



Financial Services Commission
Mauritius

DRAFT CODE OF BUSINESS CONDUCT

Issued under section 7(1) (a) of the Financial Services Act 2007

CP/05L2014

05 December 2014

1. SCOPE OF THE CODE

- 1.1. The Code of Business Conduct (the “Code”) is part of the Fair Market Conduct Programme which the Financial Services Commission (the “FSC Mauritius” or the “Commission”) is implementing.
- 1.2. Following the issue of this Code, the Commission’s framework for Fair Market Conduct will be made up as follows:
 - **Fit and Proper Test** which sets out the Commission’s expectations in terms of the integrity, fairness and ability of the licensees to uphold ethical values at all times so as not to bring into disrepute the Mauritian jurisdiction.
 - **Guidelines for Marketing and Advertising of Financial Products** which set the requirements for licensees in terms of their advertising function, and promotional roles and responsibilities vis-à-vis consumers of non-banking financial products and services.
 - **Competency Standards** which formalise the minimum technical competencies, in terms of knowledge and skills, which specific licensees need to have.
 - **Code of Business Conduct** which sets out the principles of business conduct which all licensees must adopt.
- 1.3. The objectives of the Code are to:
 - ensure sound conduct of business in the financial services sector;
 - instill confidence in the financial services sector;
 - establish standards in order to preserve and maintain the good repute of Mauritius as an international financial centre; and
 - ensure fair treatment of consumers of financial services, and the public in general.

2. APPLICATION OF THE CODE

- 2.1. The Code sets the **nine principles for the sound conduct of financial services that the Commission expects from all its licensees.**
- 2.2. The Code may be supplemented with specific requirements for particular licensees as and when the need arises.

3. GUIDING PRINCIPLES OF THE CODE

The Code has been developed based on the principles that the Commission's licensees need to ensure that they run their businesses in the best interests of consumers and that they uphold the integrity of the financial services industry by:

- acting fairly and reasonably, and with integrity in order to promote trust and confidence in the financial services sector;
- ensuring compliance with the applicable law as well as the terms of any relevant contract or agreement concluded with a client;
- making relevant information available in plain language to clients as well as prospective clients;
- assisting clients to fully understand the features and the financial implications of the chosen product;
- maintaining, at all times, adequate internal complaints procedures and ensuring that clients are acquainted with the complaints procedures;
- ensuring that their staff comply with the Code and that the procedures followed by them are in conformity with the Guiding Principles set out in the Code.

4. NINE PRINCIPLES OF BUSINESS CONDUCT

4.1. Skill, Care and Diligence

Licensees must act with due skill, care and diligence towards their customers and other stakeholders.

4.2. Business Integrity

Licensees must observe high standards of honesty, integrity and fairness and ensure that all business transactions are carried out and recorded fairly and accurately.

4.3. Conflict of Interest

Licensees must avoid situations of conflict of interest, and in case a conflict arises, licensees are required to ensure fair treatment to all their customers.

4.4. Communicating with Customers

4.4.1 Licensees are required to seek the necessary information about their customers' individual circumstances and financial objectives.

4.4.2 Licensees must also ensure that customers are provided with accurate, timely and comprehensible information that would enable them to take informed decisions.

4.5. Protection of Customer's Assets

Licensees must ensure that, in cases where they have control over their clients' assets, these are properly segregated and identifiable.

4.6. Compliance with the Law

Licensees must ensure compliance with the applicable law as well as the terms of any relevant contract or agreement concluded with a client.

4.7. Financial Resources

Licensees are required to ensure that they maintain, at all times, adequate financial resources to meet their financial obligations and that they implement appropriate risk management policies in their business.

4.8. Internal Affairs and Resources

Licensees must run their business in a responsible manner and ensure proper control and management. They must ensure that at all times proper procedures are in place in respect of operations, record keeping, human resources, training, compliance and in respect of any other matter which the Commission may deem necessary.

4.9. Relationship with the FSC Mauritius

Licensees are required to deal with the Commission in a co-operative manner and to comply with their disclosure obligations in a prompt manner.

5. FAILURE TO COMPLY

Non-compliance with the Code will expose the licensee to regulatory actions which may include a direction to ensure compliance with the Code under section 7(1) (b) of the Financial Services Act 2007.

Failure to comply with a direction shall amount to an offence under sections 47 and 90 of the Financial Services Act 2007.



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