820
Reinsurance (MUR million)	3,417	3,432	3,893	4,967
Gross Premiums (MUR million)	6,482	7,116	7,745	9,787
% Δ in Gross Premiums	10	10	9	26
TOTAL CLAIMS				
Net Claims (MUR million)	3,913	4,197	4,483	5,356
Reinsurance (MUR million)	1,840	1,763	1,695	2,502
Gross Claims (MUR million)	5,753	5,960	6,178	7,858
% Δ in Gross Claims	10	4	4	27
CLAIMS - MOTOR				
Net Claims (MUR million)	2,419	2,307	2,290	2,624
Reinsurance (MUR million)	284	345	434	686
Gross Claims (MUR million)	2,703	2,652	2,724	3,310
% Δ in Gross Claims	9	-2	3	22
CLAIMS - NON-MOTOR				
Net Claims (MUR million)	1,494	1,890	2,192	2,732
Reinsurance (MUR million)	1,556	1,419	1,261	1,816
Gross Claims (MUR million)	3,050	3,309	3,453	4,548
% Δ in Gross Claims	12	8	4	32
UNDERWRITING PROFIT				
Underwriting Profit (MUR million)	187	416	476	115
% Δ in Underwriting Profit	-9	122	14	-76
Investment (MUR million)	542	462	533	693
Operating Profit (MUR million)	729	878	1,009	808
% Δ in Operating Profit	6	20	15	-20

	2019	2020	2021	2022
NUMBER OF POLICIES				
Motor	411,112	419,682	438,733	457,781
% Δ	1	2	5	4
% of Total	73	74	76	76
Non-Motor	151,907	145,101	137,025	145,343
% Δ	3	-4	-6	6
% of Total	27	26	24	24
Total	563,019	564,783	575,758	603,124
% Δ	1	0.3	2	5
NUMBER OF CLAIMS				
Motor	73,140	56,994	61,595	66,048
% Δ	15	-22	8	7
% of Total	20	18	15	13
Non-Motor	301,103	261,942	356,327	432,789
% Δ	11	-13	36	21
% of Total	80	82	85	87
Total	374,243	318,936	417,922	498,837
% Δ	12	-15	31	19

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APPENDIX 3: MEMORANDUM OF UNDERSTANDING

Multilateral Memorandum of Understanding

SN	Institutions / Standard Setting Body	Address	Date of Signature
1	IAIS	Bank for International Settlements, CH-4002 Basel, Switzerland	23 December 2013
2	International Organization of Securities Commissions	C/ Oquendo 12, 28006 Madrid, Spain	16 May 2012
3	The SADC – CISNA	c/o Financial Services Commission, FSC House, 54 Cybercity, Ebene 72201, Republic of Mauritius	03 April 2003
4	Group of International Finance Center Supervisors	PO Box 58, Finch Hill House, Bucks Road, Douglas, Isle of Man, IM99 1DT, British Isles	20 October 2020

Regional Memorandum of Understanding

SN	Institutions / Standard Setting Body	Date of Signature
1	IOSCO AMERC	18 September 2013
2	South Asian Securities Regulators Forum	13 May 2005

Memorandum of Understandings (relating to the Supervision of AIFMD Entities) with European Union Member States Securities Regulators

SN	Authority	Country	Date of Signature
1	Financial Services and Markets Authority	Belgium	22 July 2013
2	Financial Supervision Commission	Bulgaria	22 July 2013
3	Cyprus Securities and Exchange Commission	Cyprus	22 July 2013
4	Czech National Bank	Czech Republic	22 July 2013
5	Finanstilsynet	Denmark	22 July 2013
6	Estonian Financial Supervision Authority	Estonia	22 July 2013
7	Hellenic Capital Market Commission	Greece	22 July 2013
8	Pénzügyi Szervezetek Állami Felügyelete	Hungary	22 July 2013
9	Central Bank of Ireland	Ireland	22 July 2013
10	Finanšu un kapitāla tirgus komisija	Latvia	22 July 2013
11	Bank of Lithuania	Lithuania	22 July 2013
12	Commission de Surveillance du Secteur Financier	Luxembourg	22 July 2013
13	Malta Financial Services Authority	Malta	22 July 2013
14	Autoriteit Financiële Markten	The Netherlands	22 July 2013
15	Polish Financial Supervision Authority	Poland	22 July 2013
16	Comissão do Mercado de Valores Mobiliários	Portugal	22 July 2013
17	Romanian Financial Supervisory Authority	Romania	22 July 2013
18	Národná banka Slovenska	Slovak Republic	22 July 2013
19	Finansinspektionen	Sweden	22 July 2013
20	Autorité des Marchés Financiers	France	19 September 2014



Memorandum of Understandings (relating to the Supervision of AIFMD entities) with European Economic Area Securities Regulators

SN	Authority	Country	Date of Signature
1	Fjármálaeftirlitið	Iceland	22 July 2013
2	Finanzmarktaufsicht	Liechtenstein	22 July 2013
3	Finanstilsynet	Norway	22 July 2013

Memorandum of Understandings (relating to the supervision of AIFMD Entities) with other Securities Regulators

SN	Authority	Country	Date of Signature
1	Financial Services Commission	Gibraltar	22 July 2014
2	Financial Conduct Authority	UK	31 December 2020

Memorandum of Understanding with Foreign Authorities

SN	Authority	Country	Date of Signature
1	Securities and Exchange Board of India	India	12 December 2002
2	Financial Services Board	South Africa	30 October 2003
3	Financial Services Authority	Malta	13 January 2004
	3a. Amendment to the MoU between the FSC Mauritius and the Financial Services Authority, Malta for cooperation in Fintech related activities		15 March 2019
4	Securities and Exchange Commission	Zambia	01 April 2004
5	Insurance Supervisory Department	Tanzania	01 April 2004
6	Namibia Financial Institutions Supervisory Authority	Namibia	01 April 2004
7	Capital Markets Authority	Uganda	01 April 2004
8	Pensions and Insurance Authority	Zambia	01 April 2004
9	Financial Services Authority	Isle of Man	18 November 2004
10	Reserve Bank of Malawi	Malawi	15 April 2005
11	Central Bank of Lesotho	Lesotho	13 October 2005
12	Financial Services Commission	Jersey	26 December 2005
13	Financial Services Commission	Guernsey	11 November 2009
14	Financial Services Authority	Labuan	23 April 2010
15	Capital Markets Authority	Kenya	23 February 2012
16	Non-Bank Financial Institutions Regulatory Authority	Botswana	19 April 2012
17	Securities and Exchange Commission	Nigeria	19 May 2012
18	Cyprus Securities and Exchange Commission	Cyprus	04 September 2012
19	Capital Market Development Authority	Maldives	16 January 2013
20	Comissão do Mercado de Capitais	Angola	29 September 2014
21	The National Stock Exchange of India Limited	India	03 September 2015
22	Dubai Financial Services Authority	UAE	01 October 2015
23	Financial Services Authority	Seychelles	03 March 2016

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SN	Authority	Country	Date of Signature
24	Financial Services Regulatory Authority	Swaziland	31 March 2016
25	Capital Markets and Securities Authority	Tanzania	16 June 2016
26	Abu Dhabi Global Market	UAE	19 December 2016
27	Financial Conduct Authority	UK	10 April 2018
28	Central Bank of the Russian Federation	Russia	08 June 2018
29	Insurance Regulatory Authority of Uganda	Uganda	18 July 2018
30	Securities and Exchange Commission of Ghana	Ghana	15 March 2019
31	Capital Markets Authority	Lebanon	04 September 2019
32	Commission de Surveillance du Secteur Financier	Luxembourg	28 January 2020
33	Australian Prudential Regulation Authority	Australia	27 February 2020
34	Qatar Financial Centre Regulatory Authority	Qatar	25 May 2021

Memorandum of Understanding with Foreign Institutions

SN	Authority	Country	Date of Signature
1	National Institute of Securities Markets	India	27 February 2018

Innovation Functions Co-operation Agreement

SN	Authority	Country	Effective Date
1	<p>Canadian Securities Administrators</p> <p>Members of the Canadian Securities Administrators, signatory to the Agreement are as follows:</p> <ul style="list-style-type: none"> i. Ontario Securities Commission ii. Autorité des marchés financiers (Québec) iii. British Columbia Securities Commission iv. Manitoba Securities Commission v. Financial and Consumer Affairs Authority of Saskatchewan vi. Nova Scotia Securities Commission vii. Financial and Consumer Services Commission (New Brunswick) 	Canada	18 June 2021

Fintech Cooperation Agreement

SN	Authority	Country	Date of Signature
1	Autorité des Marchés Financiers	France	05 September 2018
2	Capital Markets Authority	Kenya	24 May 2021

Letter of Cooperation in Technical Exchanges

SN	Authority	Country	Date of Signature
1	Autorité des Marchés Financiers	France	05 September 2018
2	Autorité de Régulation et de Contrôle des Assurances	Democratic Republic of the Congo	10 February 2021



Bilateral Memorandum of Understanding with Local Authorities

SN	Authority	Date of Signature
1	BoM	05 December 2002
2	FIU	18 June 2004
3	MRA	03 June 2010
4	Competition Commission Mauritius	11 November 2011
5	Financial Reporting Council	10 April 2012
6	Statistics Mauritius	09 February 2012
7	CBRD	01 December 2016
8	Attorney General's Office	07 August 2017

Tripartite Memoranda of Understanding with Local Authorities

SN	Authority	Date of Signature
1	BoM and FIU	19 September 2018
2	Independent Commission against Corruption and FIU	19 September 2018
3	BoM and EDB	19 May 2020
4	EDB and CBRD	21 July 2022

Memorandum of Cooperation with Local Authorities

SN	Authority	Country	Date of Signature
1	Attorney General's Office, BoM, FIU, RoC, Gambling Regulatory Authority, RoA and Mauritius Institute of Professional Accountants	Mauritius	26 August 2020
2	MPF	Mauritius	30 September 2022

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APPENDIX 4: CAPACITY-BUILDING

Overseas Trainings, Conferences, Seminars and Workshops

SN	Theme	Date	Country	Participants
1	Africa Pension Supervisors Conference	14 – 15 July 2022	Rwanda	DULLOO Trisha
2	4 th Task Force of Senior Officials Meetings, 22 nd ESAAMLG Council of Ministers, 5 th Sub-Saharan Africa AML/CFT Public / Private Sector Dialogue	28 August – 03 September 2022	Zambia	BOYJOO Teenosha NEMCHAND Mangalraj
3	ESAAMLG Joint Regional Workshop on 'Beneficial Ownership'	13 – 15 September 2022	Zambia	KALLYCHURN Pooja
4	IFSB 4 th Innovation Forum on 'Innovations in Sustainability and Regulation of Financial Service'	14 September 2022	Qatar	RABAUD Thierry
5	IOSCO International Sustainability Standards Board (ISSB) Capacity Building Program on 'Sustainable Finance'	28 – 29 September 2022	Egypt	DOMAN-BRETTE Leena
6	Global Blockchain Policy Forum 2022	28 – 29 September 2022	France	RAMSOHOK-HEERASING Kheertee
7	IAIS Governance Working Group Meeting	04 – 05 October 2022	UK	MISHRA Aakash
8	47 th IOSCO Annual Meeting and the Affiliate Members Consultative Committee Public conference	17 – 20 October 2022	Morocco	NEETOO Shaminah RAMASAWMY Vyasha
9	Meeting of the Committee on Trade in Services	10 – 12 October 2022	Zambia	HURDOWAR Khemalini
10	IOPS Committee Meetings, IOPS Annual General Meeting and 2022 OECD / IOPS / NBS Global Forum on Private Pensions	02 – 04 November 2022	Slovak Republic	SEEWOSUNKUR Prakash
11	Committee Meetings, Annual General Meeting and the Annual Conference of IAIS	07 – 11 November 2022	Chile	ROBEE Nobin
12	Financial Stability Board Regional Consultative Group for Sub-Saharan Africa meeting	17 – 18 November 2022	Kenya	LAMOTHE Sebastien
13	FATF Africa Middle East Joint Group Meeting	09 – 14 January 2023	Morocco	SAHYE Yonesha
14	International Country Risk Guide Reviewer Training	07 – 10 March 2023	France	SAHYE Yonesha
15	45 th ESAAMLG Task Force of Senior Officials Meeting	26 – 31 March 2023	Tanzania	MOOROGEN Shamala
16	Training programme on 'RBS and Proportionality For Financial Supervisors and Regulators from Africa'	08 – 12 May 2023	Ghana	RAMKAUN REEKOYE Sudha
17	IMF – IOSCO Training Workshop on 'Cyber Resilience'	08 – 12 May 2023	Malaysia	JADOO Arvind
18	ESAAMLG Regional workshop on 'Beneficial Ownership'	23 – 25 May 2023	South Africa	SUNDANUM-SESMUN Stéphanie
19	Working Session – Toolkit for ML/TF Risk Assessment for Legal Persons / Arrangement in the ESAAMLG region	12 – 16 June 2023	Zambia	SAHYE Yonesha KALLYCHURN Pooja
20	2023 Annual General Meeting of the Association of National Numbering Agencies (ANNA) and 'ANNA meets the Market'	14 – 16 June 2023	UK	RAMSURRUN Kawshik



Local Conferences, Trainings, Seminars, Workshops and Talks

SN	Theme	Date	Number of Participants
1	Training course on 'Requirements for Electrical Installations BS 7671:2018'	08 July – 09 December 2022	2
2	Annual Human Resources Congress 2022	22 – 23 July 2022	7
3	Refresher Training on 'Online Project Monitoring System'	09 August 2022	3
4	Micro Focus event (Information Management & Governance)	10 August 2022	2
5	Presentation on activities of the International Accounting Standards Board	16 August 2022	1
6	Annual edition of the International Data Corporation Mauritius CIO Summit 2022 on 'Accelerating Your Journey to a Digital First World'	24 August 2022	3
7	8 th Africa Environmental, Social and Governance Forum and 7 th Annual Africa Investment Funds and Asset Management Forum 2022	24 – 25 August 2022	4
8	HPE Edge to Cloud Event	13 September 2022	1
9	CyberRisk Management in a Regulated Environment workshop by InfoSystems and Oracle	16 September 2022	2
10	Leal-Beyond trust Event	20 September 2022	3
11	Conference on 'Future of Work by Dell technologies'	29 September 2022	2
12	Digital Transformation and Modernisation Workshop	05 October 2022	2
13	Workshop on 'Ethics in Accounting & Finance'	06 October 2022	2
14	Conference on 'Big Data and Responsible – AI'	11 October 2022	3
15	Training on 'International Financial Reporting Standards updates'	25 October 2022	2
16	Conference on 'Unleash your potentiator superpower'	23 November 2022	5
17	Workshop on 'Road to Net Zero Mauritius: Driving Innovation and Sustainability through ESG Disclosure and Performance'	03 November – 01 December 2023	2
18	Conference on 'Corruption Prevention in Public Procurement in the Post-COVID Era'	09 December 2022	1
19	Forum on 'Public Private Partnership in Fighting Financial Crime'	08 December 2022	3
20	Workshop on 'Implementing Data Protection in your Organisation'	26 January 2023	1
21	Seminar on 'Safety and Health for employees working in parastatal organisation'	25 – 26 January 2023	2
22	Workshop on 'Project Management and Contract Administration'	15 – 17 March 2023	1
23	Compliance seminar on 'Regulatory Change in Mauritius 2023'	06 February 2023	4
24	Training for upgrading of the existing public procurement portal	13 February 2023	1
25	2 nd Phase Training 'Upgraded public procurement portal'	28 March 2023	1
26	Official ERPNext Mauritius Conference	31 March 2023	2
27	ManageEngine Seminar Mauritius	12 April 2023	1
28	Workshop on 'Cyber Resilience and Simulation'	20 April 2023	2
29	Half day event on 'Cybersecurity'	27 April 2023	3
30	ICAC Cyber Forensics – First Responder Training	08 – 12 May 2023	2
31	Mauritius CIO Association Launch Event	25 – 26 May 2023	2
32	Launching of the Networking Forum for Data Protection Officers	25 May 2023	2
33	ICC Joint Training on 'Beneficial Ownership / Ultimate Beneficial Ownership'	30 May 2023	9

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In House Trainings, Seminars, Workshops, Talks, Webinars

SN	Theme	Date	Number of Participants
1	Virtual programme on 'Demystification of Fintech, Virtual Assets and Initial Token Offerings'	05 – 06 July 2022	13
2	Global Facility Webinar on 'Beneficial Ownership Registers, Targeted Financial Sanctions and Asset Tracing. The path towards Global Asset Registries?'	07 July 2022	4
3	Training on 'Development of the Virtual Asset Space in Mauritius'	08 July 2022	5
4	Digital Financial Inclusion Supervision Programme 2.0	08 – 30 July 2022	5
5	IMF regional webinar on 'Transparency of Beneficial Ownership: from Technical Recommendations to Implementation'	13 – 14 July 2022	6
6	Virtual workshop on 'The Introduction to the Virtual Asset Space-Legal Obligations'	22 July 2022	17
7	Workshop on 'Developments in Fintech and Blockchain innovation and implications for policy and regulation'	26 – 27 July 2022	10
8	Virtual workshops on 'Transformative Innovations for the Digital Economy in India Emerging Industrial Revolution 4.0'	27 July – 14 September 2022	2
9	Training on 'Guidelines issued by the FSC on Virtual Assets and Virtual Assets Services Providers'	04 August 2022	6
10	Online Certificate Course in Blockchain Development Technology	08 August – 30 September 2022	2
11	Awareness session on 'Enforcing the Virtual Asset and Initial Token Offering Services (VAITOS) Act'	18 August 2022	26
12	Toronto Centre Regional Leadership Programme for Securities Regulators	22 – 26 August 2022	2
13	Webinar on 'Risk-Based Approach in the NPO Sector'	30 August 2022	11
14	Webinar on 'Beneficial Ownership Transparency of Legal Persons'	01 September 2022	35
15	Digital Financial Inclusion Supervision Programme 1.0	09 September – 12 October 2022	10
16	Presentation on 'Financial Modelling Standards'	12 September 2022	29
17	Virtual ESAAMLG Regional Workshop on 'Beneficial Ownership'	13 – 15 September 2022	21
18	Training session on 'Structured Investment Long Term Insurance Business'	15 September 2022	30
19	IOSCO – International Sustainability Standards Board Capacity Building Program on 'Sustainable Finance'	19 September 2022	10
20	European Actuarial Academy Actuarial Conference	19 – 23 September 2022	1
21	Sanlam Limited Insurance Group – International Supervisory College	20 – 23 September 2022	2
22	Webinar on 'Obligations of Professional Accountants in Mauritius'	26 September 2022	1
23	IOSCO virtual conference on 'The use of Technology in Securities Markets Enforcement'	28 September 2022	3
24	Workshop on 'The Virtual Asset Landscape worldwide'	30 September 2022	40
25	Virtual Refresher Course on 'Risk-Based Approach to AML/CFT'	30 September 2022	18
26	17th Financial Stability Institute / IOSCO Virtual Conference on 'Securities Trading Issues and Market Infrastructure'	05 – 06 October 2022	6
27	IAIS Webinar on 'Climate Scenario Analysis'	05 – 06 October 2022	2

SN	Theme	Date	Number of Participants
28	Training session by Gunnercooke LLP on 'Mitigation of risks from virtual assets and blockchain'	07 October 2022	35
29	Lloyd's Virtual International Regulators' Programme	03 October – 04 November 2022	3
30	Face-to-face joint training on Mutual Legal Assistance	14 October 2022	7
31	Digital Regulation Cooperation Forum Web 3 Symposium	17 October 2022	6
32	Virtual session by Gunnercooke LLP on 'Understanding the provisions of the VAITOS Act 2021'	20 October 2022	14
33	Webinar on 'Best Practices in the Handling of Assets Frozen under International Sanctions Regimes'	19 October 2022	6
34	Webinar on 'Developments in AML/CFT Supervision'	20 October 2022	9
35	Webinar on 'Designing and Implementing a Beneficial Ownership Registry for Legal Entities'	21 October 2022	7
36	Blockchain Analytics software – Chainalysis training sessions	September – October 2022	8
37	IMF Training on 'International Financial Reporting Standards 17'	24 October - 04 November 2022	6
38	Virtual session on 'Processing applications for the different classes of licences and registration, as provided under the VAITOS Act'	28 October 2022	40
39	Virtual familiarisation programme on 'Consumer Financial Education'	03 November 2022	1
40	Virtual Workshop on 'Customer Due Diligence, Enhanced Due Diligence, Transaction Monitoring and Suspicious Transaction Reporting'	04 November 2022	29
41	Digital Financial Inclusion Supervision programme 2.0	11 - 30 November 2022	9
42	Global Policy Development Seminar on 'The Regulation of Crypto-Asset Markets'	10 November 2022	2
43	Virtual training on 'Risk-Based Supervision targeted to securities regulators'	14 – 18 November 2022	1
44	Virtual workshop on 'Beneficial Ownership Transparency and Complex Ownership Structures'	15 November 2022	24
45	Training session on 'Supervision of entities licensed or registered under the VAITOS Act'	15 November 2022	29
46	Virtual session on 'Sectoral Risk Assessment'	17 November 2022	14
47	Virtual training session on 'Beneficial Ownership and Digital Onboarding'	21 November 2022	38
48	Virtual training session on 'Digital Onboarding'	29 November 2022	44
49	Certified First Aid at Work Course	November – December 2022	15
50	Webinar on 'Implementation of IFRS 17'	29 November 2022	30
51	ICC Joint Training on 'Offsite Monitoring Questionnaire'	01 December 2022	18
52	World Trade Organisation – Common Market for Eastern and Southern Africa Workshop on 'Regulatory Frameworks for Services Sectors'	06 – 08 December 2022	1
53	Africa Training Institute course on 'Selected Issues in Regulation and Supervision of Fintech'	05 – 09 December 2022	2

APPENDICES

SN	Theme	Date	Number of Participants
54	Phase II of the IOSCO / PIFS – Harvard Law School Global Certificate Programme	12 – 16 December 2022	1
55	Virtual ICC workshop on 'Compliance Officer / Money Laundering Reporting Officer and Beneficial Ownership'	14 December 2022	30
56	Webinar on 'Virtual Assets and Virtual Asset Service Providers, and Central Bank Digital Currencies: FATF Requirements and the AML/CFT Framework'	12 – 15 December 2022	16
57	New Zealand Short-term Training course on Good Governance	January 2023 - February 2023	1
58	Virtual conference on 'Big Techs in Finance – Implications for public policy'	08 – 09 February 2023	8
59	IMF Course on 'Monetary & Financial Statistics-Advanced'	13 – 17 February 2023	1
60	Virtual workshop on 'Virtual Assets & Initial Token Offering Services Act 2021'	27 February 2023	3
61	IMF Course on 'Fintech Market Development and Policy Implications (FINTECH)'	27 February – 02 March 2023	3
62	Virtual World Trade Institute training course on 'Trade in Services'	27 February – 03 March 2023	2
63	Training on International Public Sector Accounting Standard	28 February and 03 March 2023	10
64	Virtual Workshop on 'Virtual Asset / Virtual Asset Service Providers'	03 March 2023	18
65	Awareness session on 'Family Office and Wealth Management'	10 – 16 March 2023	4
66	Virtual training course on 'Building Institutions to Fight Corruption in Africa'	13 – 20 March 2023	1
67	Training on 'AML/CFT Supervision Process'	14 – 16 March 23	103
68	Outreach session on 'AML/CFT Preventive Measures'	17 March 2023	26
69	US Securities and Exchange Commission webinar on 'Crypto asset market development'	20 March 2023	9
70	Virtual Autorité des marchés financiers France 2023 International Seminar for Market Authorities	27 March – 07 April 2023	3
71	Training on 'Risk Associated with Non-Profit Organisations'	31 March 2023	19
72	IOPS SupTech virtual workshop	06 April 2023	6
73	New Zealand Short-term Training on 'Trade Policy'	April – May 2023	1
74	Virtual Case Study Session on FTX and SBF, 'Sam Bankman-Fried and FTX: A Current Examination of Court Filings and the Potential Regulatory Implications of Various Legal Proceedings'	12 April 2023	25
75	IOSCO Asia Pacific Hub Webinar on 'Retail Market Conduct: Drivers & Current Regulatory Approach'	13 April 2023	3
76	Pan African Federation of Accountants Webinar	18 April 2023	2
77	NICD – 'Train the Trainer' session	20 April 2023	4
78	RCE / OECD Workshop on 'Environmental, Social & Governance (ESG): Shaping the Future'	27 April 2023	21
79	MloD workshop on 'Anti-Money Laundering / Combating the Financing of Terrorism for Directors'	03 May 2023	5
80	Talk on 'Science of happiness – Striving to attain the best version of yourself'	05 May 2023	20

SN	Theme	Date	Number of Participants
81	Webinar on 'Climate Change: What does it mean for the Financial Sector in Africa?'	09 May 2023	9
82	Joint workshop on 'Independent AM/CFT Audit'	12 May 2023	48
83	Virtual workshop on 'Regional Workshop on Beneficial Ownership'	23 – 25 May 23	5
84	A2ii / IAIS Supervisory Dialogue on Diversity, Equity and Inclusion	25 May 2023	2
85	Workshop on 'Digital Innovation In Financial Services With Low-Code No-Code'	31 May 2023	12
86	Webinar on 'The Multilateral Memorandum of Understanding in Practice'	31 May 2023	9
87	Webinar on 'Unleashing Africa's Trade in Services'	01 June 2023	1
88	Virtual training on 'Financial Inclusion for AML Specialist'	May – June 2023	34
89	Webinar on 'The Concept of Residence in Mauritius'	02 June 2023	15
90	ICC Training on TFS and Supervision	15 – 20 June 2023	13
91	RCE / OECD Workshop on 'Financial inclusion Trends, developments, and policy tools'	27 – 28 June 2023	15
92	USEC Virtual Event on 'Creating a framework for SME's seeking to raise capital'	20 June 2023	10

APPENDICES

APPENDIX 5: COMMUNIQUEES AND PRESS RELEASES

Press Releases and Communiqués issued for the period 01 July 2022 to 30 June 2023

SN	Title	Date of Issue
1	Communiqué: FSC Chief Executive invited as Speaker to kick-start a series of webinars organised by Bowmans	14 July 2022
2	Communiqué: FSC Rules issued under the Virtual Asset and Initial Token Offerings Services Act 2021	15 July 2022
3	Press Release: Launching of the FSC Single Window	22 July 2022
4	Communiqué: Moody's Investors Service	29 July 2022
5	Press Release: Launching of Financial Literacy Campaign on the Virtual Asset and Initial Token Offering Services Act 2021	12 August 2022
6	Communiqué: New FSC Rules issued under the Virtual Asset and Initial Token Offerings Services Act	26 August 2022
7	Press Release: Financial Literacy Week in Rodrigues: 'The Future of Finance' (16 – 20 August 2022)	26 August 2022
8	Communiqué: Mauritius re-rated as Largely Compliant on FATF Recommendation 15 on New Technologies	05 September 2022
9	Press Release: Workshop on Blockchain Analytics	20 September 2022
10	Communiqué: Updates to the Anti-Money Laundering and Combatting the Financing of Terrorism Handbook 2020	04 October 2022
11	Press Release: Launching of FSC Health and Wellness Week	04 October 2022
12	Communiqué: Regulatory framework for Structured Investment-Linked Insurance Business	05 October 2022
13	Press Release: Signature of Memorandum of Cooperation between the Financial Services Commission, Mauritius and the Mauritius Police Force	07 October 2022
14	Communiqué: FSC Webinar on Demystification of Virtual Assets and Initial Token Offerings – Invitation to Industry Stakeholders	10 November 2022
15	Press Release: Participation of the FSC Chief Executive at the Africa Financial Industry Summit 2022	02 December 2022
16	Press Release: Award Ceremony and FSF Website Launching Event	09 December 2022
17	Communiqué: Regulatory Framework for Third-Party Administrators	12 December 2022
18	Communiqué: Meeting the industry for licensing Workshop	14 December 2022
19	Press Release: 2nd Annual Plenary Meeting of the GIFCS held in Mauritius from 22 to 24 November 2022	23 December 2022
20	Communiqué: Funeral Scheme Management Business	28 December 2022
21	FSC Mauritius publishes Annual Report 2021/2022	30 December 2022
22	Communiqué: New procedures in respect of applications for Collective Investment Scheme and Closed-end Fund	02 February 2023
23	Press Release: Launch of an AI Powered Due Diligence Platform	03 February 2023
24	Communiqué: FSC One Platform – Post-Licensing Module	10 February 2023
25	Communiqué: FSC updates its Guidance Notes on Security Token Offerings and Security Token Trading Systems	15 March 2023
26	Communiqué: Mauritius improves its position in the GFCI 33	23 March 2023
27	Press Release: FSC hosts IAIS Governance Working Group Meeting	28 March 2023



SN	Title	Date of Issue
28	Communiqué: FSC Mauritius in collaboration with the GFIN invites firms to participate in the GFIN Greenwashing TechSprint	11 April 2023
29	Communiqué: Webinar on 'Virtual asset regulatory developments and highlights in Mauritius' co-hosted by the FSC and Z/Yen Group Limited	21 April 2023
30	Joint public Communiqué: Workshop held on 18 and 19 May 2023 on 'Promoting good corporate governance'	29 May 2023

Guidelines and Consultation Paper issued for the period 01 July 2022 to 30 June 2023

SN	Title	Date of Issue
1	Updates to the AML/CFT Guidance Notes for Virtual Asset Service Providers and Issuers of Initial Token Offerings	04 July 2022
2	Consultation Paper on FS (Global Shared Services) Rules to be issued under the (FSA)	19 August 2022
3	Consultation Paper on draft Private Pension Schemes (Non-Citizens) Rules and draft Private Pension Schemes (Licensing and Authorisation) (Amendment) Rules	23 August 2022
4	Updates to the Guidance Notes under its Fintech Series	25 August 2022
5	Guidance Notes on the Regulatory Treatment of Non-Fungible Tokens	30 November 2022
6	Consultation Paper on Draft Guidance Notes on Decentralised Autonomous Organisations for Public Consultation	13 February 2023
7	Consultation Paper on draft 'Fintech Service Provider' Rules	08 March 2023
8	Consultation Paper on draft Securitisation Bill	10 March 2023
9	Updated Guidance Notes on Security Token Offerings and Security Token Trading Systems	15 March 2023
10	Guidelines on Cloud Computing Services for Public Consultation	29 June 2023

FAQs issued for the period 01 July 2022 to 30 June 2023

SN	Title	Date of Issue
1	FAQs – Variable Capital Company	04 July 2022
2	FAQs – Structured Investment-Linked Insurance Business	20 December 2022

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LIST OF ACRONYMS AND ABBREVIATIONS

ACCA	Association of Chartered Certified Accountants
AER	Administration & Enterprise Risk
AFS	Audited Financial Statements
AI	Artificial Intelligence
AIFMD	Alternative Investment Fund Managers Directive
AMERC	Africa / Middle-East Regional Committee
AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering and Combatting the Financing of Terrorism
ANNA	Association of National Numbering Agencies
AU	Authorised Company
BoM	Bank of Mauritius
BoP	Balance of Payment
CBDC	Central Bank Digital Currency
CBRD	Corporate and Business Registration Department
CEF	Closed-End Funds
CFA	Chartered Financial Analyst
CIGA	Core Income Generating Activities
CIS	Collective Investment Schemes
CISNA	Committee of Insurance, Securities and Non-Banking Financial Authorities
CM	Capital Markets
CSU	Citizen Support Unit
DAO	Decentralised Autonomous Organisation
DB	Defined Benefit
DC	Defined Contribution
DeFi	Decentralised Finance
DEM	Development and Enterprise Market
DEMEX	Development and Enterprise Market Index
DEMTRI	Development and Enterprise Market Total Return Index
EC	Enforcement Committee
ED	Enforcement Directorate
EDB	Economic Development Board, Mauritius
ESAAMLG	Eastern Southern Anti Money Laundering Group
ESG	Environmental, Social and Governance
ESSNAC	External Sector Statistics and National Accounts
ETF	Exchange Traded Fund
FATF	Financial Action Task Force
Fintech	Financial Technology
FI	Financial Institution
FIU	Financial Intelligence Unit

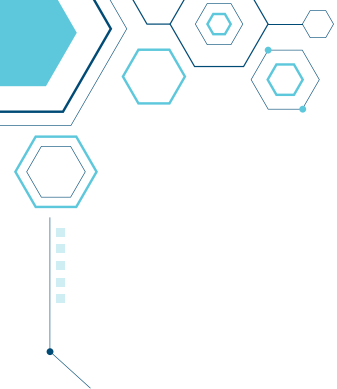


FSA	Financial Services Act 2007
FSB	Financial Services Board
FSC or FSC Mauritius or the Commission	Financial Services Commission, Mauritius
FSCA	Financial Sector Conduct Authority, South Africa
FSCSW	FSC Single Window
FSF	Financial Services Fund
FSI	Financial Soundness Indicator
FSM	Funeral Scheme Management
FSRP	Financial Services Review Panel
FSWG	Joint BoM / FSC Mauritius JCC Working Group on Financial Stability
GA	Grant Agreement
GB	Global Business
GBC	Global Business Company
GDP	Gross Domestic Product
GFCI	Global Financial Centre Index
GFIN	Global Financial Innovation Network
GIFCS	Group of International Finance Centre Supervisors
GR	Growth Rate
GSS	Global Shared Services
GVA	Gross Value Added
GWG	Governance Working Group
IA	Insurance Act 2005
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
ICC	Inter-agency Coordination Committee
IFC	International Financial Centre
IFRS	International Financial Reporting Standards
IFSB	Islamic Financial Services Board
IMF	International Monetary Fund
INFE	International Network on Financial Education
IOPS	International Organisation of Pension Supervisors
IOSCO	International Organisation for Securities
IPSAS	International Public Sector Accounting Standards
ISIN	International Securities Identification Number
ISMS	Information Security Management System
ISSB	International Sustainability Standards Board
IT	Information Technology

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ITO	Initial Token Offering
JCC	Joint Coordination Committee
MACSS	Mauritius Automated Clearing and Settlement System
MBC	Mauritius Broadcasting Corporation
MC	Management Company
MEL	Metro Express Limited
MFS	Monetary and Financial Statistics
MFSGG	Ministry of Financial Services and Good Governance
MloD	Mauritius Institute of Directors
ML	Money Laundering
MLRO	Money Laundering Reporting Officer
MOBAA	Mauritius Offshore Business Activities Authority
MoC	Memorandum of Cooperation
MoU	Memorandum of Understanding
MPF	Mauritius Police Force
MRA	Mauritius Revenue Authority
MRIC	Mauritius Research and Innovation Council
MUR	Mauritian Rupees
NBFI	Non-banking Financial Institution
NFT	Non-Fungible Tokens
NICD	National Insurance Claims Database
NRA	National Risk Assessment
OECD	Organisation for Economic Cooperation and Development
OMQ	Offsite Monitoring Questionnaire
PAM	Privileged Access Management
PCIS	Professional Collective Investment Schemes
PPSA	Private Pension Schemes Act 2012
PRGF	Portable Retirement Gratuity Fund
RBS	Risk Based Supervision
RCE	Regional Centre of Excellence
RCG	Regional Consultative Group
RFI	Request for Information
RI	Reporting Issuer
RoA	Registrar of Association
RoC	Registrar of Companies
RSA	Regulatory Sandbox Authorisation
SA	Securities Act 2005
SADC	Southern African Development Community
SDDS	Dissemination Standards Bulletin Board
SDG	Sustainable Development Goals

SEBON	The Securities Board of Nepal
SEM	Stock Exchange of Mauritius
SEMDEX	Stock Exchange of Mauritius Index
SEMSI	SEM Sustainability Index
SEMTRI	Stock Exchange of Mauritius Total Return Index
SME	Small and Medium Enterprise
TCSP	Trust and Corporate Service Provider
TF	Terrorist Financing
TFS	Targeted Financial Sanctions
TRC	Tax Residence Certificate
TSL	Technical Sub-Committee on Legal and Regulatory Requirements
UAE	United Arabs Emirates
UK	United Kingdom
USD	United States Dollar
VA	Virtual Asset
VAITOS	Virtual Asset and Initial Token Offering Services
VAITOS Act	Virtual Asset and Initial Token Offering Services Act 2021
VASP	Virtual Asset Service Provider
VCC	Virtual Capital Company
VCC Act	The Variable Capital Companies Act 2022
WRA	Workers' Rights Act 2019





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