



**Financial Services Commission**  
Mauritius

**The Anglo-Mauritius Assurance Society Ltd and Pension Consultants & Administrators  
Ltd workshop**

**“Implications of the Private pension scheme legislation”**

**Clairette Ah-Hen, Chief Executive of the Financial Services Commission**

Swami Vivekananda International Convention Centre

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The Chief Executive of The Anglo- Mauritius Assurance Society, Director of the Pension Consultants & Administrators

Distinguished Guests

Ladies and Gentleman, Dear colleagues and friends

Good morning to you all

Please let me express my appreciation to Anglo Mauritius Assurance Society and the Pension Consultants & Administration for inviting me as the Chief Guest at today’s event.

As you are aware the Private Pension Schemes Act has been passed in Parliament in July this year and most probably, the Act will be proclaimed on the 1<sup>st</sup> November 2012 and thereafter it will be the responsibility of the Financial Services Commission to ensure compliance with the provisions of the Act.

I am sure that all of you would agree that a specific and consolidated legal and regulatory framework for private pensions was long overdue in Mauritius. A couple of months after

being appointed the CE of the FSC, I set up an internal task team to work on the new framework which has resulted in today's Private Pension Schemes Act. Let me thank the Industry for their active participation in the many intensive discussions and working sessions which took place to achieve this regulatory and supervisory framework. Please note that the FSC Rules which will supplement the Act are currently being drafted and that we'll continue with our consultative process with the stakeholders to finalise same.

The Private Pension Schemes Act has as objectives to:

- maintain a fair, safe, stable and efficient private pension industry in Mauritius;
- promote confidence in this industry;
- ensure fair treatment to the beneficiaries of private pension schemes;
- ensure that the activities of a private pension scheme are not used in furtherance of, or for a purpose connected with, a financial crime;
- ensure the orderly growth of the private pension industry in Mauritius; and
- maintain the good repute of Mauritius as an international financial centre.

Furthermore, the Private Pension Schemes Act satisfies the standards set up by international organisations like the IOPS (International Organisation of Pension Supervisors) and the OECD (Organisation for Economic Co-operation and Development).

It is also to be noted that Private pension schemes constitute of the lifelong savings of individuals including those who may not be conversant with the financial services. As such it is extremely important for such schemes to be well regulated and supervised in order to ensure their reliability as well as to safeguard the best interests of those who are saving for that period when they reach retirement – the pensionable age.

The new framework focuses on

- (a) good governance,
- (b) transparency and accountability,
- (c) risk management,

(d) early warning signals and remedial interventions.

I am pleased to say that most of the requirements contained in the Private Pension Schemes Act are already being observed by the private pension industry. However, there are still many private pension schemes which will have to make adjustments so as to fully implement the measures prescribed in the new Act. Once implemented, we can expect that in the long run the new private pension regime will boost the already existing confidence and stability of this financial sector, thus encouraging more individuals, employers and employees to further invest in the private pension sector which, as you know is of a voluntary nature.

For a long time now, the private pension industry has been governed by 3 different legislations, namely the Employees Superannuation Fund Act, the Income Tax Act and the Financial Services Act and monitored by 3 different authorities i.e. the Registrar of Association, the MRA and the FSC. This situation is far from being ideal and efficient.

Once proclaimed, probably as from the 1<sup>st</sup> November 2012, there will be a single regulator for private pension schemes in Mauritius, namely the Financial Services Commission, that is the same regulatory body which is regulating and supervising pension business intermediaries such as

- (a) pension scheme administrators,
- (b) long-term insurers,
- (c) investment advisers,
- (d) asset managers,
- (e) CIS managers and
- (f) custodians.

Once a private occupational pension scheme is licensed by the Commission, it will automatically benefit from the tax advantages provided in the Income Tax Act. The Regulation 5 of the Income Tax Regulations 1996 will be repealed. The FSC Rules will provide a new set of licensing criteria which will be more up to date with the current demographic situation of the Mauritian society and its economy.

Our aim is also to have a much simpler regulatory framework for private pensions will be much simpler as from the 1<sup>st</sup> November 2012 and I am sure this is most welcomed by all stakeholders of the private pensions sector. However everything has a price. One of your main concerns, right now, is most certainly the licensing fees. As you are aware the FSC charges its licensees processing and annual fees. Let me assure you on this occasion that any fee which will be levied by the Commission will be reasonable and proportionate. Given that one of the objectives of the Private Pension Schemes Act is to ensure the orderly growth of the private pension schemes industry, the FSC will not impose fees which will suffocate the industry.

Apart from providing for a simpler framework, the Private Pension Schemes Act will also ensure a level playing field for all private pension schemes and private pension business providers. Private pension schemes whether structured as Trusts, Superannuation Funds or Foundations will be subjected to the same norms and requirements. All private pension schemes will be required to be licensed or authorised and if tomorrow any financial institution wishes to offer private pension scheme products or services as covered in the Act, it will have to seek a licence from the FSC and it will be subjected to the same obligations as other regulated market players. In addition, no one will be allowed to mislead any member of public by providing other product types advertised as private pension scheme products.

Another interesting aspect of the Private Pension Schemes Act is the provision for ‘external pension schemes’. The latter would be private pension schemes which would hold a Category 1 Global Business Licence and target individuals outside Mauritius, while being administered in Mauritius. We all know that Africa is the region currently showing growth and we believe that Africa is a great opportunity for external pension business and that the new pension regulatory framework will boost the confidence and reliability of our private pension industry.

On the commencement of the Private Pension Scheme Act, all private pension schemes already registered with the Registrar of Association under the Employees Superannuation Fund Act or approved by the Director General of the MRA under the Income Tax Act will be regulated by the FSC and will have an obligation to observe all requirements contained in the Act.

The Private Pension Schemes Act, in addition to the Financial Services Act, will grant the FSC more elaborate and extensive powers to take regulatory actions including sanctions in case of breach of the law and improper practices. As such more frequent surveillance actions such as regular inspections are to be expected and the FSC will not hesitate to take enforcement actions as and when required. I can assure you that the implementation of Private Pension Schemes Act 2012 will contribute to further development of the Mauritian private pensions industry and will provide for a much better and transparent protection to the beneficiaries.

Before ending, I wish to express my sincere gratitude to all those who have participated in the consultation processes and in the realisation of this new legal framework.

Thank you.

Clairette Ah-Hen