



Financial Services Commission
Mauritius

Communiqué

Presentation on The Criminal Vulnerabilities of International Financial Centres

The Financial Services Commission ('FSC') held a Presentation on *The Criminal Vulnerabilities of International Financial Centres* at the FSC House on 21 November. The Presentation was conducted by Mr. Stephen Platt of Stephen Platt & Associates LLP. Mr. Platt is one of the world's most experienced practitioners in the conduct of regulatory investigations, and a leading expert in the criminal abuse of financial services and related regulatory issues with specialisation in anti-money laundering, sanctions and U.S. extra territoriality. The training session was attended by representatives of Management Companies ('MCs').

Ms. Clairette Ah-Hen, the Chief Executive of the FSC, highlighted in her opening address that "*the international FATF principles and the Code on the prevention of Money Laundering & Terrorist Financing are valuable instruments to fight against global crimes which are a threat to sustainable economic growth. While the Anti-Money Laundering policies and procedures must be based on local regulations and global best practices, the challenge is always the same - to ensure that those actions designed to combat and prevent crimes, in addition to being well designed, are also effective*", she said.

Ms. Ah-Hen spoke on the new surveillance mechanism adopted by the FSC for the Global Business sector which entails the technical compliance procedures, effectiveness assessment producing expected results and outcomes, and Anti-Money Laundering/Combating the Finance of Terrorism ('AML/ CFT') risk management as an integral part. The FSC Chief Executive announced that amendments will be brought to the AML/ CFT Code with respect to the new legislative enactments and that the FSC will publish an information booklet for MCs before the end of the year.

Mr. Stephen Platt highlighted in his opening remarks the responsibility of industry operators to ensure that the reputation of the Mauritius jurisdiction is upheld "*in their choice of who they do business with*". The FSC's guest speaker shared his experience of regulatory investigations and spoke on AML/ CFT vulnerabilities, Corporate Governance, Risk Management and Risk Profile Monitoring.

Mr. Platt provided a model of a criminal's objective in money laundering, and stressed the importance of implementing effective standards of Corporate Governance, as well as, ensure that proper Risk Management procedures are applied by MCs. "*Risk Management and Corporate Governance are different sides of the same coin. We need to get it right at the top*", he said.

According to the FSC's guest speaker, an effective system of monitoring of the 'control' framework is crucial. He further spoke on risk profiling and risk grading of clients in assessing the potential threat of money laundering. Mr. Platt highlighted the major factors influencing the degree of money laundering risk, and explained that not all clients pose the same level of risk. He stressed the need for operators to ensure that clients are attributed a risk grade in a transparent and verifiable process.

Mr. Tom Devlin of Stephen Platt & Associates LLP made an exposé of Customer Due Diligence. He said that service providers must ensure that the proper procedures for the verification of the identity of applicants for a business are applied in all circumstances.