



**Financial Services Commission  
Mauritius**

**Speech for the “*CFA Institute to mark 50<sup>th</sup> Anniversary of the CFA Program*”  
Financial Services Commission Auditorium, FSC House - Ebene**

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Chief Executive, Financial Services Commission**

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Members of the Society of Financial Analysts Mauritius

Distinguished guests,

Ladies & Gentlemen

I wish you a very Good Morning!

It is indeed a pleasure to be amongst you today and to be associated to celebrate two milestones – firstly the Society of Financial Analysts (SFA) Mauritius to mark the 50<sup>th</sup> Anniversary of the CFA Institute and secondly we are really honoured that the Bell ringing opening session of the Stock Exchange of Mauritius has taken place from our Auditorium.

Allow me to thank the Management Committee of the Society of Financial Analysts Mauritius for inviting me to address you today, and to associate the Financial Services Commission as co-host of a global event of this magnitude. As it is, this global market ceremony is being hosted in many Stock Exchanges today and it represents a record in terms of the greatest number of stock exchanges worldwide opened or closed by one organisation on a single day.

## **The CFA Institute**

The CFA Institute is the global association of investment professionals that sets the standard for professional excellence and is a champion for ethical behaviour in investment markets as well as a respected source of knowledge in the global financial community. It regroups more than 100,000 members worldwide and in Mauritius, has some 30 certified Chartered Financial Analysts already.

After the recognition of the SFA Mauritius as the 126<sup>th</sup> member chapter of the CFA Institute on 27 May 2003, it has grown from strength to strength with a growing interest among students to take up the exams and qualify as Chartered Financial Analysts. The setting of high standards of education, integrity, and professional excellence, is crucial for building confidence in investment markets in these turbulent times.

Consisting of a portfolio of managers, security analysts, investment advisors, and other financial professionals, the Institute aims to promote ethical and professional standards at the highest level within the investment industry. The CFA Institute's Code of Ethics and Standards of Professional Conduct is fundamental to the values of the CFA Institute and is essential to achieving its mission to lead the investment profession. The analytical rigor and ethical behaviour demands that CFA charter holders do right by their clients and demonstrate the highest level of professional integrity and expertise. This is essential for the credibility in capital markets.

Presently, the CFA charter is a reference for investment practice and ethical behaviour in investment markets. As it is, the end goal of the CFA is *"to create an environment where investors' interests come first, markets function at their best and economies grow"*.

I would like to mention here that the CFA Institute Code of Ethics and Standards of Professional Conduct (Code and Standards) serves as a model for measuring the ethics of investment professionals globally, regardless of job function, cultural differences, or local laws and regulation. It also sets the standards of professional conducts which include professionalism, integrity of capital markets, duties to clients, to employers, investment analysis, recommendations and action, responsibilities as a CFA institute member or CFA candidate.

In present times, when many have become alienated from capital markets and blame the after for all the ills of the current financial crisis, high ethical standards are critical to maintaining public trust in financial markets and in the investment profession.

- Business ethics, being the essence of the financial industry, is an important indicator of the general health of an economy.
- Business ethics derive from transparency, objectivity, reliability, honesty and prudence.

These values allow the financial sector to generate the key asset to conduct business and discharge its fiduciary responsibility, that is, trust.

Integrity and a sense of responsibility to the industry's customers are at the core of what a financial industry must be all about; otherwise, it's just a big Ponzi scheme.

### **Role of the Regulator**

Ethical business standards are addressed by a regulator under its statutory objectives. These objectives among others include:

- (i) Ensuring stability and confidence in the financial system
- (ii) Protecting the interests of retail / wholesale investors.
- (iii) Increasing quantity, quality and variety of financial products/services

A regulator supervises the firms and investment professionals to ensure they do nothing to jeopardize these objectives. The criticality of ethical business standards has been effectively heightened by the global financial meltdown. There is hardly any doubt that the issue of ethics has become at the forefront in the debate to retain public confidence and trust in our markets. Ethics, we will all agree, is the first line of defence against corruption while law enforcement is remedial and reactive.

Good corporate governance goes beyond rules and regulations that the regulator or government can put in place. It consists of ethics and values, which drive companies in the conduct of their businesses. It is therefore all about the trust that is established over time between companies and their different stakeholders. Good corporate governance practice cannot guarantee any corporate failure. But the absence of such governance standards will definitely lead to questionable practices and corporate failures which can arise.

As the UN Secretary General, Mr. Ban Ki-moon, so rightly put it, there is a call for a “*new understanding on business ethics and governance with more compassion and less uncritical faith in the ‘magic’ of markets,*”

As a regulator, the Financial Services Commission has placed, and will continue, to place much emphasis on the importance of maintaining high ethical standards amongst its stakeholders to preserve the good repute of the Mauritius Jurisdiction and sustain the economic development of Mauritius as an international financial services centre of choice.

The investment professionals have no doubt contributed to this growth and your Society can play a very important role in this noble endeavour to disseminate high standards of professionalism and conduct among your members. The growing pool of competent investment professionals is an asset, particularly when financial services sector in Mauritius has come to contribute about 10% of the GDP.

At the same time when we talk of the development of the financial services sector, we must not forget society at large. To have an inclusive approach, the issue of financial literacy invariably crops up. Consumers have to be well informed on the potential risks of financial products they are investing in and this is where professionals in the sector have a duty to communicate effectively based on the respective investment profiles of the clients. The members of the CFA Mauritius can play a key role in this interface with the investing public – especially through the expansion in the pool of investment professionals contributing to increase the financial literacy in the country.

In terms of capacity building and dissemination of financial knowledge, The Commission has benefited from materials from the Society to enrich our Knowledge Management Centre. Likewise, in the context of our Speaker Series, some CFA Charter Holders have successfully shared their very valuable technical expertise and experience with our staff. A number of our staff has embarked on the challenging and rewarding CFA course – thereby giving them the appropriate tools and expertise to give a better service to our stakeholders.

The partnership between the Society of Financial Analysts and the Financial Services Commission has been a very fruitful one so far and we expect this collaboration to reach new heights in the future.

Let me conclude by wishing the Society and the SEM well in their endeavours.

Thank you.

**Clairette Ah-Hen**

*Chief Executive*

29<sup>th</sup> May 2012