



Financial Services Commission
Mauritius

COMPETENCY STANDARDS FOR SECURITIES/CAPITAL MARKETS INTERMEDIARIES

March 2014

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1. Background and Scope

- 1.1 In considering whether a person is fit and proper under section 20 of the Financial Services Act 2007, the Financial Services Commission (the “FSC Mauritius”) may inter alia, have regard to the following criteria:
- financial standing;
 - relevant education, qualifications and experience;
 - ability to perform the relevant functions properly, efficiently, honestly and fairly; and
 - reputation, character, financial integrity and reliability.
- 1.2 Competence forms part of the fit and proper requirements and it is assessed with regard to the person’s education, qualifications together with relevant experience.
- 1.3 The FSC Mauritius is working on the development of competency standards to establish an adequate level of competency in the financial sector workforce. The competency standards will be developed for specific licensees dealing with consumers and investors, which involve the provision of advice and intermediaries services in connection with financial services.
- 1.4 This work has been initiated after taking into consideration the following issues:
- Complaints have been received from the general public on mis-selling of financial services.
 - With the growing complexity of financial services, there is the need for the financial service workforce to be more competent.
 - A competent financial sector workforce is also essential to position Mauritius as an international financial centre of good repute.
- 1.5 A competency standard is the minimum professional knowledge and skills which the licensee must meet in order to be **licensed/authorised/approved/registered**, and must continue to meet in order to maintain their **licence/authorisation/approval/registration**.
- 1.6 The **objectives** of the competency standards are:
- To ensure fair treatment of consumers of financial services;
 - To ensure sound conduct of business in the financial services sector;
 - To instill confidence in the financial services sector and encourage better consumer participation;
 - To establish standards in order to preserve and maintain the good repute of Mauritius as an international financial centre.
- 1.7 The competency standards will apply to:
- a licensed person;

- in the case of licensed corporations, they may apply to authorised/approved/registered persons and/or the direct supervisors responsible for managing or overseeing the activities of authorised/approved/registered persons.

2. Standards Development Process

2.1 The FSC Mauritius has adopted a two-phased approach in the development of the competency standards as set out below.

2.2 Phase 1: Competency Analysis and Evaluation

2.2.1 Phase 1, Competency Analysis and Evaluation, is the foundation of the development of the competency standards and it will consist of the following steps:

- *Identifying the technical competencies which the licensee must possess*
- *Recognising minimum entry educational qualifications*
- *Recognising continuous professional development (“CPD”) requirements with respect to maintaining competencies*
- *Providing for a transitional arrangement for existing licensees*

2.2.2 The first step in Phase 1 will consist of analysing the job of each licensee and identifying the technical competencies that the licensee must possess at a basic level/career entry, as set out in Table 1. *Technical competencies refer to technical or job-related capabilities in performing a specific job.*

The purpose of this step is:

- To identify the tasks and operations that the licensees can perform on career entry. Tasks and operations are presented as technical competencies.
- To identify the knowledge and skills required to demonstrate competence.

Table 1: Technical competencies

Technical Competencies	Knowledge and skills required to demonstrate competence
Tasks and operations carried out by the licensee	<p>Examples:</p> <p><u>Knowledge Criteria</u></p> <ul style="list-style-type: none"> • Basic knowledge of concepts and principles • Basic knowledge of products and services • Basic knowledge of relevant legislation and compliance to the legislation <p><u>Skills Criteria</u></p> <ul style="list-style-type: none"> • Determine the client's risk profile • Identify the suitability of a product to meet the client's needs • Communicate product features and benefits to a client in order to enable the client to make an informed decision.

2.2.3 Consumer protection will be a constant focus throughout the process of identifying competencies.

2.2.4 To determine whether the candidate is qualified to perform the job or can master the requirements of the position, it is necessary to evaluate the competencies. The next step is to identify minimum entry educational qualifications, which deliver the knowledge of those competencies.

2.2.5 In Phase 1, the continuous professional requirements will also be identified to ensure that the licensee maintains his or her competencies once licensed/ authorized/ approved/ registered.

2.2.6 A transitional arrangement must also be established on the application of the competency standards on existing licensees, if necessary.

2.3 Phase 2: Drafting of Competency Code

In Phase 2, the FSC Mauritius will draft a Competency Code and it is expected to include the following:

- *The technical competencies which the licensee must possess*
- *The minimum entry qualifications which the licensee must have*

- *A guideline on CPD requirements for the licensee*
- *Transitional arrangement for existing licensees, if applicable*

2.4 The standard development process is being carried out for the different sectors regulated by the FSC Mauritius, namely: insurance, capital markets, securities/fund management, global business and pension. The FSC Mauritius has completed the consultation process for insurance intermediaries and is now proceeding with the consultation process for the securities and capital market intermediaries.

3. Securities/Capital Markets Intermediaries

3.1 The objective is to develop competency standards for the following intermediaries:

- Investment Dealer;
- Investment Adviser; and
- CIS Manager.

3.2 Section 29 of the Securities Act 2005 states that an investment dealer and its representatives should seek a licence from the FSC Mauritius when carrying out the following business:

“(a) act or hold himself out as an intermediary in the execution of securities transactions on behalf of other persons;
(b) trade or hold himself out to trade in securities as principal for his own account with the intention of selling them to the public; or
(c) underwrite or distribute or hold himself out to underwrite or distribute securities on behalf of an issuer or a holder of securities”[emphasis added]

3.3 Section 30 of the Securities Act 2005 states that an investment adviser and its representatives should seek a licence from the FSC Mauritius when carrying out the following business:

“(a) advise, guide or recommend other persons, or hold himself out to advise, guide or recommend other persons, whether personally or through printed materials or by other means, to enter into securities transactions; or
(b) manage or hold himself out to manage, under a mandate, whether discretionary or not, a portfolio of securities”[emphasis added]

3.4 Section 31 of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 states the activities permitted to a CIS Manager as follows:

“a CIS manager may carry out any of the activities related to the management of a collective investment scheme, including –
(a) all administrative services required by the scheme;
(b) provision of registrar and transfer facilities;

- (c) distribution of the securities of the scheme;*
- (d) maintaining accounting records of the scheme;*
- (e) giving investment advice in relation to the scheme; and*
- (f) managing the portfolio of the scheme”.*

4. Consultation

- 4.1 Consultation papers for each of the securities/capital market intermediaries are issued to interested persons to provide their views and comments on proposals made by the FSC Mauritius.
- 4.2 Views and comments are to be emailed to <competency@fscmauritius.org> on or before 30th April 2014.

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