



LICENSING CRITERIA Investment Dealer (Broker) – SEC-2.2

Note to the Applicant:

1. This 'Licensing Criteria' aims to provide guidance to investors and service providers with guidance to the requirements before applying for a Licence.
2. It should be noted that the proposed Licensing Criteria neither derogate nor restrict the powers vested upon the Financial Services Commission, Mauritius (the 'Commission') by statute, and should be read together with the relevant Acts, regulations, rules, guidelines, circulars and codes.
3. The Commission recommends that in submitting an application, an applicant should be conversant with the relevant provisions laws, guidelines and Circulars which the Commission has issued or may issue from time to time.
4. The Commission will require that all applications be accompanied by a cover letter and by the information and/or documentation prescribed in the proposed Licensing Criteria.
5. **Incomplete applications received by the Commission will be returned to the Applicant.**
6. The Commission, upon inadequate or no response within 15 working days from the date of its first query, shall not proceed further with the application. After this period, the applicant will have to submit a fresh application.

**Information/Documents to be submitted with respect to application for an
Investment Dealer (Broker) Licence**

A. Relevant Forms /Documents

1 Formal application under section 29 of the Securities Act 2005 for an Investment Dealer (Broker) Licence and the duly filled-in, dated and signed Application form.

Submission of prescribed processing/annual fees

Type of Licence	Code	Fees	
		Processing	Annual
Investment Dealer (Broker)	SEC-2.2	USD 500	USD 2000
		MUR 5000	MUR 60 000

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Note: Payment of annual fee is not mandatory at time the application is submitted to the Commission

3 Duly filled in authority form and written and signed consent of each promoter, officer and/or controller.

4 Certified copy of the resolution of the board of directors authorising two members of the board to sign the application (not applicable to a Global Business Company).

B. Structure

If the applicant is structured as a Company:

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- Copy of the constitution, duly dated and signed, accompanied by legal certificate; and
 - Certified true copies of statutory documents lodged with the ROC with the Corporate and Business registration Department (CBRD) respect to the incorporation of the applicant.

C.	Activity
6	<p>Detailed Business Plan including, but not limited, to the following:</p> <ul style="list-style-type: none"> (i) introduction and background of promoter/shareholder; (ii) detailed procedures of the mode of operation of the investment dealer activities; (iii) organization/structure chart; (iv) target market; (v) details on the securities (as defined in the Securities Act 2005) that the Applicant will trade in; (vi) 3 years' financial forecasts (Profit & Loss, Cash Flow and Balance Sheet); and (vii) any other relevant information.
7	<p>Rule 4 of the Securities (Licensing) Rules provides that an Investment Dealer (Broker) is authorised to execute orders for clients, manage portfolios of clients and give advice on securities transactions to clients.</p> <p>The applicant has to indicate clearly which of the above activities it will engage in and elaborate as to how same will be undertaken by the applicant.</p>
8	<p>If the applicant will give investment advice, the following details, amongst others, should be submitted:</p> <ul style="list-style-type: none"> (i) Details on the securities on which advice will be provided; (ii) Whether the advice will be binding or non-binding; and (iii) The means through which the advice will be provided.
9	<p>If the applicant intends to manage portfolios of clients, the latter has to provide details how it intends to do so.</p> <p>The applicant to indicate as to whether the management of portfolios will be on a discretionary or non-discretionary basis.</p>

10	<p>If the applicant will execute orders for clients, details on the role and function of the Company when orders are received from clients on the platform to finalisation of execution of orders (including a detailed flowchart with all the steps involved) should be submitted.</p> <p>Detailed description of the activity including but not limited to the following should be submitted:</p> <ul style="list-style-type: none"> • Procedures with respect to onboarding and risk profiling of clients; • Details on the trading platform to be used; • Process and transaction flow; • Execution of trades; • Details on trade confirmations to clients; and • Details on monitoring of clients activity.
11	<p><i>Trading Platform (if applicable)</i></p> <p>With respect to trading platforms, the applicant should submit the following:</p> <ul style="list-style-type: none"> • Details on the platform to be used; • To indicate as to whether the platform is regulated or linked to a regulated exchange; • Details as to how the platform operates; • Details as to who will have access on the platform and the rights given to them; • Details on the means through which the platform will be accessed; and • If the applicant will use the platform of another entity, the following should be submitted: <ul style="list-style-type: none"> - An indication as to whether the platform provider is a regulated entity and if in the affirmative, to provide evidence of same; - A draft copy of agreement to be entered between the Company and the platform provider; - The corporate profile of the platform provider.
12	<p><i>Execution of trade by third party</i></p> <p>(i) If the execution of trade will be done by a third party, the applicant needs to elaborate on its responsibilities in the process. Details as to who will be responsible to issue contract notes to clients and to monitor the trade should be submitted. The applicant should also submit a description of the monitoring process.</p> <p>(ii) A copy of agreement between the Company and the third party should also be submitted.</p>

Liquidity Providers (if applicable)

If the applicant will use the services of a liquidity provider, the following should be submitted:

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- (i) The role and responsibilities of the liquidity provider in the transaction/execution process;
 - (ii) Draft agreement to be entered between the Company and the liquidity provider;
 - (iii) An indication as to whether the liquidity provider is a regulated entity and if in the affirmative, to provide evidence of same;
 - (iv) Corporate profile of the liquidity provider;
 - (v) Details on the source of pricing emanated from the liquidity provider; and
 - (vi) How the Company will ensure that the best and competitive quotes/feeds are being provided for best execution.

Over The Counter Trading (OTC Trading)

Where the applicant intends to be engaged in OTC trading, the following should be submitted:

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- (i) the percentage dealing in OTC trading;
 - (ii) A description of how the OTC Trading will be organised; and
 - (ii) The measures put in place to mitigate the risks attached to OTC Trading.

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- (i) Profile and location of the targeted clients.
 - (ii) The applicant has to submit an undertaking that it will seek the necessary approval/authorisation in the jurisdictions where it intends to operate.

C. Fitness and Propriety of Promoters/ Beneficial Owners

16	Promoter / Shareholder	Individual: <ul style="list-style-type: none">• CV;• PQ form;• Valid passport copy; and• Proof of address [E.g. A recent utility bill issued or a recent bank or credit card statement or a recent bank reference (proof of address must not be more than 6 months old)].
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Corporate Body:

- Certificate of Incorporation;
- Certificate of current standing (where applicable);
- Certified true copy of any licence/registration/authorisation held;
- List of controlling shareholders and directors;
- Latest audited financial statements;
- Corporate Profile - in case latest audited accounts are not available; and
- Confirmation from the applicant/Management Company to the effect that it holds on record CDD documents on the controlling shareholders of the corporate body and that these will be made available to the Commission.

Trust:

- A copy of the trust deed;
- Name of the trust, its date and place of registration;
- An indication of the value of assets held by the trust;
- CDD documents on the -
 - (a) settlor/contributor and the trustee;
 - (b) beneficiaries, or confirmation from the management company/trustee(s) that it holds on record comfort on the beneficiaries, that has been obtained from a recognized source; and
- For a discretionary trust, a written confirmation from the applicant to the effect that it has adequate arrangements in place with the trustee of the trust to make available the CDD documents on the beneficiaries at the time of distributions to beneficiaries of the trust and that it is comfortable that these arrangements will enable it to satisfy its obligation under section 4.1 of the Code on the Prevention of Money Laundering and Terrorist Financing.

Limited Partnership:

- Certificate of registration/establishment/good standing of the limited partnership and its general partner;
- Latest audited financial statements of the limited partnership and its general partner
- Corporate profile – in case latest audited accounts are not available; and
- Confirmation from the applicant/Management Company to the effect that it holds on record CDD documents on the significant limited partners of the limited partnership and that these will be made available to the Commission upon request.

Société:

- Profile of the société (including a copy of the *acte de société*); and
- CDD on the principals, administrators or gérants of the société.

The applicant should refer to section 20 of the Financial Services Act 2007 for Matters related to fit and proper person requirements

D Resources, Infrastructure and Staff		
17	Directors (where applicable)	<ul style="list-style-type: none"> • CV; • PQ form; • Valid passport copy or National Identity Card; and • Proof of address [E.g. A recent utility bill issued or a recent bank or credit card statement or a recent bank reference (proof of address once must not be more than 6 months old)]. <p><i>To demonstrate compliance with Circular Letter CL 280313 on Directorship</i></p>
18	Officers	<p>The applicant shall ensure that it has at all times two officers based full time and who are conversant with the operations of an investment dealer.</p> <p>Note: applicable for domestic companies.</p>
19	Investment Dealer Team	<p>Details of the members of the investment dealer team, who will be responsible to handle the operations of investment dealer activity together with the submission of their PQ forms and CV (demonstrating a proven track record in the provision of investment dealer services);</p> <p>The applicant should ensure that at least 2 members are appointed on the investment dealer team to ensure business continuity; and</p> <p>The applicant needs to indicate as to whether these persons are regulated or hold a licence from a regulated authority. If in the affirmative, to provide evidence of same.</p> <p>The strength of the investment dealer team is a key component of the application. Applicants should therefore provide adequate information on its members, demonstrating their suitability to discharge their responsibilities.</p>
20	Representative of Investment Dealer	<p>Investment Dealer (Domestic Companies):</p> <p>The applicant needs to appoint at least 1 representative together with submission of application form and relevant fees.</p> <p>Please refer to FSC website for the levant application form, relevant fees and licensing criteria.</p> <p>Note: For Global Business Companies it is optional to appoint a representative of Investment Dealer.</p>

21	Compliance Officer	<p>Details on the Compliance Officer, together with submission of full CDD details on him/her.</p> <p><i>Outsourced compliance function</i></p> <p>Where the compliance function is being outsourced to another company, the applicant should:</p> <p>(i) provide details on the checks and balances put in place by the Company with respect to this outsourced function, that is, how the board will satisfy itself that the outsourced function is meeting the expectations of the Board [such as, by way of reviewing and validating the process employed by the service provider, periodic reporting to the Board by the service provider, periodic review of the process by the Board]; and</p> <p>(ii) Name of the person who will act as compliance officer for the applicant.</p>
22	MLRO /Deputy MLRO	<p>(i) Details on the MLRO and Deputy MLRO, together with the submission of their full CDD.</p> <p>(ii) A confirmation that the MLRO and Deputy MLRO meet the requirements of the competency standards issued by the Commission.</p> <p>Note: The MLRO and DMLRO should be independent from the Board of Directors.</p>
23	Auditor	<p>The applicant to seek the approval of the Commission with respect to the appointment of the auditor.</p> <ul style="list-style-type: none"> • Details on the auditor to be appointed should be provided; • The audit firm should be approved by the Financial Reporting Council (FRC); and • Details on the signing partner within the audit firm should also be provided and the latter should be registered with The Mauritius Institute of Professional Accountants (MIPA) <p>Note: The names of the auditor and signing partner should be as per FRC list.</p>
F. Prudential and Safeguarding Requirements		
24		<p>Legal Certificate as required under section 72(1) of the FSA 2007 (applicable only to a Global Business Company)</p>

25	<p>Draft copy of agreement to be entered into by the applicant with its clients (accompanied by a legal certificate certifying that the agreement complies with the laws of Mauritius).</p> <p>Note:</p> <ul style="list-style-type: none"> (i) The agreement should detail the scope of services and responsibilities of the Company vis-à-vis its clients (the services to be provided should be in line with the licence sought); and (ii) A confirmation from the applicant’s legal counsel that the agreement is in line with the laws of Mauritius.
26	<p>Details and assessment on the source of funding (with documentary evidence).</p>
27	<p>Copy of the internal procedures and compliance manual.</p> <p>Note: A confirmation from the applicant’s Legal Counsel that the Internal procedures and compliance manual is in line with the laws of Mauritius.</p>
28	<p>Detailed description of systems and procedures to prevent money laundering and financing of terrorism.</p>
29	<p>An Indication as to who will be responsible to conduct due diligence checks on clients of the applicant and confirmation that same will be kept at its registered office address</p>
30	<p>An Indication of amount of Professional Indemnity Insurance Cover that the applicant intends to subscribe to along with a quote from an insurer.</p>
31	<p>Detailed description of measures to be put in place with regard to infrastructure surrounding confidentiality, security and safety of client information and records.</p>
32	<p>Details on the risk management policy of the applicant.</p>
33	<p>Disaster Recovery and Business Continuity Plan.</p>
34	<p>Procedures for complaints handling and an indication as to who will be responsible to handle complaints & the time frame within which complaints will be resolved</p>

35	<p>(i) Detailed description of systems and procedures to prevent and deal with any conflicts of interest that may arise during the course of the business.</p> <p>(ii) Additionally, when a person is cumulating different roles in the Company (e.g shareholder, director, member of the investment dealer team, Representative of Investment Dealer...), the applicant needs to indicate what are the measures in place to deal with any conflict of interest that may arise during the course of his duties and also to ensure that the person has adequate autonomy and independence.</p>
36	<p>The applicant to demonstrate that it has appropriate and sufficient organisation, technical, financial means and staffing for the efficient operation of its business.</p>
37	<p>Details of IT infrastructure to support the day to day operations of the applicant including frequency of back ups</p>
38	<p>Minimum Capital Requirement</p> <p>The applicant shall maintain a minimum stated unimpaired capital of Mauritian rupees 7 00,000 or an equivalent amount and submit evidence pertaining thereto.</p> <p>For a Global Business Company, the following should be submitted:</p> <ul style="list-style-type: none"> • An undertaking that the applicant shall at all times maintain the prescribed minimum stated unimpaired capital (currently, MUR 700,000 or its equivalent in another currency). • An undertaking that the applicant will not start its operations, trade, or incur any liabilities prior to meeting its minimum unimpaired stated capital of MUR 700,000 • An undertaking that within one month of the licence being issued evidence that the proceeds of the share issue amounting to MUR 700,000 or its equivalent have been credited to the applicant’s bank account will be submitted to the Commission. <p>For a domestic company applying for an Investment Dealer (Full Service Dealer excluding Underwriting) Licence, the following should be submitted:</p> <ul style="list-style-type: none"> • The applicant should ensure that stated capital of MUR 700,000 is injected prior to the licence being issued. • Certified true copies of statutory filings with respect to the share capital. • Confirmation that the stated capital is fully paid
39	<p>Segregation of clients funds</p> <p>Details on measures put in place with respect to segregation of clients’ funds</p>

G Others	
40	<p>Substance Requirement</p> <p>The applicant needs to provide details as to how it will comply with the substance requirements as per the Circular Letter (CL1-121018) issued by the Commission on 12 October 2018 and to indicate the timeframe which it intends to implement same.</p>
41	<p>Details of the registered office address and a draft copy of lease agreement (where applicable).</p>
42	<p>An indication of the financial year end date of the applicant.</p>

Disclaimer: The above list is provided for guidance and is not exhaustive. The Commission will assess the information provided on its own merits and may require additional information to determine the application.

FSC House, 54 Cybercity, Ebene, Republic of Mauritius
 Tel: (230) 403 7000 Fax: (230) 467 7172
 E-mail: fscmauritiu@intnet.mu, Website: www.fscmauritiu.org