



**Financial Services Commission**  
Mauritius



**Annual Report 2016/17**

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► **Vision**

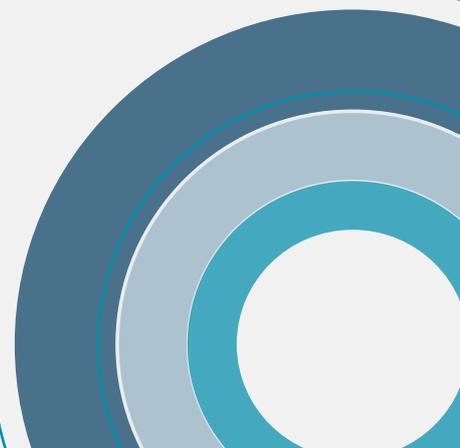
To be an internationally recognised Financial Supervisor committed to the sustained development of Mauritius as a sound and competitive Financial Services Centre

► **Mission**

- Promote the development, fairness, efficiency and transparency of financial institutions and capital markets in Mauritius;
- Suppress crime and malpractices so as to provide protection to members of the public investing in non-banking financial products; and
- Ensure the soundness and stability of the financial system in Mauritius.

# FINANCIAL SERVICES COMMISSION MAURITIUS

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## THE BOARD OF THE FSC MAURITIUS

As at 22 November 2017, the date of the approval of the Audited Financial Statements for the year ended 30 June 2017 and Annual Report 2016/17, the Board of the FSC Mauritius comprised:

Chairperson Mr. Dev Manraj, G.O.S.K

Vice Chairperson Mr. Yandraduth Googoolye

Board Members

Mr. Rajeshsharma Ramloll, S.C.

Mr. Visvanaden Soondram

Mr. Mohummad Shamad Ayoob Saab

Mr. Hervé Lassemillante

Secretary to the Board Mr. Ramanaidoo Sokappadu

### **Members of the Board who left during the period 2016-2017**

Vice Chairperson

Mr. Dheerendra Kumar Dabee, G.O.S.K, S.C.

Members

Mr. Jacques Laval Li Chung

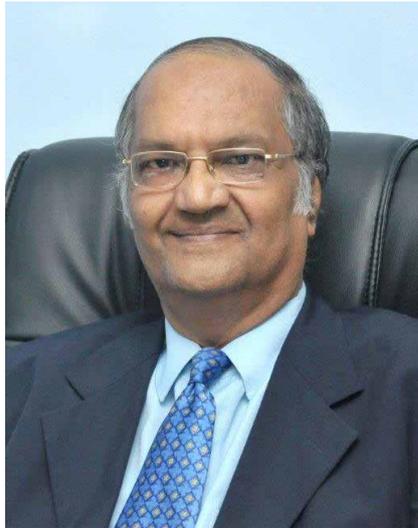
Ms. Warda Dulmar Ebrahim

Mr. Rhoyinder Ramlackhan

Mr. P.K. Kuriachen was the Acting Chief Executive until 13 July 2017.

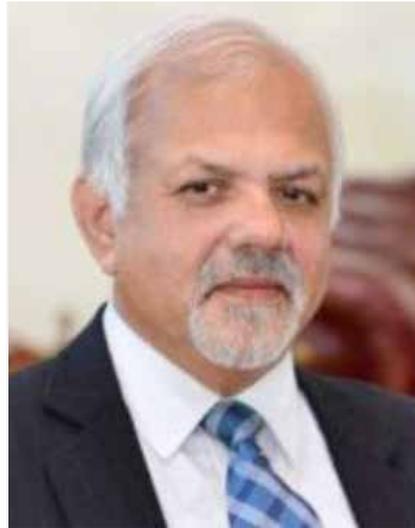


## MEMBERS OF THE BOARD



**Mr. Dev Manraj, G.O.S.K.**  
*Chairperson*

Mr. Dev Manraj, Chairperson of the FSC Mauritius since April 2015, is the Financial Secretary at the Ministry of Finance and Economic Development.



**Mr. Yandraduth Googoolye**  
*Vice Chairperson*

Mr. Yandraduth Googoolye is the Vice Chairperson of the FSC Mauritius since June 2017. He is the First Deputy Governor of the Bank of Mauritius since July 2006. He acted as Governor from 01 January to 13 February 2007 and from 16 February to 20 May 2010.



**Mr. Rajeshsharma Ramloll, S.C.**  
*Member*

Mr. Rajeshsharma Ramloll joined the Board of FSC Mauritius in May 2014. He is Senior Counsel and the Deputy Solicitor General at the Attorney General's Office.



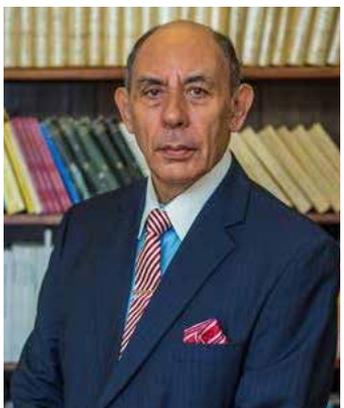
**Mr. Visvanaden Soondram**  
*Member*

Mr. Visvanaden Soondram was appointed to the Board of FSC Mauritius in April 2015. He is Director at the Ministry of Finance and Economic Development.



**Mr. Muhummad Shamad Ayoob Saab**  
*Member*

Mr. Muhummad Shamad Ayoob Saab joined the Public Service in 1984 and is at present Deputy Permanent Secretary at the Ministry of Financial Services and Good Governance. He holds a Master in Business Administration. He was appointed to the Board of FSC Mauritius in July 2017.



**Mr. Hervé Lassemillante**  
*Member*

Mr. Hervé Lassemillante was called to the Bar in 1979 and is a member of the Middle Temple Inn of Court. He had been appointed as Special Envoy of the Mauritian Prime Minister to the Congo-Brazzaville and is a member of the Mediation Reference Group of the Southern African Development Community (SADC). Mr. Lassemillante has been a Director of the Port Louis Fund and was one of the two assessors of the Commission on the Prescription of Land set up in May 2012. He is presently the Vice President of the National Human Rights Commission.

# STATEMENT OF CHAIRPERSON

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## STATEMENT OF CHAIRPERSON

I am pleased to present, on behalf of the Board of Directors, the Annual Report of the Financial Services Commission, Mauritius (FSC Mauritius) for the period 01 January 2016 to 30 June 2017.

The Financial Services industry remains an important component of the Mauritian economy, contributing around 12.1% to the country's GDP, 15% to government tax revenue and employing around 13,000 persons directly and many more indirectly. During the reporting period the industry has maintained a rising path, growing at a faster pace than the economy at the rate of 5.7%, despite the various challenges it is confronted to.

Over the 18-month period to 30 June 2017, FSC Mauritius has generated a total revenue of MUR 2.3 billion, comprising MUR 1.6 billion licensees' fees and MUR 700 million penalties and charges. As such, FSC Mauritius has recorded for the period a surplus of MUR 1.5 billion, which represents a growth of 30%, on an annualised basis, compared to the previous period. FSC Mauritius furthermore has issued 4,061 new licenses during the period.

The current reporting period has also been rich in developments that further diversified and consolidated the sector.

New legislations and Regulations were enacted such as *The Limited Liability Partnership Act 2016*; *the Financial Services (Amendment of Schedule) Regulations 2016* and *Financial Services (Amendment of Schedule) (No.2) Regulations 2016*.

New Rules were introduced, including *the Insurance (Risk Management) Rules 2016*, *Financial Services (Exemption from Approval of Controllers and Beneficial Owners) Rules 2016*, *Financial Services (Investment Banking) Rules 2016*, *Financial Services (Funeral Scheme Management) Rules 2016* and *the Securities (Preferential Offer) Rules 2017*.

During the period under review, amendments were made to the relevant regulation to allow GBC 2s to invest in the local stock market. In view to facilitate business and improve the ranking of Mauritius in the Ease of Doing Business Report, Section 23 of the FSA was amended to reduce burden with regard to transfer of shares, or legal or beneficial interest.

New licences such as Global Legal Advisory Services, Global Headquarters Administration and Investment Banking were introduced.

Financial regulators cannot perform in isolation. During 2016/2017, the FSC signed 4 Memoranda of Understanding with regards to exchange of information and cooperation and with the Corporate and Business Registration Department in relation to the Online Submission Platform. Various attachment programmes were held by the FSC Mauritius with other counterparts to reinforce its commitment for effective cross-border cooperation, information sharing and capacity building.

The FSC has also reinforced its collaboration with the Bank of Mauritius through the revamping of the Joint Coordination Committee between the two financial regulators.

Collaboration with other relevant key stakeholders including local authorities and industry partners has been further enhanced with regular meetings to discuss matters pertinent to the financial services sector.

The FSC Mauritius firmly believes that consumers of financial services need to be informed and financially literate so as to make appropriate investment decisions. In that respect, the FSC Mauritius conducted several initiatives such as Consumer Outreach Programmes, the Minute of Finance, Train-the-trainer Programme, Families and Finance Card Game amongst others to sensitise members of the public.

<sup>1</sup> IMF World Economic Outlook April 2017

<sup>2</sup> <http://www.worldbank.org/en/country/mauritius/overview>

In line with the Africa Strategy of the Government, the FSC Mauritius has implemented relevant surveys to closely monitor investment flows through GBC 1s. We have observed that investment into Africa has increased by 9 percent in 2016.

Mauritius has over the years succeeded in building an international financial services industry, with a diversified product offering and enjoying a good repute. However, during the current reporting period, the industry, like other financial centres across the world, has been put under severe stress test as a result of the new challenges to which it is confronted.

The revisions brought to the Mauritius-India Double Taxation Avoidance Convention in May 2016 came as one of the major challenges, with serious apprehensions about the future of the industry among the local stakeholders. Although, these revisions have not had any negative impact on the industry so far, diversification to other markets and other products remain as major priorities of FSC Mauritius.

On the other hand, with the implementation of the OECD-G20 Base Erosion and Profit Shifting project and the EU Fair Taxation initiative, it is clear that the current focus of the global tax agenda is on anti-tax avoidance, enhanced transparency and increased substance. The release of the Paradise Papers has given added impetus to the pressure being exerted on financial centres by these international organisations as well as by NGOs such as Oxfam.

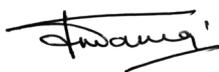
This situation calls for immediate action to adapt the industry to its changing operating environment. The FSC is currently working along with other stakeholders and is collaborating with the Ministry of Financial Services and Good Governance to formulate a Blueprint for the financial services sector for the next 10 years. The project will address the challenges which Mauritius faces as an IFC, which relate to the evolving market dynamics and investor behaviours but also changes in the global taxation systems, especially at the levels of the OECD and European Union.

The FSC will be playing an intense role in promoting the Fintech industry which is now at the centre of Government's endeavour to transform Mauritius into a digital society and to establish Mauritius as a regional fintech platform.

The Board of the FSC Mauritius is fully committed to align its policies with the strategy of the Ministry of Financial Services and Good Governance to further

develop Mauritius as an IFC of substance. I am pleased to welcome Mr Yandraduth Googoolye who joined the Board of the FSC Mauritius as Vice Chairperson followed by Mr Mohummad Shamad Ayoob Saab and Me Hervé Lassemillante to consolidate the FSC Mauritius's Board composition. I also welcome Mr Harvesh Seegolam as the Chief Executive. His expertise in formulating strategies for the Mauritius IFC will certainly bring a new dynamism to the FSC Mauritius.

Last but not least, I convey my words of appreciation to the staff for aligning their efforts to contribute in implementing policy decisions for the advancement of the financial services sector.



Mr. Dev Manraj, G.O.S.K.  
Chairperson

**MESSAGE FROM THE CHIEF EXECUTIVE**

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## MESSAGE FROM THE CHIEF EXECUTIVE

Taking the helm of the FSC Mauritius, the integrated regulatory body for non-banking activities is a huge privilege, but also represents a formidable challenge. I was appointed as Chief Executive in July 2017 at a time where the FSC Mauritius had reached a turning point in its regulatory functions. After the FSC Mauritius' 16 years of existence, my vision is to drive a modern and proactive regulatory institution at the forefront of a new architecture for the next phase of development of the financial services sector.

The challenges awaiting the FSC Mauritius for the coming years will not override its core duties and responsibilities. First and foremost, my focus is to strengthen the supervisory and regulatory functions of the FSC Mauritius. Since taking office, I have directed the FSC Mauritius to take any necessary regulatory action against any licensee and approved officer found to be linked with any illegal, harmful and/or fraudulent practices that may cause any prejudice to the good repute of Mauritius.

Furthermore, the FSC Mauritius has implemented an enlarged schedule of on-site inspections, whilst remaining inflexible on its enforcement actions, as well as, reinforced oversight of market conduct of its licensees to ensure fairness and transparency in the Mauritian financial eco-system. I believe that a strong supervisory regime will boost confidence in the sector, as well as, create a conducive business environment for investment.

The global financial landscape is ever changing and the FSC Mauritius will need to be given all the opportunities and resources to succeed on all fronts. Accordingly, besides improving the authorisation and supervision processes, it is fundamental to ensure a diversification of our product offering to service a highly versatile, technologically-advanced and sophisticated international investing community. It is also essential that our professionals, both at the level of the FSC Mauritius and in the sector are equipped with the necessary knowledge and expertise.

In this respect, I have set the wheels in motion to ensure that the FSC Mauritius consolidates on its achievements to further raise its robustness as a regulatory institution. We are starting by embracing a time-phased re-organisation to achieve higher efficiency and effectiveness at all levels. At the same time, whilst continuing to function as a strong regulator, it is crucial to reconcile market realities with the developmental needs of our International Financial Centre ('IFC'). As part of this process, I have been attentive to suggestions of all stakeholders, and the FSC Mauritius has reinforced its collaborative approach with the industry. I have dedicated the last four months in further enhancing our relationship with stakeholders at all levels.

We are at a time where our jurisdiction is being called upon to deal with major international developments directly impacting its future. We have to continuously enhance substance requirements in line with the international move towards the implementation of Base Erosion and Profit Shifting ('BEPS'). And in parallel, concrete actions are being taken to consolidate our financial services sector over the next 10 years with the Blueprint project. This long-term strategic plan is critical for our jurisdiction to keep pace with major developments, which are taking place at international level. The FSC Mauritius is working closely with private and public-sector operators in this process. We are pleased to be associated with this project which reinstates the trust in the FSC Mauritius to deliver on this national project.

Looking back on our achievements for the period under review, I have to commend the dedication of the staff to diligently partake in implementing the objectives set in our strategic plan. The regulatory framework was consolidated to empower the FSC Mauritius to grant new licences to accommodate a wider array of products, which will allow for more operations to be set up in our financial services sector and further enhance the competitiveness of the jurisdiction. The surge of Fintech has already

started to redefine the financial sector on a global scale, and this movement is also gaining momentum in Mauritius. In this context, the FSC Mauritius has issued Rules on Peer to Peer Lending for public consultation in line with measures announced in the national budget speech for 2017/18.

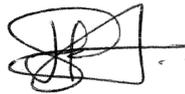
To keep abreast of latest technological advancements, the FSC Mauritius has leveraged on innovative solutions by bringing changes through the introduction of the Online Data Capture System, as well as, the Online Licensing Submissions Platform during the reporting year. Moreover, the FSC Mauritius is embarking on a digitalisation journey to improve operational effectiveness, transparency, cybersecurity and adopt RegTech solutions that will focus on early warning systems and enhance financial stability.

Going forward, the FSC Mauritius will reinforce its supervisory functions in response to international challenges to promote robust regulation to foster investors' confidence and ensure more effective enforcement. In this same vein, we want to consolidate the supervision of cross-border operations and exchange of information with our counterparts in accordance with international best practices. To this effect, I have engaged in high level discussions with other foreign regulators for a formal collaboration to reinforce cross-border supervision and oversight. The FSC Mauritius will also enter into new Memoranda of Understanding ('MoUs') and reassess existing ones, if necessary, to stay abreast of changing world dynamics. We believe that it is essential for the FSC Mauritius to be associated with counterparts in new markets.

I also wish to put on record that the FSC Mauritius is playing a more active and visible role on the international arena. In October, we proudly hosted a major event of the Organisation for Economic Co-operation and Development ('OECD') / International Organisation of Pensions Supervisors ('IOPS'), and the FSC Mauritius was elected to the IOPS Executive Committee. This provides Mauritius an important platform with leading jurisdictions to deliberate on major topics of discussion at the level of the IOPS/OECD.

Our financial services sector has come at a crossroad where the next objective is to consolidate further on what has been achieved. As a major enabler for the transition of the Mauritius IFC into its next phase of development, the FSC Mauritius will engage further in its collaborative approach with all international setting bodies.

I am confident that the changes that are being earmarked will bring the desired results which will be beneficial to the FSC Mauritius, its stakeholders and the Mauritius IFC.



Harvesh Seegolam  
*Chief Executive*

## OUR ORGANISATION

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# OUR ORGANISATION

“ TO BE AN INTERNATIONALLY RECOGNISED FINANCIAL SUPERVISOR COMMITTED TO THE SUSTAINED DEVELOPMENT OF MAURITIUS AS A SOUND AND COMPETITIVE FINANCIAL SERVICES CENTRE ”

The Financial Services Commission, Mauritius ('FSC Mauritius') was established in 2001 as the integrated regulator for the non-banking financial services and global business sector. The FSC Mauritius operates under the Financial Services Act 2007 ('FSA'), the Securities Act 2005 ('SA'), the Insurance Act 2005 ('IA') and the Private Pension Schemes Act 2012 ('PPSA'). The FSC Mauritius licenses, regulates, monitors and supervises the conduct of business activities in the non-banking financial services and the global business sector.

In carrying out its mission, the FSC Mauritius aims at:

- promoting the development, fairness, efficiency and transparency of financial institutions and capital markets in Mauritius;
- suppressing crime and malpractices so as to provide protection to members of the public investing in non-banking financial products; and
- ensuring the soundness and stability of the financial system in Mauritius.

Key objectives of the FSC Mauritius are to:

- ensure orderly administration of the financial services and global business activities;
- ensure sound conduct of business in the financial services and global business sector;
- elaborate policies which are directed to ensuring fairness, efficiency and transparency of financial and capital markets in Mauritius; and
- study new avenues for development in the financial services sector, to respond to new challenges and to take full advantage of new opportunities for achieving economic sustainability and job creation.

# OUR ORGANISATION ORGANISATIONAL CHART

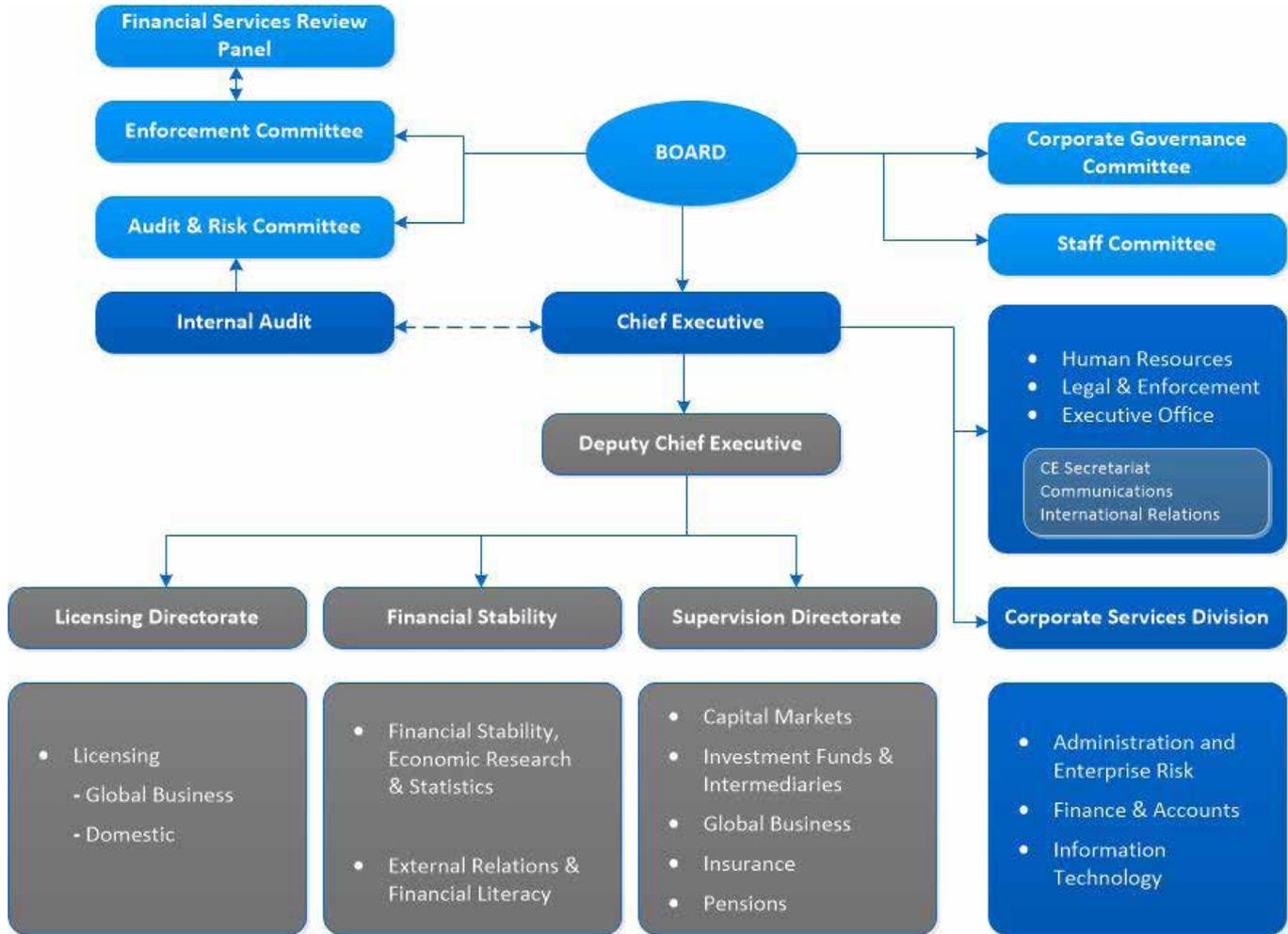


Figure 1: Organisational Chart

## OUR ORGANISATION

# BOARD COMMITTEES

In carrying out its functions, the Board is assisted by the following sub-committees:

- Corporate Governance Committee;
- Audit and Risk Committee;
- Enforcement Committee; and
- Staff Committee.

The objective of the **Corporate Governance Committee** is to ensure that the FSC Mauritius complies, as far as is applicable, to the Code of Corporate Governance. The Committee also ensures that necessary disclosures regarding conflicts of interests are made.

The **Audit and Risk Committee** is set up for providing an independent reassurance to the Board and all stakeholders through their oversight and monitoring role. The Committee comprises entirely independent non-executive board of directors to assist in fulfilling the fiduciary duties of the Board, as well as, to advise the Board on how they are discharging their duties effectively by ensuring that there are adequate systems, financial and internal controls, corporate accountability, and that the associated risks in terms of management assurance and financial reporting are properly contained.

The FSC Mauritius has an Internal Audit unit to assist the Audit and Risk Committee in discharging its governance responsibilities. The Internal Audit team reports directly to the Audit and Risk Committee and administratively to the Chief Executive. It objectively reviews the effectiveness of the FSC Mauritius' risk management, operational processes and controls, financial management, and reports findings and recommendations to the Committee.

The **Enforcement Committee**, established under Section 52 of the FSA, is an independent internal committee of the Board. In accordance with Section 52(2) of the FSA, the Committee consists of two members appointed every year by the Board and not more than two employees of the FSC Mauritius, designated by the Board, of a grade not lower than Executive and not involved in investigations of the licensee under Section 44 of the FSA. The Committee may also co-opt such other person having the necessary expertise as it may require.

The Committee, pursuant to Section 52(3) of the FSA, may exercise the disciplinary powers of the FSC Mauritius to impose an administrative sanction on a licensee and in this respect may:

- issue a private warning;
- issue a public censure;
- disqualify a licensee from holding a licence or a licence of a specified kind for a specified period;
- in the case of an officer of a licensee, disqualify the officer from a specified office or position in a licensee for a specified period;
- impose an administrative penalty; and
- revoke a licence.

The role of the **Staff Committee** is to ensure that the human capital remains the most valuable resource that drives the achievement of the FSC Mauritius' strategic objectives and performance. The responsibility of the Committee is to foster consistent, fair and equitable employee relations in the workplace. It also aims at broadly defining and monitoring activities which positively influence the effectiveness (competency, motivation, productivity, amongst others) of staff as they work towards the achievement of the FSC Mauritius' goals and objectives.

### Internal Structure

The internal structure of the FSC Mauritius is organised in a functional manner so as to optimise resources and ensure cross-functionality.

### Chief Executive

The Chief Executive is responsible for the execution of the policies of the Board and the control and management of the day-to-day business of the FSC Mauritius.

## OUR ORGANISATION CHIEF EXECUTIVE



**Mr Harvesh Seegolam**  
*Chief Executive*

Harvesh Seegolam is the Chief Executive of the FSC Mauritius since July 2017. Prior to joining the FSC Mauritius, he was Chief Executive of the Financial Services Promotion Agency ('FSPA'), an institution under the aegis of the Ministry of Finance and Economic Development mandated for the promotion of Mauritius as an International Financial Centre ('IFC') of excellence.

Harvesh Seegolam has also been Director of the Innovation, Technology and Services Cluster at the Board of Investment ('BOI'), the Investment Promotion Agency of Mauritius. He has successfully advised a number of global players on setting up operations in Mauritius in the fields of banking, private equity, investment funds, legal services and wealth management, manufacturing and ICT amongst others.

Harvesh Seegolam holds a BSc (Hons) in Economics and an MSc in International Finance, in addition to several other qualifications in Accountancy and Finance. He is an alumni of the London School of Economics & Political Science, the University College London, Durham University, as well as, the SKEMA 'Grande Ecole de Commerce' in France.

## OUR ORGANISATION

# INTERNAL STRUCTURE

### Directorates

The Directorates of the FSC Mauritius are:

- Licensing;
- Financial Stability; and
- Supervision.

#### *The Licensing Directorate*

The Licensing Directorate is responsible for the issuance of licences for business activities in the non-banking financial services and global business sector.

#### *The Financial Stability Directorate*

This Directorate regroups two Clusters namely the Financial Stability, Economic Research and Statistics and the External Relations and Financial Literacy. This Directorate works towards one of the objects of the FSC Mauritius namely, to ensure in collaboration with the Bank of Mauritius the soundness and stability of financial system in Mauritius. In addition, it looks at collecting, compiling, publishing and disseminating statistics in respect of the financial services and global business sector. Complaints handling, liaison with Ministries and local stakeholders and financial literacy initiatives are also carried out by this Directorate.

#### *The Supervision Directorate*

This Directorate consists of Capital Markets, Investment Funds and Intermediaries, Insurance, Pensions and Global Business Clusters. The Directorate ensures that all licensed firms and intermediaries comply with regulatory and disclosure requirements. It is responsible for overseeing the conduct of licensed market infrastructures and intermediaries. The Directorate also monitors markets from both prudential and conduct of business perspectives.

### Other Clusters Reporting to the Chief Executive

The Human Resources, Legal, Enforcement, Executive Office and the Corporate Services Division report directly to the Chief Executive.

- The **Human Resources Cluster** is responsible for capacity building and ensures that the FSC Mauritius has the right mix of highly qualified and experienced people to meet its statutory objectives in an effective and efficient manner. It endeavours to maintain a conducive environment for its people to learn, grow and continuously add value to the FSC Mauritius.
- The **Legal Cluster** advises on legal issues, drafts legislation and legal documents, and handles litigations, amongst others.
- The **Enforcement Cluster** carries out investigations, intelligence gathering and attends to requests for information.
- The **Executive Office** consists of the Office of the Chief Executive, the International Relations Unit, as well as, the Communications Unit and is responsible for policy implementation and coordination.

The Executive Office ensures liaison with the Board and monitors the implementation of Boards and policy decisions.

The Executive Office, with the assistance of relevant clusters, is also responsible for the organisation of events (study tours, visits from international institutions and consultants, workshops and international conferences and meetings). These initiatives aim at increasing the visibility of Mauritius on the international front.

In terms of day-to-day operations, the Executive Office coordinates the submission of timely, accurate and relevant information to the Chief Executive. It ensures the dissemination of correspondence throughout the organisation, as well as, manages stakeholders' communications and meetings.

- The Corporate Services Division, which comprises the Administration and Enterprise Risk Cluster, the Finance Cluster and the Information Technology Cluster, plays an essential role in

providing the necessary support to enable all other Directorates to focus on achieving the core functions of the FSC Mauritius.

The Administration and Enterprise Risk Cluster is inter alia responsible for procurement, facilities management, enterprise risk management and business continuity management.

The Finance Cluster is responsible for the collection of fees from licensees, debtors' management, budget resource allocation, payroll processing and related matters, accounts payable, and treasury management. It also ensures financial control and is responsible for the reporting of the FSC Mauritius' financial affairs, both statutory and non-statutory.

The Information Technology Cluster is responsible for enhancing the technology-based working environment to meet the evolving needs of FSC Mauritius with respect to operational and supervisory capabilities.

## OUR ORGANISATION

# THE LEADERSHIP TEAM

In carrying out the mission of the FSC Mauritius, the Leadership Team is guided by the Code of Conduct for FSC Staff, the Senior Management Business Conduct Chart and the Core Values of the organisation, which are:

- Ethical Behaviour;
- Team Work;
- Professionalism; and
- Compliance with Rules.

The Executive Committee, comprising of the Chief Executive and Senior Executives/Executives enables the FSC Mauritius to meet its statutory objectives, coordinates the activities of the various Directorates and provides direction and guidance to the Clusters.

The Head of Clusters and Team Leaders work together to deliver the operational objectives of the FSC Mauritius. They are responsible for the implementation of the goals as set out in the strategic and business plans and ensure that the decisions and directions provided by the Executive Committee are properly understood.



# STRATEGIC PLAN

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# STRATEGIC PLAN 2017 - 2020

The Strategic Plan 2017-2020 for the FSC Mauritius rests on the following pillars:

## 1. Mauritius: A Centre of Excellence for Cross Border Finance, Trade and Investment

- Move from a Treaty Centric Jurisdiction to a Substance Oriented Centre of Excellence for Financial Services delivery
  - o Integration of Domestic and Global Business
  - o Specialised separate licensees to provide Corporate Services, Trusteeship Services and Fund Administration
  - o Create a holistic ecosystem encompassing a gamut of support services for conducive growth of international business such as Information Technology ('IT') infrastructure, dynamic and flexible legislative framework, skilled and experienced professionals, banking network, connectivity and custodian services

## 2. Leveraging on Innovation and Cutting Edge Information Technology

- 'Regulatory Sandbox' Regime to facilitate and promote FinTech and RegTech Enterprises
- Crowd Funding Platforms for raising capital
- Virtual Currencies (e.g., Bitcoin established on Blockchain technology)
- Big Data

## 3. Enhancing Overall Competitiveness of the Jurisdiction

- Digitalisation of execution, clearing and settlement of transactions in the Capital Market arena
- Digitalisation of underwriting, payment and settlement of claims of various insurance and pension products
- Electronic Payment intermediary services based on mobile telephony
- Redefine and enhance substance requirements and review of the business model
  - o The implementation of the OECD BEPS will initiate structures to have more substance in Mauritius. This is also further to India redefining the 'Place of Effective Management'
- Realign the Tax regime with the OECD / BEPS requirements
- Devise incentives to attract High Net Worth Individuals, Regional Headquarters, Treasury Management Centres
- Regional Integration of markets, products and services
- Regional Passporting of Investment Funds similar to the Alternative Investment Fund Managers Directive ('AIFMD') in the European Union region
- Maintain the position of Mauritius for ease of doing business
- Enhance regional cooperation through bilateral and multilateral understandings or agreements
- Attract foreign and external Pension Funds to use Mauritius as a platform for investments targeting Africa and South Asia

#### 4. Deepening Domestic Market Penetration

- Promote Financial Inclusion by partnering with intermediaries to impart training and financial literacy to raise awareness
- Reintroduce tax incentives for investment in primary issue of shares, insurance and pension products
- Expand choice of diversified investment products
- Lower transaction cost
- Introduce liquidity enhancing mechanisms like market making, securities lending and borrowing and margin trading
- Derivative instruments and hedging opportunities

#### 5. Mauritius: One-stop Shop for Financial Products and Services

- A destination of choice for fund offerings, routing, structuring and Fund administration:
  - o Redrafting of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008
  - o Redefining the role of Fund Administrators, for instance, Management Companies ('MCs') will need to hold a second license in order to provide fund administration services
  - o Introduction of other types of Investment Funds, for instance, Property Funds/ Real Estate Investment Trusts
  - o Introduction of Specific Rules for Private Equity Funds
  - o Review of Reporting Obligations of Listed Investment Funds
  - o Unified Regulatory Framework for Custodians
  - o Regulatory Framework for Asset Managers
- Packaging and branding of portfolio of Financial Products and Services to suit the need of one and all including:
  - o Derivatives in equities, currencies, commodities and indices,
  - o Islamic finance products,
  - o Renminbi products
  - o Spot trading in metals and precious stones
- Mauritius a hub for :
  - o African Re-insurance Businesses
  - o Pure and third party Captive insurances
  - o External and foreign Private pensions
  - o Back office operations of insurance, reinsurance captives and international pension funds

#### 6. Financial Literacy and Investor Empowerment

- National Strategy on Financial Literacy
- Provide quality targeted guidance and support: launching a Train-the-Trainer campaign on Financial Literacy
- Strengthen co-ordination and effective partnerships: Finance Fair/Finance Week, international conference – to involve all stakeholders in the financial services sector under one roof
- Financial Literacy through social media
- Educate the future generation, particularly through the formal education system

#### 7. Establish and Maintain an Effective Regulatory environment

- Establish and maintain a regulatory environment that promotes high-quality disclosure, financial reporting, and governance, and that prevents abusive practices by registrants, financial intermediaries, and other market participants

- Promote capital markets that operate in a fair, efficient, transparent, and competitive manner, fostering capital formation and useful innovation
- Adopt and administer regulations and rules that are informed by robust economic analysis and public comment that enable market participants to understand clearly their obligations under the securities laws
- Engage with a multitude of stakeholders to inform and enhance regulatory activities domestically and internationally
- Facilitate access to the information investors need to make informed investment decisions
- Coming into alignment with the Enhanced International Organisation of Securities Commission(s) ('IOSCO') Multilateral Memorandum of Understanding ('MMoU') which sets out five new powers in addition to those in the current MMoU:
  - o to obtain and share audit papers;
  - o to compel attendance for testimony by being able to apply a sanction in the event of non-compliance;
  - o to advise and provide existing information to another regulator on how to freeze assets, or to freeze assets on behalf of another regulator;
  - o to obtain existing Internet service provider records, not including the content of communications; and
  - o to obtain existing telephone records, not including the content of communications.

## **8. Risk Management and Financial Stability**

- Development of a Financial Stability Framework and on Macro-financial Linkages
- Monitoring of Financial Stability Key Performance Indicators
- Strengthen relationship with other relevant authorities (local, regional and international)

## **9. Foster and Enforce Compliance with the Relevant Acts**

- Detect and deter violations of the relevant Acts and hold violators accountable through appropriate sanctions and remedies.
- Create a framework for imposition of monetary penalties as an alternative/complementary to the existing sanctions
- Introduce plea bargaining or settlement by consent mechanism for enforcement cases to facilitate dispute resolution and avoid unnecessary time and cost

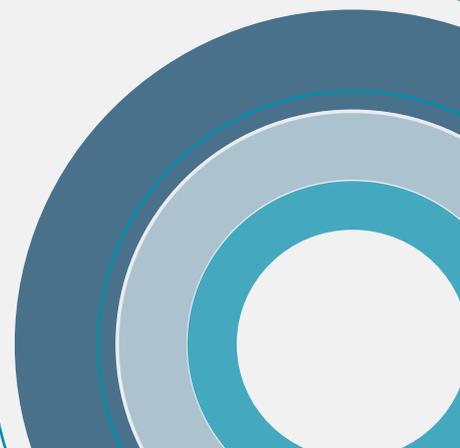
## **10. Enhance Performance Through Effective Alignment and Management of Human, Information, and Financial Capital**

- Capacity Building, skill development and optimum use of resources
- Promote a results-oriented work environment that attracts, engages, and retains a technically proficient and diverse workforce, including leaders who provide motivation and strategic direction.
- Encourage a collaborative environment across clusters and leverage technology and data to fulfil its mission more effectively and efficiently.
- Maximise the use of resources by continually improving operations and bolstering internal controls.
- Building a leadership pipeline and succession plan
- Re-engineer the Performance Management System ('PMS') to reflect objectivity and measurability
- Leverage on Innovative Information Technology for internal operations
- Information Technology Infrastructure and Solutions modernisation (e.g Big Data)
  - o Implement and optimise on Cloud-based services;
  - o Implement interoperable technologies to assist end-users and
  - o Implement software solutions / Application development.



# ENVIRONMENT IN WHICH WE OPERATE

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## ENVIRONMENT IN WHICH WE OPERATE

# GLOBAL REGULATORY TRENDS

In 2016, G20 Leaders emphasised on a more effective and efficient Global Economic and Financial Governance. The Leaders endorsed the G20 Agenda towards a more stable and resilient international financial architecture. Efforts were reiterated towards building an open and resilient financial system, which is an essential component towards supporting sustainable growth and development. Thus, the G20 Leaders remain committed to finalising remaining critical elements of the regulatory framework and to the consistent implementation of the agreed financial sector reform agenda. The implementation of the BEPS package is well supported by the Leaders and encourage all relevant jurisdictions to join the Inclusive Framework.

### International Overview of Markets

The period under review may be summarised as the period in which the aftershocks of the 2008 financial crisis was taken over by political events such as the Brexit, election of United States President and the Italian referendum on constitutional reform in December amongst others. The global implications were trade protection, more restrictive immigration, fiscal stimulus and additional geopolitical risk. This was followed by more political risks that the Eurozone faced in the first half of 2017 such as the Dutch elections in March, French presidential elections in April / May.

The aftermath was that Markets have been globally characterised by ups and downs and 2016 ended nevertheless on a positive note for some markets. The Economist in its Edition of 05 January 2017 reported *'The S&P 500 rose by 10% over the 12 months and the Dow Jones by 13%. The FTSE 100 recovered from its Brexit wobbles to end 14% up; Russia's RTS index soared after the election of Mr Trump to finish 52% higher; and Brazil's Bovespa rose by 39%. But Italy's main index fell by 10%, and China's Shanghai Composite ended the year 12% lower (including the sharp sell-off and trading halt on Chinese exchanges in early January 2016)'*. For 2017, most of the indices showed an upward trend as provided in the month-end International World Indices Table as per Appendix 1.

Investors have been and continued to be more cautious regarding their investments or returns landscape to decide on their portfolio destinations. For Capital Markets communities, solid regulatory policies/framework/ market infrastructures, robust risk management procedures and new technologies remain the main focus.

### Regulatory Developments in 2016/17

#### *Alternative Investment Fund Managers Directive ('AIFMD')*

The AIFMD, which introduced a harmonised regulatory framework for managers of alternative investment funds ('AIFs'), was required to be implemented by Member States in July 2013. The AIFMD only allows EU Alternative Investment Fund Managers marketing European Union ('EU') AIFs to use the passport scheme, under which a firm regulated in one EU country can market its funds in all EU countries. The EU AIFMs marketing non-EU AIFs, and non-EU AIFMs marketing EU AIFs and non-EU AIFs still have to use national private placement regimes, implying that they need to deal with each country separately. However, in July 2016 the European Securities and Markets Authority advised the European Commission that the passport should be extended to 12 countries and it has yet to produce definitive advice in relation to Hong Kong, Singapore and the United States, which it has also assessed.

#### *Solvency II*

The Solvency II Directive came into force on 01 January 2016. Solvency II aims to further harmonise the prudential regulatory framework for insurers and reinsurers in the EU and will consolidate a number of EU insurance and reinsurance Directives. In mid-April 2016, insurance companies filed their first prudential reports to regulators. The European Insurance and Occupational Pensions Authority, in June 2016 submitted its final technical advice to the European Commission on insurers' investments in infrastructure companies. The advice explains how

to identify the safest debt and equity investments in infrastructure companies, and how to manage the risks inherent in such investments.

#### *Inclusive Framework on BEPS*

The BEPS project emerged out of a growing concern about how large multinational enterprises handle their tax planning, and that aggressive tax minimisation has led to base erosion and double non-taxation of certain corporate income. The Inclusive Framework on BEPS held its first meeting on 30 June – 01 July 2016 in Kyoto, Japan. During the meeting, the Inclusive Framework on BEPS welcomed Macau (China), Mauritius and Ukraine bringing to 90 the total number of countries and jurisdictions participating on an equal footing in the Project.

Joining the Inclusive Framework offers the opportunity to interested countries and jurisdictions to participate in the BEPS related work on an equal footing with other OECD and G20 countries. It will also facilitate the implementation, as well as the peer review processes of the Members, by providing them with further guidance and support, including guidance covered by the Platform for Collaboration on Tax established among the IMF, the OECD, the United Nations and the World Bank Group.

## OUR FOCUS

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# OUR FOCUS

The performance of Mauritius was assessed over 2016 in terms of:

- Competitiveness;
- Macroeconomic environment;
- Banking and Financial Services;
- Ease of Doing Business, and
- International Financial Centre.

The performance of Mauritius in 2016 is illustrated in the radar diagram below.

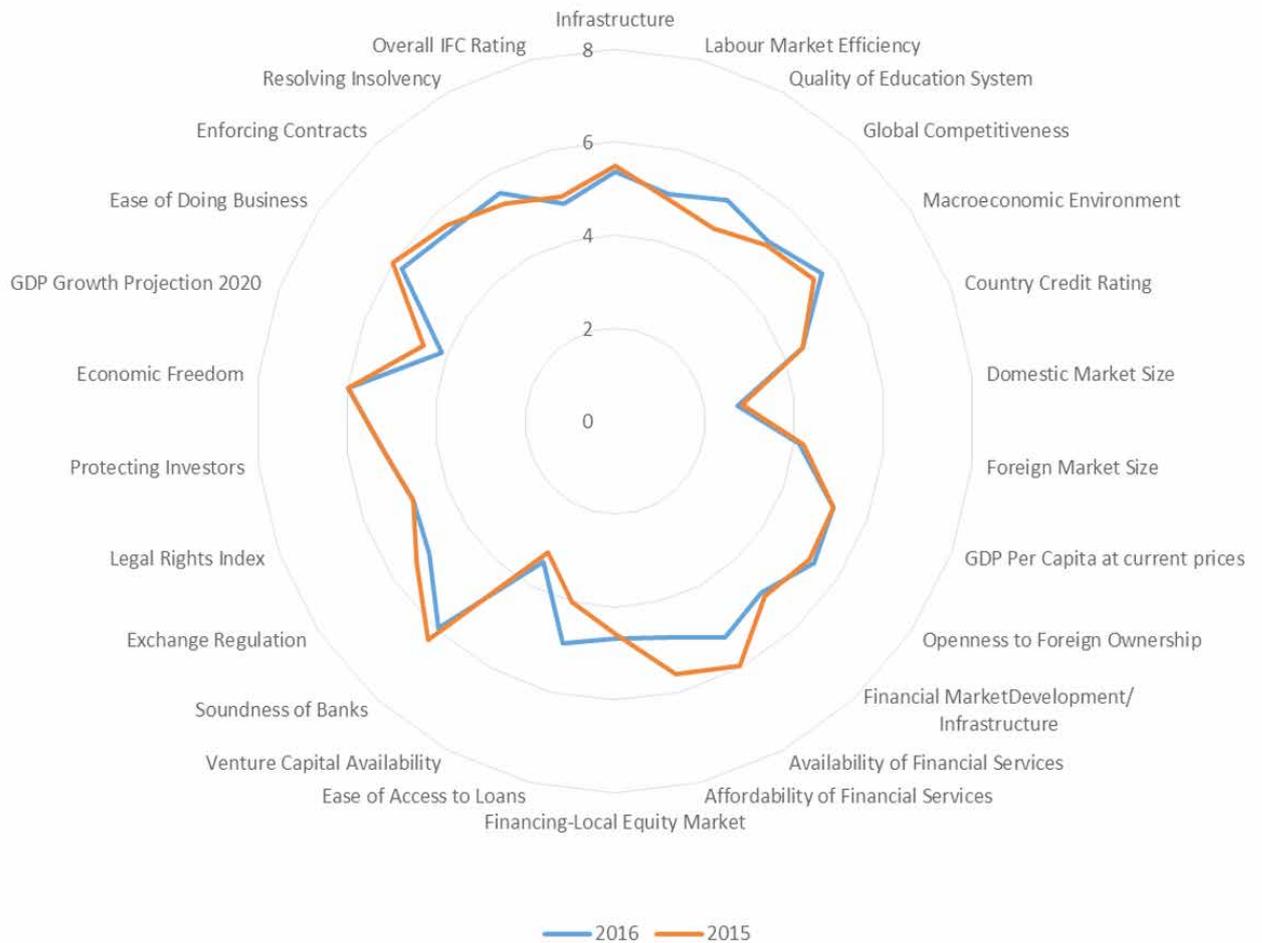


Figure 2: Performance of Mauritius in 2016

Note: The individual ratings have been standardised on a scale of 1-8 to ensure consistency.

## 1. Competitiveness

The competitiveness of Mauritius was assessed by the following international rating indices:

Index	Purpose	Rank of Mauritius
World Bank Ease of Doing Business Index 2016	Assesses regulations affecting domestic business. Measures aspects of business regulation for domestic firms. Presents quantitative indicators on the regulations that apply to firms at different stages of their life cycle.	Mauritius ranked 49 <sup>th</sup> out of 189 countries, with a score of 72.27.
World Economic Forum Global Competitiveness Index 2016 – 2017	Assesses the factors driving productivity and prosperity in 140 countries.	Mauritius ranks 46 <sup>th</sup> , down by seven places as compared to the previous report, but remains 1 <sup>st</sup> in Africa.
Wall Street Journal – Heritage Economic Freedom Index 2016	Evaluates four broad policy areas that affect economic freedom: rule of law; government size; regulatory efficiency; and open markets.	Categorised as ‘Mostly free’, Mauritius ranks 21 <sup>st</sup> with a score of 74.7 and remains the first country regionally.

## 2. Macroeconomics

The following factors were considered in the macroeconomic review:

Factors	Sub-factors
Macroeconomic Environment	Government budget balance, Gross national savings, Inflation, Government debt, Country credit rating
Country Credit Rating	Expert assessment of the probability of sovereign debt default
Domestic Market Size	Sum of gross domestic product plus value of imports of goods and services, minus value of exports of goods and services
Foreign Market Size	Value of exports of goods and services
GDP (‘Gross Domestic Product’) Per Capita	GDP valued at purchasing power parity in billions of dollars
GDP Growth Projection 2018	5-year GDP growth projection
Infrastructure	Quality of overall infrastructure, Quality of roads, Quality of railroad infrastructure, Quality of port infrastructure, Quality of air transport infrastructure, Available airline seat kilometres, Quality of electricity supply, Mobile telephone subscriptions, Fixed telephone lines
Labour Market Efficiency	Cooperation in labour-employer relations, Flexibility of wage determination, Hiring and firing practices, Redundancy costs, Pay and productivity, Reliance on professional management, Brain drain, Female participation in labour force.
Quality of Education System	Secondary and tertiary enrolment rates as well as the quality of education as evaluated by the business community. The extent of staff training is also taken into consideration because of the importance of vocational and continuous on-the-job training
Openness to Foreign Ownership	Prevalence of foreign ownership

**Overall Performance:**

Improvements in Infrastructure (41<sup>st</sup>), Labour Market Efficiency (57<sup>th</sup>) Quality of Education System (52<sup>th</sup>), Macroeconomic Environment (59<sup>th</sup>), Openness to Foreign Ownership (57<sup>th</sup>), Financing-Local Equity Market: (43<sup>rd</sup>), Ease of Access to Loans (43<sup>rd</sup>), Venture Capital Availability (62<sup>nd</sup>), Legal Rights Index (46<sup>th</sup>), Protecting Investors (29<sup>th</sup>), Soundness of Banks (59<sup>th</sup>), Exchange Regulation(65<sup>th</sup>), Financial Market Development / Infrastructure (44<sup>th</sup>), Availability of Financial Services (43<sup>rd</sup>), Affordability of Financial Services (44<sup>th</sup>), Domestic Market Size (120<sup>th</sup>) and Foreign Market Size (108<sup>th</sup>).

Mauritius ranks 45<sup>th</sup> overall and remains the region's most competitive economy, climbing two places and one place respectively. Mauritius also ranks highest in terms of Infrastructure, Health and Primary education, Higher education, Training and Goods market Efficiency. Mauritius is one of the 19 countries that has made the transition from an efficiency-driven economy to an innovation-driven one.

**3. Banking and Financial Services**

Factors	Sub-factors
Financial Market Development / Infrastructure	Availability of financial services, Affordability of financial services, Financing through local equity market, Ease of access to loans, Venture capital availability, Soundness of banks, Regulation of securities exchanges, Legal rights index
Availability of Financial Services	Does the financial sector in your country provide a wide variety of financial products and services to businesses?
Affordability of Financial Services	Does competition among providers of financial services in your country ensure the provision of financial services at affordable prices?
Financing-Local Equity Market	Ease of raising capital by issuing shares on the stock market
Ease of Access to Loans	Ease to obtain a bank loan with only a good business plan and no collateral
Venture Capital Availability	Ease for entrepreneurs with innovative but risky projects to find venture capital
Soundness of Banks	Assessment of the soundness of local banks
Exchange Regulation	Assessment of the regulations and supervision of local securities exchanges

**Overall Performance:**

In 2016, increases in Financing-Local Equity Market, Ease of Access to Loans and Venture Capital Availability were offset by decreases in the remaining individual factor performances as compared to 2015, with Exchange Regulation dropping from 43<sup>rd</sup> in 2015 to 65<sup>th</sup> in 2016.

**4. Ease of Doing Business**

The ease of doing business in Mauritius was assessed on the following factors:

Factors	Definition
Protecting Investors	Strength of Investor Protection
Enforcing Contract	Measurement of the efficiency of the judicial system in resolving a commercial dispute
Resolving Insolvency	Measure of time, cost and outcome of insolvency proceedings involving domestic entities

## Overall Performance:

Mauritius ranks 49<sup>th</sup> (out of 190 countries) with a score of 72.77 (out of 100), followed by Rwanda (56<sup>th</sup>) and Botswana (71<sup>st</sup>) in the sub-Saharan region. In 2017, doing business in Mauritius was made easier owing to the facilitation of registration of property as Mauritius digitised its land records. Mauritius ranks 98<sup>th</sup> in terms of Registering Property with a score of 61.66 (out of 100).

## 5. International Financial Centre

The performance of the Mauritius IFC was assessed in terms of factors of competitiveness including Business Environment, Financial Sector Development, Infrastructure, Human Capital and Reputational factors. The assessment also considers three other key measures that determine a financial centre's profile along different dimensions of competitiveness as shown in table below.

Factors	Definition
Connectivity	The extent to which a centre is well known around the world, and how much non-resident professionals believe it is connected to other financial centres
Diversity	The breadth of financial industry sectors that flourish in a financial centre
Speciality	The depth within a financial centre of the following industry sectors: investment management, banking, insurance, professional services and government and regulatory

## Overall Performance:

In 2016, Mauritius ranked 79<sup>th</sup> out of 87 centres with a score of 594, dropping by 6 places but remains a Transnational Specialist.

# OVERVIEW OF SECTORS

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## OVERVIEW OF SECTORS CAPITAL MARKETS

During the first half of the year 2016, the Stock Exchange of Mauritius ('SEM') evolved amidst volatile ups and downs, whilst the second half was characterised by a more or less stable Market. However, a reversed trend was noted in 2017. The Market experienced, since the beginning of the current year, an upward trend evidenced by investors' growing interests for listed securities. This may be characterised by good market environment and the performance for listed securities. This positive run gathered further momentum with the Market ending in new highs as from the end of the period under review. The trend of the SEM Market indices are illustrated by the graphs in Appendix 1.

### *Stock Exchange of Mauritius*

#### *Market performance*

The SEM operates two markets, namely the Official Market and the Development and Enterprise Market ('DEM') respectively.

As at 31 December 2016, the total market capitalisation for both markets on SEM amounted to MUR 384.92 billion as compared to MUR 251.12 billion in 2015, representing 64.8 percent of GDP. As at 30 June 2017, market capitalisation reached MUR 449.90 billion.

The total value of shares stood at MUR 19.94 billion in 2015 with an overall volume of 4.12 billion shares traded. Comparatively, for the year 2016, the total value of shares was MUR 15.43 billion and the volume of shares stood at 2.80 billion. The total value for the 18 months ended 30 June 2017 stood at MUR 22.50 billion, whereas the total volume for the same period was 2.43 billion shares.

#### Official Market

Particulars	30 Jun 2017	31 Dec 2016	31 Dec 2015
SEMDEX	2,122.91	1,808.37	1,811.07
SEM-10	412.52	345.04	346.35
SEMTRI (MUR)	7,472.00	6,309.09	6,109.19
SEMTRI (USD)	3,399.41	2,744.60	2,631.14

Table 1 : Official Market – Indices

Source: SEM

#### DEM

Particulars	30 Jun 2017	31 Dec 2016	31 Dec 2015
DEMEX	212.83	203.36	199.34
DEMTRI (MUR)	282.35	265.70	251.66
DEMTRI (USD)	258.43	232.53	218.05

Table 2: DEM – Indices

Source: SEM

*Market Intermediaries*

As per the Securities Act 2007, two types of market intermediaries, namely Investment Dealer and Investment Adviser, are catered for under sections 29 and 30 respectively. The FSC Mauritius implemented the Securities (Licensing) Rules 2007, which provide for the different categories of Investment Dealers and Investment Advisers and the criteria and requirements to licence Investment Dealers, Investment Advisers and their Representatives. As per the Securities (Licensing) Rules 2007, only a body corporate can act as an Investment Dealer whilst an Investment Adviser can be either an individual or a body corporate.

The Budget 2016/17 introduced a new category of Investment Adviser, the Investment Adviser (Corporate Finance Advisory). This category of licensee is authorised to provide corporate finance advisory services, as defined in the interpretation part of the SA, with respect to securities transactions through printed materials or any other means. This category of Licence is applicable only to a corporate body.

The table below indicates the number of domestic Investment Dealers and Investment Advisers which have been licensed in 2015, 2016 and from January 2016 to 30 June 2017.

Activity	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Investment Dealer	2	2	1
Investment Adviser	8	3	3
Representative of Investment Dealer	4	3	8
Representative of Investment Adviser	51	36	12

Table 3: Domestic Investment Dealers and Advisers

## OVERVIEW OF SECTORS NON-BANK FINANCIAL INSTITUTIONS

### Non-Bank Financial Institutions (Second Schedule of the FSA)

The Second Schedule of the FSA 2007 includes entities which carry out financial business activities such as Credit Finance, Factoring, Leasing, Registrar and Transfer Agent, Treasury Management, Payment Intermediary Services, Credit Rating Agencies / Rating Agencies among others.

Categories of Licence	2017 (30 June)	2016	2015
Factoring	1	0	0
Treasury Management	0	1	0
Payment Intermediary Services	0	0	0
Registrar & Transfer Agents	1	1	1
Leasing	0	0	0
Credit Finance	1	1	0
Credit Rating Agency	0	0	1
Actuarial Services	0	1	0
Pension Scheme Administrator	0	2	0

Table 4: Number of new licensees (Second Schedule of the FSA) in 2015, 2016 and 2017

Categories of Licence	Domestic
Factoring	4
Treasury Management	6
Registrar & Transfer Agents	8
Leasing	10
Credit Finance	5
Payment Intermediary Services	3
Credit Rating Agency	1
Actuarial Services	3
Pension Scheme Administrator	6

Table 5: Number of licensees (Second Schedule of the FSA) as at 30 June 2017

### Reporting Issuers

During the period under review, the FSC Mauritius granted registration to 20 entities as Reporting Issuers ('RIs') pursuant to section 86 of the SA. These RIs have either sought a listing on the SEM or have more than 100 shareholders.

As at 30 June 2017, there was a total number of 164 RIs which were registered with the FSC Mauritius. All RIs are subject to on-going disclosure requirements as per the SA and the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.

## Investment Banking

With the implementation of the measures in the Budget 2016/17, the FSA was amended to include Section 79A for the application for Investment Banking Licence. A licensee holding an Investment Banking Licence under this section may conduct the activities of an Investment Dealer (Full Service Dealer, including Underwriting), Investment Adviser (Unrestricted), Investment Adviser (Corporate Finance Advisory), Asset Management, Distribution of Financial Services, and such other activities as may be specified in FSC Rules.

Following a consultation exercise carried out in September / October 2016 to seek the views of the Industry, the Financial Services (Investment Banking) Rules were issued in 2016. As at 30 June 2017, there were two licences issued.

## Developments

In line with best international practices and new developments in the financial landscape, the FSC Mauritius embarked on the following project developments during the period under review:

- ***Investment Adviser (Corporate Finance Advisory)***

The Licence for a new category of Investment Adviser Licence – the Investment Adviser (Corporate Finance Advisory) was announced in the Budget 2016/17. Following the announcement, the SA was amended to include a definition of ‘Corporate Finance Advisory’ for the creation of a new category of Investment Adviser Licence, namely the Investment Adviser (Corporate Finance Advisory) Licence. This category of licensee is authorised to provide corporate finance advisory services with respect to securities transactions through printed materials or any other means. The advisory services include:

- (a) Compliance with the listing requirements of any securities exchange;
- (b) Raising of funds through the issue of securities;
- (c) Arrangement or restructuring including takeovers, mergers and acquisitions, of a corporation, as far as it relates to securities transactions; or
- (d) Any other matter specified in FSC Rules.

As at 30 June 2017, two licences were granted.

- ***Securities (Takeover) Rules***

With the objective of revamping the Securities (Takeover) Rules the FSC Mauritius set up in July 2016, a Working Group (‘WG’) in collaboration with the Industry. The WG held several meetings and has submitted a report to the FSC Mauritius for consideration.

- ***The Securities (Preferential Offer) Rules***

The FSC Mauritius carried out a consultation exercise in October 2016 to seek the views of the industry on the set of rules drafted. The Securities (Preferential Offer) Rules became effective as from 01 July 2017.

- ***Circulars have been issued in respect of Conduct of business in Mauritius by a corporate holding a Category 2 Global Business Licence***

Further to the enactment of the Finance (Miscellaneous Provisions) Act 2016, Section 73(2) of the FSA has been amended to allow a Category 2 Global Business Company (‘GBC2’) to invest in any securities listed on a securities exchange licensed under the SA. GBC2s can also open bank accounts in Mauritian currency.

# OVERVIEW OF SECTORS INVESTMENT FUNDS AND INTERMEDIARIES

## Collective Investment Schemes and Closed-end Funds

The number of funds being regulated by the FSC Mauritius stood at 977 as at 31 December 2016, representing an increase of 1.88 percent as compared to the number of funds authorised as at 31 December 2015. The number of funds increased by 0.72 percent over the period from January to June 2017 to reach 984.

Authorised Funds	As at 30 Jun 2017	As at 31 Dec 2016	As at 31 Dec 2015
Collective Investment Schemes	488	488	482
Closed-end Funds	496	489	477
<b>Total Funds</b>	<b>984</b>	<b>977</b>	<b>959</b>

Table 6: Number of funds authorised by the FSC Mauritius

## Fund Intermediaries

The table below indicates the number of Collective Investment Schemes ('CIS') Managers, Custodians and CIS Administrators licensed as at 30 June 2017.

Category of Licence	As at 30 Jun 2017	As at 31 Dec 2016	As at 31 Dec 2015
CIS Manager	412	401	424
Custodian (CIS)	10	10	10
CIS Administrator	8	8	7

Table 7: Breakdown of Fund Intermediaries

## Distribution of Financial Products Licence

The market for structured products has grown significantly, which indicates that participants are moving away from traditional investment products. Innovative structured products based on steady or fixed income generating instruments have been introduced on the market in order to meet the needs of participants.

Much effort has been devoted to scrutinising the financial products being distributed. A review of the type of products, subscription/distribution documents and the suitability to targeted investors was undertaken, in alignment with the objective of the FSC Mauritius to protect consumers from market abuse and unfair practices.

Category of licence	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Distribution of Financial Products	23	23	23

Table 8: Number of licensees holding a Distribution of Financial Products Licence

### Asset Management Licence

During the period under review, the FSC Mauritius completed a thorough assessment of entities holding an asset management licence. The findings indicated that a few licensees were conducting activities outside the scope of their licence. By the end of the review period, two licensees ceased their operations and one was duly licensed.

Category of licence	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015*
Asset Management	11	10	12

\*Revised figure

Table 9: Number of licensees holding an Asset Management Licence

### Custodian Licence

The FSC Mauritius distinguishes between custodians offering services exclusively to funds (for which a Custodian (CIS) Licence is issued under section 100 of the Securities Act 2005) and those entities that offer custodian services to other clients (for which a Custodian (Non-CIS) Licence is issued under section 14 of the FSA). The table below indicates that these activities have remained stable during the period under review.

Category of licence	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Custodian (CIS)	10	10	10
Custodian (Non-CIS)	8	8	8

Table 10: Number of licensees holding a Custodian Licence

## Developments

### *Private Placement for Professional Collective Investment Schemes*

On 01 June 2017, the FSC Mauritius issued the Securities (Preferential Offer) Rules 2017 (the 'Preferential Offer Rules') which became effective as from 01 July 2017. According to the Preferential Offer Rules, Collective Investment Schemes categorised as Professional Collective Investment Schemes pursuant to regulation 75(1) (b) of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 shall only on-board investors where the total cost of subscription or purchase for each investor is for an amount of at least USD 200,000. The aim of the Preferential Offer Rules is to reinforce the existing regulatory framework for Professional Collective Investment Schemes issuing shares by way of private placement.

## **Asset Manager Certificate and Fund Manager Certificate**

The Second Schedule of the Income Tax Act provides for a five-year tax holiday for employees of licence holders of the FSC Mauritius managing an asset base of not less than USD 100 million and issued with:

- (i) an Asset Manager Certificate;
- (ii) a Fund Manager Certificate; or
- (iii) an Asset and Fund Manager Certificate.

The Certificates will be issued by the FSC Mauritius to officers approved under section 24 of the FSA and employed by CIS Managers and companies holding an Asset Management Licence under section 14 of the FSA, provided they satisfy prescribed conditions.

## **Amendments to Competency Standards**

The Competency Standards were issued in October 2014, and thereafter, Circular Letter CL030615 dated 03 June 2015 was issued in relation to CIS Managers, to the effect that, as from 01 January 2016, a CIS Manager is no longer required to appoint a Designated Officer. The rationale behind this exemption is that an assessment is already conducted by the FSC Mauritius on the persons who will form part of the Investment Management Team based on the information submitted as per regulation 6(2) (c) and (e) of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008.

## **Addendum to Circular Letter CL240915**

On 12 January 2016, the FSC Mauritius issued an addendum to Circular Letter CL240915 in order to exempt Closed-end Funds which are Reporting Issuers, from complying with the procedures for registration of prospectus and the payment of a fee of MUR 100,000 pursuant to section 146(4) of the Securities Act 2005.

The rationale behind this exemption is that the prospectus of a Closed-end Fund is already assessed at application stage and is subsequently subject to ongoing monitoring. In addition, the Closed-End Fund is already subject to payment of a processing fee of MUR 25,000 and an annual fee of MUR 75,000.

## OVERVIEW OF SECTORS INSURANCE

### Long Term Insurance Business

During the period 2016/17, there were eight licensed long term insurers, with BAI Co (Mtius) Ltd ('BAI') under Special Administration since 2015.

	2016**	2015**	2014*
Number of Insurers	6	6	7
Value of Assets (MUR billion)	89.56	86.76	115.25
Gross Premiums (MUR billion)	9.72	9.31	16.30
Number of Claims	34,451	34,134	49,258
Value of Claims (MUR billion)	8.07	7.39	13.01
Number of Policies	301,987	276,740	431,057

\* Excludes data for BAI

\*\* Excludes data for BAI and 1 newly licensed insurer

Table 11: Trends in Long Term Insurance Business

Please refer to Appendix 2 for detailed statistics.

The total value of assets, including managed pension, stood at MUR 89.56 billion in 2016, as compared to the value of assets in 2015 which amounted to MUR 86.8 billion, thus indicating an increase of 3 percent.

Gross premiums increased by 4 percent in 2016 to reach MUR 9.72 billion compared to MUR 9.31 billion in 2015.

The number of policies increased by 9 percent from 276,740 in 2015 to 301,987 in 2016.

### General Business

During 2016, there were 15 insurers licensed to conduct general insurance business. The value of assets decreased by 4 percent in 2016 to reach MUR

15.92 billion compared to MUR 16.7 billion in 2015. Capital and Reserves remained stable at MUR 7.53 billion in 2016 as compared to MUR 7.6 billion in 2015.

Gross premiums for motor business amounted to MUR 3.14 billion in 2016 in contrast to MUR 2.92 billion in 2015, rising by 8 percent. Gross premiums for non-motor business stood at MUR 4.87 billion in 2016 as compared to MUR 4.65 billion in 2015.

Underwriting profits stood at MUR 0.19 billion in 2016, lower than MUR 0.27 billion in 2015, showing a decrease of 30 percent from the previous year. It was also noted that technical reserves decreased by 12 percent during the same period. Operating profits amounted to MUR 0.71 billion in 2016 against MUR 0.73 billion in 2015, representing a slight decrease of 2 percent over the previous year.

The number of motor claims stood at 51,661 for 2016, lower than the figure of 53,160 in 2015. By contrast, the number of non-motor claims amounted to 203,735 in 2016, up from 170,129 in 2015. The number of policies increased from 523,553 in 2015 to 553,313 in 2016.

	2016*	2015*	2014
Number of Insurers	14	14	14
Value of Assets (MUR billion)	15.92	16.67	15.07
Gross Premiums (MUR billion)	8.01	7.57	7.41
Number of Claims	255,396	223,289	278,894
Value of Claims (MUR billion)	4.45	4.03	3.91
Number of Policies	553,313	523,553	514,104

\*The data does not include 1 newly licensed insurer  
Table 12: Trends in General Insurance Business

Please refer to Appendix 2 for detailed statistics.

### Insurance Intermediaries

An exercise was carried out in 2017 to ascertain compliance of insurance brokers with section 72 of the IA pertaining to annual submission of financial statements and statutory returns, and certain

instances of non-compliance were noted. Actions taken included issue of reminders and application of administrative penalties under the Financial Services (Administrative Penalties) Rules 2013.

The number of insurance intermediaries licensed as at 30 June 2017 and as at 31 December 2016 was as follows:

	Domestic		Global		Total	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Insurance Agents	289	287	4	4	293	291
Insurance Brokers	39	38	29	28	68	66
Insurance Salespersons	1,259	1,277	N/A	N/A	1,259	1,277

Table 13: Number of Insurance Intermediaries

### Developments

#### Explanatory Notes to the Guidelines for Advertising and Marketing of Financial Products

On 01 April 2016, the FSC Mauritius issued Explanatory Notes in relation to the Guidelines for Advertising and Marketing of Financial Products ('Advertising Guidelines').

The Explanatory Notes are intended to provide guidance to Promoters (as defined in the Advertising Guidelines) on the interpretation of the Advertising Guidelines and on the appropriate standards, and conditions to be observed in the context of fair treatment of consumers of financial products.

#### Captive Insurance (Pure Captive Insurance Business) Rules 2016

The FSC Mauritius issued the Captive Insurance (Pure Captive Insurance Business) Rules 2016 ('Pure Captive Rules') on 15 April 2016 with the aim to strengthen the framework for captive insurance business introduced by the Captive Insurance Act 2015.

The Pure Captive Rules are exclusively in respect of pure captive insurance business and lay down requirements regarding capital, solvency and reporting.

As at 30 June 2017, the FSC Mauritius licensed one pure captive insurer and eight captive insurance agents.

#### Financial Services (Funeral Schemes Management) Rules

The FSA was amended on 01 October 2016 to add Funeral Scheme Management as a new financial business activity which will be licensed under section 14 of the FSA.

The objective of this amendment was to enable the FSC Mauritius to have an oversight on the monies being collected by funeral scheme managers from the public.

In line with this amendment, the Financial Services (Funeral Scheme Management) Rules 2016 ('Funeral Scheme Management Rules') were issued to lay down the specific requirements applicable to funeral scheme managers.

According to the Funeral Scheme Management Rules, any person carrying out the activity of funeral scheme management in Mauritius had until 01 April 2017 to apply to FSC Mauritius for a funeral scheme management licence and to comply with the requirements of the FSA and Funeral Scheme Management Rules (although this requirement to be licensed does not apply to benevolent associations).

During the period under review, two companies submitted applications for a licence. The FSC Mauritius also conducts onsite visits of the entities involved in funeral scheme management business prior to granting the relevant licences.

### **Insurance (Risk Management) Rules 2016**

On 10 October 2016, the FSC Mauritius issued the Insurance (Risk Management) Rules 2016 ('Risk Management Rules') with the aim to encourage a more risk-based as opposed to compliance-oriented approach by the insurance sector in line with international regulatory direction and best practice.

The Risk Management Rules were drafted in collaboration with the World Bank as part of a wider project to strengthen insurance sector regulation and supervision in Mauritius.

Under the Risk Management Rules, insurance companies are now required to set up and maintain, at all times, a Risk Management Framework to enable them to develop and implement strategies, policies, procedures and controls to manage their material risks.

The Risk Management Framework should include a Risk Appetite Statement, a Risk Management System, an Own Risk and Solvency Assessment, a liquidity policy and a designated risk management function.

The Risk Management Rules came into effect on 01 July 2017.

### **Third Party Captive Insurance Business**

Following the Captive Insurance Act 2015 and the Pure Captive Rules, the FSC Mauritius is currently working on new Rules to allow the licensing of Third Party Captive Insurers. This is in line with the objective of the FSC Mauritius to study new avenues for development of the financial services sector, to respond to new challenges and to take full advantage of new opportunities for achieving economic sustainability and job creation. The FSC Mauritius conducted a stakeholders' meeting on 13 October 2016 and issued the draft Captive Insurance (Captive Insurance Business) Rules for public consultation on 23 December 2016.

### **Guidelines on Issue of Insurance Policy Documents in Digital Format**

The FSC Mauritius issued the Guidelines for Issue of Insurance Policy Documents in Digital Format ('Digital Policy Guidelines') on 30 March 2017, with the objective of laying down a common set of standards to guide insurers and to ensure sound conduct and fair treatment of policyholders when insurance policies are issued in digital form.

The Digital Policy Guidelines provide the minimum standards to be followed by insurers to ensure that the marketing and sale of insurance products through the Internet does not compromise the authenticity, validity and integrity of the insurance policy.

Under the Digital Policy Guidelines, insurers are required to adopt internal policies and establish internal procedures so as to conduct their business in a way that promotes the best interests of consumers and the integrity of the financial services industry as a whole in the context of electronic marketing and sale of insurance.

The Digital Policy Guidelines came into effect on 01 July 2017.

### **Draft Insurance (Deposit) Rules**

The FSC Mauritius published the draft Insurance (Deposit) Rules for consultation on 28 April 2017. The purpose of the Insurance (Deposit) Rules is to prescribe the amount and custodian of the deposit required to be maintained by insurers under section 24 of the IA.

The FSC Mauritius proposed in the draft Rules that the amount of deposit be maintained at MUR 8 million. The deposit shall be made at a bank licensed by the Bank of Mauritius and approved and pledged in favour of the FSC Mauritius. The views and comments of stakeholders have been received and the Rules are being finalised.

### **Circular Letter on new procedures for applications for approval of creation of cells**

In order to streamline the application process for approval of creation of cells under section 7(2) of the Protected Cell Companies Act 1999, the FSC Mauritius issued Circular Letter CL2-270617 on 27 June 2017, which introduces two new procedures for insurance companies structured as Protected Cell Companies ('PCCs').

Firstly, an application form was devised to enable applicants to provide the comprehensive information required for the assessment of their application. Henceforth, all applications for creation of cells should be submitted in accordance with the prescribed form.

Secondly, a fee structure for processing and annual fees in relation to insurers structured as PCCs has been introduced by the Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2017.

Accordingly, applicants for an insurance business licence under the IA and intending to be structured as PCCs will be required to pay the applicable processing fee for the creation of the first cell, and after being licensed, the PCC will pay the required processing fee in respect of every additional cell it will create.

Furthermore, such PCCs will pay fixed annual fees (as well as variable annual fees, as applicable) depending on their structure and number of cells.

The new fee structure became effective on 01 July 2017.

#### **Communiqué in relation to Seagull Insurance Ltd**

On 06 March 2017, FSC Mauritius issued a Communiqué to inform the public that payments by the Liquidator of Seagull Insurance Ltd (which was under Court Liquidation) to policyholders had been completed.

The Liquidator had been receiving policyholders and processing claims received since 27 June 2016, and FSC Mauritius had continuously monitored the situation through a monthly reporting agreement.

Policyholders and beneficiaries who had not contacted the Liquidator were also informed that they could still make a claim to the Curator of Vacant Estates.

## OVERVIEW OF SECTORS

# PENSIONS

### Overview of the private pension industry in Mauritius

The Private Pension Schemes Act 2012 ('PPSA'), was promulgated in 2012, and governs the regulation and supervision of private pension schemes in Mauritius. The objective of the PPSA is to ensure a fair, safe, stable and efficient private pension industry whilst improving on the governance, transparency and sustainability of the sector. The protection and safeguard of the best interests of beneficiaries is a focal point of the PPSA. This legislation brings under its purview all existing pension schemes established in Mauritius prior to 2012 such as superannuation funds and trusts approved by the Mauritius Revenue Authority to provide pension benefits. Pension schemes not applicable under the PPSA are schemes, funds and associations established under the governance of the Civil Service Family Protection Scheme Act, National Pensions Act, Registration of Associations Act, Statutory Bodies Family Protection Fund Act, Statutory Bodies Pension Funds Act, and Sugar Industry Pension Fund Act.

Private pension schemes are set up as either trusts or foundations by employers or service providers to provide for pension benefits to members. Pension schemes such as superannuation funds which were previously registered under the now repealed Employees Superannuation Fund Act, continue to exist under the same structure. The categories of private pension schemes licensed by the FSC Mauritius under the PPSA are 'pension scheme', 'external pension scheme' and 'foreign pension scheme'.

During the period under review, the FSC Mauritius granted pension scheme licences to two Multi-employer schemes promoted by service providers. Multi-employer schemes involve the participation of several sponsoring employers. Many of the existing private pension schemes which were under contractual arrangements joined these multi-employer schemes as a way of improving their governance structure and complying with the overarching principles of the PPSA. Under a multi-

employer scheme, the administrative burden of running a stand-alone pension scheme is reduced and employers benefit from bundled services provided under such an arrangement. These bundled services include administration, investment management and actuarial examination.

### Private Pension Schemes Industry at a Glance

#### i. Private Pension Schemes

Categories of Private Pension Schemes	At 30 Jun 2017	At 31 Dec 2016	At 31 Dec 2015
Pension Schemes	69	68	65
Foreign Pension Scheme	0	0	0
External Pension Scheme	1	1	2

Table 14: Number of Private Pension Schemes licensed

	Financial Year ended in 2015 (MUR Billion)	Financial Year ended in 2014 (MUR Billion)	Growth / Contraction (%)
Total Assets	35.86	22.29	61

Table 15: Total Assets of Private Pension Schemes in 2015

The significant growth is due to many employers onboarding multi-employer private pension schemes as part of their compliance with section 8 of the PPSA.

### New Applications for Private Pension Schemes

During the period 2016/17, the number of new applications lodged with the FSC Mauritius were as follows:

Categories of Private Pension Schemes	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Pension Schemes	6	5	3
Foreign Pension Scheme	0	0	0
External Pension Scheme	5	4	0

Table 16: New applications for Private Pension Schemes

### Pension Scheme Administrators

Categories of Pension Scheme Administrators	As at 30 Jun 2017	As at 31 Dec 2016	As at 31 Dec 2015
Pension Scheme Administrators	7	7	5
Long-term insurers authorised to administer a private pension scheme	5	5	4

Table 17: Number of Pension Scheme Administrators licensed

	Financial Year ended in 2015 (MUR Million)	Financial Year ended in 2014 (MUR Million)	Growth / Contraction (%)
Total Assets	76.68	68.76	12

Table 18: Total Assets of Pension Scheme Administrators in 2015

During the period 2016/17, the number of new pension schemes administrator licensed and Long-term insurers authorised to administer a private pension scheme were as follows:

Categories of Licence / Authorisation	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Pension Scheme Administrators	2	2	0
Long-term insurers authorised to administer a private pension scheme	1	1	3

Table 19: New applications for Pension Scheme Administrators

### Developments

#### Review of the regulatory framework

In view of the increasing importance and the risk associated with pension schemes as well as its impact on financial stability and for the protection of the consumers of the financial services industry, a review of the existing regulatory framework was carried out. The aim of this review was to enhance prudential norms, transparency, disclosure and reporting requirements by private pension schemes licensed under the PPSA to ultimately provide better protection to members and beneficiaries of the schemes. A consultation process is being engaged to move forward accordingly.

The sector landscape, especially with regard to the benefit structures of private pension provision, has changed considerably in recent decades. Defined contribution pension arrangements are becoming more prominent. Consequently, members are required to make more informed retirement decisions as they have to bear investment and longevity risks that can impact on the adequacy of retirement income. One long-term solution for achieving higher retirement income is to contribute more for longer periods. Therefore, future policy decisions and discussions need to focus on how to achieve both.

Defined benefit ('DB') occupational pension arrangements still represent a significant part of the private pension industry in Mauritius. However, many of these DB pension arrangements are under-funded

and DB plan sponsors face challenges in funding any shortfalls between pension liabilities and pension assets. Therefore the FSC Mauritius is encouraging these DB pension schemes to develop contingency plans on how to make good of their shortfalls in a timely manner in the long run.

It remains vital today for the FSC Mauritius to ensure that private pension schemes operate, at all times, in a financially sound and transparent environment ensuring that the best interests of beneficiaries are protected and pension schemes are able to meet their ultimate objective to provide for pension benefits.

## OVERVIEW OF SECTORS

# GLOBAL BUSINESS

The Global Business sector has witnessed the sale of two of its key players to international investors – a sale of an unprecedented magnitude in monetary terms adds credibility, visibility and attractiveness to the Mauritius IFC as a centre of repute, substance and excellence.

In its three-year strategic plan (2017/18 to 2019/20), the Mauritian government has taken the laudable initiative to reform the Global Business Licence tax regime in order to ensure compliance with international requirements set by leading globally recognised institutions. In the same vein, the Government has signed, on 05 July 2017, the

Multilateral Convention to Implement Tax Treaty Related Measures to BEPS, thus demonstrating to the international community the firm commitment of the Mauritian jurisdiction to curb base erosion and fight international tax evasion.

The current Global Business Model, amongst others, will be the subject matter of a blueprint – to be elaborated by the Ministry of Financial Services, and Good Governance – in order to make the sector sustainable in the long run and unleash its full potential to accelerate economic growth.

### Market Trends

	2016	2015	2014	2013	2012
Number of Entities	158	161	174	172	165
Total Income (USD thousand)	262,405	230,929	203,031	194,688	176,717
Profit Before Tax (USD thousand)	93,473	76,027	58,253	57,929	56,398

Table 20: Summary of Financial Results of MCs (inclusive of Corporate Trustees over 2012-2016)

*\*Please note that Audited Financial Statements for MCs/CTs for 2017 are not yet due. Therefore, figures included in 2016 relate to AFS for the year ended 2016.*

During the year under review, 158 audited financial statements for Management Companies / Corporate Trustees ('CTs') were received. The Total Income as per these 158 audited financial statements received amounted to USD 262 million and Profit before tax amounted to USD 93 million.



# LEGAL AND REGULATORY DEVELOPMENTS

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# LEGAL AND REGULATORY DEVELOPMENTS

## New laws

### ***The Limited Liability Partnership Act 2016***

*The Limited Liability Partnership Act (the 'LLP Act') was passed by the National Assembly on 29 November 2016 to provide for the setting up and registration of Limited Liability Partnerships ('LLP') in Mauritius. The LLP Act was gazetted on 03 December 2016.*

The Act applies to persons:

- (a) offering professional or consultancy services;
- (b) holding a Global Legal Advisory Services licence; or
- (c) engaging in such other activities as may be prescribed.

Under the Act, each LLP shall have at least 2 partners and a Manager. The LLP will have a separate legal personality from its partners.

The Manager of the LLP shall be a person qualified to be a Secretary under the Companies Act 2001 and shall be responsible for:

- (a) guiding the partners on their duties and obligations under the Act;
- (b) ensuring that minutes of meetings of partners are taken;
- (c) ensuring that proper filing is done with the Registrar and the latter is notified when this is required under the Act; and
- (d) ensuring that the financial summary of the LLP is prepared on time.

The Manager of an LLP holding a Category 1 Global Business Licence shall be a Management Company.

The Act also provides for the registration and continuation of foreign LLPs in Mauritius.

## **Amendments to existing laws**

### ***Amendments to the Financial Services Act***

- Section 23

Section 23(1) of the FSA has been amended such that FSC Rules can be made so that the requirement under Section 23 does not apply to certain classes of licensees, or types of shares or legal or beneficial interest. This change shall also not apply where there is a transfer of shares or legal or beneficial interest of less than 5% in a licensee unless such transfer results in a change in control. However, the licensee should notify the Commission of the transfer.

- Section 73

In line with the enhancement of substance requirements, Section 73(2) of the FSA has been amended in order to allow GBC2s to invest in listed securities. GBC2s may now enter into business relationship with licensed investment dealers for the purpose of opening a securities account and investing in any securities listed on a securities exchange licensed under the SA.

- Section 77A

In order to attract the expertise of internationally recognised law firms to Mauritius, and to ensure a robust and trusted regulatory approach that allows new opportunities to emerge in the Mauritius International Financial Centre, a new category of licence, namely Global Legal Advisory Services Licence has been introduced under section 77A. The aim is to provide a legal framework for global law firms choosing Mauritius as a venue to set up their offices.

- Section 79A

A new category of licence, namely the Investment Banking licence, has been introduced following the enactment of the Finance (Miscellaneous Provisions) Act 2016. This new licence is be an umbrella licence encompassing activities under:

- (a) The Securities Act
  - (i) Investment Dealer;

- (ii) Investment Adviser (Unrestricted); and
- (iii) Investment Adviser (Corporate Finance Advisory)

(b) The Financial Services Act

- (i) Asset management; and
- (ii) Distribution of financial services.

### ***Amendment to the Insurance Act***

The scope of activities of an “insurance agent” in Section 2 of the IA has been broadened so that an insurance agent can conduct such other activities related to insurance as may be approved by the FSC Mauritius.

### ***Amendments to the Securities Act***

Section 30 of the SA has been amended to introduce a new category of Investment Adviser which can give advice on corporate finance advisory matters concerning securities transactions. The new category of Investment Adviser will be known as Investment Adviser (Corporate Finance Advisory).

With the introduction of this new licence, Section 2 of the SA has also been amended to include the definition of “corporate finance advisory” as meaning the provision of advisory services on the following:

- (a) compliance with the listing requirements of any securities exchange;
- (b) raising of funds through the issue of securities;
- (c) arrangement or restructuring including takeovers, mergers and acquisitions, of a corporation, as far as it relates to securities transactions; or
- (d) any other matter specified in FSC Rules.

## **Rules, Regulations and Codes**

### ***New Rules***

- Insurance (Risk Management) Rules 2016

In line with the vision of the FSC Mauritius “to be an internationally recognized Financial Supervisor committed to the sustained development of Mauritius as a sound and competitive Financial Services Centre”, the Insurance (Risk Management) Rules 2016 (‘Risk Management Rules’) were made on 10 October 2016.

The Risk Management Rules are applicable to all insurers as defined under the IA and all insurers will be required to maintain, at all times, a Risk Management Framework to enable them to develop

and implement strategies, policies, procedures and controls to manage material risks.

The Risk Management Rules will become effective as from 01 July 2017.

- Financial Services (Exemption from Approval of Controllers and Beneficial Owners) Rules 2016

The Financial Services (Exemption from Approval of Controllers and Beneficial Owners) Rules 2016 (‘Exemption Rules’) have been made under Section 23(4) and Section 93 of the FSA.

Section 23(1) of the FSA provides that subject to subsection (1A), no shares, or any legal or beneficial interest in a licensee shall be issued or transferred except with the approval of the FSC Mauritius.

The Exemption Rules have been made so that the requirement to seek approval under Section 23(1) shall not apply to the issue or transfer of the type of shares, legal or beneficial interest that do not carry voting rights.

The Exemption Rules came into force on 21 January 2017.

- Financial Services (Investment Banking) Rules 2016

Following the introduction of Section 79A in the FSA, the Financial Services (Investment Banking) Rules 2016 (‘Investment Banking Rules’) were made.

The Investment Banking Rules provide, *inter alia*, for the eligibility criteria of an applicant for an Investment Banking Licence, authorised activities, governance provisions, minimum capital requirement and reporting requirements.

The Investment Banking Rules came into force on 07 September 2016.

- Financial Services (Funeral Scheme Management) Rules 2016

The Financial Services (Funeral Scheme Management) Rules 2016 (‘Funeral Scheme Management Rules’) were made by the FSC Mauritius on 27 September 2016 and came into operation on 01 October 2016.

The Funeral Scheme Management Rules provide for minimum stated unimpaired capital requirements for licensees and require licensees to possess professional

indemnity insurance covers for the employees of the licensee. The Rules also provide for a segregation of monies invested by holders of funeral scheme contracts from the funds of the licensee.

Companies carrying on Funeral Scheme Management Services are further required to comply with reporting requirements imposed both by the FSA and the Funeral Scheme Management Rules.

- Captive Insurance (Pure Captive Insurance Business) Rules 2016

The FSC Mauritius issued the Captive Insurance (Pure Captive Insurance Business) Rules ('Pure Captive Rules') on 25 April 2016 to establish a framework for the supervision of pure captive insurers. The Pure Captive Rules lay down requirements regarding capital, solvency and reporting.

- Securities (Preferential Offer) Rules 2017

The Securities (Preferential Offer) Rules 2017 ('Preferential Offer Rules') were made under Section 93 of the FSA and Sections 70 and 155 of the Securities Act 2005 and came into force on 01 July 2017.

According to the Preferential Offer Rules, any preferential offer of securities, whether listed or not, made by an issuer that issues securities to 25 investors or above or a reporting issuer, shall comply with the Act, Regulations and FSC Rules made thereunder and the rules of the relevant securities exchange.

The Preferential Offer Rules, *inter alia*, provide for the conditions to be fulfilled when making a preferential offer, the period of time for the allotment of securities, notification to be made to the FSC Mauritius, and the contents of a preferential offer document.

#### **Amendments to existing Rules**

- Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2016

The Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2016 were made by the FSC Mauritius on 29 January 2016. These Rules amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to provide for processing and annual fees that are payable by licensees conducting Pure Captive Insurance Business and Captive Insurance Agent Business activities, as provided for under the Captive Insurance Act.

- Financial Services (Consolidated Licensing and Fees) (Amendment No. 2) Rules 2016

The Financial Services (Consolidated Licensing and Fees) (Amendment No. 2) Rules 2016 were made by the FSC Mauritius on 16 September 2016. These Rules amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to provide for processing and annual fees that are payable by licensees conducting the following activities: Global Legal Advisory Services, Investment Banking, Investment Adviser (Corporate Finance Advisory) and Representative of Investment Adviser (Corporate Finance Advisory).

- Financial Services (Consolidated Licensing and Fees) (Amendment No. 3) Rules 2016

The Financial Services (Consolidated Licensing and Fees) (Amendment No. 3) Rules 2016 were made by the FSC Mauritius on 27 September 2016. These Rules amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to provide for processing and annual fees that are payable by licensees conducting Funeral Scheme Management.

- Financial Services (Consolidated Licensing and Fees) (Amendment No. 4) Rules 2016

The Financial Services (Consolidated Licensing and Fees) (Amendment No. 4) Rules 2016 were made by the FSC Mauritius on 30 November 2016. These Rules amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to provide for processing and annual fees that are payable by licensees conducting Overseas Family Office (Single) and Overseas Family Office (Multiple).

- Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2017

The Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2017 were made by the FSC Mauritius on 09 June 2017. These Rules amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to introduce a fee structure for processing and annual fees in relation to Protected Cell Companies conducting activities provided for under the IA.

- Securities (Brokerage Fee for Government of Mauritius Securities and Bank of Mauritius Securities) (Amendment) Rules 2016

Rule 3(4) of the Securities (Brokerage Fee for Government of Mauritius Securities and Bank of Mauritius Securities) Rules 2016 was amended for the Rules not to apply to the State and the Bank of Mauritius.

The Securities (Brokerage Fee for Government of Mauritius Securities and Bank of Mauritius Securities) (Amendment) Rules 2016 came into force on 13 June 2016.

- Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings) (Amendment) Rules 2016

The Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings) (Amendment) Rules 2016 were made by the FSC Mauritius on 25 March 2016. The purpose of the amendment was to reduce the brokerage fees imposed under the Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings) Rules 2013 on Exchange Traded Funds with debt securities as foreign underlyings.

The amendment came into force on 04 April 2016.

- Securities (Licensing) (Amendment) Rules 2016

Following the amendment of Section 30 of the SA to introduce the new category of Investment Adviser known as Investment Adviser (Corporate Finance Advisory), the Securities (Licensing) Rules 2007 were amended on 16 September 2016 to provide for the requirements relating to this new activity.

## Regulations

- Financial Services (Amendment of Schedule) Regulations 2016

These Regulations were approved by the Minister on 20 September 2016 to amend Part I of the Second Schedule to the FSA, in order for Funeral Scheme Management to be listed as a financial business activity and to thus become a licensable activity.

- Financial Services (Amendment of Schedule) (No.2) Regulations 2016

These Regulations were approved by the Minister on 14 November 2016 to amend Part I of the Second Schedule to the FSA, in order for Overseas Family Office (Multiple) and Overseas Family Office (Single) to be listed as financial business activities and thus become licensable activities.

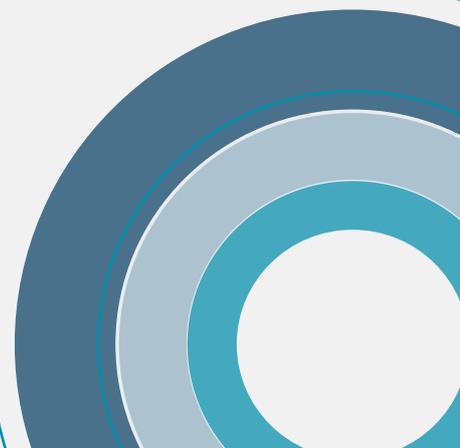
## Codes

### FSC AML/CFT Code

The AML/CFT Code has been amended to include the Risk-Based Supervisory Framework for an effective supervisory system to be in line with the relevant FATF requirements.

# REGULATORY APPROACH

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# REGULATORY APPROACH

The FSC Mauritius adopts an integrated approach to regulation and supervision of the non-banking financial services and global business sectors in Mauritius. In order to ensure the sustained development of the Mauritius IFC, the FSC Mauritius continuously strengthens its regulatory and supervisory framework to align with changing international norms and best practices.

One of the core functions of the FSC Mauritius, as defined in the FSA, includes licensing, monitoring and regulating the conduct of business activities in the non-banking financial services and global business sectors.

Licensing is the first stage in the supervisory process of the FSC Mauritius, and has an important role in establishing high regulatory standards at the outset. In the chain of operations, the FSC Mauritius performs a pre-supervision function at licensing stage and conducts a screening role to reinforce its core duties of ensuring a sound and stable market.

A two-tier system of supervision is adopted and lies with both the FSC Mauritius and its licensees. Licensees are required to conduct all preliminary compliance checks, while the FSC Mauritius is responsible for overall supervision and enforcement measures.



Figure 3: FSC Mauritius Regulatory Approach



# LICENSING

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## OUR FOCUS LICENSING

One of the key objectives of the FSC Mauritius is to ensure the orderly administration and sound conduct of business in the non-banking financial services sector and the Global Business sector. As such, the licensing function is critical in enabling the FSC Mauritius to achieve this objective effectively. The FSC Mauritius is accordingly mandated to issue licences and grant authorisations and approvals in conformity with the applicable legal framework and international norms and standards.

### Licences issued for the period 01 January 2015 to 30 June 2017

During the period under review, 108 licences were issued to financial services providers/institutions in the domestic market.

Enabling laws	Licence / Authorisation	Number of entities licensed		
		18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Financial Services Act	Distribution of Financial Products	1	0	1
	Pension Scheme Administrator	2	2	0
	Registrar and Transfer Agent	2	1	1
	Treasury Management	1	1	0
	Factoring	1	0	0
	Leasing	0	0	0
	Payment Intermediary Services	1	0	0
	Credit Finance	2	1	0
	<b>TOTAL</b>	<b>10</b>	<b>5</b>	<b>2</b>
	Management Companies	9	7	12
	Investment Banking	2	2	0
Securities Act	Capital Market Intermediaries	65	44	30
	CIS and CEFs	7	5	2
	CIS Functionaries and Professionals	6	3	1

Enabling laws	Licence /Authorisation	Number of entities licensed		
		18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Insurance Act	Insurance Agents	23	19	8
	Insurance Brokers	8	7	1
	Insurance Salespersons	281	150	109
The Private Pension Scheme Act	Pension Scheme	4	3	2
Captive Insurance Act	Captive Insurance Business	1	1	0
	Captive Insurance Agent	6	5	0

Table 21: Number of Licences issued during 2016/17

The FSC Mauritius issued 9 MC Licences for the period January 2016 to June 2017, thus bringing the total number of MCs to 179.

During the same period, the FSC Mauritius granted 1,959 GBC1 and 1,634 GBC2 Licences.

	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
GBC1s*	1,959	1,264	1,366
GBC2s	1,634	1,104	1,310

\* Includes Global Business Funds

Table 22: Number of Global Business Licences issued during 2016/17.

### New Categories of Licence

Following the Budget Speech Announcement 2016, new categories of licences were introduced during the period under review:

- Global Legal Advisory Services;
- Overseas family office (single);
- Overseas family office (multiple);
- Investment Adviser (Corporate Finance Advisory);
- Representative of Investment Adviser (Corporate Finance Advisory);
- Investment Banking; and
- Funeral Scheme Management.

Furthermore, with the coming into force of the Captive Insurance Act on 29 January 2016 and the subsequent issue of the Captive Insurance (Pure Captive Insurance Business) Rules 2016, a new framework was introduced for pure captive insurance business, under which two additional categories of licence were created, namely the Pure Captive Insurance Business and Captive Insurance Agent.

Additionally, the FSC Mauritius issued Financial Services (Investment Banking) Rules 2016 that allow a person holding an Investment Banking Licence to conduct the activities of an Investment Dealer (Full Service Dealer including underwriting), Investment Adviser (Unrestricted), Investment Adviser (Corporate Finance Advisory), Asset management, Distribution of financial services and such other activities as specified under the Schedule of the Rules.

### Online Submissions Platform

The FSC Mauritius launched the Online Submissions Platform ('OSP') on 01 December 2016. The OSP is an interactive platform allowing participants to submit their applications for a licence online and to upload the relevant supporting documents. Its aim is to provide a more conducive regulatory environment to establish and conduct operations, for instance by allowing the FSC Mauritius and the Corporate Business Registration Department ('CBRD') to have an open channel where information may be retrieved from CBRD and operational matters handled in a seamless way.

The number of applications received by FSC Mauritius through the OSP as at 30 June 2017 aggregated to 218 GBC1s and 222 GBC2s.

As from 01 August 2017 it is mandatory for all Global Business Licences applications to be submitted through the OSP platform.

### **Engaging with Stakeholders**

During the period under review, the FSC Mauritius continued to engage with key stakeholders with a view to improving the overall turnaround time of applications submitted and taking cognizance of relevant feedback from the industry. This entailed, *inter alia*, holding meetings with representatives of applicants to seek clarifications on submissions, and participating in industry forums.



# SUPERVISION AND MONITORING

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# SUPERVISION AND MONITORING

The FSC Mauritius regularly reviews its supervisory framework in response to international challenges in order to promote robust regulation of its licensees, safeguard public interest, foster investors' confidence and ensure more effective enforcement.

The overarching aims of the FSC Mauritius' supervisory framework include:

- ensuring that licensed entities are compliant with its regulatory framework and are financially sound;
- identifying licensees engaged in activities that are unlawful or contrary to public interest for appropriate enforcement action;
- fostering public and investor confidence in the financial system; and
- maintaining the good repute of Mauritius as an IFC.

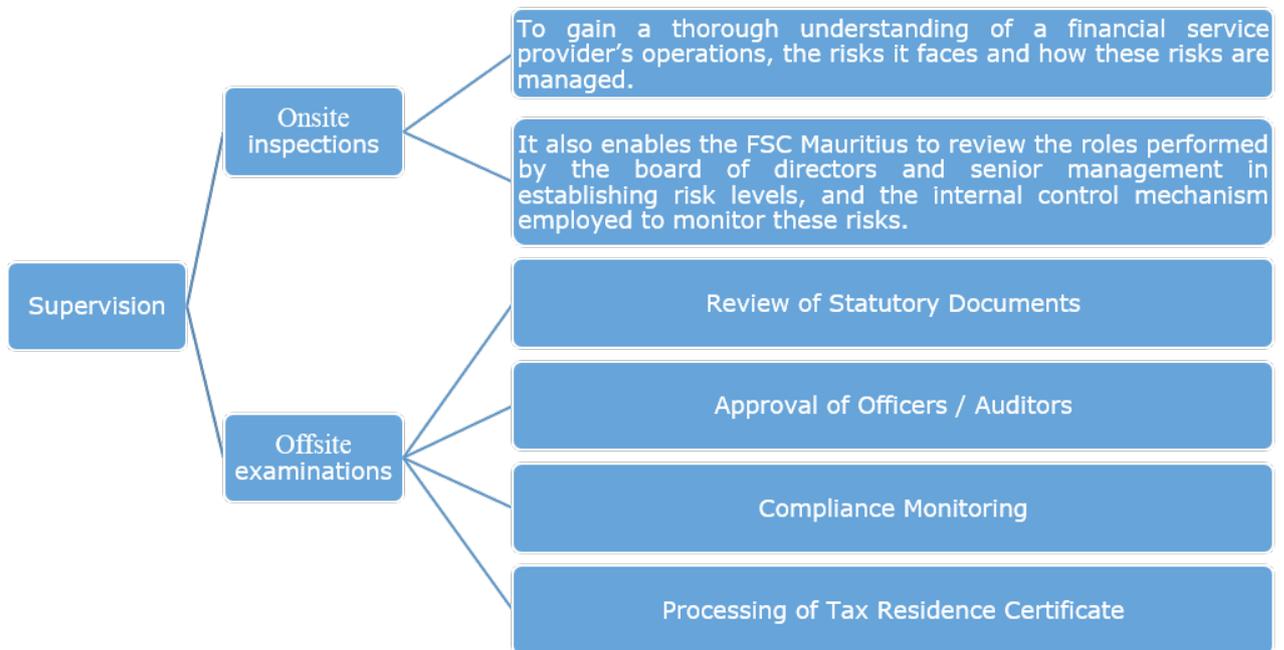


Figure 4: Supervisory framework

## Risk-Based Supervision

The Risk-Based Supervision ('RBS') framework assists the FSC Mauritius to:

- monitor the progress of licensees in terms of their operational and compliance aspects;
- identify supervisory actions required in relation to the risk profile of entities;
- focus on entities whose potential failure could lead to a systemic crisis; and
- target and prioritise the use of its resources for supervision.

The adoption of the RBS framework in 2009 led to the review and harmonisation of the FSC Mauritius inspections process and priorities. The RBS framework further enables the planning and the conduct of thematic inspections across its licensees.

The RBS cycle is now conducted every 2 years since 2013 and the most recent cycle was launched on 01 September 2015. During the period, questionnaires were restructured so as to make a risk assessment profile of the licensees engaged in these financial services activities. The RBS will be launched in the second half of 2017.

## Onsite Inspections

A central part of the Supervision Directorate is the conduct of onsite inspections. Onsite inspections represent “the first line of defence” to detect non-compliance with regulations. During inspections, the FSC Mauritius verifies information provided by licensees, such as financial data, roles and responsibilities performed by the board of directors and senior management, Anti-Money Laundering / Combating the Financing of Terrorism (‘AML/CFT’) procedures in place, internal control mechanism and risk management employed to mitigate these risks.

In addition, onsite inspections allow the FSC Mauritius to countercheck thematic or patterns of practice or behaviours that may be widespread in the industry and which might pose a heightened level of risk to the financial services sector. Following onsite inspections, the FSC Mauritius can make any adjustment required to decrease the risk level of each licensee in the RBS system or require licensees to take remedial actions accordingly.

Every year, the FSC Mauritius plans its programme of onsite inspections based on the following:

- findings of previous inspections conducted;
- conclusion of offsite reviews;
- RBS score and the impact assessment; and
- recent market developments giving rise to new types of risks.

Onsite inspections are also conducted when issues cannot be dealt with or resolved through offsite reviews. Following onsite inspections, the FSC Mauritius monitors the conduct of licensees thoroughly to ensure that recommendations are properly implemented.

## SECURITIES

### Capital Markets

Pursuant to Section 43 of the FSA, the Supervision Capital Markets, during the period under review, carried out 41 on-site inspections, as shown in the table below, at the premises of the licensees falling under its purview. These inspections related to both domestic companies and Global Business Companies with an activity licence.

Licenses	18 months from Jan 2016 to Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Investment Dealer	7	7	8
Investment Adviser	18	14	10
Credit Rating	0	0	1
Registrar & Transfer Agent	4	1	1
Treasury Management	2	2	1
Factoring	1	1	2
Leasing	4	4	1
Securities Exchange	0	0	1
Clearing & Settlement Facility	0	0	1
Payment Intermediary Services	3	2	1
Credit Finance	2	2	1
<b>Total</b>	<b>41</b>	<b>33</b>	<b>28</b>

Table 23: Number of on-site inspections - Capital Markets

The objectives of the inspections were to ascertain whether these entities are operating under the scope of the licences granted to them and are thus complying or have been complying with the requirements of the laws. They were further assessed on different parameters such as corporate governance, market conduct, prudential aspects including fairness and transparency, adherence to anti-money laundering legislations and codes and evaluation of financial soundness and controls (risk management, systems / mechanisms). As part of the operational matters, licensees were queried on their business culture, complexities encountered and future strategies / plans.

The following approaches were also adopted to enhance monitoring:

- Verification of whether the Code of Business Conduct – (9 guiding principles) is being complied with;
- A more in-depth analysis of books & accounts;
- A pre-onsite questionnaire is sent to licensees prior to conduct of inspection in terms of number of clients, staffing and turnover.

### Investment Funds and Intermediaries

During the 2016/17 onsite inspection cycle, 29 entities were inspected, which comprised domestic companies as well as entities holding a Category 1 Global Business Licence.

Licenses	18 months from Jan 2016 to Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
CIS	11	9	10
CEFs	2	2	4
CIS Administrator	1	1	2
CIS Manager	6	5	12
Custodian (CIS and Non-CIS)	7	7	1
Distribution of Financial Product	2	2	1
Asset Management	-	-	2
<b>Total</b>	<b>29</b>	<b>26</b>	<b>32</b>

Table 24: Number of on-site inspections - Investment Fund and Intermediaries

The criteria used for drawing the inspection schedule were the findings collected from the risk-based supervision system, complaints from investors and other non-compliance matters observed during offsite monitoring.

The focus of the inspections was geared towards compliance with prevailing legislations, adherence to corporate governance principles, prudential and market conduct procedures, infrastructural set-up as well as the disaster recovery and business continuity of the licensees.

Out of the 29 onsite inspections carried out during 2016/17, 21 inspections were closed without any major findings. In other instances, the FSC Mauritius insisted on remedial actions being taken prior to the closure of inspections.

Four licensees were referred to the Enforcement Unit of the FSC Mauritius for required action, as serious failures were noted during the onsite visits.

### Investigations

The period under review was marked by the decision of the Enforcement Committee regarding several funds being administered by Belvedere Management Ltd and officers involved. The matter was referred to the Enforcement Committee after several deficiencies and malpractices were noted during onsite inspections and investigations carried out. The sanctions taken included disqualification of officers and revocation of licences.

The FSC Mauritius further conducted an investigation on the conduct of two companies related to

investments in rare earth metals following complaints received. In this respect, the FSC Mauritius also issued an investor alert on rare earth metals on 30 June 2017.

## INSURANCE

During 2016, six onsite inspections were conducted in respect of one insurance company, two insurance brokers and three Global Business Companies carrying on insurance business.

The inspections findings were discussed with the management of the companies and recorded in inspection reports, which were then communicated to the companies. Weaknesses identified were required to be addressed by the companies within specific timeframes, and the FSC Mauritius closely monitored the implementation of proposed remedial actions.

	18 months from Jan 2016 to Jun 2017		12 months ended 31 Dec 2015	
	Number of licensees	Number of inspections	Number of licensees	Number of inspections
Long Term Insurance	8	1	8	4
General Insurance	15	-	15	5
Insurance Brokers	39	2	32	3
Global Business Companies carrying on insurance business	22	3	21	2

Table 25: Number of on-site inspections - Insurance

## PENSIONS

Onsite inspection of a pension scheme administrator was conducted during the period under review. The onsite inspection included the examinations of its internal controls and an assessment of its risk management framework. The assessments also included the review of the internal procedures and decision-making processes.

Following the onsite inspection, the findings were conveyed to the pension scheme administrator. Recommendations made by the FSC Mauritius, were subsequently taken into consideration by the pension scheme administrator for implementation.

## GLOBAL BUSINESS

In 2016/17, the FSC Mauritius maintained the same focus during its onsite inspections on MCs and CTs, including risk management framework as well as adherence to anti-money laundering requirements and corporate governance standards. During the year under review, 34 onsite inspections were conducted.

In most of the MCs and CTs inspected, the FSC Mauritius has observed that:

- AML/CFT Procedures Manuals were in place;
- A documented internal system to prevent money laundering was in place;
- A documented internal system to deal with suspicious transactions was in place; and
- Many opted for the online filing of suspicious transaction reports.

The main areas of concern related to failure to systematically apply the AML/CFT procedures and policies and inadequate board composition including absence of independent director.

For the period under review, the FSC Mauritius suspended one Management Licence, terminated three Management Licences and revoked two Management Licences.

### Inspections of Foundations

During the period under review, the FSC Mauritius assisted the Registrar of Companies in the inspection of 120 Foundations. The aim of these joint inspections was to ensure regulatory compliance and where breaches were identified, to ensure that appropriate remedial actions would be implemented by the foundations and to prevent their re-occurrence.

## Inspections of Qualified Trustees

During the period 2016/17, 20 onsite inspections of Qualified Trustees, the majority of which were trustees of Charitable Trusts were conducted. The focus of the inspection was to ensure that details of beneficial ownership and accounting records were properly maintained. The inspections revealed that the Qualified Trustees were duly maintaining beneficial ownership and accounting information.

## Offsite Supervision and Monitoring

During 2016/17, off-site reviews remained a critical tool to supervise regulated entities and provide the first warning signs of the need for regulatory intervention. Risk assessments and desk-based reviews remain effective to deal with the potential risks posed by the regulated entities. The FSC Mauritius also undertook a series of initiatives during the period under review to further streamline policies and process flows in light of the increasing population of regulated entities.

## CAPITAL MARKETS

In line with best international practices and as a member of International Organization of Securities Commission ('IOSCO'), the FSC Mauritius continuously focused on strengthening its policies and regulatory framework to enhance the capital markets sector for the period under review. Its objectives were, *inter alia*, to provide for a robust market infrastructure, a transparent market and the protection of investors in the sector.

The Capital Markets Structure consists of the following types of licensees:

- Market Infrastructure licensed under sections 9, 10 and 11 of the SA comprising Securities Exchanges, Clearing & Settlement facilities and Securities trading systems;
- Market Intermediaries including investment dealers and investment advisers which are licensed under sections 29 and 30 respectively under the SA; and
- Reporting Issuers registered under Rule 3 of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.

During the period under review, the FSC Mauritius also granted new types of licences for the following activities:

- Investment Banking under section 79A of the FSA
- Investment Adviser (Corporate Finance

Advisory) – a new category of investment adviser.

As per the SA, corporate finance advisory means provision of advisory services on:

- (a) Compliance with the listing requirements of any securities exchange;
- (b) Raising of funds through the issue of securities;
- (c) Arrangement or restructuring including takeovers, mergers and acquisitions, of a corporation, as far as it relates to securities transactions; or
- (d) Any other matter specified in FSC Rules.

Supervision is one of the core functions of the FSC Mauritius and as part of its mandate, the FSC Mauritius has to ensure that the licensees are complying with the requirements of applicable legislations and are operating within the scope of the licences granted.

During the period under review, the FSC Mauritius conducted several on-site inspections which were followed by off-site monitoring to ensure compliance by licensees. To enhance the relationship with stakeholders and licensees, regular meetings were held by the FSC Mauritius on different forums for discussions.

## Monitoring of Securities Exchanges / Clearing & Settlement Facilities

Pursuant to section 6(f) of the SA, the FSC Mauritius has, *inter alia*, as objective to monitor and regulate the operation of securities exchanges and the activities of persons providing clearing and settlement services and trading systems for securities.

For the period under review, the FSC Mauritius carried out routine monitoring of the SEM and its Clearing & Settlement Facilities – the Central Depository & Settlement Co Ltd ('CDS') to ensure that the entities are operating in an efficient and transparent manner.

The monitoring of the SEM includes monitoring of securities online in terms of orders, volumes, prices and detecting any abnormalities or irregularities at the onset.

During the period under review, the FSC Mauritius identified situations of abnormal trading on the SEM. In such cases, trade details were requested from the CDS and preliminary enquiry was conducted. In addition to the above, the FSC Mauritius kept track of new developments on the Market.

It is to be noted that for the period under review,

Bourse Africa Ltd and Bourse Africa Clear Ltd were not in operation pending completion of the acquisition exercise.

The FSC Mauritius ensured that the securities exchanges were compliant to their on-going obligations as per the prescribed laws. The periodical reports submitted by CDS in terms of trading of operations were analysed. For 2016/17, no failed trades were reported on the SEM.

### **Submission of Statutory Requirements, Notifications and Request for approvals**

During the period under review, the licensees submitted statutory requirements as per the relevant Acts. This included filing of:

- Annual Reports for Securities Exchanges, Clearing & Settlement Facility, Investment Dealers, Investment Advisers and Reporting Issuers (including Quarterly Accounts) as per the SA;
- Audited Financial Statements for Companies falling under section 14 of the FSA; and
- Register of interests in respect of the disclosure on dealings of Directors and staff of Investment Dealers under the Stock Exchange (Register of Interests) Rules 1994.

The FSC Mauritius ensured that the licensees submitted the following notifications in terms of:

- insiders' interests and Periodical disclosures (Communiqués) by Reporting Issuers under the Securities (Disclosure of Reporting Issuers) Rules 2007;
- For new licensees, post-licensing requirements such as, submission of final internal manuals, contracts/agreements entered with third parties, amongst others. Reminders were also sent to new licensees who failed to comply with the post-licensing requirements within one month of obtaining their licences; and
- Removal or resignation of officer as per section 24(6) of the FSA.

The FSC Mauritius granted its approval for the following regulatory obligations:

- Approval of controllers and beneficial owners under section 23 of the FSA;
- Approval of officers under section 24 of the FSA;
- Request for Waivers in terms of Takeovers by Reporting Issuers under Rule 34 of the Securities (Takeovers) Rules 2010. Further, it also reviewed Takeover Offer Documents and dealt with issues relating to takeovers;

- Registration of prospectus under Part V of the SA for offer of Securities to the public. This included rights issue by listed companies as well;
- Registration of Listed Companies and Other entities as Reporting Issuers under section 86 of the SA 2005 and Rule 3 of the Securities (Disclosure for Reporting Issuers) Rules 2007;
- Amendments to SEM Rules or new Rules under section 13(3) of the SA 2005;
- Request for waivers under the SEM's Automatic Trading System Schedules of Procedures;
- Request for Certificate of Good Standing; and
- Dealing with winding up issues.

### **Measures in line with Budget 2016/17**

#### **Conduct of business in Mauritius by a corporation holding a Category 2 Global Business Licence**

Further to the enactment of The Finance (Miscellaneous Provisions) Act 2016, section 73(2) of the FSA was amended to allow a GBC2 to invest in any securities listed on a securities exchange licensed under the SA. Accordingly, GBC2s may now enter into business relationships with licensed investment dealers for the purpose of opening a securities account and investing in listed entities.

The FSC Mauritius issued a circular letter in October 2016 in relation to the above. Accordingly, one of the conditions imposed by the FSC Mauritius is that *'The respective clearing and settlement facilities of the securities exchanges shall submit to the FSC a monthly summary of aggregate purchases and sales in terms of number of shares transacted and amount under each security made by the GBC2s'*.

The CDS submitted monthly reports to the FSC Mauritius and as of 30 June 2017, no trade was carried out by GBC2s on the SEM.

Another Circular Letter was issued on 15 June 2017 to clarify that GBC2s can also open bank accounts in Mauritian currency.

### **GLOBAL BUSINESS**

Offsite Supervision is another crucial component in the supervisory toolkit of the FSC Mauritius which is used in monitoring the business conduct of its licensees. It serves as an 'early warning device' to detect emerging issues arising in a licensee's operations, enables prompt intervention by the FSC Mauritius following which timely remedial actions are triggered by the licensee.

The FSC Mauritius adopts a risk-based approach to supervision. During offsite supervision, statutory and regulatory returns filed with the FSC Mauritius, complaints received from clients, and publicly available information are analysed in view of identifying risk areas. In this respect, offsite monitoring defines the scope of the onsite inspections by detecting and prioritising risk areas.

Following the Circular Letter on offsite supervision procedures issued by the FSC Mauritius in December 2015, considerable improvements have been noted in the submission of post licensing issues.

However, it has also been noted that a few MCs did not adopt sound and prudential measures including deficiency:

- by client companies to submit accounts on time, thus incurring administrative penalties and thereafter requesting for waiver of those penalties;
- to monitor the business conduct of client companies;
- to implement effective risk profiling procedures;
- to forthwith notify the FSC Mauritius whenever there is a change in the working principles of client companies; and
- to maintain transactions' records of client companies.

For the period under review, in its determination to reduce the burden incurred by its licensees and in its endeavour to promote and establish Mauritius as a jurisdiction amongst the best performers for ease of doing business, the FSC Mauritius has taken several measures in this respect:

- The ODCS has been introduced thereby allowing licensees (except GBC2s) to file their audited financial statements / annual report online;
- GBC2s have been allowed to invest in securities listed on the SEM; and
- The law has been amended to exempt licensees from seeking the approval of the FSC Mauritius whenever there is a transfer of shares or legal or beneficial interest of less than 5 percent in a licensee, provided that the transfer does not result in a change in control.

Overall, the supervisory approach adopted by the FSC Mauritius seeks to underline the responsibility of the Board and management of its licensees to deal with customers fairly, ensure compliance with regulatory standards, and maintain adequate risk oversight of its business activities.

## Managed Corporate Service Providers

As per the Practice Notes on Managed Corporate Service Providers ('MCSP'), in addition to the licensing requirements applicable to a MC, a MCSP must within three years convert into a fully-fledged stand-alone operation. In 2016, the FSC Mauritius reminded the MCSP of their obligation under the Practice Notes to apply for conversion into a fully-fledged stand-alone operation or initiate winding up of their operations as an MCSP.

## Administrative Penalty Rules

Since 2013, the FSC Mauritius introduced the Financial Services (Administrative Penalty) Rules. For the year under review, the FSC Mauritius noted that some of its licensees still failed to submit their accounts within the prescribed time frame after the close of their financial year. Accordingly, appropriate regulatory actions have been initiated against these defaulting licensees.

## Inquiries

Following release of the Panama Papers in 2016, where several press articles have appeared in the international and Mauritian press, the FSC Mauritius launched numerous inquiries to assess the connection of some MCs with the entities mentioned in the Panama Papers. During these inquiries, the MCs submitted that they have provided directorship, corporate secretarial and administration services to those entities while with respect to the global business companies mentioned in the press articles, the majority of them were long defunct. The FSC Mauritius is closely following-up on the inquiries to ensure that licensees are sound and the integrity of the financial system is preserved.

## Tax Residence Certificate

The application for recommendation for a Tax Residence Certificate ("TRC") are made electronically to the FSC Mauritius through MCs. TRCs are issued by the Mauritius Revenue Authority following recommendations from the FSC Mauritius.

The recommendation from the FSC Mauritius is subject to the good standing of the GBC1s in terms of its fees, reporting obligations, and verifying which additional substance requirement is being adhered to by the applicant, amongst others.

During the period under review, the FSC Mauritius noted several instances where misleading and false information was provided in the TRC Application Forms and these matters were referred to Enforcement Unit of the FSC Mauritius for appropriate regulatory actions to be taken. In this regard, 20 such applicants were called upon to explain the reasons for the FSC Mauritius not to initiate disciplinary actions against the MCs and the officers of the respective GBC1.

Applicants should exercise due care and diligence at all times while submitting any such application or providing any information to the FSC Mauritius. During the year 2016/17, the FSC Mauritius recommended 11,805 TRC applications out of which 9,966 were renewals and 1,839 were new.

### Review of Audited Financial Statements

During the year 2016, 158 Audited Financial Statements ('AFS') for MCs/CTs were received. The Total Income as per the 158 AFS received, amounted to USD 262 million and Profit before tax amounted to USD 93 million.

## INVESTMENT FUND AND INTERMEDIARIES

Supervision Investment Fund and Intermediaries continued to focus on business conduct and risk assessment of funds and functionaries under its purview, in line with the broad objectives of the FSC Mauritius. During the period under review, the FSC Mauritius intensified its efforts to ensure that market operators conducted business in accordance with the law. In the course of its supervision work, the Cluster inter-alia:

- i. Assessed more than 8,000 requests for approval, recommendations and notifications in relation to changes in activity, appointment of officers, changes in beneficial owners, winding up, advertisement publications, creation of share classes or cells and submission of constitutive documents and agreements;
- ii. Reviewed and analysed annual reports, audited financial statements and interim financial statements;
- iii. Conducted desk-based reviews of licensees;
- iv. Examined complaints by investors and the public; and
- v. Attended to 168 requests for information from local authorities, foreign regulators and private particulars.

Relevant regulatory actions / sanctions were taken against licensees in cases where the provisions of the FSA and other relevant legislations were not complied with.

### Approval of Officers

As part of its supervision mandate, the FSC Mauritius focuses on the need for licensees to apply good corporate governance practices. The FSC Mauritius rigorously assessed the requests for approval of the appointment of officers. Interviews of proposed officers were conducted in some cases.

### Financial Reporting and Administrative Penalties

The FSC Mauritius has adopted a risk-profiling methodology for reviewing financial statements. Following the implementation of Administrative Penalties, it has been noted that the licensees submit their financial returns on a timely basis.

### Survey on CIS (having more than 1 fund), CEF (having more than 1 fund) and Protected Cell Companies authorised as CIS / CEF

The FSC Mauritius launched a survey in 2017 on the ODCS Platform with a view to gather information on sub-funds, share classes and cells created by CIS and CEF. The objective of the survey was to reconcile the records whereby some licensees had failed to inform the FSC Mauritius of the closure of sub-fund, share class or cell or to seek the approval of the FSC Mauritius for the creation of sub-funds, share classes or cells.

### Review of applications for Tax Residence Certificate

The applications for issuance of TRCs are assessed by the FSC Mauritius, prior to recommending such applications to the Mauritius Revenue Authority. In line with the amendments to the Guide to Global Business, special attention is paid as to how the licensees are meeting the criteria set on substance in Mauritius. During the period under review, 1534 requests were assessed.

## INSURANCE

During the period 2016/17, offsite reviews of insurance companies and intermediaries revealed the following, amongst others:

- Conduct of financial activities beyond the scope of licence;
- Discrepancies between figures reported in the Audited Financial Statements and in the Insurance Returns;
- Insurance Returns signed by actuary instead of auditor;
- Failure to ensure compliance with the National Code of Corporate Governance as required by the Circular Letter CL010705;
- Failure to adhere to disclosure requirements of International Financial Reporting Standards 4;
- Failure to comply with the prescribed time limit pertaining to statutory reporting obligations, including incomplete submission;
- Disclaimer of opinion provided by auditor in Audited Financial Statements;
- Significant increase in management expenses;
- Significant decrease in gross premiums; and
- Failure to comply with Rule 5(2) of the Insurance (Insurance Brokers) Rules 2008.

Reminders or instructions to remedy the situation were issued to the companies concerned, which were placed under close monitoring, earmarked for onsite inspections or referred to the Enforcement Unit of FSC Mauritius for appropriate enforcement actions.

## PENSIONS

The main objectives of private pension supervision are to promote the stability, security and good governance of pension schemes and to protect the best interests of scheme members and beneficiaries. During the period under review, Pensions Cluster focused its supervision on the governance, financial soundness, transparency, sustainability and the ultimate capacity of a private pension scheme to fulfil its primary objective to provide adequate pension benefits to its members.

Traditionally many pension schemes were established as contractual arrangements between employers and insurers to provide pension benefits to employees. An assessment of the existing arrangement and financial soundness led most of these schemes to join multi-employer pension schemes. During the period under review, existing defined contribution schemes had already joined the defined contribution multi-employer pension scheme promoted by service

providers and the process for the defined benefit contractual arrangements is underway.

During the period under review, Pensions Cluster has closely monitored the timely submission of benefit statements by pension scheme administrators to members of private pension schemes. These benefit statements provides key information to members in a simplified and standardised format and can therefore assist members in taking informed decisions about their retirement planning and savings. Furthermore, Pensions Cluster also monitored the filing of statutory returns and the appointment of relevant functionaries as prescribed by the PPSA. The governing bodies of the private pension schemes were informed of a number of issues for remedial actions.

### Review of Actuarial Valuation Reports and Actuarial Reports

The actuarial reviews are useful in determining the fund adequacy of a pension scheme in meeting its obligations. Consequently, these reviews play a critical role in the supervisory decision-making process and put the supervisor in an informed position to make targeted, well-reasoned decisions in their assessment of pension schemes. The legal framework requires the actuary to match pension funds' assets against the current and future obligations as well as recommend contribution rates.

Pensions Cluster reviewed actuarial valuations with respect to sponsoring employers wishing to participate in a multi-employer defined benefit scheme. All deficiencies in technical funding and technical provisions as ascertained by the actuary were duly verified in accordance with the provisions of the relevant FSC Rules. In respect of defined benefit schemes, Pensions Cluster addressed issues relating to underfunding. Underfunded pension schemes were required to submit their contingency plans which were reviewed and approved. For defined contribution schemes, issues that were monitored were adequacy of contributions, investment performance, inordinately high administrative and general expenses and the cause of decrease in net assets available for benefits.

### Review of Audited Financial Statements and Returns

Pensions Cluster reviewed the audited financial statements and returns of the private pension schemes, structured as trusts, superannuation funds and foundations, for the financial years ending 2015

and 2016. The complementing review of the returns consisted of variance of several key parameters and risk indicators such as membership movement, expenses, investment returns, assets and liabilities, and concentration limits of investments. The reviews revealed cases of adverse audit opinion, inconsistencies in trend of figures and improper diversification of assets. The governing bodies of the relevant schemes were called upon to take the necessary actions in order to redress the matters arising. The issues identified were promptly addressed and duly remedied.

# ENFORCEMENT ACTIONS

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## ENFORCEMENT ACTIONS

The FSC Mauritius is mandated under the FSA to ensure the sound conduct of business in the financial services sector and global business sector. Enforcement is one of the tools which enables the FSC Mauritius to achieve this objective. When considering enforcement actions, the FSC Mauritius takes into consideration the gravity of the misconduct, the economic and social impact of the misconduct, the

interests of investors and the reputational risks to the jurisdiction, amongst other factors. In delivering its statutory objectives, the FSC Mauritius is committed to a fair, proportionate and consistent application of its enforcement powers to achieve effective outcomes. The table below provides the number of enforcement actions taken by the FSC Mauritius during the period under review.

Type of Enforcement Action	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Suspension of Licence	3	2	15
Withdrawal of Authorisation to act as Collective Investment Scheme	2	2	6
Cease Trade Order	1	1	2
Investor Alerts - Unauthorised	5	3	8
Directions Issued	12	8	5

Table 26: Number of Enforcement Actions

### Referral of matters to the Enforcement Committee

The Chief Executive of the FSC Mauritius may refer a licensee to the Enforcement Committee for such action as it may deem appropriate if he has reasonable cause to believe that the licensee:

- has contravened any relevant Act, any direction or order issued under a relevant Act or any condition of the licence;
- is carrying out business in a manner which threatens the integrity of the financial system of Mauritius or is contrary or detrimental to the interest of the public;
- has committed a financial crime;

- no longer fulfils any condition or criteria specified under the relevant Act for the grant of a licence;
- no longer carries out the business activity for which it is licensed;
- has failed to commence business within 6 months from the date on which it is licensed; or
- is not a fit and proper person.

During the period under review, the Acting Chief Executive has referred 44 cases to the Enforcement Committee for such action as the Enforcement Committee deemed appropriate.

Cases Referred to the Enforcement Committee	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Number of Officers Referred	38	34	24
Number of Licensees Referred	6	4	12
<b>Total</b>	<b>44</b>	<b>38</b>	<b>36</b>

Table 27: Cases referred to the Enforcement Committee

### Enforcement Committee

The Enforcement Committee is an internal independent committee of the FSC Mauritius established under section 52 of the FSA. The Enforcement Committee is comprised of:

- minimum 4 members appointed and designated by the Board; and
- such other person having the necessary expertise as may be co-opted by the Enforcement Committee.

Pursuant to section 7(1) (c) of the FSA, the Enforcement Committee is mandated, with respect to a present or past licensee or any person who is

a present or past officer, partner, shareholder or controller of a licensee, to exercise disciplinary powers in the determination of cases referred by the Chief Executive. In this respect, the Enforcement Committee may impose the following administrative sanctions:

- issue a private warning;
- issue a public censure;
- disqualify a licensee from holding a licence or a licence of a specified kind for a specified period;
- in the case of an officer of a licensee, disqualify the officer from a specified office or position in a licensee for a specified period;
- impose an administrative penalty; and
- revoke a licence.

Types of administrative sanctions taken by the Enforcement Committee	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Revocation of Licences	7	7	13
Disqualification of Officers	12	12	5
Private Warning	3	2	-

Table 28: Number of administrative sanctions taken by the Enforcement Committee

### Financial Services Review Panel

The Financial Services Review Panel ('Review Panel') is an ad-hoc panel set up to review any decision of the Enforcement Committee.

According to section 53(4) of the FSA, any licensee who is aggrieved by the decision of the Enforcement Committee:

- may, within 21 days of the issue of the written notification from the Enforcement Committee, forward, by registered post, an application to the Review Panel specifying the reasons for a review of the decision; and
- shall, at the same time, forward a copy of his application by registered post to the FSC Mauritius.

The Review Panel shall consist of:

- a Chairperson, who shall be a barrister-at-law of not less than 5 years standing and who shall, from time to time, be appointed by the Minister on such terms and conditions as the Minister may determine;
- a Vice-Chairperson, who shall be the Solicitor-General or his representative; and
- the Financial Secretary or his representative.

The Review Panel may co-opt such other person having experience in the field of business, finance or law for the purposes of dealing with a particular application for review.

The Review Panel may:

- confirm, amend or cancel a decision made by the Enforcement Committee;

- remit the matter to the Enforcement Committee for reconsideration; or
- make such order as it deems appropriate.

Where there is a disagreement among the members of the Review Panel, the decision of the majority shall be the determination of the Review Panel.

Any determination of the Review Panel shall be in writing, and shall include the reasons for the determination, a statement of the findings of the Review Panel on material questions of fact and a

reference to the evidence or other material on which the findings are based.

Any party who is dissatisfied with the determination of the Review Panel may apply to the Supreme Court for a judicial review of the determination.

During the period 2016/17, 23 applications were made to the Review Panel for review of the decisions of the Enforcement Committee.

Cases dealt by the Review Panel	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016
Number of applications made by officers to the Review Panel	15	12
Number of applications made by licensees to the Review Panel	8	8
Number of determinations delivered by the Review Panel for officers	8	4
Number of determinations delivered by the Review Panel for licensees	6	4
Number of cases withdrawn by officers	1	1
Number of cases withdrawn by licensees	2	2

Table 29: Number of cases dealt by the Review Panel



# COMMUNICATIONS

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# COMMUNICATIONS

During the period under review, the FSC Mauritius was actively engaged in the implementation of its internal and external corporate communications plan and strategy. The FSC Mauritius also channelled critical information towards its various stakeholders in a timely manner.

Along with the issue of Communiqués, Circulars, Alerts, Public Notices and reports on events, the

FSC Mauritius sustained its visibility through regular media coverage. The FSC Mauritius closely monitored local and international news pertaining to the financial services sector, and also maintained regular interaction with media representatives. Requests from the press were attended promptly and the FSC Mauritius responded effectively, within the parameters set under the law.

		18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Media Requests	Local	58	9	14
	International	17	11	4

Table 30: Number of Media Requests attended from 01 January 2016 to 30 June 2017

## Newsletters

The FSC Mauritius strengthened its visibility by communicating, through its monthly E-Newsletter, regulatory actions undertaken and relevant information related to the sector to its licensees, media and other stakeholders.

## Website

The FSC Mauritius is committed to maintain its image as a regulator, and is engaged to communicate effectively with its licensees, the media, public and industry stakeholders. During the period under review, the FSC Mauritius revamped its existing

website for a more responsive one to stay abreast of the latest technological developments and adapt it for mobile devices to provide more flexibility options to end-users. The website of the FSC Mauritius is updated on a regular basis to provide stakeholders with hands-on and precise information which might impact on their operations.

## Publications

The FSC Mauritius provides input for other publications including corporate brochures, press notices, communiqués and updating of information on the FSC Mauritius in local and international press, and business directories.

Publication Name	Date of Issue
Launching of IMF Monetary and Financial Statistics Survey	02 February 2016
Hosting of 36 <sup>th</sup> IOSCO AMERC Meeting and Conference	26 February 2016
Signature of MoU with the FSA Seychelles	15 March 2016
Launching of the 5 <sup>th</sup> edition of the Young Talent Competition	25 March 2016

Publication Name	Date of Issue
Guidelines for Advertising and Marketing of Financial Products	01 April 2016
Signature of MoU with the FSRA Swaziland	05 April 2016
Launching of the Operation of the Online Data Capture System	18 April 2016
Direction to ML ADMINISTRATORS LTD	09 June 2016
Direction to Lancelot Global PCC, The Four Elements PCC and Two Seasons PCC	09 June 2016
Invitation for comments on FSC LLP Concept	13 June 2016
Signature of MoU with the Capital Markets & Securities Authority, Tanzania	17 June 2016
Update on Velankani Companies	28 June 2016
FSC Mauritius Member of l'Institut Francophone de la Régulation Financière	29 June 2016
Hosting of Familiarisation and Training Programme for CISNA members	11 July 2016
Appointment of Liquidator of Lancelot Global PCC, The Four Elements PCC and Two Seasons PCC	29 August 2016
Award Ceremony of the FSC Young Talent Competition 2016	30 August 2016
Launching of the Insurance Industry Compensation Fund	02 September 2016
Appointment of Liquidator of Venture Assets PCC	15 September 2016
Draft Investment Banking Rules for consultation	26 September 2016
New licences granted by the FSC Mauritius	27 September and 20 October 2016
Draft Securities (Preferential Offer) Rules for consultation	20 October 2016
Communiqué of the FSC Board	18 November 2016
Launching of the Online Submissions Platform	01 December 2016
Release of the FSC Mauritius Annual Statistical Bulletin 2016	09 December 2016
Joint Statement by FSC and FSPA - The Mauritius IFC: Driving Growth in Africa	16 December 2016
Signature of MoU with Abu Dhabi Global Market – Financial Services Regulatory Authority	12 January 2017
Amendments to Section 23 of the Financial Services Act 2007	30 January 2017

Publication Name	Date of Issue
Mauritius: The Preferred Platform for Debt-Based Investments into India	31 January 2017
Communiqué regarding New Mauritius Hotels Limited	20 February 2017
Communiqué regarding false media reports	28 February 2017
Recent media reports involving Mr. Alvaro de Oliveira Madaleno Sobrinho	02 March 2017
Communiqué regarding Seagull Insurance Ltd	06 March 2017
Guidelines for issue of insurance policy documents in digital format	30 March 2017
Appointment of Investigator	31 March 2017
Draft Insurance (Deposit) Rules for consultation	28 April 2017
Communiqué of the FSC Mauritius	25 May 2017
Online Submissions Platform	30 May 2017
Communiqué regarding New Mauritius Hotels Limited	31 May 2017
Appointment of Joint Liquidators of India Focus Cardinal Fund	20 June 2017

Table 31: List of Press Releases and Communiqués from 01 January 2016 to 30 June 2017



**FINANCIAL STABILITY, ECONOMIC  
RESEARCH AND STATISTICS**

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# FINANCIAL STABILITY, ECONOMIC RESEARCH AND STATISTICS

The FSC Mauritius is mandated “to ensure, in collaboration with the Bank of Mauritius, the soundness and stability of the financial system in Mauritius”, according to Section 5(1)(e) of the FSA. Financial stability remains an integral part of the FSC Mauritius Strategic Plan 2014 – 2016. The FSC Mauritius collaborates with other stakeholders to ensure stability of the financial system.

## Collaboration on the Bank of Mauritius Monetary Policy and Financial Stability Reports

The FSC Mauritius works closely with the Bank of Mauritius (‘BoM’) for the publication of the BoM Monetary Policy and Financial Stability Report by providing analysis of the non-bank financial services sector.

The July 2016 Financial Stability Report (‘FSR’) examined the global insurance market, the inter-linkages between the banking and insurance sectors, the pension sector and reinsurance undertaken by general insurers in Mauritius. According to the International Association of Insurance Supervisors’ Global Insurance Market Report 2016, the global insurance industry was affected by global economic factors such as weak economic growth, low inflation rates, volatile financial markets and near-zero interest rates in 2015. Underwriting profitability in non-life insurance was stable, supported by benign claims trends that enabled insurers to release loss reserves. For life insurers, low premium growth and low interest rates in particular formed a challenging business environment.

The reinsurance industry remains subject to challenging market conditions characterised by excess capital, moderate premium growth, low investment yields and a weak global economy. In 2015, global non-life reinsurance premiums increased by 1 per cent year-on-year, compared to a decline of 1.9 per cent in 2014. Global life reinsurance premiums expanded by 1.6 per cent in 2015, up by 0.1 per cent over the preceding year.

The assets of the insurance sector accounts for over 30 per cent of Gross Domestic Product (‘GDP’) and

has linkages with the banking system. Total assets of the sector grew by 8.3 per cent in 2014 while gross premium grew by 12.5 per cent in the same year. The life insurance segment accounts for the lion’s share of the insurance sector. Both life and general insurance sectors experienced total assets increases and total premium increases in 2014.

The July 2017 FSR provided an outlook on the performance of insurance sector. During the year 2015, capital and reserves held in the books of long term insurers dropped by MUR 5.2 billion as at end-December 2015 to MUR 6.0 billion as at end December 2014. With the introduction of the Insurance (Risk Management) Rules 2016, it is projected that Capital and Reserves will maintain an upward trend coming years.

## FSC Policy Research Group

The Policy Research Group (‘PRG’) programme has been developed by the FSC Mauritius to foster research excellence through the publication of policy research studies. The launching of Phase I of the PRG programme was effected in 2015, whereby the FSC Mauritius had invited for research proposals from high calibre policy researchers and academics.

Policy researchers and academics were, as a result, provided a valuable platform and opportunity to inter-alia analyse the policies and market developmental needs for the non-banking financial services sector in Mauritius. In this context, the FSC Mauritius successfully published the first study of the Policy Research Series, another landmark publication of the FSC Mauritius, on 31 July 2017.

The publication of all studies in the Policy Research Series were preceded by a critical process of selection by the PRG Selection Committee and quality assurance, as well, by the members of an international editorial and advisory council established by the FSC Mauritius. The FSC Mauritius was, in fact, pleased to welcome one of the members of this distinguished council, namely Professor Chris Brooks from the ICMA Centre of the University of Reading, for a presentation which was entitled “measuring attitudes

to risk". The FSC Mauritius targets to publish two further studies in the Policy Research Series that will be equally related to the topical area of Social Investment Market in Mauritius, before the end of this calendar year. This would eventually mark the closing of Phase I of the PRG programme.

### Launch of the FSC Mauritius Annual Statistical Bulletin 2016

The FSC Mauritius released its ninth Annual Statistical Bulletin 2016 in December 2016. Pursuant to Section 6(j) of the FSA, one of the functions of the FSC Mauritius is to "*collect, compile, publish and disseminate statistics in respect of the financial services and global business sectors.*" The Bulletin provided up-to-date figures on the sectors under its purview and presented a synopsis of trends in the financial services sector other than banking in 2015 and 2014.

The Total Income for the financial services sector (excluding companies holding a Category 1 Global Business Licence, Insurers and Corporate and Trust Service Providers) generated in 2015 amounted to MUR 4.9 billion, which represents an increase of 6 per cent in contrast to the previous year. The Total Assets have witnessed a constant trend of nearly MUR 29 billion for 2015 and 2014. The aggregate Profit after Tax for the financial services sector (excluding Companies holding a Category 1 Global Business Licence) dropped slightly from MUR 1.01 billion in 2014 to MUR 998 million in 2015.

The Total Assets of Corporate and Trust Service Providers amounted to USD 180 million in 2015. The Total Income of this activity rose by 6 per cent from USD 208 million in 2014 to USD 220 million in 2015. Profits reported by Management Companies in 2015 stood at USD 60 million as compared to USD 52 million in 2014.

The Gross Premium received for Long-Term Insurance Business stood at MUR 9.3 billion in 2015 with a rise of 14 per cent against MUR 8.1 billion in 2014. A boost in the Gross Premium for General Insurance Business was also observed from MUR 7.6 billion in 2015 as opposed to MUR 7.2 billion in 2014.

The Total Assets of companies in the Long-Term Insurance Business grew from MUR 86.8 billion in 2015 against MUR 81.9 billion in 2014. The Total Assets for companies in the General Insurance Business expanded by approximately 12 per cent from MUR 16.7 billion in 2015 to MUR 14.8 billion in 2014.

The Total (direct) Employment in the non-bank financial services sector in 2015 was aggregated to 6,570.

### Surveys:

- **IMF Monetary and Financial Statistics Survey**

The Government of Mauritius has expressed interest to adhere to Special Data Dissemination Standard ('SDDS') Plus, which is the third and highest tier of the IMF's data standards initiatives. In light of the preparation of Mauritius adherence to SDDS Plus, one of the requirements is to collect the Monetary and Financial Statistics ('MFS') from Other Financial Corporations ('OFCs') which are under the purview of the FSC Mauritius. A mission from the IMF's Statistics department visited Mauritius between 19 March and 01 April 2014 and made recommendations to expand the coverage of monetary statistics. In light of this, the FSC Mauritius and BoM set up a Joint Working Group ('JWG') which met approximately thirty times during period from 2016 to 2017. The Working Group looked at what data are readily available and how to conduct the survey. Discussions on the coverage of the survey was also covered.

Two Technical Briefing Sessions were conducted in 2016 to familiarise the licensees with the IMF MFS Survey and to get their feedbacks and suggestions relating to the survey prior to the official launch of the survey. The first session took place on 11 March 2016 and the second one on 18 April 2016. The first quarter of the IMF MFS Survey was officially launched on 24 June 2016 and subsequently all remaining quarters of 2016.

Prior to the launching of the 2017 IMF MFS Quarterly Survey, the FSC Mauritius conducted its third Technical Briefing Session. The briefing sessions were conducted from 27 to 31 March 2017 and were attended by the Central Bank, Statistics Mauritius and industry representatives. The aim of this session was mainly to present the provisional results of the IMF MFS Quarters 2016 and to inform licensees of the issues and discrepancies that were encountered during the quarters for the year 2016. As at end June 2017, the FSC Mauritius has already launched the Quarters 1 and 2 of 2017.

- **IMF Financial Access Survey 2016**

The FSC Mauritius provided inputs for the IMF Financial Access Survey ('FAS') 2016. This survey provided relevant indicators relating to access and use

of financial services as being important to measure countries' progress in building inclusive financial systems that provide opportunities for balanced access to financial services, promote financial stability and ensure the protection of citizens' financial interest.

The IMF FAS project aims at collecting and disseminating comparable time series data on the geographical and demographic outreach of financial services provided by resident financial corporations to resident customers within a country. The outreach of financial services is proxied by financial institutions' branch network, availability of automated teller machines, and by the use of three key financial services: deposits, loans, and insurance. The FAS also identifies separately the following users of financial services: households and small and medium enterprises and beginning with the 2014 round, mobile money indicators were also included.

- **GBC 1 Survey 2016**

The FSC Mauritius launched its GBC 1's Survey 2016 on 14 June 2016 to collect information on GBC1s for the compilation of, *inter alia*, Employment, Balance of Payment ('BoP'), National Accounts, Coordinated Direct Investment Survey ('CDIS'), and Coordinated Portfolio Investment Survey ('CPIS') based on the financial statements and other relevant supporting details of GBC 1s. This was to facilitate compilation of their transactions and positions vis-a-vis non-residents for compiling the balance of payments accounts and the external assets and liabilities position of Mauritius.

- **19<sup>th</sup> IMF Bi-Annual Coordinated Portfolio Investment Survey 2016 Semester 1**

The FSC Mauritius launched the 19<sup>th</sup> IMF Bi-annual CPIS 2016 Semester 01 on 21 November 2016 to collect data on securities held by residents of Mauritius issued by unaffiliated non-resident enterprises (referred to as Portfolio Investment) as at 30 June 2016 by country of the issuer. Although the BoM is the focal point for the conduct of the CPIS, the FSC Mauritius is responsible for the collection and compilation of data for the whole financial services sector other than banking, including Global Business sector, under its regulatory purview. Long Term Insurers, Pension Scheme Administrators and CIS Managers were required to report individually on each fund / scheme under their management. Management Companies were also required to report on GBC1s under their management on an individual basis.

- **Foreign Assets and Liabilities Survey 2016**

The FSC Mauritius conducted the Foreign Assets and Liabilities Survey ('FALS') 2016 on 23 June 2016 among its licensees on behalf of the BoM. The survey aims at collecting information so as to enable the monitoring of private capital flows, establishing reporting system for cross border transactions and for the needs of BoP and International Investment Position compilation.



# EXTERNAL RELATIONS AND FINANCIAL LITERACY

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# EXTERNAL RELATIONS AND FINANCIAL LITERACY

The External Relations and Financial Literacy Cluster was set up to:

- fulfill the FSC Mauritius' mandate under section 6 of the FSA "to take measures for the better protection of consumers of financial services and to promote public understanding of the financial system including awareness of the benefits and risks associated with different kinds of investment";
- interface with the public through its complaints handling section,
- handle all external affairs with a local perspective, inclusive of local requests for information and complaints handling; and
- represent the FSC Mauritius on different forums and focus on regrouping, *inter alia*, local and international stakeholders.

## Financial Literacy and Consumer Protection

The FSC Mauritius' objective is to develop a financially literate population capable of understanding the functioning of the financial services sector and the effective use of financial products and services. The FSC Mauritius is committed to raising awareness of investors, empowering people to take informed investment decisions and promoting financial education in Mauritius.

As part of its financial literacy function, the FSC Mauritius took initiatives with the objective of:

- allowing consumers of financial services to practise financial planning;
- inculcating the habit of saving and investing for their prosperity and economic well-being; and

- choosing the appropriate financial products to suit their priorities and goals.

These initiatives included:

## Consumer Education Outreach Programme

The FSC Mauritius aims at reaching out and increasing its visibility through its Consumer Education Outreach Programme. During the outreach sessions, audiences including entrepreneurs, associations and the public in general, were sensitised on the different sectors falling under the purview of the FSC Mauritius.

The following were discussed:

- The importance of knowing the benefits and risks linked to investment in financial services and products;
- Understanding the relevant terms and conditions of agreements when investing; and
- Managing a budget, prioritising expenses and saving for the future.

A helpdesk to attend to specific queries and complaints from the public was set up during these outreach sessions. A number of informative materials in the form of brochures, posters, and games promoting financial education were distributed to the audience.

During the period under review, the FSC Mauritius conducted 24 outreach sessions across Mauritius and Rodrigues.

Date	Benefiting Organisation	Target Audience
29 January 2016	Pointe Aux Sables Recreational Centre	Senior Citizens Associations
10 March 2016	Loreto College Mahebourg	Students
17 March 2016	Goodlands Social Centre	Senior Citizens
26 March 2016	Career Fair Rose Belle	General Public

Date	Benefiting Organisation	Target Audience
20 April 2016	Ferney Community Centre	General Public
26 April 2016	Beau Vallon Community Centre	General Public
19 May 2016	SME Fair – SVICC	SMEs
23 - 25 May 2016	Rodrigues outreach (5 sessions)	Students, SMEs, Cooperatives, Civil Servants, Financial Services Providers
3 June 2016	BPML Career fair Ebene	General Public
10 June 2016	BPS College	Students
16 June 2016	Dr Regis Chaperon SSS	Students
18 July 2016	Chemin Grenier Women Centre	Women Associations
26 August 2016	Pointe Aux Piments Recreational Centre	Senior Citizens Associations
30 September 2016	Belle Mare Recreational Centre	Senior Citizens Associations
26 October 2016	Plaisance Community Centre	General Public
03 November 2016	Quatre Soeurs Community Centre	General Public
07 December 2016	Barlow Community Centre	General Public
13 December 2016	Women Associations South – Rose Belle Village Council	Women Associations
13 February 2017	Pointe Aux Piments Recreational Centre	Senior Citizens Associations
14 February 2017	Baie du Cap Community Centre	General Public

Table 32: List of Consumer Outreach Sessions for 2016/17

### Young Talent Competition 2016

The Young Talent Competition ('YTC'), an annual competition of the FSC Mauritius, aims at enabling students to get a better understanding of the financial services sector. The competition, open to students aged 15 and above, comprised two categories namely a quiz and an essay competition. The final of the quiz competition was broadcasted on the national television of Mauritius. All secondary institutions of Mauritius were invited to participate in the YTC, with cash prizes being offered to the winners and runners-

up of each category.

The theme of the 2016 competition was '*Sustaining the diversification of the Mauritius IFC*'. 280 teams from 54 secondary institutions participated in the competition with 125 teams for the quiz and 155 teams for the essay competition.

### Train-the-Trainer Programme

During the period under review, the FSC Mauritius launched an expression of interest for the Train-the-

Trainer Programme. The objective of the programme was to train and empower individuals having the right attitude and willingness to deliver financial literacy messages and impart financial education to the large spectrum of people at their respective localities.

#### **La Minute de la Finance**

The FSC Mauritius launched ‘*La Minute de la Finance*’ which consists of short radio clips, based on messages relating to financial education. Its objective is to educate and reach out to a maximum number of consumers of financial services through dissemination of practical information in relation to the role of the FSC Mauritius, the sectors under its purview, forms of investments it regulates and financial literacy topics. 60 clips were broadcasted during peak hours on the national radio station of Mauritius from September to December 2016 and thereafter from February to May 2017.

#### **Financial Literacy in Focus**

During the period under review, the FSC Mauritius launched the first edition of the Financial Literacy in Focus (‘FLiF’) with the aim of disseminating knowledge on financial literacy to the public. FLiF is published in two weekly newspapers of wide circulation at the end of each month and covered themes including investing, saving, budgeting, and the financial services sector. FLiF uses comic strips to convey key messages and statistics to the public in relation to the sector.

#### **Jeux de cartes – Les familles et la Finance**

As part of its new financial literacy initiatives, the FSC Mauritius launched a new card game, ‘*Jeux de cartes – Les familles et la Finance*’. This card game contains short messages relating to financial education and is distributed to audiences during the Consumer Outreach sessions, to schools and the public at large. The aim of this card game is to sensitise the population on the concept of savings, budgeting, investing, and planning / prioritising of expenses.

#### **New Consumer Education Material**

In 2016/17, two new consumer education video clips were produced on the role of the FSC Mauritius, the complaints handling procedure and on financial planning. Four new brochures on Investments, Insurance, Pensions and Financial Planning were also published.

#### **Participation at international seminar on financial education**

The FSC Mauritius participated in a seminar on ‘*Financial Education: Challenges, Trends and Measures of Success in Supporting Financial Inclusion in Sub-Saharan Africa*’, in Johannesburg from 29 to 30 September 2016. The event was organised and hosted by the Access to Insurance Initiative (‘A2ii’) and the International Association of Insurance Supervisors (‘IAIS’), in collaboration with FinMark Trust and the Financial Services Board of South Africa.

Participants were from Africa and around the world and included officials and experts from Ministries of Finance and Education, central banks, regulatory and supervisory authorities, government officials, financial industry associations, international organisations, the academic community and Non Governmental Organisations NGOs.

The representative of the FSC Mauritius was a panel member on one of the discussion forums on “*Best practices in design and implementation of financial education programmes*”.

#### **Citizen Support Centre**

The FSC Mauritius responded to queries and complaints from the general public through the Citizen Support Centre (‘CSC’). Operating under the aegis of the Prime Minister’s Office, the CSC is a fast track mechanism for ministries and government bodies and institutions to receive, process and give feedback on queries and complaints from stakeholders and the general public through a dedicated online portal. As at end of June 2017, the FSC Mauritius has responded to 15 queries and complaints through the CSC.

#### **Complaints Handling**

The FSC Mauritius attends to complaints received by phone, through walk in and written complaints received through emails and post on a daily basis. Complaints received are in relation to all matters pertaining to sectors under the purview of the FSC Mauritius.

For the period January 2016 to June 2017, a total of 2,702 complaints were received, including written, walk in and phone.

	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016
Formal	709	1,096
Phone / walk in	445	452
<b>Total</b>	<b>1,154</b>	<b>1,548</b>

Table 33: Number of Complaints for 2016 /17

**Breakdown of complaints handled by Insurance Cluster**

Particulars	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016
Total Incoming Complaints	607	403
No action required from the FSC Mauritius	88	29
Action taken		
• Matter resolved	314	257
• Referrals for action by other authorities / institutions / entities		
- to Motor Vehicle Insurance Arbitration Committee	58	51
- to Complaints Coordinator	10	8
- Liquidator	68	1
• In progress	136	57

Table 34: Breakdown of Complaints handled by Insurance Cluster in 2016 and 2016/17

# STRENGTHENING STAKEHOLDER RELATIONS

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# STRENGTHENING STAKEHOLDER RELATIONS

## Stakeholders

The financial services sector is global in both scope and impact. As the regulator of the Mauritius IFC and member of international standard setting bodies such as the IOSCO, IAIS and IOPS and international /regional groupings, the FSC Mauritius regularly engages with a wide range of international stakeholders both bilaterally and through its participation in a range of multilateral forums. Furthermore, the FSC Mauritius participates in the meetings of the Financial Stability Board and the Eastern and Southern Africa Anti-Money Laundering Group ('ESAAMLG'). During the period under review, in order to be internationally recognised, the FSC Mauritius continued to engage with stakeholders on the local, regional and international front.

## International Engagement

### *Member of l'Institut Francophone de la Régulation Financière*

The FSC Mauritius was admitted as a member of l'Institut Francophone de la Régulation Financière ('IFREFI') together with Institut Nacional Andorrà de Finances of Andorra and the State Securities Commission of Vietnam at the Annual Meeting of the IFREFI held from 01 to 03 June 2016 at Beirut, Lebanon. The IFREFI is empowered to pursue the following objectives:

- organise technical training sessions on the regulation of financial markets to the benefit of its members;
- contribute to the creation of common instruments in education on financial markets;
- organise meetings to offer opportunities, and information exchange between experts from various disciplines in the financial markets and the heads of major sectors of financial activity, economic and legal;
- encourage mutual awareness of its members, the manner of exercising their respective missions and financial markets they monitor;
- conduct studies on subjects of common interest, particularly where the francophone character or

use of a common legal framework is one of the determining elements of the research; and

- any other activity consistent with the aims of the Charter.

### *Memorandum of Understanding ('MoU')*

The following MoUs regarding Mutual Assistance and Exchange of information were signed during the year under review:

MoUs	Date Signed
FSC Mauritius and Financial Services Authority, Seychelles	03 March 2016
FSC Mauritius and the Financial Services Regulatory Authority Swaziland	31 March 2016
FSC Mauritius and the Capital Markets and Securities Authority Tanzania	16 June 2016
FSC Mauritius and the Abu Dhabi Global Market- Financial Services Regulatory Authority	19 December 2016
FSC Mauritius and Corporate and Business Registration Department	1 December 2016

Table 35: List of MoUs signed in 2016

*Refer to the List of MMoUs / MoUs in Appendix 4*

### *Attachment Programmes/Study Visits*

The FSC Mauritius regularly conducts attachment programmes/study visits, within the spirit of the MMoUs and MoUs signed, to reinforce its commitment for effective cross-border cooperation, information sharing and capacity building with its counterparts.

During the period under review, the FSC Mauritius welcomed the following delegations:

- The Non-Bank Financial Institutions Regulatory Authority ('NBFIRA') Botswana

The FSC Mauritius welcomed two delegates from NBFIRA Botswana for a study visit at the FSC House from 8 to 11 March 2016. The purpose of the study visit was to enable the delegates to learn on the best practices in terms of stakeholder engagements, public education, financial literacy and complaints management in order to improve service delivery to the general public and regulated entities.

- The Financial Services Authority Seychelles

The FSC Mauritius welcomed three delegates from the Financial Services Authority Seychelles for a study visit at the FSC House from 2 to 4 May 2016. The key areas covered during this visit included a general overview of the Mauritian insurance and pensions sector, understanding the licensing and supervision processes of both sectors, as well as, provisions under the Private Pensions Scheme Act 2012.

- The Democratic Republic of Congo

The FSC Mauritius welcomed five delegates from the Democratic Republic of Congo on 16 June 2016 at the FSC House. The purpose of the visit was to synergise efforts towards developing and sharing of expertise between both countries. During this visit, the delegates learnt from the experience of Mauritius in establishing itself as an IFC of repute.

- The Fédération Wallonie-Bruxelles

The FSC Mauritius welcomed the President of Parliament of the Fédération Wallonie-Bruxelles, who was also accompanied by his other fellow Members of Belgian Parliament on 05 July 2016 at the FSC House. The purpose of the visit of the delegation was to learn about the role of the FSC Mauritius. During the visit, the delegates were provided with an overview of the financial services sector in Mauritius, the role of the FSC Mauritius, the legislative framework and the different sectors under its purview.

- The Securities and Exchange Commission, Zimbabwe

The FSC Mauritius welcomed three delegates for a study visit at the FSC House on 12 August 2016. The delegation represented three departments at the Securities and Exchange Commission, Zimbabwe, namely Legal, Supervision and Surveillance, and Research and Market Development. The purpose of their visit was to interact with representatives of the FSC Mauritius and learn more on the Mauritius financial services sector.

- The Financial Services Authority, Seychelles

The FSC Mauritius welcomed two delegates from Financial Services Authority, Seychelles for a study visit at the FSC House on 09 and 10 November 2016. The key areas covered during the visit included amongst others an understanding of the development of the FSC Mauritius statutory solvency requirements including the percentage of capital allocation required; the issues associated with the implementation of the solvency regime including the impact on insurer capital requirements; an assessment of the market growth and development, including market penetration; and an understanding of the solvency and market conduct regulation of insurers licensed to sell only overseas and captives.

- The Bank of Mozambique

The FSC Mauritius welcomed three delegates from the Bank of Mozambique to attend an attachment programme on Prudential Collective Investment Schemes and Venture Capital, Licensing of Intermediaries and Operational Matters of Stock Exchange / Securities Market from 21 to 25 November 2016. Fruitful deliberations were resulted from this visit.

- The University of Columbia

The FSC Mauritius welcomed ten students from the Columbia University's School of International and Public Affairs and the Law School from 13 to 17 March 2017 at the FSC House for a workshop programme.

- The Wits Business School

The FSC Mauritius welcomed a group of twenty five students accompanied by two lead academics from the Wits Business School on 21 March 2017. The students were provided with an overview of the FSC Mauritius and the culture and business models of emerging markets.

- The Anti-Corruption Commission, Zambia

The FSC Mauritius welcomed delegates from the Anti-Corruption Commission, Zambia on 26 April 2017 at the FSC House. The visit facilitated the sharing of operational experiences between the two organisations.

#### ***Hosting of International Conferences and Meetings***

- The 36<sup>th</sup> IOSCO Africa Middle East Regional Committee Meeting and Conference

The 36<sup>th</sup> IOSCO Africa Middle East Regional Committee (‘AMERC’) Meeting and Conference was hosted by the FSC Mauritius from 25 to 26 February 2016 at Le Méridien Hotel, Pointe aux Piments, Mauritius. The 36<sup>th</sup> IOSCO AMERC Meeting regrouped 26 delegates from 15 jurisdictions including Mauritius. The theme of the Conference was on ‘Market Integration as Panacea to Regional and Global Economic Development’. Fruitful deliberations resulted from the 36<sup>th</sup> IOSCO AMERC Meeting and Conference.

- The FSC Mauritius Familiarisation and Training Programme

The FSC Mauritius hosted a Familiarisation and Training Programme from 11 to 15 July 2016 at the FSC House for members of the Southern African Development Community (‘SADC’) Committee of Insurance, Securities and Non-banking financial Authorities (‘CISNA’). Thirty four delegates from nine SADC Member States, including Mauritius attended this Familiarisation and Training Programme. Participants learnt from other regional regulators in better tackling issues of common interests. It was also an opportunity to increase the visibility of the FSC Mauritius in the region, and it demonstrates the commitment of the FSC Mauritius vis-à-vis the SADC CISNA. This regional event provided for another platform for regulators in the SADC region to regroup and commonly tackle the challenges facing the financial services sector.

#### *Visibility of FSC Mauritius on the international front*

- Bi-Annual Committee of Insurance, Securities and Non-banking financial Authorities Meeting

The FSC Mauritius participated in the 36<sup>th</sup> Bi-Annual SADC CISNA meeting held from 04 to 08 April 2016 in Livingstone, Zambia. The event was co-hosted by the Pensions and Insurance Authority together with the Securities and Exchange Commission of Zambia. The purpose of this meeting was to discuss on the Strategic Plan 2016-20 for the member states and to agree on the milestones for the implementation of the Action Plans.

The FSC Mauritius also attended the 37<sup>th</sup> CISNA Bi-Annual Meeting which was held from 26 to 28 October 2016 in the Kingdom of Lesotho. During the meeting, delegates from SADC member countries were present and the platform was very conducive to discussions on the tasks and projects that have been respectively assigned and the practice in other

jurisdictions in matters of capital markets, insurance and AML/CFT. Issues of common interest for the securities and insurance regulators were lengthily discussed. The commitment and contribution of the FSC Mauritius in the furtherance of the Strategic Plan of the CISNA were recognised.

- Study Tour to Dubai Financial Services Authority

Three officers of the FSC Mauritius were on an attachment programme at the Dubai Financial Services Authority (‘DFSA’) from 15 to 17 May 2016 to gain an insight on the DFSA’s derivatives and Islamic Finance Capital markets.

- The 41<sup>st</sup> IOSCO Annual Conference

The FSC Mauritius participated in the 41<sup>st</sup> Annual Conference of IOSCO hosted by the Superintendence of Securities Market in Lima, Peru from 08 to 12 May 2016. The international event regrouped all IOSCO Members on a single forum to discuss international regulatory standards and other policy measures in relation to the protection of investors and the promotion of fair, efficient and transparent markets. In addition to various committee meetings, this Conference featured a series of interesting public panels on topics such as SME financing, the challenges of crowd funding, effective ways to improve investors’ knowledge and capability; the challenges and opportunities of financial technology (‘FinTech’) generally and blockchain more specifically.

- The OECD / IOPS Global Forum on Private Pensions

The FSC Mauritius participated at the IOPS Technical Committee meeting, IOPS Annual General Meeting and OECD/IOPS Global Forum on Private Pensions which took place in Hong Kong, China from 08 to 10 November 2016. The theme of the annual OECD/IOPS Global Forum on Private Pensions was “Making Private Pensions Work Better”. The Acting Chief Executive of the FSC Mauritius was invited by the IOPS and the OECD as a Panel Speaker on the following theme “Protecting consumers against conflicts of interest in retirement advice”, and to present the Mauritius’ experience and recent regulatory developments in the field at the Global Forum on 10 November 2016.

- The 38<sup>th</sup> IOSCO AMERC Meeting and Conference

The 38<sup>th</sup> IOSCO AMERC Meeting and Conference was held on 14 and 15 February 2017 in Abu Dhabi, UAE. The main theme for the event was ‘The Role of

Financial Markets in Building an Economy based on Knowledge, Innovation and Happiness'. The event was another opportunity for the African and Middle East members to gather on a single platform to discuss about key regulatory priorities and challenges within the markets as well as share their views on key emerging securities markets risks in the region.

- The Joint IOPS / OECD Working Party on Private Pensions Meeting

The FSC Mauritius participated in the OECD Working Party on Private Pensions and the IOPS Technical Committee meetings and seminar which were held from 19 to 21 June 2017 at the seat of the OECD Headquarters in Paris, France. The IOPS / OECD meetings and seminar focused on the supervision of investment management including non-traditional investment; infrastructure; long-term investment and good practices on the role of pension supervisors in consumer protection.

The growing importance of FinTech companies such as robo-advice in the pension field and its regulatory challenges were also highlighted. Working sessions were held on solvency; interest rates of defined benefit arrangement; financial incentives; retirement savings; designs of private pensions; lending activities and cost of running private pensions. The seminar was held on pension foresight: envisaging retirement income plans for the future and included discussion on the sustainability and adequacy of pension arrangements in light of the challenges facing pension systems - ageing population, current environment of low growth and low returns. It also covered the relationship between mature labour force participation; pension policy; how current pension designs might evolve in the future and the lessons

drawn from the recent past. The topics discussed have a significant bearing on future policy orientation with respect to pension regulation and supervision.

### *Request for Information*

The FSC Mauritius recognises that international cooperation has to be strong and steady in furthering its regulatory, supervisory and enforcement duties and functions. The FSC Mauritius hence engages in and fosters information sharing on a multilateral, bilateral, and ad hoc basis.

Multilateral sharing mechanisms are encompassed under the MMoU in place between member countries of international organisations such as the IOSCO and the IAIS.

Furthermore, bilateral MoUs detail the scope and terms of information-sharing between regulators and provide a framework for consistent cooperation. The FSC Mauritius, on ad hoc basis, uses other information seeking and sharing arrangements in compliance with the FSA.

### **Request for assistance provided / made for the period 01 January 2015 to 30 June 2017**

The FSC Mauritius acted on requests for information from both local and overseas counterparts.

### *Engaging with Local Stakeholders*

### **FSC Mauritius / SEM / CDS Supervision Sub-Committee**

The Supervision Sub-Committee ('SSC') is a committee regrouping the FSC Mauritius as the

	Statistics regarding requests for assistance provided to counterparts			Statistics regarding requests for assistance made to		
	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Local	618	320	165	34	11	20
International	194	135	95	43	18	104

Table 36: Number of Requests for Information in 2015 to 30 June 2017

regulator and its licensees namely: the SEM and the CDS. The objectives of the SSC are to address the barriers to the development of the Securities Market through joint supervisory coordination and the promotion of mutual collaboration between the FSC Mauritius, SEM and CDS.

The mandate involves but is not limited to: (i) Exchange of information on request or on voluntary basis in respect of regulatory and supervisory collaboration (ii) Propose initiatives and programmes for regulated entities in the form of rules / guidelines to be applicable to the market (iii) Prepare a plan of action on researches and studies of common interest as identified by SSC (iv) Prepare papers on areas of common interest, for instance crisis management, (v) Discuss on market developmental matters and (vi) Identify potential problem areas and decide upon common aspects of intervention amongst others.

Discussions for the year 2016/17 were focused, *inter alia*, on:

- (a) Operational issues;
- (b) Reduction of Brokerage fees for Exchange Traded Funds on foreign bonds as underlying;
- (c) Listing Requirements; and
- (d) Securities (Preferential Offer) Rules;

Further to the above, the SSC had joint meetings with Listed Companies with regards to complying with requirements of the laws.

### **Consultations**

#### **Consultation with Industry**

The FSC Mauritius posted a draft Securities (Preferential Offer) Rules ('Preferential Offer Rules') on its website for consultation. In line with its rule making process, the FSC Mauritius sought the views and comments from the industry and the public on the proposed rules. Currently, there are no rules for private placement referred to in Section 2 of the SA. The main objective of the Preferential Offer Rules is to regulate preferential offers including private placements. The Preferential Offer Rules will become effective as from 01 July 2017.

#### **FSC Mauritius and International Monetary Fund Special Data Dissemination Standards Technical Committee**

The IMF Special Data Dissemination Standards ('SDDS') Technical Committee met on 15 February 2017 to reflect on current issues as well as to monitor the adherence of Mauritius to IMF SDDS. The SDDS

Technical Committee monitors the IMF Multi-Sector team recommendations and SDDS Plus Progress Report on a regular basis. The FSC Mauritius has, at the meeting, provided updates on the following:

- Compiled Raw IMF MFS Data for Quarters 1, 2 and 3;
- Brief on Debt Securities;
- Update on GBC 1 Survey; and
- Update on CPIS and CDIS

#### **ESAAMLG Mutual Evaluation Exercise 2017**

The FSC Mauritius met the ESAAMLG Delegation in early June 2017. The relevant statistical inputs were provided for the mutual evaluation exercise, namely computation of size and structure of the Financial Sector under FSC Mauritius purview as well the Statistical Bulletins for the period 2013-16.



# CORPORATE SERVICES

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# CORPORATE SERVICES

## ADMINISTRATION AND ENTERPRISE RISK

The Administration and Enterprise Risk (‘AER’) Cluster is responsible for the management of services and processes supporting the core activities of the FSC Mauritius while ensuring a suitable working environment. AER is committed to provide a conducive physical working environment to the staff of the FSC Mauritius, and as such regularly initiates projects with special focus on efficient usage of public utilities while embracing green technology. AER also adopts a holistic approach to risk management by reviewing security procedures, improving building infrastructure and implementing the Business Continuity Programme, amongst others.

### Procurement

The FSC Mauritius conducts its procurement process in line with the Public Procurement Act 2006, the Public Procurement Regulations 2008, and Directives and Circulars issued by the Procurement Policy Office (‘PPO’). All procurement for the FSC Mauritius for the period under review, irrespective of nature and amount, was centralised at the Procurement Unit, and a well-defined procedure was established in line with the principles of public procurement and the Anti-Corruption Policy of the FSC Mauritius.

The FSC Mauritius complies with disclosure requirements and promotes transparency in the following ways:

- Submission of annual procurement plan to the PPO;
- Submission of return on procurement activities to the PPO;
- Notification of award of contract; and
- Timely response to queries and debriefing request.

### Facilities Management

The Facilities Management Unit focuses on providing a safe and sound working environment for staff of the FSC Mauritius by effectively managing space allocation, utilities, building efficiency, environmental friendliness, security services, fleet management, fire

safety, health and safety, and plans maintenance to meet statutory compliance requirements.

Various feasibility studies were undertaken during the period under review to bring further improvements while keeping up with new engineering and building technologies. In 2016, following a risk assessment study on the fire safety of the building, a project was undertaken to effectively reduce such risks in documentation filing areas, notably the Registry and Archive sections of the FSC Mauritius, where documents have to be securely kept for a minimum of seven years as per the requirement of section 87A of the FSA. The project consisted of the installation of automatic fire suppression systems.

Furthermore, in 2017, another major project was initiated to upgrade the building infrastructure of the FSC House. This project will include the installation of air conditioning units to ensure good air quality in the office areas, a ventilated enclosure for the UPS room and installation of LED light fittings and solar water heaters as part of the efforts of the FSC Mauritius to embrace green technology.

The FSC Mauritius further recognises that proper housekeeping also has its importance to maintain a safe and healthy workplace. In this respect, new procedures and policies were introduced during the period under review, taking into consideration the aging factor of the building and including regular deep cleaning of the office areas and furniture.

### Documentation (Scanning, Registry and Archive)

The Scanning Unit is responsible for converting all incoming documents into digitised format, while the Registry Unit is responsible for safeguarding of all these documents. In order to keep up with the changing needs of the FSC Mauritius regarding data management, these units reviewed their work processes during 2016/17, while aiming to ensure fast and efficient output without any duplication of work, and to maintain an efficient document management system.

## Asset Management

The Asset Management Unit of the FSC Mauritius maintains an up-to-date Fixed Asset Register of all its assets, in line with requirements of the relevant International Financial Reporting Standards.

In addition to carrying out routine yearly physical inventories of assets, the Asset Management Unit also focuses on improvement of the workspace. As such, during the period under review, several clusters were provided with secure, fire-retardant compact filings. The Asset Management Unit also ensured that obsolete assets or those which no longer complied with workplace health and safety standards were disposed of following established procedures.

These assets, which included wooden shelves, magazine racks and pigeonholes, were donated to the Mauritius Council of Social Service ('MACOSS') and to two Non-Governmental Organisations.

Furthermore, an exercise was initiated in April 2017 with respect to provision of insurance covers in the context of proper risk management at the FSC Mauritius in line with the changing business environment.

## Business Continuity Management

As part of its Corporate Governance framework, the FSC Mauritius implemented a Business Continuity Management system in line with best practice guidelines issued by the International Standards Organisation (ISO 22301:2012: Business Continuity Management Systems – Requirements). The BCM System ensures the commitment of the FSC Mauritius to operation resilience and provides for the capability of the organisation for an effective response to safeguard the interests of its employees, key stakeholders, reputation and brand and value-creating activities.

In 2017, the FSC Mauritius focused on the maintenance of the BCM programme, and an organisation-wide review exercise was initiated to bring the programme in line with the evolving environment in which FSC Mauritius operates, with particular emphasis on critical processes and manpower requirements to ensure minimal disruption in the event of a crisis or disaster.

## CORPORATE SERVICES

# INFORMATION TECHNOLOGY

Information Technology plays a significant role in the strategic dimension of the FSC Mauritius. Increasingly interwoven with the day-to-day activities. The IT cluster has made a major stride to *inter alia*:

- Enhance existing IT services;
- Revamp the different IT systems;
- Promote the efficient use of technology; and
- Foster innovation using technology.

In order to improve its operational and supervisory capabilities, the FSC Mauritius embarked on a number of innovative projects, namely the boosting of online presence of the FSC Mauritius, strengthening of security systems, internal controls and business continuity planning.

### Online Submissions Platform

In view of enhancing the competitiveness of Mauritius as an IFC of substance, the FSC Mauritius introduced an OSP to digitise much of its current paper-based application processes.

The strategy, as regards to the deployment of the OSP, has been designed in a phase-wise manner namely:

- Phase 1: Application for GBC Licence and payment of fees through Electronic Payment Instructions via commercial banks;
- Phase 2: Renewal of fees for GBCs, non-GBCs and MCs; and
- Phase 3: Application for Domestic Licences.

Phase 1 of the project went live on 01 December 2016. As a secure web-based application, OSP allows current registered users of Corporate and Business Registration Department to apply for a Global Business Licence electronically and submit payments online.

Prior to officially launching the OSP, an independent software quality assurance exercise was conducted on OSP to determine its robustness through extended simulation and load tests. In so doing, a preventive and proactive approach was adopted to harden the security aspects of the OSP.

### Enterprise Resource Planning

The Enterprise Resource Planning, an integrated information system implemented at the FSC Mauritius, underwent several enhancements in order to accommodate online payment transactions. This exercise required thorough planning and close monitoring to standardise and improve the existing processes.

### Application Integration

With the coming into operation of the OSP, finance related processes underwent major transformations in terms of the traditional mode of payment of fees by licensees and manually updating of the Enterprise Resource Planning ('ERP') system. The OSP has automated a number of manual ERP processes in view of streamlining and making the platform more efficient.

An integration exercise, linking the different applications such as OSP, ERP and Global Business Database system, was anticipated, so as to:

- a) Improve business processes;
- b) Minimise human intervention;
- c) Reduce chances of human errors; and
- d) Lower operational costs.

The automation of the processes which fetch data from multiple sources has resulted into more enhanced inter-operability and accurate reporting of statistics.

### Reporting and Search Application

In view of empowering process-owners with real-time information at their finger-tips, a new tool, the "Reporting & Search Application" was developed in-house by IT team members. The secured solution allows end-users to extract frequently-asked reports and conduct search on entities as per data recorded in the FSC databases. In-depth analysis, through filtering, sorting, selection of desired fields, aggregate functions and downloading of pre-defined columns in familiar "CSV" format, has been rendered easier and more accessible.

The tool has been designed to facilitate end-users with a single point of access to information through simple keyword search mechanism. Frequently required data can thus be retrieved in multiple formats for reporting purposes and further analysis.

### Website

Backed by latest tools and technologies with greater accessibility and readability, the FSC Mauritius spurred innovation by redesigning its website to provide for a more user-friendly navigation.

Aimed at providing a consistent user experience for viewers as well as a fluid design adapted to smart phones, tablets and desktop screens, the FSC Mauritius has ensured an online presence through the use of a cutting-edge responsive design.

As an effective tool of communication, the website paves the way for consolidating the FSC Mauritius' reputation as a clean and transparent jurisdiction.

### Electronic Document Management System

The implementation of the Electronic Document Management System has significantly reduced reliance on paper and consequently has proved to be a very efficient and cost-effective way of managing documents.

Business processes have been streamlined whilst lowering data redundancy and misfiled papers. With increased security and controls put in place, documents can now easily be traced and accessed taking into account a history of the file movement.

### IT Infrastructure, Security and Availability

Business services at the FSC Mauritius consist of a complex mesh of multiple applications running across disparate hardware environments. As an enabler for quality and quick delivery of IT services, the FSC Mauritius hosted a number of critical internal applications as well as external solutions. Hence, the substantial improvement in IT service performance, security, scalability and availability is continuously felt.

In order to heighten security and cause minimal disruptions to operations, Business Continuity Management plans are strictly followed. Crucial data is persistently replicated to the Disaster Recovery site of the FSC Mauritius. Enhancements to cater for resource scalability, fault tolerance and high

availability were also initiated during the period under review with the ultimate objective of upgrading system uptime.

Additionally, the FSC Mauritius reviewed its telecommunication strategy to increase connectivity speed towards its online platforms and availability through Internet Service Provider redundancy.

### Human Resources Information System – Employee Self Service

The Employee Self Service ('ESS') platform is a secure web-based application developed under the HRIS system. ESS allows employees to access, update and view their personal records. Tasks such as applying for a leave, passage benefits, requesting for overtime, and registering for Medical Scheme, amongst others form an integral part of the ESS portal. ESS has been delivering measurable efficiencies to the FSC Mauritius through the elimination of inaccuracies in data collection by offering a single point of entry and immediate application of business rules.

### Helpdesk System

In its relentless effort to improve business operations, the FSC Mauritius invested in the procurement of a full-fledged IT software, aimed at delivering rapid customer service. The IT Helpdesk is a valuable ticketing system that facilitates easy request creation and keep end users informed on the progress of a request. The tool provides for greater visibility and central control in the escalation of reported issues. With the new system in place, internal requests can be better managed and tracked in real-time.

## CORPORATE SERVICES HUMAN RESOURCES

The FSC Mauritius, in today's economic environment, is aware that the people dynamics of an organisation are constantly changing and need to be managed carefully for its betterment. Talent management is also pivotal to the success of Human Resources ('HR') strategy as it requires the integration of all HR disciplines, in particular learning & development, employee communication and engagement, recruitment and selection, performance management, reward and recognition and, to some degree, employment law and employee relations.

### Managing Human Resources

During the period under review, the FSC Mauritius strengthened its staff level with the recruitment of two consultants, one technical staff and two administrative staff.

The total staffing at the FSC Mauritius, as at 30 June 2017, stood at 188, with a gender distribution of 56 percent female and 44 percent male.

The movement of employees for the period 2015, 2016 and 2016/17 is provided below.

Job Family	New Recruits			Leavers			Number of Officers		
	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Executive	2 <sup>1</sup>	2 <sup>1</sup>	-	1 <sup>1</sup>	-	4	17*	18*	15
Technical	1	-	11	10	8	13	132*	133*	142
Administrative	2	-	-	2	2	2	18	16	18
Support	-	-	-	-	-	2	21	21	21
<b>Total</b>	<b>5</b>	<b>2</b>	<b>11</b>	<b>13</b>	<b>10</b>	<b>21</b>	<b>188</b>	<b>188</b>	<b>196</b>

\*including movements across job family

<sup>1</sup> including consultants

Table 37: Breakdown of Staff Movement (2015-2016-2017)

The staff turnover rate as at 30 June 2017 was 1.6 percent and for 2016, it was 5.2 percent.

## Review of Salary and Terms and Conditions of Employment

The FSC Mauritius undertook a review of salary and terms and conditions of employment in 2016 with a view to enhance its total reward package, so as to maintain its competitiveness as compared to other similar organisations and also to succeed on talent retention.

The services of a consultant were enlisted to conduct the review exercise. In order to capture the main areas of focus, a participatory approach was embraced, whereby every staff member was given an opportunity to voice out their views.

## Performance Based Culture

At the FSC Mauritius, there is a well-structured Performance Management System that is effectively communicated so that both the appraiser and the appraisee enter the process with better levels of confidence about what is being assessed and how. Staff are assessed on achievement of objectives linked with the organisation's mission and strategic plan as well as behaviours that have been clearly identified

and agreed to. Moreover, regular discussions are conducted throughout the performance cycle which include coaching, mentoring, feedback and assessment. High performers are rewarded in a meaningful way by linking pay to their performance.

## Continuous Learning and Development

A well-defined framework and clear policies for capacity building are in place at the FSC Mauritius. Training and development opportunities are provided in order to develop staff potential to the fullest.

During the period under review, a participatory Competency Needs Assessment exercise with the Leadership Team was undertaken to ensure that learning systems and strategies are aligned with regulatory and business needs. Training and developmental needs are identified using a three-tier approach, namely at organisational, cluster and individual levels. Consequently, a structured Learning and Development Calendar for the year is elaborated.

The FSC Mauritius used a number of strategies, which are summarised in Table below to address its capacity building needs.

Strategies		Type of Learning Interventions
Training	In House	By: (i) Internal Resource persons (ii) External Resource persons
	Local	By External Resource persons
	Overseas	Workshops / Conferences / Training programmes / Exchange Programmes / Attachments
	Others	- E Learning / Distance Learning - Webinars - Audio Calls - Speakers' series
On the Job	Self Help / Peer Sharing Experience Job Challenges – Job Rotation / Enrichment Projects / Cross Functional Teams Communities of Practice (CoPs)	
Coaching and Mentoring		

Table 38: Continuous Learning at the FSC Mauritius

A summary of training sessions conducted during the period under review and the contact hours are provided below:

Types of Training	Number of Training Sessions			Contact Hours		
	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015	18 months ended 30 Jun 2017	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
In-House	46	40	33	3,585	3,196	3,556
Local	82	48	68	1,173	504	1,619
Overseas	23	18	18	1,098	896	730
<b>Total</b>	<b>151</b>	<b>106</b>	<b>119</b>	<b>5,856</b>	<b>4,596</b>	<b>5,905</b>

Table 39: Summary of Training Sessions

### **Diploma Course in Management and Financial Services**

During the period under review, 10 officers of the Administrative Job Family have successfully completed the course and have been awarded a Diploma in Management and Financial Services. This course was developed using a blended learning approach to provide an opportunity for adult learning whereby learning progress is monitored continuously through in-built activities and assignments.

### **Young Graduate Development Programme**

The Young Graduate Development Programme, which is opened to ambitious and talented young graduates, is a one-year training programme designed to include both theoretical and hands-on experience in the financial services sector. For the period under review, two batches of 13 and 16 Young Graduates respectively were enlisted in order to ensure availability of qualified and trained manpower to meet the forthcoming needs of the financial services sector.

### **Encouraging Bonding and Closer Collaboration**

#### ***Employee Welfare, Wellness and Work-Life Balance***

The well-being of staff ranks high on the agenda of FSC Mauritius. As such, a multitude of initiatives pertaining to staff welfare, wellness and work-life balance were put in place during the period under review to assist staff in harmonising work and personal commitments:

- To promote fitness and a healthy lifestyle, a range of activities are offered to staff, for instance a well-equipped and fully subsidized in-house gym with a qualified fitness trainer, weekly zumba sessions and football matches, amongst others.
- In line with the Healthy Eating Initiative at the FSC Mauritius, staff are offered one fruit on a daily basis.
- Moreover, a Health Camp was organised in October 2016, where staff were invited to participate in a free medical check-up, including blood pressure, random glucose checks and breast cancer screening.
- Several health talks were organised at the FSC House with the aim to create awareness among staff.

#### ***Celebration of Women's Day***

To mark the International Women's Day celebrated on 08 March 2016 and 2017, the FSC Mauritius offered a bunch of roses and chocolates to all female staff members as a recognition of their contribution and accomplishments.

#### ***Celebration of Independence Day***

The anniversary of the independence of Mauritius and the Republic of Mauritius was celebrated in March 2016 and 2017 at the FSC House. Several competitions such as quiz, photography, drawing, arts and crafts, essay and FSC Got Talent were organised for staff and their children. The aim of these competitions was to create awareness of the Mauritian culture.

### *Celebrating Long Service*

The FSC Annual Staff Get Together was held on 16 December 2016. During this event, employees who had completed more than 10 years of service were awarded a shield to recognise their contribution and celebrate their loyalty.

### *FSC Mauritius Annual Family Day 2016*

With a view to creating and nurturing a spirit of sharing and team building within and beyond the workplace among staff and their family members, the FSC Mauritius Annual Family Day was held in August 2016. The theme chosen for the year was “Beauty of our Nature – Nou la mer...nou la plage...nou fierté”. Staff and their families participated actively in several activities organised for this event.

### **Corporate Social Responsibility**

In order to demonstrate its engagement towards the community, the FSC Mauritius actively engages in numerous Corporate Social Responsibility activities. Some of the initiatives undertaken during the period under review are summarised below.

#### *FSC Mauritius Annual Blood Donation*

The FSC Mauritius Annual Blood Donation events were held in May 2016 and June 2017. During this event, staff, licensees and other corporate bodies, both public and private, within the vicinity of Ebene were invited to participate actively in this life saving endeavour.

#### *Charity Donation*

During the period under review, the FSC Mauritius donated several office items to the MACOSS and to two Non-Governmental Organisations.

Furthermore, in line with the commitment of FSC Mauritius to help the less fortunate in society, staff members raised funds for the ‘Deaf Association of Mauritius’ on the occasion of the association’s Annual Flag Day 2017.

School materials were also donated to children of the association ‘Anou Grandi’ in Mon Loisir in January 2016.

### **FSC Anti-Corruption Framework**

In line with the Government Programme 2015–2019 to conduct business based on principles of discipline, transparency, accountability and exemplary governance, the Commission embarked on the implementation of a Public Sector Anti-Corruption Framework (the Anti-Corruption Framework) in November 2016, under the guidance of the Independent Commission Against Corruption (ICAC).

The purpose of this framework is to formalise the commitment of public bodies in the fight against corruption and promote a holistic and proactive approach to detect, prevent and combat corruption as well as to improve the institutional capabilities of public bodies.

The various steps involved in the implementation of the Anti-Corruption Framework are:

1. Anti-Corruption commitment
2. Setting up of the Anti-Corruption Committee (ACC)
3. Anti-Corruption Policy
4. Corruption Risk Assessment
5. Anti-Corruption Strategies
6. Implementation of Anti-Corruption Strategies
7. Monitoring and Review

In line with the above, the Commission constituted the ACC to develop and coordinate the implementation of the anti-corruption initiatives and programmes. The Terms of Reference of the ACC are as per the Guidelines issued by ICAC. The ACC comprises of seven officers including a chairperson, a secretary and five members.

In accordance with its mandate, the ACC has made recommendations for the adoption of an Anti-Corruption Policy for the Commission, which was approved by the Board on 15 December 2016.

The first Corruption Risk Assessment was conducted on the Procurement process at the Commission.

## 2016 / 17 HIGHLIGHTS

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## 2016 / 17 HIGHLIGHTS

# STATISTICS - YEAR HIGHLIGHTS

### Gross Value Added and Growth Rate of the Financial Sector

	2015		2016		2017 <sup>1</sup>	
	GVA	GR	GVA	GR	GVA	GR
Financial and Insurance Activities	12.0	+5.3	12.1	+5.7	12.3	+5.5
Monetary Intermediation	6.7	+5.4	6.9	+6.0	7.0	+5.8
Financial leasing and other credit granting	0.7	+6.3	0.7	+6.5	0.7	+6.5
Insurance, reinsurance and pension	3.2	+4.6	3.2	+5.2	3.3	+5.2
Other	1.3	+5.8	1.3	+5.0	1.3	+4.7

Table 40: Contribution and Growth of the Financial and Insurance Activities

Source: *Statistical Mauritius National Accounts June 2017 issue*

Note 1: Forecast

Gross Value Added ('GVA')

Growth Rate ('GR')

According to Statistics Mauritius, the contribution of the financial and insurance activities have been steady since 2015 till June 2017, averaging around 12.1 percent with a growth rate revolving around 5.5 percent.

### Gross Value Added and Growth Rate of the Global Business Sector

	2015		2016		2017 <sup>1</sup>	
	GVA	GR	GVA	GR	GVA	GR
Global Business Sector	5.8	+1.1	5.6	+0.8	5.4	+0.6

Table 41: Contribution and Growth of the Global Business Sector

Source: *Statistical Mauritius National Accounts June 2017 issue*

Note 1: Forecast

Note: The global business sector includes activities of GBCs and services purchased by GBCs from local enterprises (e.g. management, accounting, auditing, legal, advertising, real estate, banking, etc.).

In relation to the Global Business Sector, it is observed that its contribution has been steady since 2015 till June 2017 reporting an average of 5.6 percent with growth rate reflecting a downward trend.

### Employment in Financial and Insurance Activities

	March 2015			March 2016			March 2017		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Total</b>	<b>6,029</b>	<b>6,528</b>	<b>12,557</b>	<b>5,997</b>	<b>6,849</b>	<b>12,846</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>
Monetary Intermediation	3,952	3,982	7,934	3,960	4,113	8,073	n.a	n.a	n.a
Financial leasing and other credit granting	321	517	838	304	603	907	n.a	n.a	n.a
Insurance, reinsurance and pension funding	1,176	1,421	2,597	1,166	1,459	2,625	n.a	n.a	n.a

Table 42: Employment in the Financial and Insurance Activities

Source: Statistics Mauritius Survey on Employment and Earnings in Large Establishments

Note 1: Revised

n.a: not yet available

Furthermore, employment generated by the sector by the end of March 2016 amounted to 12,846 compared to 12,557 as at March 2015.

### Direct Employment Level by FSC Mauritius Licensees

Licence Category	As at 31 Dec 2015		As at 31 Dec 2016	
		%		%
<b>DOMESTIC</b>				
Pension Scheme Administrator	48	1%	59	1%
Registrar and Transfer Agent	56	1%	54	1%
Treasury Management	27	0%	26	0%
Credit Finance & Factoring	31	0%	79	1%
Leasing	629	10%	635	9%
Long Term Insurance Business	958	15%	967	13%
General Insurance Business	1,253	19%	1,449	20%
Insurance Broker	224	3%	251	3%
Investment Dealer	84	1%	119	2%
Investment Adviser	59	1%	71	1%

Licence Category	As at 31 Dec 2015	%	As at 31 Dec 2016	%
Custodian	78	1%	48	1%
CIS Manager	127	2%	144	2%
<b>TOTAL</b>	<b>3,574</b>	<b>54%</b>	<b>3,902</b>	<b>54%</b>
<b>CORPORATE AND TRUST SERVICE PROVIDERS</b>				
Management Company	2,988	45%	3,346	46%
Corporate Trustee	8	0%	9	0%
<b>TOTAL</b>	<b>2,996</b>	<b>46%</b>	<b>3,355</b>	<b>46%</b>
<b>OVERALL TOTAL</b>	<b>6,570</b>	<b>100%</b>	<b>7,257</b>	<b>100%</b>

Table 43: Direct Employment Level by FSC Mauritius Licensees

Source: FSC Employment Survey 2017

Note: Employment figures pertaining to entities holding multiple licences have been assigned to core business only

The above Table highlights the employment level in the various categories under the purview of the FSC Mauritius. It is observed that 46 per cent of the employment was generated by Corporate and Trust Service Providers (i.e., holder of Management Licence) while the remaining 54 per cent was from the domestic sector.

## 2016 / 17 HIGHLIGHTS

# FINANCIAL HIGHLIGHTS

In line with the Statutory Bodies (Accounts and Audit) Act, the current period under review covers a period of 18 months ended 30 June 2017, in contrast with the previous 12 months period ended 31 December 2015, which have been shown as comparatives in the audited financial statements. For the benefit of a more meaningful comparison, the FSC Mauritius results below are thus analysed with reference to the current 12 months period (July 2016 to June 2017) referred to as 12M2017 against the preceding 12 months period (July 2015 to June 2016) 12M2016.

	12M2017 MUR Million	12M2016 MUR Million
Income	1,397	1,178
Operating expenses	(341)	(311)
<b>Surplus of income over operating expenses</b>	<b>1,056</b>	<b>867</b>
Exchange fluctuation (loss) / gain	(3)	33
<b>Surplus for the period</b>	<b>1,053</b>	<b>900</b>
Other comprehensive income	(17)	(48)
<b>Surplus and other comprehensive income for the period</b>	<b>1,036</b>	<b>852</b>

Table 44: Financial Performance Analysis 2016/17

During 12M2017, surplus and other comprehensive income amounted to MUR 1.04 billion representing a growth of 22 percent as compared to 12M2016 (MUR 852 million).

In line with the requirements of the FSA, the Commission has provided MUR 964 million as contribution to the Consolidated Fund.

### Income Review

Fee income for 12M2017 amounted to MUR 1.36 billion, representing an increase of MUR 216 million over the 12M2016, driven by higher administrative penalty fees recognised, and a growth in the number of GBC1s.

Administrative penalty fees amounted to MUR 264 million in 12M2017, higher by MUR 178 million compared to 12M2016 owing to rigorous follow-up actions taken.

For the renewal period 2016/17, 10,959 GBC1s and 8,512 GBC2s renewed their licences as compared to 10,393 and 9,687 respectively for 2015/16. Given that fees for GBC1s are much higher than for GBC2s, increase in fee income was driven by growth in the number of GBC1s.

Fees from Non-Global grew marginally by MUR 8 million owing to increase volume of transactions in the insurance sector.

Interest income reached MUR 42 million higher by MUR 3 million mainly on account of higher volume of investments. The currency-wise mix of investment currencies is in line with the risk management policies set by the Investment Committee.

### Expenses Review

Operating expenses for 12M2017 amounted to MUR 341 million comprising mainly of staff related costs. Operating expenses increased by MUR 31 million compared to 12M2016, owing to the increase in staff related costs and mitigated by a decrease in costs of training and seminars, and depreciation charges. Higher staff related costs were mainly attributable to the impact of salary review and increments and increase in other staff related costs. However, the Commission has incurred lower expenses in terms of training, seminars and local conferences. Lower depreciation and amortisation was attributable to fully depreciated computer equipment and software.

**Re-measurement of defined benefit obligation**

In line with the requirements of International Accounting Standards (‘IAS’) 19 for Employee Benefits, an amount of MUR 17 million was accrued as re-measurement of defined benefit obligation for 12M2017 compared to MUR 48 million for 12M2016.

**General reserve Fund and Contribution to Consolidated Fund**

In line with the requirements of the Financial Services Act 2007, the Commission has provided MUR 964 million as contribution to the Consolidated Fund.

Total contribution to the Consolidated Fund amounted to MUR 5,468 million from 2001 to 2017 is as follows:

Year	MUR Million
2001	N/A
2002	0
2003	100
2004	60
2005	70
2006	90
2007	90
2008	120
2009	140
2010	1,166
2011	496
2012	844
2013	979
2014	598
2015	715
2017	1,407
<b>TOTAL</b>	<b>6,875</b>

Table 45: Contribution to Consolidated Fund  
 \*Contribution to the Consolidated Fund for 2010 and 2017 was on an 18-month basis

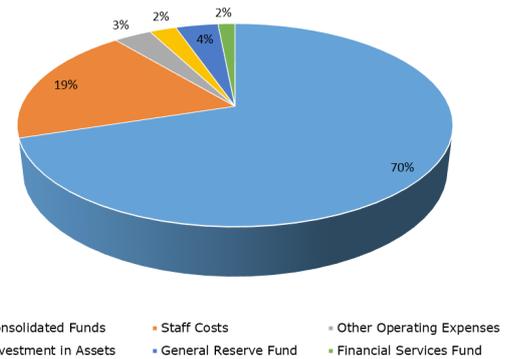


Figure 5: provides an indication of the apportionment of income into value adding expenditure / contribution.



# STATUTORY REPORTING

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# STATUTORY REPORTING

## REPORT OF THE AUDIT AND RISK COMMITTEE TO THE BOARD OF THE FINANCIAL SERVICES COMMISSION

### Preamble

The Audit and Risk Committee presents its report for the period from 01 January 2016 to 30 June 2017. The Audit and Risk Committee is an independent Committee, whose responsibilities are delegated to the Committee by the Board. The Committee conducted its affairs in compliance with the Board's approved terms of reference, and has discharged its responsibilities contained therein.

### Composition of the Audit and Risk Committee

During the period ended 30 June 2017, the independent non-executive directors having served the Committee are:

Mr Visvanaden Soondram	-	Chairperson
Mr Jacques Li Chung	-	Member (to 05 June 2017)
Ms Warda Dulmar Ebrahim	-	Member (to 05 June 2017)

Subsequently, Mr Mohummad Shamad Ayoob Saab and Mr Hervé Lassemillante were appointed members of the committee.

Mr Ramanaidoo Sokappadu, Secretary to the Board, also acts as secretary to the Committee.

### Terms of Reference

The responsibilities of the Audit and Risk Committee inter alia include:

- Monitoring and reviewing the integrity of the FSC's financial statements and accounting policies;
- Making recommendations for approval of FSC's audited financial statements;
- Reviewing with Management and the external auditor, the adequacy and compliance of internal control systems;
- Monitoring and reviewing the internal audit function and considering regular reports from internal audit on internal financial controls, operations and risk management;
- Considering the appointment of the external auditors, overseeing the process for their selection and making recommendations to the Board in relation to their appointment;
- Monitoring and reviewing the external auditor's independence, objectivity and effectiveness;
- Overseeing the operation of the policies on conflicts of interest; and
- Ensuring that recommendations from the external and internal auditors, as approved by the Audit and Risk Committee and the Board, are followed upon and implemented.

### Meetings

In carrying out its responsibilities the Audit and Risk Committee met on seven occasions during the reporting period. The internal auditor attended all the meetings held during the reporting period. The Committee also met with the external auditor and representatives of Management who attended the meeting upon invitation.

The agenda for the meetings is prepared by the Secretary in consultation with the Chairperson of the Committee. The Secretary is responsible for taking minutes of the meetings and circulating the minutes to all members of the Committee as well as ensuring that the minutes are tabled for the subsequent Board meeting.

### Activities of the Audit and Risk Committee

The Audit and Risk Committee reviewed and deliberated on the internal audit reports on the following approved areas:

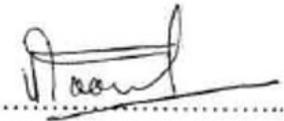
- a) Financial management and reporting;
- b) Internal control and risk management assurance;
- c) Supervision and licensing regulatory process reviews; and
- d) Corporate activities.

### External auditor

The Audit and Risk Committee was apprised of the revised International Standards on Auditing on audit reports effective for accounting periods ending on or after 15 December 2016. The Committee assessed the independence and objectivity of SNG South Africa as the external auditor, as well as approving the audit terms of engagement. No non-audit services were provided by the external auditor during the period 2016/17.

### Statutory reporting

The Committee considered the external auditor's report and the audited financial statements for the period ended 30 June 2017 prepared using appropriate accounting policies, estimates and judgements in accordance with the International Financial Reporting Standards (IFRS) and relevant legal and regulatory requirements. Following discussion with the external auditor, the Committee recommended the audited financial statements to the Board for approval. The Board subsequently approved the audited financial statements.



**Visvanaden Soondram**  
**Chairperson**

# STATUTORY REPORTING

## FSC CORPORATE GOVERNANCE

### REPORT

#### 1.0 Preamble

The Code of Corporate Governance for Mauritius (the “Code”) requires that Boards appoint a Corporate Governance Committee to ensure that the reporting requirements on Corporate Governance are in accordance with the principles of the Code.

#### 2.0 Corporate Governance Committee of the Financial Services Commission

During the period 1 January 2016 to 30 June 2017 (the “period ending 30 June 2017”), the Corporate Governance Committee of the Financial Services Commission, prior to board resignations in June 2017, consisted of 3 members of the Board, namely-

1. Mr. Dheerendra Kumar Dabee GOSK SC<sup>1</sup>, as Chairperson of the Corporate Governance Committee. Mr. Dheerendra Kumar Dabee GOSK SC was the Vice-Chairperson of the Financial Services Commission;
2. Ms. Warda Ebrahim<sup>2</sup>, as member of the Corporate Governance Committee. Ms. Warda Ebrahim was a Board member of the Financial Services Commission; and
3. Mr. Rajesh Ramlooll SC, as member of the Committee. Mr. Rajesh Ramlooll SC is a Board member of the Financial Services Commission.

The Secretary to the Board, Mr. Ramanaidoo Sokappadu acts as Secretary to the Corporate Governance Committee and the Compliance Officer CG (Mr. Ajmal Burthun) attends the meetings of the Committee.

As at 30th June 2017, the Corporate Governance Committee comprised only of Mr. Rajesh Ramlooll SC as a result of resignation of Board members during May/June 2017.

The Committee was subsequently reconstituted on the 30 October 2017, as follows-

1. Mr. Rajesh Ramlooll SC, as Chairperson of the Corporate Governance Committee. Mr. Ramlooll is a Board member of the Financial Services Commission;
2. Mr. Visvanaden Soondram, as member of the Corporate Governance Committee. Mr. Soondram is a Board member of the Financial Services Commission; and
3. Mr. Georges Yves Lassemillante, as member of the Corporate Governance Committee. Mr. Lassemillante is a Board member of the Financial Services Commission.

The Committee met twice during the period ending 30 June 2017.

#### 2.1 Role of the Corporate Governance Committee

The objective of the Corporate Governance Committee is to ensure that the Financial Services Commission complies, as far as is applicable, with the Code. The Corporate Governance Committee also ensures that necessary disclosures regarding conflict of interest are made.

<sup>1</sup>Mr. Dheerendra Kumar Dabee GOSK, SC resigned on 31 May 2017

<sup>2</sup>Ms. Warda Ebrahim resigned on 5 June 2017

During the period under review, the Corporate Governance Committee met on 2 occasions. Alternatively, members of the Corporate Governance Committee fulfilled their duties and communicated with each other and with the Compliance Officer through e-mail.

The Financial Services Commission has set up a mechanism to review compliance with the Code on a periodical basis and the Compliance Officer is required to report on the extent of compliance of the Financial Services Commission to the Corporate Governance Committee.

The Corporate Governance Committee is satisfied that requirements of the National Code of Corporate Governance period ending 30 June 2017 have been met.

It is noted that:

- (i) following the resignation of Mr. Akilesh Deerpalsingh as Vice-Chairperson on 5 October 2015, there was no Vice-Chairperson on the Board of the Financial Services Commission until 3 February 2016 when Mr. Dheerendra Kumar Dabee GOSK SC was appointed;
- (ii) the Managing Committee of the Financial Services Fund was not constituted until the appointment of its members on 5 February 2016;
- (iii) following the resignation of Mr. Dheerendra Kumar Dabee GOSK SC as Vice-Chairperson on 31st May 2017, there was no Vice-Chairperson on the Board of the Financial Services Commission until 2 June 2017 when Mr. Yandraduth Googoolye was appointed;
- (iv) despite the resignations of Mr. Dheerendra Kumar Dabee GOSK SC (31 May 2017), Ms. Warda Ebrahim (5 June 2017), Mr. Jacques Li Chung (5 June 2017), and Mr. Rhoy Ramlackhan (4 June 2017), the quorum of the Board was satisfied for all Board meetings held during the period ending 30th June 2017.

### 3.0 Management

The Financial Services Commission is governed by a Board consisting of non-executive members while day to day management of the Financial Services Commission is under the responsibility of the Chief Executive. Mr. Padassery Kuriakose Kuriachen was appointed as Acting Chief Executive of the Financial Services Commission since 20 April 2015 till 13 July 2017. Mr. Harvesh Kumar Seegolam was appointed Chief Executive by the Board effective from 14th July 2017. The profile of Chief Executive can be viewed at page 20 and that of the former Acting Chief Executive at page 3.

### 4.0 Board of the Commission

During the period ending 30 June 2017, the Board of the Financial Services Commission consisted of the following members:

Members	Date
Mr. Dev Manraj, GOSK, Chairperson	1 January 2016 to 30 June 2017
Mr. Yandraduth Googoolye, Vice Chairperson	2 June 2017 to 30 June 2017
Mr. Dheerendra Kumar Dabee GOSK SC Vice Chairperson	3 February 2016 to 31 May 2017
Mr. Rajesh Ramloll SC	1 January 2016 to 30 June 2017
Ms. Warda Ebrahim	1 January 2016 to 5 June 2017
Mr. Jacques Li Chung	1 January 2016 to 5 June 2017
Mr. Visvanaden Soondram	1 January 2016 to 30 June 2017
Mr. Rhoy Ramlackhan	1 January 2016 to 4 June 2017

Pursuant to section 8 of the Financial Services Act (the 'FSA'), Board meetings are held at least once per month. Pursuant to section 9 of the FSA, the Chief Executive attends all Board meetings unless otherwise directed by the Board. The profile of Board members can be viewed at page 5 of the Annual Report.

Mr. Georges Yves Lassemillante and Mr. Mohummad Shamad Ayoob Saab were appointed to the Board by the Minister of Financial Services and Good Governance on 12 July 2017.

## 5.0 Board Committees

Apart from the Corporate Governance Committee, the Board has appointed an Audit and Risk Committee, an Enforcement Committee and a Staff Committee.

### 5.1 Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the Board.

The main responsibilities of the Audit and Risk Committee include:

- (a) Monitoring and reviewing the integrity of the Financial Services Commission's financial statements and accounting policies;
- (b) Making recommendations for approval of Financial Services Commission's audited financial statements;
- (c) Reviewing with management and the external auditors, the adequacy and compliance of internal control systems;
- (d) Monitoring and reviewing the internal audit function and considering regular reports from internal audit on internal financial controls, operations and risk management;
- (e) Considering the appointment of the external auditors, overseeing the process for their selection and making recommendations to the board in relation to their appointment;
- (f) Monitoring and reviewing the external auditors' independence, objectivity and effectiveness;
- (g) Overseeing the operation of the policies on conflict of interest; and
- (h) Ensuring that recommendations from external and internal audit, as approved by the Audit and Risk Committee and the Board, are followed and implemented.

During the period ending 30 June 2017, the Audit and Risk Committee consisted of the following members:

Members	Date
Mr. Visvanaden Soondram	1 January 2016 to 30 June 2017
Mr. Jacques Li Chung	1 January 2016 to 5 June 2017
Ms. Warda Ebrahim	1 January 2016 to 5 June 2017

As at 30th June 2017, as a result of the resignations from the Board during June 2017, the Committee consisted of only Mr. Visvanaden Soondram and was not fully constituted.

Mr. Georges Yves Lassemillante and Mr. Mohummad Shamad Ayoob Saab were appointed to the Committee on 18 September 2017.

### 5.2 Enforcement Committee

The Enforcement Committee is an internal committee of the Financial Services Commission set up by Board pursuant to section 52 of the FSA. The purpose of the Committee is to exercise the disciplinary

powers of the Financial Services Commission and impose administrative sanctions where necessary. During the period ending 30 June 2017, the Enforcement Committee consisted of the following members:

Members	Date
Mr. Rajesh Ramloll SC	1 January 2016 to 30 June 2017
Ms. Warda Ebrahim	1 January 2016 to 5 June 2017
Mrs. Jayshree Guness (FSC Management)	1 January 2016 to 21 January 2016
Mr. Deerajen Ramasawmy (FSC Management)	1 January 2016 to 30 June 2017
Mr. Prakash Seewoosunkur (FSC Management)	21 January 2016 to 30 June 2017

As at 30th June 2017, as a result of the resignations from the Board during June 2017, the Enforcement Committee consisted of Mr. Rajesh Ramloll SC, Mr. Prakash Seewoosunkur and Mr. Deerajen Ramasawmy and was not fully constituted.

Mr. Georges Yves Lassemillante and Mrs. Jayshree Guness were appointed to the Committee on 12 July 2017.

### 5.3 Staff Committee

The Staff Committee is a sub-committee of the Board and is responsible for overseeing all staff related matters. The Board may empower the Staff Committee to oversee recruitment and selection process.

During the period, the Staff Committee consisted of the following members:

Members	Date
Mr. Yandraduth Googoolye	2 June 2017 to 30 June 2017
Mr. Jacques Li Chung	1 January 2016 to 5 June 2017
Ms. Warda Ebrahim	1 January 2016 to 5 June 2017
Mr. Rhoy Ramlackhan	1 January 2016 to 4 June 2017

As at 30 June 2017, as a result of the resignations from the Board during June 2017, the Committee consisted of Mr. Yandraduth Googoolye and was not fully constituted.

Mr. Mohummad Shamad Ayoob Saab was appointed to the Committee on 12 July 2017

The table below shows attendance to meetings of the Board and its Committees during the period ending 30 June 2017.

### 5.4 Board attendance

Members	Board	Corporate Governance Committee	Audit & Risk Committee	Staff Committee	Enforcement Committee
Mr. Dev Manraj, GOSK, Chairperson	20/25				

Members	Board	Corporate Governance Committee	Audit & Risk Committee	Staff Committee	Enforcement Committee
Mr. Yandraduth Googoolye Vice Chairperson (from 2 June 2017)	2/2				
Mr. Dheerendra Kumar Dabee, GOSK, SC Vice Chairperson (till 31 May 2017)	20/21	2/2			
Mr. Rajesh Ramloll SC	19/25	2/2			
Ms. Warda Ebrahim (till 5 June 2017)	17/24	2/2	7/7	4/4	13/13
Mr. Jacques Li Chung (till 5 June 2017)	14/24		5/7	4/4	
Mr. Visvanaden Soondram	23/25		7/7		
Mr. Rhoy Ramlackhan (till 4 June 2017)	17/24			3/4	

A profile of Board members and the Chief Executive during the period ending 30 June 2017 can be found at page 5 and 20 of the Annual Report.

#### 5.5 Board/Chief Executive remunerations

Members / Chief Executive	18 months ended 30 June 2017	12 months ended 31 December 2015
Mr. Dev Manraj, GOSK Chairperson	750,000	415,000
Mr. Yandraduth Googoolye Vice Chairperson (from 2 June 2017)	24,167	-
Mr. Dheerendra Kumar Dabee GOSK SC Vice Chairperson (4 February 2016 - 31 May 2017)	397,413	-
Mr. Rajesh Ramloll SC Member (1 May 2014- 31 May 2014) Chairperson (1 June 2014- 21 April 2015) Member (from 22 April 2015)	490,000	393,880
Mr. Visvanaden Soondram	360,000	166,000
Ms. Warda Ebrahim (till 5 June 2017)	473,333	166,000
Mr. Jacques Li Chung (till 5 June 2017)	343,333	100,000
Mr. Rhoy Ramlackhan (till 4 June 2017)	342,667	100,000
Ms. Mary Ann Philips Vice Chairperson (till 22 April 2015)	-	100,000

Members / Chief Executive	18 months ended 30 June 2017	12 months ended 31 December 2015
Mr. Akilesh Deerpalsingh Vice Chairperson (22 April 2015- 5 October 2015)	-	143,864
Mr. Radhakrishna Chellapermal (till 22 April 2015)	-	80,000
Mr. Raj Makoond (till 22 April 2015)	-	80,000
Mr. Luc Clement Stephen	-	80,000
Mr. Antoine Domingue SC	-	66,000
Ms. Clairette Ah Hen (Former Chief Executive till 31 July 2015)	-	3,705,250
Mr. Padassery Kuriakose Kuriachen (Former Acting Chief Executive 20 April 2015- 13 July 2017)	9,726,268	4,203,896
<b>Total</b>	<b>12,907,181</b>	<b>9,799,890</b>

## 5.6 Appointment to the Board

Pursuant to section 4 of the FSA, the Board of the Financial Services Commission is required to consist of –

- (i) a Chairperson appointed by the Prime Minister on such terms and conditions determined by him; and
- (ii) a Vice-Chairperson and not more than 7 other Members appointed by the Minister of Financial Services and Good Governance (the ‘Minister’) on such terms and conditions as determined by him.

It is to be noted that the Financial Services Act was amended on 24 July 2017 to increase the total number of Board members (including the Chairperson and Vice-Chairperson) to 9 and the required quorum for Board meetings to 5.

## 6.0 Related party Transaction and Disclosures for the period ending 30 June 2017

The Financial Services Commission is a statutory body deemed to be established under section 3 of the FSA. The FSC is governed by the provisions of the FSA. Pursuant to section 82A (3) of the FSA, an amount of Rs 734,954,040 has been transferred to the Consolidated Fund during the period ended 30 June 2017 and Rs 963,635,613 has been provided for transfer as at 30 June 2017.

Pursuant to section 4(4) of the FSA, every member of the Board shall be paid by the Financial Services Commission such fees as the Board may, with the approval of the Minister, determine.

Based on the above, the remunerations and fees paid to members (disclosed in paragraph 5.5) of the Board were approved by the Minister.

The following disclosures were made by Board members for the period ending 30 June 2017:

1. Mr. Jacques Li Chung was the company secretary of Vuna Capital Trustee which holds a Management Licence issued by the FSC;
2. Mr. Rhoey Ramlackhan was a director to a company holding a GBC Licence;

## 7.0 Integrated Sustainability Reporting

Pursuant to section 5 of the FSA, the objects of the Financial Services Commission as the regulator of financial services concern the protection of investors and consumers of financial services as well as the sound development of the financial services sector in Mauritius. It is to be noted that the nature of the Financial Services Commission's operation has minimal negative impact on the environment.

The Occupational Safety and Health Act requires employers to have an Occupational Safety and Health policy. The Financial Services Commission has set up and implemented an Occupational Safety and Health policy to ensure that the work environment contributes to the health, safety and welfare of the staff member. The Occupational Safety and Health policy is overseen by a Committee consisting of both management and staff representatives.

## 8.0 Key risk areas

The Financial Services Commission has reviewed and strengthened its risk management framework during the period ending 30 June 2017.

### 8.1 Reputational risk

#### Key risk

The reputation of the Financial Services Commission is essential for the confidence of investors and consumers in the financial services sector.

Negative perceptions of the Commission's conduct or practices may adversely impact the vision of the Commission - "to be an internationally recognised Financial Supervisor committed to the sustained development of Mauritius as a sound and competitive Financial Services Centre".

There is a risk of unauthorized/wrongful use of confidential and sensitive information by staff of the Financial Services Commission.

#### Mitigation of risk

To mitigate the risk, the Financial Services Commission has a Code of Conduct which focusses on integrity and honesty of staff and also provides for a compliance mechanism. In addition, there is an internal audit unit which reports directly to the Board on any findings. Regular management meetings are held to discuss matters pertaining to reputation of FSC as well as expectations of various stakeholders.

All staff of the FSC have to swear/solemnly affirm an oath of confidentiality when taking employment at the FSC.

### 8.2 Strategic risk

#### Key risk

Strategic risk results from incorrect assumptions on external or internal factor, inappropriate strategic plan, ineffective strategic execution or failure to respond in a timely manner to changes in the environments we regulate.

#### Mitigation of risk

To mitigate the risk, the Financial Services Commission has set up a strategic plan approved by Board and sent to the parent Ministry as well as a Key Performance Indicators ("KPIs") system at organizational level, Cluster level and individual level. The ratings of the KPIs at all levels are used as a basis for payments of performance bonuses.

### 8.3 Compliance risk

Key risk

Non-compliance with applicable laws and regulations affects the Financial Services Commission's reputation and exposes FSC to legal penalties and material financial loss that FSC Mauritius may suffer by failing to act in accordance with its legal obligations.

Mitigation of risk

To mitigate the risk, the Financial Services Commission has a specific Legal and Compliance Cluster which provides advice and assistance to all Clusters on legal and compliance matters. It is to be noted that the FSC was not subject to any fines or adverse court judgments during the period ending 30 June 2017.

**8.4 Operational risk**Key risk

Disruption of operation occurs as a consequence of inadequate or failed internal processes, people and systems, or from external events. As a regulator, the Financial Services Commission is particularly vulnerable to disruption of operation due to unforeseen circumstances.

Mitigation

To mitigate risk of disruption of operation, the Financial Services Commission has established a Business Continuity Management policy to ensure key operations continue regardless of any disruption (e.g. fire, flooding, etc...). In addition, at Cluster level risk polices, processes, system as well as appropriate risk management culture have been implemented.

Moreover, the HR function is responsible for staff management including discipline, which has a bearing on the operation of the FSC. The terms and conditions, HR Policy and Procedures as well as the Code of Conduct provide clear guidelines on HR Management to ensure smooth operation of the Financial Services Commission.

**8.5 IT and Business Continuity Risk**Key Risk

Exposure to technological threats and business interruption due to technology transformation and operation alignment.

Mitigation

To mitigate technological risk, the Financial Services Commission ensures that there is back up of all electronic information in a Disaster Recovery Centre. In addition, IT risks are subject to ongoing assessment and testing supported by embedded in-built controls and resilience against threats are tested.

**9.0 Protection from Liability**

Under section 88 of the FSA, any member of the Board or of a Technical Committee or of the Enforcement Committee is protected from liability for anything done or omitted to be done by the member in the performance of his duties in good faith.

**10.0 Major Events**

The financial year of the FSC has changed from the period 1 January to 31 December of each year to the period 1 July to 30 June of each year.



.....  
R. Ramloll SC

*Chairperson of the Corporate Governance Committee*

# STATUTORY REPORTING BOARD'S REPORT 2017

The Board of the Financial Services Commission presents its report and the audited financial statements of the FSC for the 18 months ended 30 June 2017.

## Review of activities

The FSC is an independent regulatory authority deemed to be established under the Financial Services Act 2007 to regulate the financial services sector other than banking, and global business. The FSC licences, regulates, monitors and supervises the conduct of business activities in the said sectors.

## Statement of Board's responsibilities in respect to the financial statements

The Board of the FSC is responsible for the preparation of the financial statements for each financial year, which gives a true and fair view of the state of affairs of the FSC, its income and expenditure, and its cash flows for the period.

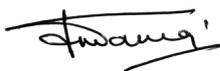
In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards i.e. the International Financial Reporting Standards ('IFRS') have been followed, and explained in the financial statements;
- prepare the financial statements on the going concern basis; and
- prepare the financial statements in accordance with the Financial Services Act 2007 and the Statutory Bodies (Accounts and Audit) Act 1972.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the FSC. The Board is also responsible for safeguarding the assets of the FSC, designing, implementing and maintaining effective internal controls relevant for the preparation and presentation of financial statements that are free from material misstatements.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the FSC will not be a going concern in the year ahead based on forecasts and available cash resources. These financial statements support the viability of the Commission.

The Board confirms that the Board has complied with the above requirements and the relevant statutes in so far as they relate to the preparation of the financial statements.



.....  
Dharam Dev Manraj, GOSK  
Chairperson



.....  
Yandraduth Googoolye  
Vice Chairperson

Approved by the Board of the FSC on 22 November 2017.

# STATUTORY REPORTING

## INDEPENDENT AUDITORS' REPORT TO THE CHAIRMAN OF THE BOARD OF THE FINANCIAL SERVICES COMMISSION

### Opinion

We have audited the annual financial statements of the Financial Services Commission (“the Commission”) set out on pages 155 to 195, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance and the statement of changes in funds and the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory notes.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA) and other independence requirements applicable to performing audits of financial statements in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The Board of the Commission is responsible for the other information. The other information comprises the Board’s Report, the Corporate Governance Report and Report of the Audit and Risk Committee. The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. Our reporting responsibilities regarding the Corporate Governance Report is dealt with in the “Report on Other Legal and Regulatory Requirements” section of this report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Directors for the financial statements

The Board of the Commission is responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards; the Financial Services Act, 2007; the Statutory Bodies (Accounts and Audit) Act, 1972 and the Financial Reporting Act, 2004, and for such internal control as the

Board of the Commission determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of the Commission are responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of the Commission either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Report on Other Legal and Regulatory Requirements**

We performed procedures to obtain audit evidence that the Commission had complied with laws and regulations regarding financial matters, financial management and other related matters.

### **Responsibility of the Board of the Commission**

In addition to the responsibility for the preparation and fair presentation of the financial statements described above, the Board of the Commission is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and regulations which govern the Commission.

### **Reporting for compliance with the Financial Services Act, 2007**

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit and in our opinion, proper accounting records have been maintained.

We did not identify any instances of non-compliance with the provisions of the Financial Services Act, 2007 in so far as they relate to the financial statements.

#### **Reporting for compliance with the Statutory Bodies (Accounts and Audit) Act, 1972**

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.

We did not identify any instances of non-compliance with the Statutory Bodies (Accounts and Audit) Act, 1972 in regard to extravagant or wasteful nature of expenditure incurred, the application of resources, and the carrying out of the operations fairly and economically. No directions have been received from the Minister during the year under audit as far as they relate to the accounts.

#### **Reporting for compliance with the National Code of Corporate Governance under the Financial Reporting Act, 2004**

The directors are responsible for preparing the Corporate Governance Report set out on page 141 to 148 and making disclosures required by Section 8.4 of the Code of Corporate Governance for Mauritius. Our responsibility is to report on these disclosures.

Based on our procedures performed, the disclosures in the Corporate Governance Report are generally consistent with the requirements of the Code of Corporate Governance for Mauritius.

#### **Reporting for compliance with the Public Procurement Act, 2006**

The Board of the Commission is responsible for the planning and conduct of its procurement. It is also responsible for defining and selecting the appropriate method of procurement and contract type in accordance with the provisions of the Act and relevant Regulations. Our responsibility is to report on whether the provisions of Part V of the Act regarding Bidding Process have been complied with. Our procedures were based on test checks as we considered appropriate.

Based on our procedures performed, nothing came to our attention to indicate that the provisions of Part V of the Act regarding the Bidding Process have not been complied with.

Yours faithfully,



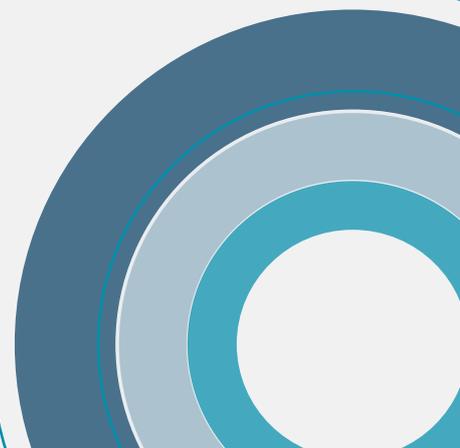
.....  
SizweNtsalubaGobodo Inc.  
Director – Anoosh Rooplal  
Licensed by the FRC

20 Morris Street East  
Woodmead  
2191  
Johannesburg

27 November 2017

# FINANCIAL STATEMENTS

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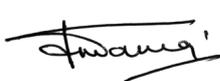
# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2017

	NOTE	30 June 2017 Rs	31 December 2015 Rs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property and equipment	6(a)	133,328,565	166,518,721
Intangible assets	6(b)	7,325,206	9,668,149
Assets held to maturity	7	582,221,677	491,177,640
Other financial assets	8	8,770,274	21,217,789
		<b>731,645,722</b>	<b>688,582,299</b>
<b>Current Assets</b>			
Assets held to maturity	7	120,378,986	145,328,718
Other financial assets	8	5,999,446	9,528,397
Receivables	9	160,697,193	36,534,971
Cash and bank balances	10	566,845,168	166,109,441
Bank deposits	11	982,525,365	529,277,277
		<b>1,836,446,158</b>	<b>886,778,804</b>
<b>TOTAL ASSETS</b>		<b>2,568,091,880</b>	<b>1,575,361,103</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Retirement benefit obligations	12	110,404,429	159,367,982
<b>Current Liabilities</b>			
Payables	13	921,104,775	561,106,384
Provisions	14	48,483,512	39,370,931
Amount Payable to the Financial Services Fund	15 (b)	10,104,333	-
Amount payable to the Consolidated Fund	1.2	963,635,613	291,585,306
		1,943,328,233	892,062,621
<b>TOTAL LIABILITIES</b>		<b>2,053,732,662</b>	<b>1,051,430,603</b>
<b>NET ASSETS</b>		<b>514,359,218</b>	<b>523,930,500</b>
<b>REPRESENTED BY:</b>			
General Fund	15(a)	-	-
General Reserve Fund	15(b)	514,359,218	438,713,823
Financial Services Fund		-	85,216,677
		<b>514,359,218</b>	<b>523,930,500</b>

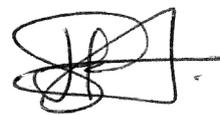
Approved by the Board of the Commission on 22 November 2017.  
Signed on their behalf



.....  
D. Manraj, GOSK  
Chairperson



.....  
Y. Googoolye  
Vice Chairperson



.....  
H. Seegolam  
Chief Executive

# FINANCIAL STATEMENTS

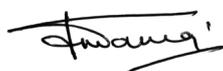
## STATEMENT OF FINANCIAL PERFORMANCE

### FOR THE 18 MONTHS ENDED 30 JUNE 2017

	NOTE	18 months ended 30 June 2017 Rs	12 months ended 31 December 2015 Rs
<b>INCOME</b>			
Fees from licensees	16	1,628,061,370	953,977,404
Penalties and charges	17	613,734,492	99,408,201
Interest	18	58,821,228	38,771,458
Other income	19	626,994	969,227
		<b>2,301,244,084</b>	<b>1,093,126,290</b>
<b>OPERATING EXPENSES</b>			
Staff related costs	20	352,429,715	236,772,880
Training and seminars	21	11,695,511	6,610,739
Legal and professional fees	22	9,183,530	8,401,078
Office and administrative expenses	23	57,955,787	40,190,785
Depreciation and amortisation	6(a), 6(b)	47,793,252	38,993,334
Provision for credit losses		290,048,714	7,661,875
		<b>769,106,509</b>	<b>338,630,691</b>
<b>SURPLUS OF INCOME OVER OPERATING EXPENSES</b>		<b>1,532,137,575</b>	<b>754,495,599</b>
Exchange fluctuation (loss) / gain		(2,175,720)	67,623,254
<b>SURPLUS FOR THE PERIOD</b>		<b>1,529,961,855</b>	<b>822,118,853</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<u>Items that will not be reclassified to surplus or deficit</u>			
Remeasurement of defined benefit obligation	12	(17,053,955)	(47,842,386)
<b>SURPLUS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,512,907,900</b>	<b>774,276,467</b>

Approved by the Board of the Commission on 22 November 2017.

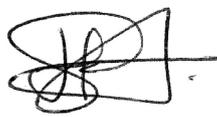
Signed on their behalf



.....  
D. Manraj, GOSK  
Chairperson



.....  
Y. Googoolye  
Vice Chairperson



.....  
H. Seegolam  
Chief Executive

# FINANCIAL STATEMENTS

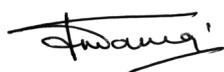
## STATEMENT OF CHANGES IN FUNDS

### FOR THE 18 MONTHS ENDED 30 JUNE 2017

	General Reserve Fund Rs	Financial Services Fund Rs	General Fund Rs	TOTAL Rs
At 01 January 2015	400,000,000	64,239,339	-	464,239,339
Surplus of the year	-	-	822,118,853	822,118,853
Other Comprehensive Income for the year	-	-	(47,842,386)	(47,842,386)
Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The Financial Services Act, 2007.	38,713,823	-	(38,713,823)	-
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.	-	15,485,529	(15,485,529)	-
Interest accrued on investment of Financial Services Fund	-	5,491,809	(5,491,809)	-
Payment to the Consolidated Fund during the year	-	-	(423,000,000)	(423,000,000)
Amount Payable to the Consolidated Fund	-	-	(291,585,306)	(291,585,306)
<b>At 01 January 2016</b>	<b>438,713,823</b>	<b>85,216,677</b>	<b>-</b>	<b>523,930,500</b>

	General Reserve Fund Rs	Financial Services Fund Rs	General Fund Rs	TOTAL Rs
<b>At 01 January 2016</b>	<b>438,713,823</b>	<b>85,216,677</b>	-	<b>523,930,500</b>
Surplus for the period	-	-	1,529,961,855	1,529,961,855
Other Comprehensive Income for the period	-	-	(17,053,955)	(17,053,955)
Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The Financial Services Act, 2007.	75,645,395	-	(75,645,395)	-
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.	-	30,258,158	(30,258,158)	-
Payment to the Financial Services Fund	-	(102,332,982)	-	(102,332,982)
Disbursements from the Financial Services Fund	-	(3,037,520)	-	(3,037,520)
Reclassified to Current Liabilities	-	(10,104,333)	-	(10,104,333)
Payment to the Consolidated Fund during the period	-	-	(443,368,734)	(443,368,734)
Amount payable to the Consolidated Fund	-	-	(963,635,613)	(963,635,613)
<b>At 30 June 2017</b>	<b>514,359,218</b>	-	-	<b>514,359,218</b>
	15(a)	15(b)		

Approved by the Board of the Commission on 22 November 2017.  
Signed on their behalf



D. Manraj, GOSK  
Chairperson



Y. Googoolye  
Vice Chairperson



H. Seegolam  
Chief Executive

# FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

### FOR THE 18 MONTHS ENDED 30 JUNE 2017

	NOTE	18 months ended 30 June 2017	12 months ended 31 December 2015
		Rs	Rs
Cash generated by operations	24	1,801,701,928	947,182,393
Interest received		51,471,408	33,775,726
Payment of Retirement Benefit Obligation		(75,000,000)	-
<b>Net cash generated from operating activities</b>		<b>1,778,173,336</b>	<b>980,958,119</b>
<b>Cash flow from investing activities</b>			
Acquisition of property and equipment		(6,825,575)	(11,315,119)
Acquisition of intangible assets		(5,510,526)	(4,869,586)
Proceeds from disposal of property and equipment		14,100	1,156,600
Purchases of held-to-maturity financial assets		(215,858,409)	(636,093,908)
Proceeds from maturity of held-to-maturity financial assets		144,315,431	310,000,000
<b>Net cash used in investing activities</b>		<b>(83,864,979)</b>	<b>(341,122,013)</b>
<b>Cash flow from financing activities</b>			
Payment to the Financial Services Fund		(105,370,502)	-
Payment to the Consolidated Fund		(734,954,040)	(700,451,159)
<b>Net cash used in financing activities</b>		<b>(840,324,542)</b>	<b>(700,451,159)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>853,983,815</b>	<b>(60,615,053)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>695,386,718</b>	<b>756,001,771</b>
<b>Cash and cash equivalents at end of the period</b>		<b>1,549,370,533</b>	<b>695,386,718</b>

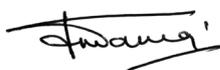
Cash and cash equivalents consist of cash in hand, balances with the bank in savings account and investments in fixed deposits.

#### Cash and cash equivalents included in the Cash Flow Statement comprise of

Cash and bank balances	10	566,845,168	166,109,441
Bank deposits	11	982,525,365	529,277,277
		<b>1,549,370,533</b>	<b>695,386,718</b>

Approved by the Board of the Commission on 22 November 2017.

Signed on their behalf



D. Manraj, GOSK  
Chairperson



Y. Googoolye  
Vice Chairperson



H. Seegolam  
Chief Executive

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE 18 MONTHS ENDED 30 JUNE 2017

#### 1. GENERAL INFORMATION

##### 1.1 Corporate information

The financial statements of the Commission for the 18 months ended 30 June 2017 were authorised for issue in accordance with a resolution of the Board on 22 November 2017. The Financial Services Commission was established in Mauritius under the Financial Services Development Act 2001 on 1 August 2001 as an independent regulatory authority to regulate the non-banking financial services sector and the global business sector. With the enactment of the Financial Services Act 2007, the Commission is deemed to have been established under this Act.

The office of the Commission is located at FSC House, 54, Cybercity, Ebene, Republic of Mauritius.

##### 1.2 Contribution to the Consolidated Fund of the Government of Mauritius

The Commission, being an independent regulatory authority, in terms of amendments to the Financial Services Act 2007 (FSA), is required to maintain its General Reserve Fund to attain its objectives under Section 82 and Section 82A of the FSA:

- a) The Commission has created a General Fund into which all money received by the Commission has been accumulated, and out of which all payments required to be made including future charges and commitments, have been adjusted.
- b) The Commission allocates 2% from the audited surplus for the year determined in accordance with Section 82(6) of the FSA, from the General Fund to the Financial Services Fund (2015: 2%)
- c) The Commission allocates 5% from the audited surplus for the year determined in accordance with Section 82A(2) of the FSA, from the General Fund to the General Reserve Fund (2015: 5%)
- d) In accordance with Section 82A(3) of the FSA, the Commission has, after the allocations to the Financial Services Fund and General Reserve Fund, provided for transfer of the remaining balance in the General Fund to the Consolidated Fund of the Government of Mauritius.

During the period the Commission has transferred Rs 734,954,040 (2015: Rs 700,451,159) towards the Consolidated Fund, and has made a further provision for the transfer of Rs 963,635,613 (2015: Rs 291,585,306) to the Consolidated Fund of the Government of Mauritius.

#### 2. BASIS OF PREPARATION AND NEW ACCOUNTING STANDARDS

##### 2.1 Basis of preparation

The Commission has been excluded from the Part I of the Second Schedule to the Statutory Bodies (Accounts and Audit) Act in terms of the Government Notice number 210 of 2011 and hence is not required to prepare its financial statements in accordance with the International Public Sector Accounting Standard (IPSAS). Accordingly, the Commission has prepared its financial statements in accordance with International Financial Reporting Standards (IFRS) and the interpretation of these standards as issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements. These statements have been prepared on the historical cost basis, except for

financial assets and liabilities which are recognized at fair value. These financial statements are presented in Mauritian Rupees being the reporting and functional currency and rounded off wherever appropriate.

The accounting policies adopted for the current period are consistent with those of the previous financial year except that the Commission has adopted new/revised standards and interpretations mandatory for financial years beginning on or after January 1, 2016. The effects of these are stated below. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in Note 3.2.

## 2.2 Going Concern

The Commission's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Commission should be able to operate within their current funding levels into the foreseeable future. The directors have a reasonable expectation that the Commission has adequate resources to continue in operational existence for the foreseeable future. The financial statements therefore have been prepared on a going concern basis.

## 2.3 Adoption of New and Revised International Financial Reporting Standards

In the current period, the Commission has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 January 2016.

## 2.4 New standards and amendments

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2016:

### *Disclosure Initiative – Amendments to IAS 7*

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities; namely (i) changes from financing cash flows, (ii) changes arising from obtaining or losing control of subsidiaries or other businesses, (iii) the effect of changes in foreign exchange rates, (iv) changes in fair values, and (v) other changes.

The amendments have been applied prospectively, and their impact in the Commission's financial statements for the current reporting period is limited to the effect of changes in foreign exchange rates, and changes in fair value.

### *IAS 1 (amendment) - Presentation of financial statements – Amendments to IAS 1*

The amendment clarifies that an entity should not aggregate or disaggregate information in a manner that obscures useful information, for example, by aggregating items that have different characteristics or disclosing a large amount of immaterial detail. It further clarifies that it may be necessary to disaggregate some of the line items specified in IAS 1 where it is relevant to an understanding of the entity's financial position or performance.

The revised standard has been applied prospectively and does not have a material impact on the Commission's financial statements.

*Property, Plant and Equipment and Intangible Assets - Amendments to IAS 16 and IAS 38*

The amendment to IAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate; while the amendment to IAS 38 establishes a rebuttable presumption that amortisation of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances.

The amendments have been applied retrospectively and do not have a material impact on the Commission's financial statements.

*Employee Benefits - Amendments to IAS 19*

The amendment clarifies that in determining discount rates for post-employment benefit plans, emphasis is placed on the currency that the liabilities are denominated in and not the country where they arise.

The amendments has been applied retrospectively and does not have a material impact on the Commission's financial statements.

*Financial Instruments: Disclosure - Amendments to IFRS 7*

The amendment requires disclosure of all types of continuing involvement in transferred assets. It further provides guidance on what "continuing involvement" means.

The amendment clarifies that disclosure of offsetting financial assets and financial liabilities is not required for all interim periods except where required by IAS 34.

The revised standard has been applied retrospectively and does not have a material impact on the Commission's financial statements.

**2.5. New Accounting Pronouncements**

Standards issued but not yet effective up to the date of issuance of the Commission's financial statements are listed below. This listing of standards and interpretations issued are those that the Commission reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

Except where retrospective application is prescribed, the Commission intends to adopt these standards prospectively when they become effective, with early adoption of IFRS 15 Revenue from contracts with customers.

*IFRS 15 Revenue from contracts with customers*

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

This standard may have a significant impact on the financial statements, as the standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS.

The Commission has early adopted IFRS 15 for the current period under review. Since the Commission receives most of its income in advance, the effect of this early adoption has not been significant as it is limited to those fees that are received late, with charges.

#### *Amendments to IFRS 15 - Clarifications to IFRS 15 Revenue from Contracts with Customers*

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

This standard may have a significant impact on the financial statements, as the standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS.

#### *IFRIC 22 Foreign Currency Transactions and Advance Consideration (IFRIC interpretation)*

IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance.

The Interpretation addresses how to determine the exchange rate to use on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability arising from advance consideration in a foreign currency.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS.

The Commission receives majority of its foreign currency receipts in advance. As a result, the new standard will have a marginal impact on the Commission's income recognition.

#### *IFRS 9 Financial Instruments*

On 24 July 2014 the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

The standard requires financial assets to be measured either at amortised cost or fair value depending on the business model under which they are held and the cash flow characteristics of the instrument.

The standard contains new hedge accounting requirements aimed at better aligning the accounting treatment with the risk management strategy. In addition, the standard replaces the incurred loss impairment model in IAS 39 with an expected loss model. It will no longer be necessary for a credit event to have occurred before credit losses are recognised.

This standard will have a significant impact on the financial statements, which will include changes in the measurement bases of the Commission's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application. Early adoption is permitted.

#### *IFRS16 – Leases*

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard

provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019.

The Commission would therefore be required to account for the lease asset and corresponding liability for all leases in the Statement of Financial Position.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 3.1 Significant Accounting Policies

##### a) Revenue recognition

##### (i) Fees from licensees

Annual licensing fees are raised in terms of the Financial Services Act and FSC Rules.

Fees are earned from:

- Licenses issued to applicants for a Category 1 Global Business license or a Category 2 Global Business License.
- Licenses issued to applicants to carry out financial services or financial business activities under the relevant Acts.
- Brokerage fees as per Stock Exchange (Brokerage) Regulations.

##### Recognition

Revenue from fees is recognised on an accrual basis and to the extent that it is probable that the economic benefits will flow to the Commission and which can be measured reliably.

Processing, registration fees and late charges are recognised when the right to receive payment is established.

##### Measurement

Revenue from fees is measured at the fair value of the consideration received or receivable, taking into account terms of payment which may be defined from time to time in the FSC Rules. Waivers of late charges are offset against revenue from late charges.

##### (ii) Revenue from administrative penalties

##### Recognition

Revenues arising from administrative penalties pursuant to the issuance of the Financial Services (Administrative Penalties) Rules, 2013, effective from 1 January 2014 are recognised when a licensee fails to comply with a legal obligation specified in the said rules and accounted for where there is no significant uncertainty as to its collectability. These penalties are recognised on the accrual basis and when formally identified by the Commission's internal processes.

## Measurement

Revenue from fees is measured at the fair value of the consideration received or receivable, taking into account terms of payment which may be defined from time to time in the FSC Rules. Waivers of administrative penalties are offset against revenue from administrative penalties.

### (iii) Interest income

For all financial instruments which are interest bearing financial assets, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Premium paid or discount received on Treasury Notes and Treasury Bills are amortised using the effective interest rate method over the duration of the instruments.

Interest on bank deposit and staff loans have been accounted for, on an accrual basis.

### (iv) Other income

Other income constitutes income derived by the Commission, other than interest income, and fees or other charges levied under the relevant Acts, as stipulated in Section 82(2) (a) of the Financial Services Act, and includes fees receivable from the Insurance Industry Compensation Fund, in accordance with Section 4(3) of the Insurance (Industry Compensation Fund) Regulations made by the Minister under sections 88 and 92 of the Insurance Act.

Other income is measured at the fair value of the consideration received or receivable, taking into account terms of payment which may be mutually agreed with the counterparty.

## b) Expenditure

All expenses have been accounted on accrual basis. The expenditure is classified in accordance with the nature of the expense.

### Staff costs

Remuneration to staff in respect of the services rendered during the reporting period is expensed in that reporting period.

## c) Pensions and other post-employment benefits

### *Defined Benefit Scheme*

The Commission contributes to a defined benefit plan for non-contractual employees, the assets of which are held independently and administered by an insurance company, taking account of the recommendations of independent qualified actuaries as per IAS 19, Employee Benefits.

Pension is payable to eligible employees upon retirement / death / termination of employees under provisions of the Statutory Bodies Pension Fund Act 1978 (as amended).

For defined pension benefit plans, the pension costs are assessed using the projected unit credit method. Actuarial gains and losses are charged to Other Comprehensive Income. Current and Past service costs are recognised in the Statement of Financial Performance. Net interest is recognised in the Statement of Financial Performance. The pension obligation is measured as the present value of the estimated future cash outflow using interest rates of government securities which have terms to maturity approximating

the terms of the related liability.

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less unrecognised past service costs and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any unrecognised past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Remeasurements of the net defined benefit liability or asset, the effect of changes in the asset ceiling where applicable, and the return on the plan assets other than interest are recognised in other comprehensive income in the period in which they arise.

Where the benefits of a plan are amended or curtailed, the change in the present value of the net defined benefit obligation relating to past service by the employees is recognised as gain or loss in the period of the amendment.

The Commission recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### *Defined Contribution Scheme*

Pursuant to changes to the Pension legislation, the Commission contributes to a Defined Contribution Scheme for its employees joining the Commission on a substantive post as from 1st January 2013. A defined contribution plan is a plan under which the Commission pays fixed contributions into a separate entity. The Commission has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plan are recognised as an expense when employees have rendered service that entitle them to the contributions.

#### **d) Foreign currency transactions and balances**

Items included in the financial statements are measured using the Commission's functional currency. The Commission's financial statements are presented in Mauritian Rupees, which is the functional and presentation currency of the Commission.

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition (date of recording). Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or revaluation of monetary items are taken to the Statement of Financial Performance.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

#### **e) Property and equipment**

Property and equipment comprises of motor vehicles, furniture, computer equipment, office equipment, building and fixtures & fittings.

### Initial Measurement

An item of property and equipment that qualifies for recognition as an asset is measured at its cost. The cost of an item of property and equipment is the cash price equivalent at the recognition date.

### Subsequent Measurement

All property and equipment of the Commission are shown at historical cost less accumulated depreciation and/or accumulated impairment losses, if any. Property and equipment items are tested for impairment when there is an indicator that the asset or assets should be impaired. Where the carrying amount of an asset is greater than its recoverable amount, it is written down to its recoverable amount. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net realisable value or its value in use.

The carrying amount of an item of property and equipment is derecognised on disposal or when no future economic benefits are expected to arise from its use or after / since disposal. Gains and losses on disposal or derecognition of items of property and equipment are determined by comparing proceeds, if any, with carrying amounts and are recognised in operating surplus or deficit when the asset is derecognised. Repairs and maintenance which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is calculated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Item	Years
Motor Vehicles	4
Furniture	5
Fixtures & fittings	10
Office Equipment	5
Computer Equipment	3
Building	30

The depreciation charge for each period is recognised in the Statement of Financial Performance.

The Commission reviews residual values and useful lives for all items of the property and equipment for the purpose of depreciation calculations, and impairment provisions. In determining residual values, the Commission uses historical sales and management's best estimate based on market prices of similar items. Useful lives of property and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. The useful life for all items of property and equipment is determined as per the Commission's capitalisation policy.

#### f) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Commission has classified its lease as an operating lease.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

#### g) Intangible assets

Intangible assets comprise of computer software and leasehold rights. The leasehold rights relate to land rights when the building was acquired.

##### Initial measurement

Intangible assets acquired separately are measured on initial recognition at cost.

##### Subsequent measurement

Intangible assets are carried at historical cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is annual. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible assets.

Intangible assets are amortised on a straight-line basis, to their residual values as follows:

Item	Average Useful life
Computer Software	3 years
Leasehold rights	30 years

Gains and losses arising from the derecognition of items of intangible assets are determined by comparing the proceeds, if any, with the carrying amount and are recognised in surplus or deficit when the asset is derecognised. The useful life of the leasehold rights is aligned with that of the building to which it relates.

#### h) Financial instruments – initial recognition and subsequent measurement

##### (1) Financial assets

##### Initial recognition and measurement

An entity shall recognise a financial asset in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

The Commission classifies a financial instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Commission determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit and loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Commission commits to purchase or sell the asset.

The Commission's financial assets include cash and cash equivalents, short-term deposits, treasury bills and notes, fees receivables, staff loans and other receivables.

### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as described below:

#### **Financial assets at fair value through profit or loss**

The Commission accounts for staff loans at fair value through profit or loss. Staff loans are initially and subsequently recognised at fair value. Fair value is based on discounted cash flows that reflect the market prime lending rate at year end.

#### **Loans and receivables**

Loans and receivables which comprise of cash and bank balances and other receivables, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost. The losses arising from impairment are recognised in the Statement of Financial Performance.

#### **Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Commission has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest rate, less any provision for impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization of the discount /premium is included in the Statement of Financial Performance. The losses arising from impairment are recognised in the Statement of Financial Performance.

If the Commission was to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. No reclassification was necessitated in the current period.

The Commission has the positive intent and ability to hold its investments in Treasury Notes as held-to-maturity investments for the reporting period.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

1. The rights to receive cash flows from the asset have expired.
2. The Commission has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Commission has
  - (a) transferred substantially all the risks and rewards of the asset, or
  - (a) neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### Impairment of financial assets

The Commission assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Commission first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Commission determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collaterals have been realised or have been transferred to the Commission. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the Statement of Financial Performance.

## (2) Financial liabilities

### Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss (FVTPL), loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Commission determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

The Commission's financial liabilities consist of accounts payable.

### Subsequent measurement

Payables are subsequently measured at amortised cost.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

### (3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### (4) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, fair value is determined using appropriate valuation techniques.

#### i) Cash and cash equivalents

For the purposes of the Statements of Cash Flows, cash and cash equivalents comprises of cash at bank, cash in hand and bank deposits.

Bank deposits have maturities within 1 year from the end of the relevant reporting period, and constitute held-to-maturity investments.

Cash and cash equivalents are recognised at cost which equated to their fair value.

#### j) Provisions

Provisions are recognised when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

#### k) Taxation

The Commission is exempt from payment of tax as per the provisions of the Income Tax Act 1995 (as amended).

### l) Related Parties

Parties are considered related to the Commission if they have the ability, directly or indirectly, to exercise significant influence over the Commission in making financial and operating decisions, or vice versa. Related parties may be individuals or other entities.

Salaries to key personnel are determined and paid as per respective terms of appointment, and are expensed in the period of their service.

Contribution to the Government's Consolidated Fund is made out of the General Fund as per Section 82A(3) of the FSA.

### m) Comparatives

Comparative figures have been reclassified to conform to the presentation of the current period.

## 3.2 Significant accounting judgements, estimates and assumptions

The preparation of the Commission's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Commission based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Commission. Such changes are reflected in the assumptions when they occur.

#### 3.2.1 Pension benefits

The cost of defined benefit pension plans and other post employment medical benefits and the present value of the pension obligation are determined at the minimum using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date and provisions made are higher of the estimates or actuarial valuation using these assumptions.

#### 3.2.2 Determining Fair Values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. The Commission maximized use of observable inputs when computing fair values and applies its judgment when estimating non observable inputs.

### 3.2.3 *Provision for credit losses*

The Commission makes provision for credit losses based on an assessment of the recoverability of receivables. Provisions are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Commission specifically analyses licensee concentrations and changes in licensee payment terms when making a judgement to evaluate the adequacy of the provision of credit losses. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

### 3.2.4 *Contingent liabilities*

The Commission has pending lawsuits with claims against it. The nature of these claims relate mostly to claims from applicants for revoking their licences, contractual and employment claims. Management is unable to determine with accuracy the exact timing of any cash outflows due to the long time-frames normally associated with such claims. The amounts claimed from claimants/applicants will not necessarily be the final amounts awarded by the courts, as the amounts claimed by litigants need to be proved. Section 88 of the Financial Services Act provides for immunity for the Commission's staff in the performance of their duties in good faith.

## 4. CONTINGENT LIABILITIES / COMMITMENTS

### 4.1 *Contingent Liabilities*

There are pending lawsuits against the Commission with claims estimated at Rs159.85million, excluding interests and costs (2015: Rs175.59million). The Commission is of the view that there is a high certainty of success in defending all of the pending lawsuits. In the unlikely event that the Commission is unsuccessful, the Commission will bear these costs with no reimbursements expected from insurers, as the FSC has no insurance cover for damages relating to Court cases. The amounts claimed from claimants/applicants will not necessarily be the final amounts awarded by the courts, as the amounts claimed by litigants need to be proved.

### 4.2 *Financial Commitments*

The Commission has approved, in principle, plans aimed at enhancing the tangible and intangible infrastructure commensurate with the scale of operations. The total amounts committed internally and externally as at 30 June 2017 is Rs 16,230,224 (2015: Rs 2,762,139). These will be funded from internal resources.

## 5. STATUTORY DEPOSITS OF INSURANCE COMPANIES NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

In accordance with the Insurance Act 2005, statutory security deposits of insurance companies, totaling Rs 194,132,374 (2015: Rs 196,596,374) are lien marked in favour of the Commission, and not included in the Statement of Financial Position.

## 6 (a) Property and Equipment

	MOTOR VEHICLE Rs	FURNITURE Rs	COMPUTER EQUIPMENT Rs	OFFICE EQUIPMENT Rs	BUILDING & LEASEHOLD RIGHTS Rs	FIXTURES & FITTINGS Rs	TOTAL Rs
<b>COST</b>							
At 1 January 2016	15,270,346	24,922,294	57,711,145	8,691,768	167,775,311	87,015,375	361,386,239
Purchases	2,167,500	236,090	457,464	585,094	-	3,379,427	6,825,575
Reclassification Adjustment	-	(46,205)	(6,325)	80,295	-	(27,765)	-
Disposals	-	(467,872)	(534,398)	(175,565)	-	-	(1,177,835)
<b>At 30 June 2017</b>	<b>17,437,846</b>	<b>24,644,307</b>	<b>57,627,886</b>	<b>9,181,592</b>	<b>167,775,311</b>	<b>90,367,037</b>	<b>367,033,979</b>
<b>DEPRECIATION</b>							
At 1 January 2016	14,193,891	22,231,598	44,556,676	6,211,644	44,740,083	62,933,626	194,867,518
Charge for the period	1,889,261	2,247,840	12,417,786	1,440,871	8,388,766	13,555,259	39,939,783
Reclassification Adjustment	-	(33,597)	(6,324)	41,309	-	(1,388)	-
Disposals	-	(467,868)	(534,377)	(99,642)	-	-	(1,101,887)
<b>At 30 June 2017</b>	<b>16,083,152</b>	<b>23,977,973</b>	<b>56,433,761</b>	<b>7,594,182</b>	<b>53,128,849</b>	<b>76,487,497</b>	<b>233,705,414</b>
<b>NET BOOK VALUE</b>							
At 30 June 2017	1,354,694	666,334	1,194,125	1,587,410	114,646,462	13,879,540	133,328,565

	MOTOR VEHICLE Rs	FURNITURE Rs	COMPUTER EQUIPMENT Rs	OFFICE EQUIPMENT Rs	BUILDING & LEASEHOLD RIGHTS Rs	FIXTURES & FITTINGS Rs	TOTAL Rs
<b>COST</b>							
At 1 January 2015	19,820,346	25,172,605	52,207,454	8,170,380	173,275,311	82,462,245	361,108,341
Purchases	-	89,552	5,832,838	326,518	-	5,066,211	11,315,119
Reclassification Adjustment	-	(6,777)	(41,975)	284,913	(5,500,000)	(236,161)	(5,500,000)
Disposals	(4,550,000)	(333,086)	(287,172)	(90,043)	-	(276,920)	(5,537,221)
<b>At 31 December 2015</b>	<b>15,270,346</b>	<b>24,922,294</b>	<b>57,711,145</b>	<b>8,691,768</b>	<b>167,775,311</b>	<b>87,015,375</b>	<b>361,386,239</b>
<b>DEPRECIATION</b>							
At 1 January 2015	16,313,468	20,558,169	32,481,119	5,396,203	40,430,906	54,425,385	169,605,250
Charge for the year	2,430,423	1,992,812	12,318,952	833,576	5,592,511	8,724,512	31,892,786
Reclassification Adjustment	-	(1,242)	(6,996)	19,143	(1,283,334)	(10,905)	(1,283,334)
Disposals	(4,550,000)	(318,141)	(236,399)	(37,278)	-	(205,366)	(5,347,184)
<b>At 31 December 2015</b>	<b>14,193,891</b>	<b>22,231,598</b>	<b>44,556,676</b>	<b>6,211,644</b>	<b>44,740,083</b>	<b>62,933,626</b>	<b>194,867,518</b>
<b>NET BOOK VALUE</b>							
At 31 December 2015	1,076,455	2,690,696	13,154,469	2,480,124	123,035,228	24,081,749	166,518,721

There are no restrictions on titles on any items of property and equipment and there are therefore also no items pledged as security for liabilities. Contractual commitments for acquisition of any items of property and equipment is disclosed in Note 4.2. There have been no impairments of any items of property and equipment during the current period.

## 6 (b) Intangible Assets

	COMPUTER SOFTWARE Rs	LEASEHOLD RIGHTS Rs	TOTAL Rs
<b>COST</b>			
At 1 January 2016	55,990,800	5,500,000	61,490,800
Purchases	5,510,526	-	5,510,526
<b>At 30 June 2017</b>	<b>61,501,326</b>	<b>5,500,000</b>	<b>67,001,326</b>
<b>AMORTISATION</b>			
At 1 January 2016	50,355,984	1,466,667	51,822,651
Charge for the period	7,578,469	275,000	7,853,469
<b>At 30 June 2017</b>	<b>57,934,453</b>	<b>1,741,667</b>	<b>59,676,120</b>
<b>NET BOOK VALUE</b>			
<b>At 30 June 2017</b>	<b>3,566,873</b>	<b>3,758,333</b>	<b>7,325,206</b>

<b>COST</b>			
At 1 January 2015	51,121,214	-	51,121,214
Purchases	4,869,586	-	4,869,586
Reclassification Adjustment	-	5,500,000	5,500,000
<b>At 31 December 2015</b>	<b>55,990,800</b>	<b>5,500,000</b>	<b>61,490,800</b>
<b>AMORTISATION</b>			
At 1 January 2015	43,438,769	-	43,438,769
Charge for the year	6,917,215	183,333	7,100,548
Reclassification Adjustment	-	1,283,334	1,283,334
<b>At 31 December 2015</b>	<b>50,355,984</b>	<b>1,466,667</b>	<b>51,822,651</b>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2015</b>	<b>5,634,816</b>	<b>4,033,333</b>	<b>9,668,149</b>

There have been no impairments of intangible assets during the current and prior periods. There are no intangible assets pledged as security.

## 7 ASSETS HELD TO MATURITY

	30 June 2017 Rs	31 December 2015 Rs
Within 1 year		
Treasury Notes / Bonds	120,490,800	144,315,431
Discount / (Premium) on Treasury Notes / Bonds	(111,814)	1,013,287
	120,378,986	145,328,718
More than 1 year		
Treasury Notes / Bonds	587,146,084	491,778,475
Premium on Treasury Notes / Bonds	(4,924,407)	(600,835)
	582,221,677	491,177,640
	<b>702,600,663</b>	<b>636,506,358</b>

	30 June 2017 Rs	31 December 2015 Rs
<b>Reconciliation of assets held to maturity</b>		
Opening balance	636,506,358	311,785,944
Purchases of held-to-maturity financial assets	215,858,409	636,093,908
Proceeds from maturity of held-to-maturity financial assets	(144,315,431)	(310,000,000)
Interest Adjustment	(5,448,673)	(1,373,494)
<b>Closing balance</b>	<b>702,600,663</b>	<b>636,506,358</b>

## 8 OTHER FINANCIAL ASSETS

Other financial assets comprise of staff loans

<u>Staff loans at fair value</u>		
Within 1 year	5,999,446	9,528,397
More than 1 year	8,770,274	21,217,789
	<b>14,769,720</b>	<b>30,746,186</b>
Total staff loans at amortised cost	15,836,100	32,473,214
Fair value adjustment	(1,066,380)	(1,727,028)
<b>Balance at fair value</b>	<b>14,769,720</b>	<b>30,746,186</b>

The staff members of the Commission have been granted loans at preferential rates as per the Commission's Salary Terms and Conditions. Types of staff loans are Housing Loan, Car Loan, Motorcycle / Autocycle Loan, Computer Loan and Multipurpose Loan.

### Staff Loans - Secured

Secured staff loans consist of Housing Loan, Car Loan and Motorcycle / Autocycle Loan which are secured by way of inscription / lien on the property of the staff.

### Staff Loans - Unsecured

Unsecured loans consist of Computer Loan and Multipurpose Loan which are granted under personal guarantees.

An annual assessment for the recoverability of the loans are carried out, and based on such assessment as at 30 June 2017, management is satisfied that none of the loans have suffered impairment.

Following the review of Staff Salary Terms and Conditions in 2013, granting of new staff loans was discontinued with effect from 1 July 2014.

### Balances of loans are as follows:

<u>Secured</u>		
Total secured staff loans at face value	11,307,269	15,997,112
Fair value adjustment	(971,964)	(1,505,399)
<b>Balance at fair value</b>	<b>10,335,305</b>	<b>14,491,713</b>
<u>Unsecured</u>		
Total Unsecured Staff Loans at face value	4,528,831	16,476,102
Fair value adjustment	(94,416)	(221,629)
<b>Balance at fair value</b>	<b>4,434,415</b>	<b>16,254,473</b>

## 9 RECEIVABLES

		30 June 2017	31 December 2015
		Rs	Rs
Fees receivable	(Note 28.1)	419,436,689	12,211,245
Other receivables		339,171	79,675
Accrued interest	(Note 28.2)	18,806,681	11,456,861
Prepayments		19,825,241	20,449,065
Provision for credit losses		(297,710,589)	(7,661,875)
		<b>160,697,193</b>	<b>36,534,971</b>

## 10 CASH AND BANK BALANCES

Cash on hand	30,468	26,262
Bank balances	566,814,700	166,083,179
	<b>566,845,168</b>	<b>166,109,441</b>

## 11 BANK DEPOSITS

US Dollar	982,525,365	251,807,441
Mauritian Rupee	-	139,239,339
New Zealand Dollar	-	138,230,497
	<b>982,525,365</b>	<b>529,277,277</b>

## 12 RETIREMENT BENEFITS OBLIGATION

The pension scheme is a defined benefit plan. The assets of the funded plan are held independently and administered by SICOM.

The pension scheme has been established by virtue of the Statutory Bodies Pension Funds Act 1978, under which all contributions are made and benefits paid out. The Commission does not intend to bring any amendments or curtailments to the plan. Any deficit on the plan as per annual actuarial valuation is funded by the Commission. It is expected that total contribution to the plan during the next reporting period will be around Rs16million. This excludes contributions by the Commission to make good any deficit as per annual actuarial valuation. There are no other parties responsible for the governance of the defined benefit plan.

An Asset Liability Management (ALM) exercise is frequently performed for the plan and its recommendations are considered when setting the optimal investment policies for the plan. The purpose of the ALM exercise is to determine an appropriate investment strategy based on the expected liability profile and the expected development of the financial assets of the Funds managed by SICOM Ltd. Our ALM exercise is performed based on projections of liability cash flows in the future and using an asset model calibrated for the Mauritian market.

The amounts recognised in Statement of Financial Performance are as follows:

	<b>18 months ended 30 June 2017</b>	<b>12 months ended 31 December 2015</b>
	<b>Rs</b>	<b>Rs</b>
Current Service Cost	20,627,375	12,503,712
Employee Contributions	(9,477,217)	(3,798,907)
Fund Expenses	466,706	203,175
Interest expense	11,471,064	7,674,675
<b>Total included in staff costs</b>	<b>23,087,928</b>	<b>16,582,655</b>
<b>Actual return on plan assets</b>	<b>9,787,892</b>	<b>1,364,818</b>
<b>Movements in liability recognised in statement of financial position as determined by the actuarial valuation</b>		
Opening balance	159,367,982	100,665,095
Total staff costs as above	23,087,928	16,582,655
Special Contribution / Actuarial reserves transferred in	(75,120,034)	(147,999)
Contributions paid by the Commission	(13,985,402)	(5,574,155)
Amount Recognised in Other Comprehensive Income	17,053,955	47,842,386
<b>As at the close of the period</b>	<b>110,404,429</b>	<b>159,367,982</b>

#### **Reconciliation of the present value of the defined benefit obligation**

Present value of obligation at start of period	248,200,739	191,466,024
Current service cost	20,627,375	12,503,712
Interest Cost	24,199,572	14,359,952
Benefits paid	(14,683,860)	(12,645,687)
Liability loss	12,841,395	42,516,738
<b>Present value of obligation at end of period</b>	<b>291,185,221</b>	<b>248,200,739</b>

#### **Reconciliation of fair value of the plan assets**

At start of the period	88,832,757	90,800,929
Expected return on plan assets	12,728,508	6,685,277
Asset loss	(4,212,560)	(5,325,648)
Actuarial reserves transferred in	75,120,034	147,999
Contributions from the employer	13,985,402	5,574,155
Contributions from the employees	9,477,217	3,798,907
Benefits paid + other outgo	(15,150,566)	(12,848,862)
<b>At close of the period</b>	<b>180,780,792</b>	<b>88,832,757</b>

The major categories of plan assets, and the expected rate of return at the statement of financial position date for each category, are as follows:

	<b>18 months ended 30 June 2017 %</b>	<b>12 months ended 31 December 2015 %</b>
Government Securities and Cash	56.60	58.10
Loans	4.40	4.30
Local Equities	15.80	15.90
Overseas bonds and equities	22.60	21.00
Property	0.60	0.70
	<b>100.00</b>	<b>100.00</b>

#### **Components of the amount recognised in Other Comprehensive Income**

	<b>18 months ended 30 June 2017 Rs</b>	<b>12 months ended 31 December 2015 Rs</b>
Assets experience loss during the period	(4,212,560)	(5,325,648)
Liability experience loss during the period	(12,841,395)	(42,516,738)
	<b>(17,053,955)</b>	<b>(47,842,386)</b>

#### **Remeasurement**

Liability experience loss	(7,657,722)	(29,149,178)
Liability loss due to change in demographic assumptions	-	(11,857,329)
Liability loss due to change in financial assumptions	(5,183,673)	(1,510,231)
Assets loss	(4,212,560)	(5,325,648)
	<b>(17,053,955)</b>	<b>(47,842,386)</b>

The plan is exposed to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service benefits is re-insured.

The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of the actuarial valuation and sensitivity analysis were as follows:

	<b>18 months ended 30 June 2017 %</b>	<b>12 months ended 31 December 2015 %</b>
<i>Discount Rate</i>	6.50	7.50
<i>Expected return on plan assets</i>	6.50	7.50
<i>Future Salary increases</i>	5.00	6.00
<i>Future Pension increases</i>	3.50	4.50

The assumptions for mortality before retirement and mortality in retirement are based on A 6770 Ultimate Tables and PA (90) Tables respectively.

The discount rate is determined by reference to market yields on bonds.

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase and mortality.

The sensitivity analysis below have been determined based reasonably on possible changes of the assumptions occurring at the end of the following reporting periods.

At 30 June 2017	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount Rate	100 basis points	Decrease by Rs52.5m	Increase by Rs70.7m
Future Salary increases	100 basis points	Increase by Rs38.5m	Decrease by Rs31.0m
Life expectancy	1 year	Increase by Rs7.4m	Decrease by Rs7.4m

At 31 December 2015	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount Rate	100 basis points	Decrease by Rs45.2m	Increase by Rs61.1m
Future Salary increases	100 basis points	Increase by Rs33.2m	Decrease by Rs26.5m
Life expectancy	1 year	Increase by Rs6.2m	Decrease by Rs6.2m

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depend to a certain extent on expected inflation rates. The analysis above abstracts from this interdependence between the assumptions.

The average age of the active members as at 30 June 2017 is 38 while that of pensioners is 61 years.

#### Defined Contribution Scheme

	18 months ended 30 June 2017 Rs	12 months ended 31 December 2015 Rs
Contributions	4,436,081	2,232,696

#### 13 PAYABLES

Other creditors and accruals	8,987,832	19,155,647
Operating Lease Liability	844,872	-
Deposit from Management Companies	383,012,272	59,901,386
Prepaid licence fees	528,259,799	482,049,351
	921,104,775	561,106,384

#### 14 PROVISIONS

Sick Leave	21,981,908	16,109,274
Passage Benefits	11,642,827	10,393,003
Gratuity	457,550	728,458
Annual Leave	100,096	140,196
Bonus	14,301,131	12,000,000
	48,483,512	39,370,931

At 30 June 2017	Sick Leave Rs	Passage Benefits Rs	Gratuity Rs	Annual Leave Rs	Bonus Rs	Total Rs
Balance at 01 January 2016	16,109,274	10,393,003	728,458	140,196	12,000,000	39,370,931
Charged to the Statement of Financial Performance	13,749,800	10,141,796	2,138,380	382,493	42,200,619	68,613,088
Exchange differences	-	-	54,146	-	-	54,146
Paid during the period	(7,877,166)	(8,891,972)	(2,463,434)	(422,593)	(39,899,488)	(59,554,653)
Balance at 30 June 2017	<b>21,981,908</b>	<b>11,642,827</b>	<b>457,550</b>	<b>100,096</b>	<b>14,301,131</b>	<b>48,483,512</b>

At 31 December 2015	Sick Leave Rs	Passage Benefits Rs	Gratuity Rs	Annual Leave Rs	Bonus Rs	Total Rs
Balance at 01 January 2015	17,501,711	10,234,406	3,366,366	1,490,778	-	32,593,261
Charged to the Statement of Financial Performance	2,619,431	5,962,605	1,832,938	(1,350,582)	21,180,268	30,244,660
Exchange differ- ences	-	-	(52,296)	-	-	(52,296)
Paid during the period	(4,011,868)	(5,804,008)	(4,418,550)	-	(9,180,268)	(23,414,694)
Balance at 31 December 2015	<b>16,109,274</b>	<b>10,393,003</b>	<b>728,458</b>	<b>140,196</b>	<b>12,000,000</b>	<b>39,370,931</b>

Provision for sick leave - Employees are entitled to refundable sick leave days per calendar year. A provision has been raised for all the sick leave that has accrued to employees up to year end.

Provision for passage benefits - Passage benefits are allowances provided to employees for holidays travel.

Provision for gratuity - The Chief Executive and employees holding a contractual position are entitled to a gratuity based on their annual salary and terms of the contract.

Provision for annual leave - Employees working on a contractual basis are entitled to refundable annual leave. A provision has been raised for all the annual leave that has accrued to employees up to year end.

Provision for bonus - Bonuses comprise of end of year bonus (which is a statutory bonus in terms of the Employment Rights Act) and a performance related bonus (which is based and determined on an internal performance management system).

## 15 FUNDS

### 15(a) General Reserve Fund

	30 June 2017 Rs	31 December 2015 Rs
Opening balance	438,713,823	400,000,000
Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The Financial Services Act, 2007.	75,645,395	38,713,823
Closing balance	<b>514,359,218</b>	<b>438,713,823</b>

**15(b) Financial Services Fund**

	<b>30 June 2017 Rs</b>	<b>31 December 2015 Rs</b>
Opening balance	85,216,677	64,239,339
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.	30,258,158	15,485,529
Payment to the Financial Services Fund	(102,332,982)	-
Disbursements from the Financial Services Fund	(3,037,520)	-
Reclassified to current liabilities	(10,104,333)	-
Interest accrued on investment of Financial Services Fund	-	5,491,809
Closing balance	-	<b>85,216,677</b>

In 2015, the funds of the Commission included the funds of the Financial Services Fund pending set up of the Managing Committee as referred under Section 69 of the Financial Services Act 2007. The fund was transferred to the Financial Services Fund following set up of the Managing Committee in February 2016.

**16 FEES FROM LICENSEES**

	<b>18 months ended 30 June 2017 Rs</b>	<b>12 months ended 31 December 2015 Rs</b>
Global business	1,514,422,887	882,685,804
Non-banking financial institutions	92,003,432	51,883,767
Brokerage	21,635,051	19,407,833
	<b>1,628,061,370</b>	<b>953,977,404</b>

**17 PENALTIES AND CHARGES**

Administrative penalties	586,435,053	81,458,460
Late charges	27,299,439	17,949,741
	<b>613,734,492</b>	<b>99,408,201</b>

**18 INTEREST**

Treasury Notes	37,505,865	19,776,235
Amortisation of premium on Treasury Notes	(3,684,952)	(1,373,492)
Bank deposits	22,905,514	18,043,903
Other financing income	175,057	-
Staff loans	1,919,744	2,324,812
	<b>58,821,228</b>	<b>38,771,458</b>

**19 OTHER INCOME**

	<b>18 months ended 30 June 2017 Rs</b>	<b>12 months ended 31 December 2015 Rs</b>
(Loss) / gain on property and equipment scrapped / disposed	(61,848)	966,561
Administration fee from the Insurance Industry Compensation Fund	688,842	-
Cash rebates	-	2,666
	<b>626,994</b>	<b>969,227</b>

**20 STAFF RELATED COSTS**

Staff salaries and allowances	264,895,485	163,407,836
Other staff related costs	(9,713,776)	9,713,776
Adjustment to staff cost due to restatement of staff loans at fair value	(660,648)	(5,926,511)
Pension contribution	26,770,167	15,598,964
Post retirement fund obligation expense	8,982,492	10,860,501
Family Protection Scheme	6,941,275	4,068,244
National Savings Fund	1,622,471	1,219,002
Passage benefits	10,141,796	5,852,650
Board and committee fees	3,360,913	1,976,864
Travelling allowances	30,372,400	19,787,606
Staff welfare	9,717,140	10,213,948
	<b>352,429,715</b>	<b>236,772,880</b>

**21 TRAINING AND SEMINARS**

Overseas conferences and seminars	7,002,621	3,753,299
Local events	3,169,047	1,111,647
Staff training	1,523,843	1,745,793
	<b>11,695,511</b>	<b>6,610,739</b>

**22 LEGAL AND PROFESSIONAL FEES**

Auditors' fees	3,567,262	2,048,709
Legal fees	3,379,433	4,336,391
Professional advisory fees	2,236,835	2,015,978
	<b>9,183,530</b>	<b>8,401,078</b>

## 23 OFFICE AND ADMINISTRATIVE EXPENSES

	18 months ended 30 June 2017	12 months ended 31 December 2015
	Rs	Rs
Maintenance of office premises	14,543,027	7,082,068
Land lease	677,387	235,526
Insurance of office premises	1,122,923	662,171
Post, telephone, internet and fax charges	12,197,904	8,781,816
Electricity and water	5,697,266	3,904,904
Stationery	2,295,844	1,711,430
Subscription**	10,536,474	9,246,199
General office expenses	6,889,329	4,538,153
Vehicle expenses	2,471,812	1,563,890
Advertising and publication	1,523,821	2,464,628
	<b>57,955,787</b>	<b>40,190,785</b>

\*\*Includes membership fees for IAIS, IOPS, IOSCO and software licenses

## 24 CASH FLOW FROM OPERATING ACTIVITIES

Surplus for the period	1,529,961,855	822,118,853
Adjustments for:		
Staff loans fair value adjustment	(660,648)	(5,926,511)
Loss / (gain) on disposal of property, plant and equipment	61,848	(966,561)
Interest income	(58,821,228)	(38,771,458)
Retirement Benefits Obligation	8,982,492	10,860,501
Amortisation of premium on Treasury Notes	3,684,952	1,373,492
Other non-cash adjustments	1,763,721	-
Depreciation and amortisation	47,793,252	38,993,334
Provision for credit losses	290,048,714	7,661,875
<b>Cash flow from operating activities, before working capital changes</b>	<b>1,822,814,958</b>	<b>835,343,525</b>
(Increase) / decrease in fees receivable	(407,225,444)	6,358,358
Decrease in staff loans	16,637,114	15,423,629
Increase in other receivables	(259,496)	(79,675)
Decrease / (increase) in prepayments	623,824	(3,019,106)
Increase in accrued expenses and other payables	369,110,972	93,155,662
<b>Net cash flow from operating activities</b>	<b>1,801,701,928</b>	<b>947,182,393</b>

## 25 OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Commission has outstanding commitments under operating leases which fall due as follows:

	<b>18 months ended 30 June 2017 Rs</b>	<b>12 months ended 31 December 2015 Rs</b>
Within 1 year	259,006	259,006
After 1 year and before 5 years	1,154,674	1,082,644
After 5 years	5,690,679	6,280,721
	<b>7,104,359</b>	<b>7,622,371</b>

An amount of Rs 677,387 (12m 2015: 235,526) has been expensed in the statement of financial performance for the period. The present operating lease agreement relates to a land lease effective from 11 February 2008 for an initial period of 30 years, with an option for its renewal for a further period of 30 years over land on which the office building of the Commission is constructed. The terms of the lease is a non-cancellable, with a non-refundable annual advance payment of rental fees amounting to Rs200,000 which shall increase by 9% every 3 years.

## 26 CAPITAL RISK MANAGEMENT

The Commission's objectives when managing its funds and reserves are to safeguard the Commission's ability to continue as a going concern. The FSA requires the Commission to maintain certain funds to serve different purposes.

The Commission's Capital structure is to a large extent determined by the Financial Services Act 2007 (Refer to note 1.2 which highlights the Funds that have to be maintained by the Commission). There have been no changes to what the entity manages as capital (which the Commission defines as the General Reserve Fund), the strategy for capital maintenance and the requirements imposed by the Financial Services Act.

## 27 LIQUIDITY RISK

The Commission monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Commission's objective is to maintain a balance between continuity of funding and flexibility by keeping a minimum float and investing any excess in short term deposits. The Commission has no borrowings, nor does it plan to raise funds in the foreseeable future.

The table below shows the Commission's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and excludes prepaid expenses but includes prepayments where cash is expected to be received in future.

At 30 June 2017	Maturity		Total	Total	Total
	0 - 1 Year	> 1 year	Cash Flows	Carrying Amount	Fair Value
	Rs	Rs	Rs	Rs	Rs
<b>Financial assets</b>					
Other financial assets	6,419,408	13,170,954	19,590,362	14,769,720	14,769,720
Receivables	156,890,199	-	156,890,199	156,890,199	156,890,199
Cash and bank balances	566,845,168	-	566,845,168	566,845,168	566,845,168
Bank deposits	982,525,365	-	982,525,365	982,525,365	982,525,365
Assets held to maturity	146,825,210	631,158,810	777,984,020	702,600,663	713,607,796
	<b>1,859,505,350</b>	<b>644,329,764</b>	<b>2,503,835,114</b>	<b>2,423,631,115</b>	<b>2,434,638,248</b>
<b>Financial liabilities</b>					
Payables	440,483,616	-	440,483,616	440,483,616	440,483,616

At 31 December 2015	Maturity		Total	Total	Total
	0 - 1 Year	> 1 year	Cash Flows	Carrying Amount	Fair Value
	Rs	Rs	Rs	Rs	Rs
<b>Financial assets</b>					
Other financial assets	10,195,385	29,767,380	39,962,765	30,746,186	30,746,186
Receivables	32,491,949	-	32,491,949	32,491,949	32,491,949
Cash and bank balances	166,109,441	-	166,109,441	166,109,441	166,109,441
Bank deposits	529,277,277	-	529,277,277	529,277,277	529,277,277
Assets held to maturity	166,760,594	545,599,900	712,360,494	636,506,358	641,443,685
	<b>904,834,646</b>	<b>575,367,280</b>	<b>1,480,201,926</b>	<b>1,395,131,211</b>	<b>1,400,068,538</b>
<b>Financial liabilities</b>					
Payables	118,427,964	-	118,427,964	118,427,964	118,427,964

For those financial assets not carried at fair value, management estimates carrying amount to approximate fair value.

The Committee monitors the adequacy of cash inflows in terms of the budget estimates on a regular basis.

### Fair Value Hierarchy

The Commission uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - unobservable inputs for the asset or liability.

**Fair Value hierarchy as at 30 June 2017**

	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial assets	-	14,769,720	-	14,769,720	14,769,720
Other financial assets					

**Fair Value hierarchy as at 31 December 2015**

	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial assets	-	30,746,186	-	30,746,186	30,746,186
Other financial assets					

There have been no transfers during the period between levels 1 and 2.

**Valuation techniques used**

For those investments where there is no active market, these are stated at cost less impairment. However, for the other financial instruments, the Commission determines fair values using the valuation technique as per table below:

Description	Valuation technique	Sensitivity analysis
Staff Loans	Discounted Cash Flow at a discount rate that reflects market prime lending rate at end of the reporting period.	The estimated fair value would increase if the discount rate decreases.

The basis of inputs have not changed from prior period.

**28 CREDIT RISKS**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a contract, leading to a financial loss. In the normal course of business, the Commission is exposed to the credit risk from accounts receivable, loans to staff and balances with banking institutions. The carrying amounts of these balances represent the maximum credit risk that the Commission is exposed to. Prepayments were excluded for the purposes of this note.

The Commission manages its exposure to credit risks as follows:-

- with regards to Accounts Receivable, except Administrative Penalties, credit risk is limited as the Commission is a regulatory body, and fees are charged in terms of the legislation. The majority of fees are received in advance;
- The Commission has put in place internal procedures to promptly identify receivables for Administrative Penalties, and periodic claims are sent to the debtors to ensure recoverability. A provision against irrecoverability is made against debtors based on management judgement;
- for staff loans, the Commission maintains control procedures and requests security when loan is granted to staff. For certain types of loans the security involves inscriptions on the property of the staff while for other loans personal guarantees are required;
- for transactions with banking institutions, it holds bank balances and short term deposits with the SBM Bank (Mauritius) Ltd (Credit Rating: Baa3), Barclays Bank Mauritius Ltd, MauBank Ltd, The Mauritius Commercial Bank (Credit Rating: Baa3) and SBI (Mauritius) Ltd. As such, the Commission mitigates the risks related to bank balances and deposits by keeping its funds in a wide spread of banks of a certain level of repute. Management assesses and only invests in banks with a high credit rating; and
- for held to maturity investments, the Commission invests in the Government of Mauritius (Credit Rating: Baa1) and Bank of Mauritius T Bills, T Notes and Bonds.

Management carries out periodic assessment of its receivables to identify events or changes in circumstances that lead to impairment of these receivables. The ageing analysis of these receivables are as follows:

	Past due but not impaired Rs	Past due and impaired Rs	18 months ended 30 June 2017 Rs	12 months ended 31 December 2015 Rs
<b>28.1 Fees receivable</b>				
Up to 3 months	16,898,899	3,894,582	20,793,480	12,211,245
3 to 6 months	22,333,189	36,799,765	59,132,954	-
6 months to 1 year	26,861,578	67,095,638	93,957,216	-
More than 1 year	63,294,309	182,258,729	245,553,038	-
	<b>129,387,975</b>	<b>290,048,714</b>	<b>419,436,689</b>	<b>12,211,245</b>

<b>28.2 Accrued interest</b>	30 June 2017 Rs	31 December 2015 Rs
Balance at the beginning of the year	11,456,861	6,461,129
Interest income	58,821,228	38,771,458
Interest received	(51,471,408)	(33,775,726)
Balance at the end of the year	<b>18,806,681</b>	<b>11,456,861</b>

Accrued interest was raised in accordance with the terms of the contracts for the respective financial instruments.

None on the amounts above were considered to be past due and no impairments were required.

<b>28.3 Staff loans</b>		
within 1 year	5,999,446	9,528,397
More than 1 year	8,770,274	21,217,789
	<b>14,769,720</b>	<b>30,746,186</b>

<b>28.4 Bank Balances</b>		
Bank balances	566,814,700	166,083,179
Bank deposits	982,525,365	529,277,277
	<b>1,549,340,065</b>	<b>695,360,456</b>

<b>28.5 Assets Held to Maturity</b>		
Within 1 year	120,378,986	145,328,718
More than 1 year	582,221,677	491,177,640
	<b>702,600,663</b>	<b>636,506,358</b>

None of these financial assets are granted as collateral or securities.

Except for staff loans, there is no collateral held as security. (Refer to Note 8 for details for collateral held as security)

## 29 CATEGORIES OF FINANCIAL INSTRUMENTS

	Loans and receivables	Financial liabilities at amortised cost	Assets held to Maturity	Financial assets at fair value through P&L	Total
	Rs	Rs	Rs	Rs	Rs
<b>Categories of financial instruments - 2017</b>					
<b>Non-current assets</b>					
Assets held to maturity	-	-	582,221,677	-	582,221,677
Other financial assets	-	-	-	8,770,274	8,770,274
<b>Current assets</b>					
Assets held to maturity	-	-	120,378,986	-	120,378,986
Receivables	156,890,199	-	-	-	156,890,199
Cash and bank balances	566,845,168	-	-	-	566,845,168
Other financial assets	-	-	-	5,999,446	5,999,446
Bank deposits	982,525,365	-	-	-	982,525,365
<b>Total Assets</b>	<b>1,706,260,732</b>	-	<b>702,600,663</b>	<b>14,769,720</b>	<b>2,423,631,115</b>
<b>Current Liabilities</b>					
Payables	-	440,483,616	-	-	440,483,616
<b>Total liabilities</b>	-	<b>440,483,616</b>	-	-	<b>440,483,616</b>

	Loans and receivables	Financial liabilities at amortised cost	Assets held to Maturity	Financial assets at fair value through P&L	Total
	Rs	Rs	Rs	Rs	Rs
<b>Categories of financial instruments - 2015</b>					
<b>Non-current assets</b>					
Assets held to maturity	-	-	491,177,640	-	491,177,640
Other financial assets	-	-	-	21,217,789	21,217,789
<b>Current assets</b>					
Assets held to maturity	-	-	145,328,718	-	145,328,718
Receivables	32,491,949	-	-	-	32,491,949
Cash and bank balances	166,109,441	-	-	-	166,109,441
Other financial assets	-	-	-	9,528,397	9,528,397
Bank deposits	529,277,277	-	-	-	529,277,277
<b>Total Assets</b>	<b>727,878,667</b>	<b>-</b>	<b>636,506,358</b>	<b>30,746,186</b>	<b>1,395,131,211</b>
<b>Current Liabilities</b>					
Payables	-	118,427,964	-	-	118,427,964
<b>Total liabilities</b>	<b>-</b>	<b>118,427,964</b>	<b>-</b>	<b>-</b>	<b>118,427,964</b>

### 30 CURRENCY AND EXCHANGE RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Commission's exposure to the risk of changes in foreign exchange rates relates primarily to the Commission's operating activities (when revenue or expense is denominated in a different currency from the Commission's functional currency) and holding bank deposits which are denominated in foreign currencies.

The Commission receives licence fees in US Dollars (USD). Consequently, the Commission is exposed to the risk that the exchange rate of the USD relative to the Mauritian Rupees (MUR) may change in a manner which has a material effect on the reported values of the Commission's licence fee income, which are denominated in USD.

The Commission is exposed to currency risk as a result of conversion of foreign currency balances held in USD and NZD. These balances were held in USD and NZD during the financial period. The exchange fluctuation loss of Rs 2,175,720 has occurred mainly due to translation of the foreign currencies. During the period USD depreciated against MUR by 142 basis points. The exchange fluctuation for the period is as follows:

The table below shows the carrying amounts of the financial assets and liabilities, denominated in currencies other than the functional currency.

	Assets		Liabilities	
	30 June 2017 Rs	31 December 2015 Rs	30 June 2017 Rs	31 December 2015 Rs
<b>New Zealand Dollars</b>				
Bank Deposits	-	138,227,367	-	-
Receivables	-	537,563	-	-
<b>US Dollars</b>				
Bank Deposits	982,525,365	251,807,441	-	-
Cash and Bank balances	504,111,809	112,073,834	-	-
Receivables	9,211,421	535,077	-	-
Deposit from Management Companies	-	-	383,012,272	59,901,386

The assessment of currency fluctuation risks is reviewed by the Investment Committee from time to time.

### 30(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission's exposure to the risk of changes in market interest rates relates primarily to the Commission's bank balances with floating interest rates.

The Commission manages its interest rate risk by placing its excess funds in term-deposits with fixed interest rates. The Commission has exposure to staff loans which are recognised at fair value. The changes in fair value are recognised in the Statement of Financial Performance

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with specific financial assets whose interest rates periodically changes as per market rate. The following table demonstrates the sensitivity of the Commission's Surplus to interest rate changes, all other variables held constant:

	Change in Yield (basis point)	Effect on Surplus	Effect on Surplus
		30 June 2017 Rs	31 December 2015 Rs
Bank balances	+50	2,801,039	805,672
	-50	2,794,787	10

### 30(b) Foreign Currency Risk

The following table shows the sensitivity of the Commission's Funds to exchange rate changes, all other variables held constant:

	Change MUR exchange rate	Effect on Funds 30 June 2017 Rs	Effect on Funds 31 December 2015 Rs
Financial assets and liabilities	+1 USD	32,747,817	8,494,534
	-1 USD	(32,747,817)	(8,494,534)
Financial assets and liabilities	+1 NZD	-	5,790,841
	-1 NZD	-	(5,790,841)

### 30(c) Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Commission's performance to developments affecting a particular industry.

The Commission derives 94% (2015: 93%) of its regular income (inclusive of administrative penalties) from the Global Business sector and as such the concentration of risk is high around this sector. The Global Business sector is largely dependent on the International climate and Double Tax Avoidance treaties with certain prominent countries.

In line with its strategic plan, the Commission is taking various measures to further diversify the markets within the financial services sector, through increased partnership with emerging markets, in particular in other African jurisdictions. The Commission is also working with local stakeholders to further develop the local financial services market.

Moreover, various financial management control measures are being considered to ensure that the Commission is able to maintain its operational capabilities, should there be any substantial decrease in the activities of the Global Business sector.

## 31 RELATED PARTY TRANSACTIONS DISCLOSURE

### Board fees, salaries and allowances to Key Managerial Persons

Name of Key Management Personnel	Designation		18 months ended 30 June 2017 Rs	12 months ended 31 December 2015 Rs
Mr Dev Manraj, GOSK (As from 22 April 2015)	Chairperson	Board Fees	750,000	415,000
Mr Rajeshsharma Ramloll (Member from 1 May 2014 to 31 May 2014)	Former Chairperson / Member	Board Fees	490,000	360,000
(Chairperson from 01 June 2014 to 21 April 2015)		Travelling Allowances	-	33,880
(Member as from 22 April 2015)				

Name of Key Management Personnel	Designation		18 months ended 30 June 2017 Rs	12 months ended 31 December 2015 Rs
Mr Dheerendra Kumar Dabee (From 04 February 2017 to 31 May 2017)	Former Vice Chairperson	Board Fees	397,413	-
Mr Yandraduth Googoolye (As from 02 June 2017)	Vice-Chairperson	Board Fees	24,167	-
Ms M.Philips (Up to 22 April 2015)	Former Vice Chairperson	Board Fees	-	100,000
Mr Akilesh Deerpalsingh, Vice Chairperson (From 22 April 2015 to 05 October 2015)	Former Vice-Chairperson	Board Fees	-	143,864
Mr R. Chellapermal (up to 22 April 2015)	Former Member	Board Fees	-	80,000
Mr R. Makoond (up to 22 April 2015)	Former Member	Board Fees	-	80,000
Mr. Luc Clement Stephen (up to 22 April 2015)	Former Member	Board Fees	-	80,000
Mr Antoine Domingue (up to 22 July 2015)	Former Member	Board Fees	-	66,000
Mr Visvanaden Soondram (From 22 April 2015)	Member	Board Fees	360,000	166,000
Mrs Warda Dulmar Ebrahim (Up to 05 June 2017)	Member	Board Fees	473,333	166,000
Mr Rhoyinder Meghraj Ramlackhan (Up to 04 June 2017)	Member	Board Fees	342,667	100,000
Mr Jacques Laval Li Chung (Up to 05 June 2017)	Member	Board Fees	343,333	100,000
Ms Clairette F.T. Ah-Hen (Up to 31 July 2015)	Former Chief Executive	Salaries	-	3,525,000
		Allowances	-	180,250
Mr P. K. Kuriachen (As from 20 April 2015)	Acting Chief Executive	Salaries	7,347,194	3,134,140
		Allowances	2,379,074	1,069,756
<b>TOTAL</b>			<b>12,907,181</b>	<b>9,799,890</b>

Name of government entity: Government of Mauritius

Contribution paid towards the Consolidated Fund	734,954,040	700,451,159
Amount payable to the Consolidated Fund	963,635,613	291,585,306

### 32 CHANGE IN ACCOUNTING PERIOD

To be in line with the changes in the Statutory Bodies (Accounts and Audit) Act the financial year end was changed from 31 December to 30 June. The current financial period has been presented for the 18 months

ended 30 June 2017 and the comparative amounts for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and related notes are not entirely comparable. The breakdown of the 18-month period is illustrated below:

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>12 months December 2015 Rs</b>	<b>6 months June 2017 Rs</b>	<b>Total Rs</b>
Income	1,309,040,384	992,203,700	<b>2,301,244,084</b>
Operating expenses	306,116,854	462,989,655	<b>769,106,509</b>
<b>Surplus of Income Over Operating Expenses</b>	<b>1,002,923,530</b>	<b>529,214,045</b>	<b>1,532,137,575</b>
Exchange fluctuation gain / (loss)	28,705,582	(30,881,302)	<b>(2,175,720)</b>
<b>Surplus for the period</b>	<b>1,031,629,112</b>	<b>498,332,743</b>	<b>1,529,961,855</b>
Other Comprehensive Income	(50,000,000)	32,946,045	<b>(17,053,955)</b>
<b>Surplus and other Comprehensive Income for the period</b>	<b>981,629,112</b>	<b>531,278,788</b>	<b>1,512,907,900</b>

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>December 2015 Rs</b>	<b>June 2017 Rs</b>
Non-Current Assets	781,747,493	731,645,722
Current Assets	1,022,058,378	1,836,446,158
<b>Total Assets</b>	<b>1,803,805,871</b>	<b>2,568,091,880</b>
Non Current Liabilities	209,367,982	110,404,429
Current Liabilities	1,106,636,795	1,943,328,233
<b>Total Liabilities</b>	<b>1,316,004,777</b>	<b>2,053,732,662</b>
<b>Net Assets</b>	<b>487,801,094</b>	<b>514,359,218</b>

### 33 RECLASSIFICATION OF COMPARATIVES

The following items were reclassified in order to improve disclosures and comparability to the current year amounts.

<b>Statement of financial performance</b>	<b>12 months ended 31 December 2015 Rs</b>
Decrease in fee from licensees	(99,408,201)
Increase in Penalties and charges	99,408,201
Net impact on surplus	-
<b>Statement of financial position</b>	
Decrease in other creditors and accruals	(12,000,000)
Increase in operating lease liability	-
Increase in Provisions (bonus)	12,000,000
Net impact	-

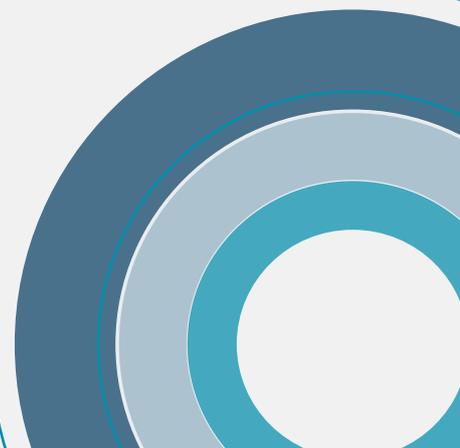
### 34 EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to 30 June 2017.



## APPENDICES

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# APPENDICES

## APPENDIX 1

### MARKETS TRENDS IN SECURITIES

Figure 6: Evolution of SEMDEX as at June 2017 (End Month)

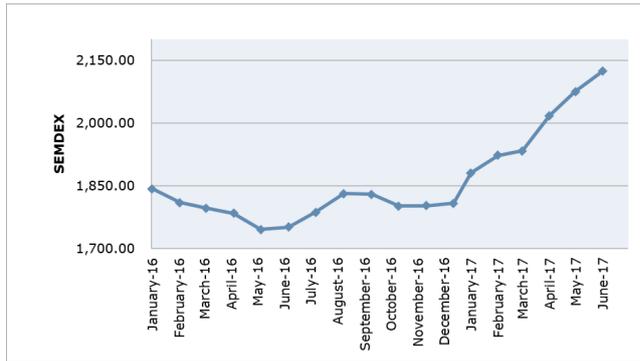


Figure 9: Evolution of DEMEX as at June 2017 (End Month)

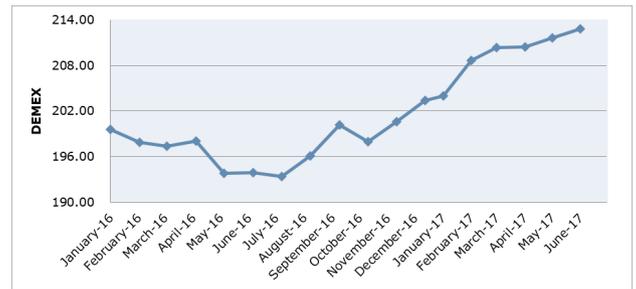


Figure 7: Evolution of SEM-10 as at June 2017 (End Month)

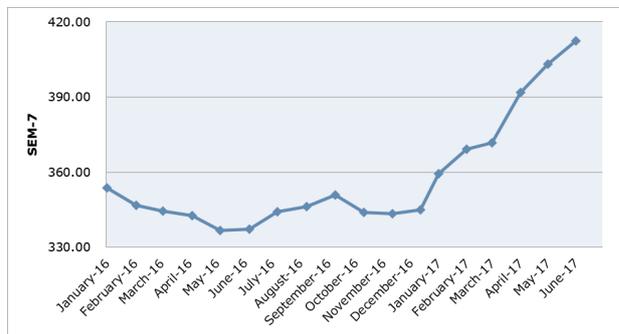


Figure 10: Evolution of DEMTRI (MUR and USD) as at June 2017 (End Month)

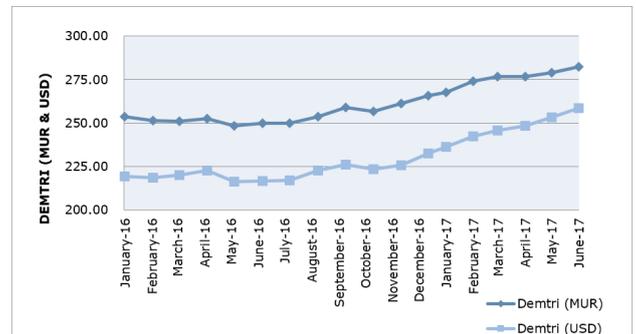


Figure 8: Evolution of SEMTRI (MUR and USD) as at June 2017 (End Month)

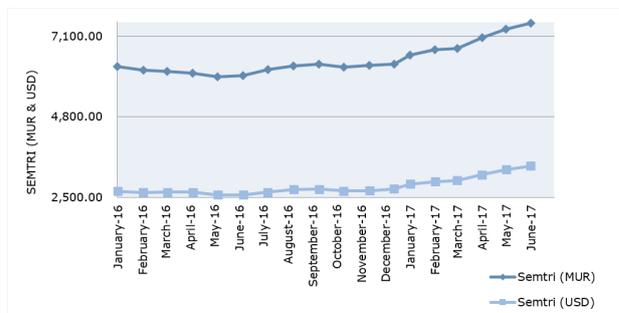
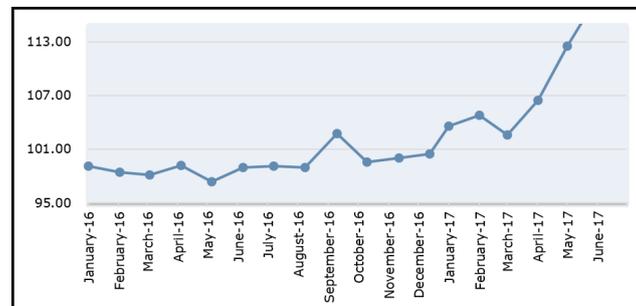


Figure 11: Evolution of SEMSI (MUR and USD) as at June 2017 (End Month)



YEAR 2016/17	US DOW JONES Industrial Average	US NASDAQ Composite	Bombay Stock Exchange (‘BSE’) SENSEX	London’s FTSE 100 Index	France’s CAC 40 Index	Hong Kong’s Hang Seng Index
Jan-16	16,446.30	4,613.95	24,870.69	6,083.79	4,417.02	19,683.11
Feb-16	16,516.50	4,557.95	23,002.00	6,097.09	4,353.55	19,111.93
Mar-16	17,685.09	4,869.85	25,341.86	6,174.90	4,385.06	20,776.70
Apr-16	17,773.64	4,775.36	25,606.62	6,241.89	4,428.96	21,067.05
May-16	17,787.20	4,948.05	26,667.96	6,230.79	4,505.62	20,815.09
Jun-16	17,929.99	4,842.67	26,999.72	6,504.33	4,237.48	20,794.37
Jul-16	18,432.24	5,162.13	28,051.86	6,724.43	4,439.81	21,891.37
Aug-16	18,400.88	5,213.22	28,452.17	6,781.51	4,438.22	22,976.88
Sep-16	18,308.15	5,312.00	27,865.96	6,899.33	4,448.26	23,297.15
Oct-16	18,142.42	5,189.13	27,941.51	6,954.22	4,509.26	22,934.54
Nov-16	19,123.58	5,323.68	26,652.81	6,783.79	4,578.34	22,789.77
Dec-16	19,762.60	5,383.12	26,626.46	7,142.83	4,862.31	22,000.56
Jan-17	19,864.09	5,614.79	27,655.96	7,099.15	4,748.90	23,360.78
Feb-17	20,812.24	5,825.44	28,743.32	7,263.44	4,858.58	23,740.73
Mar-17	20,663.22	5,911.74	29,620.50	7,322.92	5,122.51	24,111.59
Apr-17	20,940.51	6,047.61	29,918.40	7,203.94	5,267.33	24,615.13
May-17	21,008.65	6,198.52	31,145.80	7,519.95	5,283.63	25,660.65
Jun-17	21,349.63	6,140.42	30,921.61	7,312.72	5,120.68	25,764.58

Table 46: International Stock Exchange Indices in 2016/17 - (Monthly End)

## APPENDICES

# APPENDIX 2

## TRENDS IN INSURANCE

### Long Term Insurance Business Figures

	2012	2013	2014	2015	2016
<b>Number of Insurance Policies</b>					
Long Term	425,874	420,998	431,057	276,740	301,987
<b>Assets</b>					
Assets	92,640	106,428	115,246	86,758	89,562
% Δ in Assets	10%	15%	8%	-25%	3%
<b>Technical Reserves</b>					
Life Fund	61,167	69,999	76,310	51,643	54,789
% Δ in Life Fund	10%	13%	8%	-48%	6%
<b>Capital and Reserves</b>					
Capital and Reserves	9,855	10,636	11,230	6,027	6,419
% Δ in C&R	11%	8%	6%	-46%	7%
<b>Assets</b>					
Assets	92,640	106,428	115,246	86,758	89,562
Life Fund	61,167	69,999	76,310	51,643	54,789
Capital and Reserves	9,855	10,636	11,230	6,027	6,419
Other Liabilities	21,618	25,793	27,705	29,088	28,354
% of C&R to Life Fund	16%	15%	15%	12%	12%
<b>Premiums</b>					
Net Premiums	13,538	14,497	15,894	8,940	9,319
Reinsurance	360	530	406	369	403
Gross Premiums	13,898	15,027	16,300	9,308	9,722
% Δ in Gross Premiums	7%	8%	8%	-43%	4%
<b>Claims</b>					
Net Claims	9,894	10,983	12,889	7,277	7,937
Reinsurance	156	73	118	117	79
Gross Claims	10,050	11,056	13,007	7,394	8,069
% Δ in Gross Claims	-5%	10%	18%	-43%	9%

Table 47: Long Term Insurance Business Figures

## General Insurance Business Figures

	2012	2013	2014	2015	2016
<b>Number of Insurance Policies</b>					
General	469,615	475,024	514,104	523,553	553,313
<b>Assets</b>					
Assets	12,276	13,888	15,066	16,670	15,920
% Δ in Assets	5%	13%	8%	11%	-4%
<b>Asset Mix</b>					
Equities	1,312	1,544	2,145	2,155	3,572
% Δ in Equities	-2%	18%	39%	0.47%	65.75%
% of Total Assets	11%	11%	14%	13%	22%
Cash Equivalents	3,496	3,579	3,390	3,296	2,978
% Δ in Cash Equivalents	20%	2%	-5%	-3%	-10%
% of Total Assets	28%	26%	22%	20%	19%
Govt Bonds	478	409	433	1,012	1,415
% Δ in Govt bonds	18%	-15%	6%	134%	40%
% of Total Assets	4%	3%	3%	6%	9%
Other Bonds	207	386	305	354	357
% Δ in Other Bonds	-59%	86%	-21%	16%	1%
% of Total Assets	2%	3%	2%	2%	2%
Property	131	138	144	659	739
% Δ in Property	5%	5%	4%	357%	12%
% of Total Assets	1%	1%	1%	4%	5%
Other Assets	6,651	7,833	8,649	151	6,860
% Δ in Other Assets	5%	18%	10%	-98%	4443%
% of Total Assets	54%	56%	57%	1%	43%
	12,276	13,888	15,066	16,670	15,921
<b>Liabilities</b>					
Capital & Reserves	5,291	6,052	6,955	7,559	7,527
% Δ	13%	14%	15%	9%	-0.42%
% of Total Liabilities	43%	44%	46%	48%	47%
Technical Reserves	5,585	6,213	6,196	7,505	6,613
% Δ	7%	11%	0%	21%	-12%
% of Total Liabilities	45%	45%	41%	48%	42%
Other Liabilities	1,497	1,623	1,916	704	1,781
% Δ	-14%	8%	18%	-63%	153%
% of Total Liabilities	12%	12%	13%	4%	11%
	12,373	13,888	15,066	15,768	15,921
<b>Total Premiums</b>					

	2012	2013	2014	2015	2016
Net	4,002	4,363	4,496	4,604	5,185
Reinsurance	2,182	2,667	2,915	2,944	2,823
Gross	6,183	7,029	7,411	7,565	8,007
% Δ in Gross Premiums	-1%	14%	5%	2%	6%
<b>Total Claims</b>					
Net	2,112	2,368	2,498	2,632	2,952
Reinsurance	961	1,775	1,416	1,418	1,501
Gross	3,073	4,143	3,914	4,032	4,453
% Δ in Gross Claims	-5%	35%	-6%	3%	10%
<b>Premiums - Motor</b>					
Net	2,510	2,581	2,633	2,717	2,975
Reinsurance	189	177	188	200	163
Gross	2,698	2,758	2,822		3,139
% Δ in Gross Premiums	5%	2%	2%	3%	8%
<b>Claims - Motor</b>					
Net	1,250	1,344	1,419	1,689	1,923
Reinsurance	144	285	209	272	1,235
Gross	1,395	1,629	1,628	1,969	2,264
% Δ in Gross Claims	3%	17%	0%	21%	15%
<b>Premiums - Non-Motor</b>					
Net	1,492	1,782	1,863	1,887	2,209
Reinsurance	1,993	2,489	2,726	2,744	2,659
Gross	3,485	4,271	4,589	4,649	4,868
% Δ in Gross Premiums	-5%	23%	7%	1%	5%
<b>Claims - Non-Motor</b>					
Net	862	1,023	1,079	943	1,029
Reinsurance	772	1,598	1,227	1,146	1,235
Gross	1,634	2,621	2,306	2,063	2,264
% Δ in Gross Claims	-14%	60%	-12%	-11%	10%
<b>Underwriting Profit</b>					
UW profit	507	503	600	279	195
% Δ in UW profit	9%	-1%	19%	-54%	-30%
Investment	402	385	441	450	518
Operating profit	909	888	1,041	729	713
% Δ in Operating profit	-27%	-2%	17%	-30%	-2%

Table 48: General Insurance Business Figures

## APPENDICES

# APPENDIX 3

## CHANGES IN LEGISLATION

Act	Amendment / Purpose
The Limited Liability Partnership Act	<p>The Limited Liability Partnership Act (the 'LLP Act') was passed by the National Assembly on 29 November 2016 to provide for the setting up and registration of Limited Liability Partnerships ('LLP') in Mauritius. The LLP Act was gazetted on 03 December 2016.</p> <p>The Act applies to persons:</p> <ul style="list-style-type: none"> <li>(a) offering professional or consultancy services;</li> <li>(b) holding a Global Legal Advisory Services licence; or</li> <li>(c) engaging in such other activities as may be prescribed.</li> </ul> <p>Under the Act, each LLP shall have at least 2 partners and a Manager. The LLP will have a separate legal personality from its partners.</p> <p>The Manager of the LLP shall be a person qualified to be a Secretary under the Companies Act 2001 and shall be responsible for:</p> <ul style="list-style-type: none"> <li>(a) guiding the partners on their duties and obligations under the Act;</li> <li>(b) ensuring that minutes of meetings of partners are taken;</li> <li>(c) ensuring that proper filing is done with the Registrar and the latter is notified when this is required under the Act; and</li> <li>(d) ensuring that the financial summary of the LLP is prepared on time.</li> </ul> <p>The Manager of an LLP holding a Category 1 Global Business Licence shall be a Management Company.</p> <p>The Act also provides for the registration and continuation of foreign LLPs in Mauritius.</p>
Financial Services Act	<p>Section 23 – Approval of controllers and beneficial owners</p> <p>Section 23(1) of the FSA has been amended such that FSC Rules can be made so that the requirement under Section 23 does not apply to certain classes of licensees, or types of shares or legal or beneficial interest. This change shall also not apply where there is a transfer of shares or legal or beneficial interest of less than 5% in a licensee unless such transfer results in a change in control. However, the licensee should notify the Commission of the transfer.</p>
	<p>Section 73 – Conduct of global business</p> <p>In line with the enhancement of substance requirements, Section 73(2) of the FSA has been amended in order to allow GBC2s to invest in listed securities</p>
	<p>Section 77A – Global Legal Advisory Services</p> <p>In order to attract the expertise of internationally recognized law firms to Mauritius, a new category of licence, namely Global Legal Advisory Services, has been introduced under Section 77A.</p>

Act	Amendment / Purpose
	<p>Section 79A – Application for Investment Banking Licence</p> <p>A new category of licence, the “Investment Banking” licence has been introduced. This new licence will be an umbrella licence encompassing activities under:</p> <ul style="list-style-type: none"> <li>(a) The Securities Act <ul style="list-style-type: none"> <li>(i) Investment Dealer;</li> <li>(ii) Investment Adviser (Unrestricted); and</li> <li>(iii) Investment Adviser (Corporate Finance Advisory)</li> </ul> </li> <li>(b) The Financial Services Act <ul style="list-style-type: none"> <li>(i) Asset management; and</li> <li>(ii) Distribution of financial services</li> </ul> </li> </ul>
Insurance Act	<p>Section 2 – Definition</p> <p>The scope of activities of an “insurance agent” in Section 2 of the Insurance Act has been broadened so that an insurance agent can conduct such other activities related to insurance as may be prescribed by the FSC Mauritius.</p>
Securities Act	<p>Section 30 – Licence for investment advisers and their representatives</p> <p>Section 30 of the Securities Act was amended to introduce a new category of Investment Adviser which gives advice on corporate finance advisory matters concerning securities transactions. Section 2 of the Securities Act defines “corporate finance advisory” as meaning the provision of advisory services on –</p> <ul style="list-style-type: none"> <li>(a) compliance with the listing requirements of any securities exchange;</li> <li>(b) raising of funds through the issue of securities;</li> <li>(c) arrangement or restructuring including takeovers, mergers and acquisitions, of a corporation, as far as it relates to securities transactions; or</li> <li>(d) any other matter specified in FSC Rules.</li> </ul> <p>In that respect, the Securities (Licensing) Rules have also been amended. The new category of Investment Adviser will be known as Investment Adviser (Corporate Finance Advisory). Only a corporation maintaining a minimum stated unimpaired capital of Rs 1,000,000 can apply for the new type of licence. The representative of an Investment Adviser (Corporate Finance Advisory) will need to hold a degree in a relevant field and have at least 5 years relevant experience in investment business.</p>

Table 49: Amendments to Relevant Acts

## Amendments to Rules

Rules	Amendment / Purpose
Insurance (Risk Management) Rules 2016	<p>The Rules will apply to all insurers as defined under the Insurance Act and all insurers will be required to maintain, at all times, a Risk Management Framework ('RMF') to enable them to develop and implement strategies, policies, procedures and controls to manage material risks.</p> <p>The Rules aim to enhance the observance of the International Association of Insurance Supervisors' ('IAIS') core principle 16 ('ICP 16'): 'Enterprise Risk Management for Solvency Purposes'.</p>
Financial Services (Investment Banking) Rules 2016	<p>Following the introduction of Section 79A in the FSA, the Financial Services (Investment Banking) Rules 2016 ('Investment Banking Rules') were made.</p> <p>The Investment Banking Rules provide, inter alia, for the eligibility criteria of an applicant for an Investment Banking Licence, authorized activities, governance provisions, minimum capital requirement and reporting requirements.</p> <p>The Investment Banking Rules came into force on 07 September 2016.</p>
Financial Services (Funeral Scheme Management) Rules 2016	<p>The Financial Services (Funeral Scheme Management) Rules 2016 ('Funeral Scheme Management Rules') were made by the FSC Mauritius on 27 September 2016 and came into operation on 01 October 2016.</p> <p>The Funeral Scheme Management Rules provide for minimum stated unimpaired capital requirements for licensees and require licensees to possess professional indemnity insurance covers for the employees of the licensee. The Rules also provide for a segregation of monies invested by holders of funeral scheme contracts from the funds of the licensee.</p> <p>Companies carrying on Funeral Scheme Management are further required to comply with reporting requirements imposed both by the FSA and the Funeral Scheme Management Rules</p>
Captive Insurance (Pure Captive Insurance Business) Rules 2016	<p>For the establishment of a framework for the supervision of pure captive insurers.</p> <p>The purpose of the rules is to provide for technical requirements for captive insurance licensed under the Captive Insurance Act. It provides among others requirements for captive insurers concerning solvency, the auditing and reporting, technical returns, investment etc.</p>

Rules	Amendment / Purpose
Securities (Preferential Offer) Rules 2017	<p>The Securities (Preferential Offer) Rules 2017 ('Preferential Offer Rules') were made under Section 93 of the FSA and Sections 70 and 155 of the Securities Act 2005 and came into force on 01 July 2017.</p> <p>According to the Preferential Offer Rules, any preferential offer of securities, whether listed or not, made by an issuer that issues securities to 25 investors or above or a reporting issuer, shall comply with the Act, Regulations and FSC Rules made thereunder and the rules of the relevant securities exchange.</p> <p>The Preferential Offer Rules, inter alia, provide for the conditions to be fulfilled when making a preferential offer, the period of time for the allotment of securities, notification to be made to the FSC Mauritius, and the contents of a preferential offer document.</p> <p>Moreover, for an issuer of debt securities who is targeting 25 investors or more, that issuer will need to either seek a listing on a securities exchange or be rated by a credit rating agency licensed under the Financial Services Act.</p> <p>Also, the minimum cost of subscription for a private placement is Rs 1 million. However, for a professional collective investment scheme, the minimum cost of subscription is 200,000 United States dollars.</p>
Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2016	The Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2016 were made by the FSC Mauritius on 29 January 2016. These Rules amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to provide for processing and annual fees that are payable by licensees conducting Pure Captive Insurance Business and Captive Insurance Agent Business activities, as provided for under the Captive Insurance Act.
Financial Services (Consolidated Licensing and Fees) (Amendment No. 2) Rules 2016	Financial Services (Consolidated Licensing and Fees) (Amendment No. 2) Rules 2016 were made by the FSC Mauritius on 16 September 2016. These Rules amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to provide for processing and annual fees that are payable by licensees conducting Global Legal Advisory Services, Investment Banking, Investment Adviser (Corporate Finance Advisory) and the Representative of Investment Adviser (Corporate Finance Advisory).
Financial Services (Consolidated Licensing and Fees) (Amendment No. 3) Rules 2016	Financial Services (Consolidated Licensing and Fees) (Amendment No. 3) Rules 2016 were made by the FSC Mauritius on 27 September 2016. These Rules amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to provide for processing and annual fees that are payable by licensees conducting Funeral Scheme Management.
Financial Services (Consolidated Licensing and Fees) (Amendment No. 4) Rules 2016	Financial Services (Consolidated Licensing and Fees) (Amendment No. 4) Rules 2016 were made by the FSC Mauritius on 30 November 2016. These Rules amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to provide for processing and annual fees that are payable by licensees conducting Overseas Family Office (Single) and Overseas Family Office (Multiple).

Rules	Amendment / Purpose
Securities (Brokerage Fee for Government of Mauritius Securities and Bank of Mauritius Securities) (Amendment) Rules 2016	<p>Rule 3(4) of the Securities (Brokerage Fee for Government of Mauritius Securities and Bank of Mauritius Securities) Rules 2016 was amended for the Rules not to apply to the State and the Bank of Mauritius.</p> <p>The Securities (Brokerage Fee for Government of Mauritius Securities and Bank of Mauritius Securities) (Amendment) Rules 2016 came into force on 13 June 2016.</p>
Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings) (Amendment) Rules 2016	<p>The Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings) (Amendment) Rules 2016 were made by the FSC Mauritius on 25 March 2016. The purpose of the amendment is to reduce the brokerage fees imposed under the Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings) Rules 2013 on Exchange Traded Funds with debt securities as foreign underlyings.</p> <p>The amendment came into force on 04 April 2016.</p>
Financial Services (Exemption from Approval of Controllers and Beneficial Owners) Rules 2017	<p>The Financial Services (Exemption from Approval of Controllers and Beneficial Owners) Rules 2016 ('Exemption Rules') have been made under section 23(4) and section 93 of the FSA.</p> <p>Section 23(1) of the FSA provides that subject to subsection (1A), no shares, or any legal or beneficial interest in a licensee shall be issued or transferred except with the approval of the Commission.</p> <p>The Exemption Rules have been made so that the requirement to seek approval under section 23(1) shall not apply to the issue or transfer of the type of shares, legal or beneficial interest that do not carry voting rights.</p> <p>The Exemption Rules came into force on 21 January 2017.</p>
Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2017	<p>The Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2017 were made by the FSC Mauritius on 09 June 2017. These Rules amended the Financial Services (Consolidated Licensing and Fees) Rules 2008 to introduce a fee structure for processing and annual fees in relation to Protected Cell Companies conducting activities provided for under the Insurance Act 2005.</p>

Table 50: Amendments to Rules

### Amendments to Regulations

Regulations	Amendment / Purpose
Financial Services (Amendment of Schedule) Regulations 2016	<p>These Regulations were approved by the Minister on 20 September 2016 to amend Part I of the Second Schedule to the FSA, in order for Funeral Scheme Management to be listed as a financial business activity and to thus become a licensable activity.</p>

Regulations	Amendment / Purpose
Financial Services (Amendment of Schedule) (No.2) Regulations 2016	These Regulations were approved by the Minister on 14 November 2016 to amend Part I of the Second Schedule to the FSA, in order for Overseas Family Office (Multiple) and Overseas Family Office (Single) to be listed as financial business activities and thus become licensable activities.

Table 51: Amendments to Regulations

### Amendments to Code

Code	Amendment / Purpose
Amendments to the Code on the Prevention of Money Laundering and Terrorist Financing ('AML/CFT Code')	<p>Recommendation 1 of the FATF Recommendations provides for the assessment of risks and the application of a risk-based approach.</p> <p>The AML/CFT Code has been amended to include the Risk-Based Supervisory Framework as issued by the FATF (Guidance Note for a Risk-Based Approach) for an effective supervisory system with the aim to enhance the understanding of the relevant FATF requirements.</p>

Table 52: Amendments to Code

### Judgement

	Amendment / Purpose
Anderson Ross Consulting Limited v Financial Services Commission & The Financial Services Review Panel	The motion of Applicant was set aside by the Supreme Court since the Supreme Court was of the view that this Judicial Review case was taking too long.
First Global Funds Limited PCC & First Capital Management Limited v Financial Services Commission & The Government of Republic of Indonesia	<p>The Supreme Court upheld both preliminary objections raised by the Bank of Indonesia that it is immune from the jurisdiction of Mauritian Courts based on the doctrine of state immunity and that the Supreme Court of Mauritius is not the appropriate forum for the relief sought by the applicants.</p> <p>The FSC Mauritius moved to be put out of cause on the ground that there is no prayer against it and the present action is one between private parties. In response, the applicants merely relied on the objects and statutory role of the FSC Mauritius under the Financial Services Act 2007 to explain the rationale for entering this application against it. The Court found that these arguments are misconceived, the more so as this application did not disclose any allegation or prayer against the FSC Mauritius.</p> <p>The application was therefore dismissed.</p>

Table 53: Judgement

## APPENDICES

# APPENDIX 4

## LIST OF MMOUS / MOUS

### Multilateral Memorandum of Understanding ('MMoU')

SN	Institutions / Standard Setting Body	Office	Date of Signature
1	International Association of Insurance Supervisors ('IAIS')	Basel, Switzerland	23 December 2013
2	International Organization of Securities Commission ('IOSCO')	Madrid, Spain	16 May 2012
3	Southern African Development Community Committee of Insurance, Securities and Non-banking Financial Authorities ('SADC CISNA')	Financial Services Board, South Africa	03 April 2003

Table 54: List of MMoUs

### Memorandum of Understanding ('MoU')

#### Regional MoU

SN	Authority	Office	Date of Signature
1	IOSCO Africa Middle East Regional Committee	Securities and Exchange Commission, Nigeria	18 September 2013
2	South Asian Securities Regulators Forum		13 May 2005

Table 55: List of Regional MoUs

#### International Authorities

SN	Authority	Office	Date of Signature
1	Capital Market Development Authority	Maldives	16 January 2013
2	Securities and Exchange Commission	Nigeria	19 May 2012
3	Non-Bank Financial Institutions Regulatory Authority	Botswana	19 April 2012
4	Capital Markets Authority	Kenya	23 February 2012
5	Central Bank of Lesotho	Lesotho	13 October 2005
6	Reserve Bank of Malawi	Malawi	15 April 2005

SN	Authority	Office	Date of Signature
7	Securities and Exchange Commission	Zambia	01 April 2004
8	Insurance Supervisory Department	Tanzania	01 April 2004
9	Namibia Financial Institutions Supervisory Authority	Namibia	01 April 2004
10	Capital Markets Authority	Uganda	01 April 2004
11	Pensions and Insurance Authority	Zambia	01 April 2004
12	Financial Services Board	South Africa	30 October 2003
13	Comissão do Mercado de Capitais ('CMC')	Angola	29 September 2014
14	Financial Services Authority	Seychelles	03 March 2016
15	Financial Services Regulatory Authority	Swaziland	31 March 2016
16	Securities and Exchange Board of India	India	12 December 2002
17	Financial Services Authority	Malta	13 January 2004
18	Financial Services Authority	Isle of Man	18 November 2004
19	Financial Services Commission	Jersey	26 December 2005
20	Financial Services Commission	Guernsey	11 November 2009
21	Financial Services Authority	Labuan	23 April 2010
22	Cyprus Securities and Exchange Commission	Cyprus	04 September 2012
23	The National Stock Exchange of India Limited	India	03 September 2015
24	Financial Services Authority	Dubai	01 October 2015
25	Capital Markets & Securities Authority	Tanzania	16 June 2016
26	Financial Services Regulatory Authority	Abu Dhabi	19 December 2016

Table 56: List of MoUs with International Authorities

**Local Authorities**

SN	Authority	Date of Signature
1	Bank of Mauritius	05 December 2002
2	Financial Intelligence Unit	18 June 2004
3	Mauritius Revenue Authority	03 June 2010
4	Competition Commission Mauritius	11 November 2011
5	Financial Reporting Council	10 April 2012
6	Statistics Mauritius	09 February 2012
7	Corporate And Business Registration Department	01 December 2016

Table 57: List of MoUs with Local Authorities

MoUs concerning consultation, cooperation and Exchange of Information related to the supervision of Alternative Investment Fund Managers Directive entities. As at date, FSC Mauritius signed with 25 institutions. Details as follows:

**MoUs (relating to the supervision of AIFMD entities) with European Union (EU) Member States Securities Regulators**

SN	Authority	Country	Date of Signature
1.	Financial Services and Markets Authority	Belgium	22 July 2013
2.	Financial Supervision Commission	Bulgaria	22 July 2013
3.	Cyprus Securities and Exchange Commission	Cyprus	22 July 2013
4.	Czech National Bank	Czech Republic	22 July 2013
5.	Finanstilsynet	Denmark	22 July 2013
6.	Estonian Financial Supervision Authority	Estonia	22 July 2013
7.	Hellenic Capital Market Commission	Greece	22 July 2013
8.	Pénzügyi Szervezetek Állami Felügyelete	Hungary	22 July 2013
9.	Central Bank of Ireland	Ireland	22 July 2013

SN	Authority	Country	Date of Signature
10.	Finanšu un kapitāla tirgus komisija	Latvia	22 July 2013
11.	Bank of Lithuania	Lithuania	22 July 2013
12.	Commission de Surveillance du Secteur Financier	Luxembourg	22 July 2013
13.	Malta Financial Services Authority	Malta	22 July 2013
14.	Authoriteit Financiële Markten	The Netherlands	22 July 2013
15.	Polish Financial Supervision Authority	Poland	22 July 2013
16.	Comissão do Mercado de Valores Mobiliários	Portugal	22 July 2013
17.	Romanian Financial Supervisory Authority	Romania	22 July 2013
18.	Národná banka Slovenska	Slovak Republic	22 July 2013
19.	Finansinspektionen	Sweden	22 July 2013
20.	Financial Conduct Authority	United Kingdom	22 July 2013
21.	Autorité des Marchés Financiers	France	19 September 2014

Table 58: List of MoUs (relating to the supervision of AIFMD entities) with International Authorities

SN	Institutions / Standard Setting Body	Country	Date of Signature
1	Fjármálaeftirlitið	Iceland	22 July 2013
2	Finanzmarktaufsicht	Liechtenstein	22 July 2013
3	Finanstilsynet	Norway	22 July 2013

Table 59: MoUs (relating to the supervision of AIFMD entities) with European Economic Area (EEA) Securities Regulators

SN	Authority	Country	Date of Signature
1	Financial Services Commission	Gibraltar	22 July 2014

Table 60: MoUs (relating to the supervision of AIFMD entities) with Other Securities Regulators

## APPENDICES

# APPENDIX 5

## LIST OF OVERSEAS MISSIONS (MEETINGS, CONFERENCES, TRAINING)

Date	Theme	Country	Officers	Position
31 January – 05 February 2016	Round of Negotiations on Trade in Services Agreement ('TiSA') on Financial Services	Geneva	HURDOWAR Khemalini	Head - Legal
04 – 08 April 2016	36th Bi-Annual Committee of Insurance, Securities and Non-banking Financial Authorities ('CISNA') Meeting	Zambia	SEEWOSUNKUR Prakash	Head – Pensions
			BOOLAKY Saoud	Senior Examiner – Capital Markets
05 – 07 April 2016	Seminar on Insurance Groups, Global Systemically Important Insurers and Resolution	Switzerland	RAMPERSAD Neetish	Lead Examiner – Insurance
			LALLMAHOMED Ahmad	Lead Examiner – Insurance
10 April 2016	16th Round of TISA Negotiations on Financial Services	Geneva	HURDOWAR Khemalini	Head – Legal
18 – 22 April 2016	Course on Strengthening Democratic Institutions in Public Management	Kenya	GUJJALU Sabrina	Manager – Capital Markets
08 – 12 May 2016	41st International Organisation of Securities Commissions ('IOSCO') Annual Conference	Peru	HURDOWAR Jasraj	Head – Capital Markets
15 – 17 May 2016	Study Tour to Dubai Financial Services Authority ('DFSA')	Dubai	MOOLNA Kawthar Cassam	Examiner – Capital Markets
			SAHYE Yonesha	Team Leader – Enforcement
			JANKEE Ghanish	Examiner – Capital Markets
23 – 27 May 2016	Southern African Development Community ('SADC') Trade Negotiating Forum on Services	South Africa	HURDOWAR Khemalini	Head – Legal
29 May – 02 June 2016	Round of Negotiations on Trade in Services Agreement ('TiSA') on Financial Services	Geneva	HURDOWAR Khemalini	Head – Legal

Date	Theme	Country	Officers	Position
06 June – 09 June 2016	Joint Organisation for Economic Co-operation and Development ('OECD') Working Group on Private Pensions and International Organisation of Pension Supervisors ('IOPS') Meeting and Seminar	Paris	DULLOO Trisha	Lead Examiner – Pensions
26 June – 07 July 2016	Small Countries Financial Management Programme	UK	LOUIS Charlene	Head – Global Business
14 – 16 July 2016	Round of Negotiations on Trade in Services Agreement ('TiSA') on Financial Services	Geneva	HURDOWAR Khemalini	Head – Legal
22 – 25 August 2016	Supervisory Colleges of Major South African Insurance Group	South Africa	BHOYROO Safwana	Senior Examiner – Insurance
			BOOLAKY Nasreen	Senior Examiner – Insurance
28 August – 02 September 2016	16th Eastern and Southern Africa Anti-Money Laundering Group ('ESAAMLG') Council of Ministers Meeting, the 32nd ESAAMLG Task Force of the Senior Officials Meeting and the 3rd Sub-Sahara Africa AML/CFT Public Private Sector Dialogue	South Africa	JOMADAR Bhushan	Senior Analyst – Legal
19 – 23 September 2016	28th meeting of the SADC Trade Negotiations Forum Services	South Africa	HURDOWAR Khemalini	Head – Legal
29 – 30 September 2016	Conference on Consumer Financial Education: Challenges, Trends and Measures of Success in Supporting Financial Inclusion in Sub-Saharan Africa	South Africa	BALLAM Gamal Addel Hussein	Head – Insurance
26 – 28 October 2016	37th Bi-Annual Committee of Insurance, Securities and Non-banking Financial Authorities ('CISNA') Meeting	Lesotho	APPAVOO Rinasha	Examiner – Capital Markets
			RAMAH Rubyna	Senior Analyst – Executive Office
15 – 16 November 2016	5th African Financial Markets Initiative ('AFMI') Workshop	Côte d'Ivoire	RAMASAWMY Deerajen	Head – FSERS

Date	Theme	Country	Officers	Position
14 – 15 February 2017	38th International Organisation of Securities Commissions ('IOSCO') Africa/Middle-East Regional Committee ('AMERC') Meeting	Abu Dhabi	RAMAH Rubyna	Senior Analyst – Executive Office
28 February 2017	Capacity Building Forum on Online Forex Trading	Nairobi	VARDIN Warren	Manager – Licensing
17 – 21 April 2017	Eastern and Southern Africa Anti-Money Laundering Group ('ESAAMLG') Training of Assessors	South Korea	JOMADAR Bhushan	Senior Analyst – Legal
18 – 29 June 2017	Small Countries Financial Management Programme	Isle of Man UK	SAHYE Yonesha	Team Leader – Enforcement
19 – 21 June 2017	Joint International Organisation of Pension Supervisors ('IOPS') / Organisation for Economic Co-operation and Development ('OECD') Working Party on Private Pensions and Meeting and Research Seminar	Paris	ANGAD Bhavish	Senior Examiner – Pensions
			NEETOO Ben Shaminah	Head – Executive Office

Table 61: List of Overseas Missions

## APPENDICES

# APPENDIX 6

## CAPACITY BUILDING

Date	Theme	No of Participants
19 – 20 January 2016	Seminar: Occupational Safety and Health	1
26 January 2016	International Customs Day	1
13 February 2016	Tax Seminar: International Tax Developments – Is Tax Planning Dead?	1
22 February 2016	CPD Course: Income Tax / VAT	1
24 February 2016	Talk on "How can the Civil Service be a facilitator of Innovation for Mauritius?"	3
24 February 2016	CPD Course: Cloud computing & legal challenges	1
25 February 2016	Seminar: Financial Risks – Challenges and Solutions in the Offshore Industry	1
22 – 23 February 2016	Financial Crime Prevention Compliance course	2
01 March 2016	CPD Course: 'Les infractions contre les biens (Vol, escroquerie, abus de confiance, recel'	1
04 March 2016	Workshop: Enhancing Domestic AML/CFT Cooperation	1
16 March 2016	Workshop: Effective Auditing	1
21 – 24 March 2016	Workshop: GLACY (Global Action against Cybercrime) project	1
24 March 2016	Training: Online Submission on STR on goAML Web Application	7
31 March 2016	Seminar: Getting on board the cloud wave with EIS	1
31 March 2016	Data Controllers Sensitization Workshop	1
07 April 2016	Seminar: 'Is Mauritius ready for BEPS?"	6
19 April 2016	CPD Course: Ethics	3
27 April 2016	CPD Course: The application of international human rights norms by domestic courts	2
27 April 2016	Workshop: Human Rights	1

Date	Theme	No of Participants
29 April 2016	CPD Course: International Intellectual Property	2
06 May 2016	Budget Exercise 2016-2017: Workshop on Digital Economy	1
08 – 11 May 2016	23 <sup>rd</sup> / 24 <sup>th</sup> International Council for Commercial Arbitration (ICCA) Congress on 'International Arbitration and the Rule of Law: Contribution and Conformity	2
17 – 18 May 2016	World Telecommunication and Information Society Day ('WTISD').	1
19 – 20 May 2016	10 <sup>th</sup> Asia / Africa International Fiscal Association (IFA) Conference 2016	2
31 May 2016	Workshop: Sustainable Development Goals	1
24 June 2016	Workshop under GLACY project	2
05 July 2016	Seminar: Factors influencing the adoption of e-Government services' project	1
27 – 28 July 2016	Self-Assessment for Cycle II of the Implementation Review Mechanism on Chapter II of United Nations Convention against Corruption	2
09 August 2016	Bloomberg Seminar	2
11 August 2016	CIO Networking day 2016	1
17 – 18 August 2016	Pre Mutual Evaluation workshop for Mauritius	2
12 – 13 September 2016	Meeting on Resumption of Talks on Comprehensive Economic Cooperation Partnership Agreement ('CECPA') / Preferential Trade Agreement ('PTA') between Mauritius and India	1
14 September 2016	Workshop: Pension Funds	2
15 September 2016	Blockchain technology seminar	1
16 September 2016	Blockchain technology seminar	6
29 September 2016	Freeport Workshop	1
11 October 2016	Oracle SaaS Day	1
14 October 2016	Conference: World Standards Day 2016	1
25 October 2016	Workshop: Insurance Risk Management Framework & ORSA	1
07 November 2016	Seminar: The use of Futures Markets to reduce Portfolio Volatility	2

Date	Theme	No of Participants
04 November 2016	Workshop: XBRL Solution for online filing of financial statements	1
15 November 2016	Consultative workshop: Trade in Services Agreement (TISA)	1
16 November 2016	CPD Course: An Update on the Mauritius International Financial Sector	1
18 November 2016	CPD Course: Ethics Course	1
18 November 2016	Workshop on 2016 African Statistics Day ('ASD') 'Strengthening economic statistics for regional integration, structural transformation and sustainable development'	1
24 November 2016	Workshop: Making Factoring Work for Africa: Understanding and Adapting the Principles and Practice	1
30 November 2016	Cyber Security Conference	1
08 December 2016	Workshop on 'The Use of ICTs to enhance a Culture of Transparency'	1
11 January 2017	Seminar: Human Capital Capabilities Transformation leading to the success of Vision 2030	1
18 - 20 January 2017	National Risk Assessment ('NRA') Workshop	13
25 January 2017	UK-Mauritius Fintech Conference 2017	1
30 January 2017	World Customs Organization Train the Trainer Workshop 2017 on Integrity & Ethics	1
15 February 2017	Presentation: Changes to Audit Reporting and recent changes to International Standards on Auditing ('ISAs')	2
22 February 2017	CPD Course – An overview of the Privy Council, its Rules of Procedure and Practice Direction ('DVC')	1
06 March 2017	Women Anti-Corruption Forum	1
06 - 07 March 2017	Workshop: Developing a Risk Based Approach to Financial Crime Compliance	1
07 March 2017	Workshop: Luxembourg Rail Protocol	1
14 March 2017	Mauritius IFC Consultative Workshop	1
16 March 2017	Workshop: Mauritius Code of Corporate Governance	1
19 March 2017	Juristconsult Breakfast Seminar on Common Reporting Standard ('CRS')	2
20 – 22 March 2017	Mutual Recognition Agreements ('MRAs') for Accountancy Services	1
03 April 2017	CPD Course: Floating and Fixed Charges	1

Date	Theme	No of Participants
05 – 06 April 2017	eGov Conference	1
06 April 2017	Seminar: The Monetary Policy of Mauritius	1
10 April 2017	HR Forum: How to hire the right people	1
11 April 2017	Round Table: Securing the Modern Enterprise	2
11 April 2017	Training: Citizen Support Portal	1
19 April 2017	Symposium: Enhancing Mauritius-China Relations	1
20 April 2017	Pre-Budget Round Table Discussion	1
9 May 2017	CPD Course: Professional Etiquette	1
09 – 10 May 2017	Workshop: Mutual Recognition Agreements of Professionals	2
10 – 11 May 2017	Workshop on Open Source for Enterprises – Licensing, Standards and Legal issues	1
12 May 2017	2 <sup>nd</sup> Continental Free Trade Area ('CFTA') Technical Working group (TWGs)	1
16 – 17 May 2017	Seminar on Occupational Safety and Health	1
18 – 19 May 2017	International Fiscal Association ('IFA') 11th Asia / Africa Conference 2017	3
23 May 2017	CPD Course: A practical Overview of Cybercrime In Mauritius	1
24 May 2017	CPD Course: Recent Developments in Anti-Bribery Laws / Expert Evidence in criminal trials	1
25 May 2017	CPD Course: Empowering the recovery of corrupt assets	1
25 May 2017	Training session – Online Citizen Support Portal	1
05 – 16 June 2017	Economic Issues in Regional Integration	1
21 June 2017	Implementation of the New Code of Corporate Governance in Mauritius	2
21 June 2017	Focus Group on Financial Education	1

Table 62: Local Trainings, Conferences, Seminars, Workshops, Talks and Meetings

Date	Topic	No of Participants
20 January 2016	Training: Procurement and Bid Evaluation Process	5
21 January 2016	International Association of Insurance Supervisors ('IAIS') / Access to Insurance Initiative (A2ii) Consultation Call: Regulatory Incentives for Insurance Market Development	4
22 January 2016	Seminar: Base Erosion and Profit Shifting ('BEPS')	50
25 – 26 February 2016	36 <sup>th</sup> International Organization of Securities Commissions (IOSCO) / Africa / Middle-East Regional Committee ('AMERC') meeting	5
26 February 2016	IOSOC / AMERC Conference: Market Integration As Panacea To Regional And Global Economic Development	51
05 March 2016	Lift Rescue Training	5
28 – 31 March 2016	Training: FSC Online Data Capture System	68
31 March 2016	IAIS-A2ii Consultation Call: Proportionate approaches to the supervision of intermediaries	5
01 April 2016	Refresher Course on First Aid	10
06 April 2016	Workshop: Introduction to Organizational Effectiveness	15
29 April 2016	Presentation: Financial Crime Prevention Compliance	20
03 May 2016	Seminar: Credit Risk Analysis for Capital Market Instruments	50
11 May 2016	Webinar: 'India Mauritius Tax Treaty Amended (Capital Gains Tax Benefit under Mauritius / Singapore treaties fall away): Impact on India Focused Funds and Investment Structures'	6
18 May 2016	Workshop: Personal Financial Planning	15
19 May 2016	IAIS-A2ii Consultation Call on "Regulatory Definition of Microinsurance II"	5
02 June 2016	Training: Protocole Mauritius – India DTAA	120
17 June 2016	Training: goAML Web Application	10
21 June 2016	Presentation: Risk Based Supervision	60
22 June 2016	Presentation: Policyholder Protection Scheme	100
11 – 15 July 2016	Familiarisation and Training programme	5

Date	Topic	No of Participants
21 July 2016	AIS-A2ii Consultation Call on Experiences in implementing regulatory frameworks for inclusive insurance	3
21 July 2016	Training: Protocole Mauritius – India Double Taxation Avoidance Agreement ('DTAA')	70
09 August 2016	Training: Taxation of Global Business Companies	62
10 August – 30 November 2016	Financial Stability Institute ('FSI') / International Association of Insurance Supervisors ('IAIS') Regulatory and Supervisory Training for Insurance Supervisors	4
11 August 2016	Bloomberg Seminar	85
01 September 2016	Training: Pay As You Earn ('PAYE')	100
08 September 2016	Training: Taxation principles	85
15 September 2016	Training: Taxation of Corporate Structures	50
29 September 2016	Training: Transparency and exchange of Information – Session 01	40
06 October 2016	Training: Transparency and exchange of Information – Session 02	20
06 October 2016	Workshop: Update on Directors' Duties and Liabilities	10
14 October 2016	Presentation: Captives	120
18 October 2016	Webinar CPD skills webinar: Professional Ethics	5
03 November 2016	Training: Tax Treaties	30
04 November 2016	Presentation: Anti-Corruption Framework	25
11 November 2016	Toronto Centre Webinar: Climate Risk and its implication for Financial Stability	17
11 November 2016	Training Session: Fire Fighting	25
16 November 2016	Seminar: Blockchain Technology	32
18 November 2016	Workshop: Issues and Challenges impacting the Mauritius International Financial Centre	30
24 November 2016	ICSA Talk: Citizenship	30
03 March 2017	Workshop: Fraud and Corruption	35
14 March 2017	Presentation: Changing Landscape-Adapt: Value, Dividend, Growth Beyond the Treaty, Recognition of the strengths	39

Date	Topic	No of Participants
30 March 2017	Training: Introduction to Base Erosion and Profit Shifting ('BEPS')	30
31 March 2017	Webinar: FinTech: A Driving Force for Financial Inclusion	25
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06 April 2017	Latest Development in BEPS	30

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# LIST OF ACRONYMS AND ABBREVIATIONS

A2ii	– Access to Insurance Initiative
AER	– Administration and Enterprise Risk
AFS	– Audited Financial Statements
AIFMD	– Alternative Investment Fund Managers Directive
AMERC	– Africa / Middle-East Regional Committee
AML/CFT	– Anti-Money Laundering and Combating the Financing of Terrorism
BCM	– Business Continuity Management
BEPS	– Base Erosion and Profit Shifting
BoP	– Balance of Payments
CBRD	– Corporate Business Registration Department
CDIS	– Coordinated Direct Investment Survey
CDS	– Central Depository & Settlement Co. Ltd
CEF	– Closed-End Funds
CIS	– Collective Investment Schemes
CISNA	– Committee of Insurance, Securities and Non-banking financial Authorities
CPIS	– Coordinated Portfolio Investment Survey
CRS	– Common Reporting Standards
CSC	– Citizen Support Centre
CT	– Corporate Trustees
DEM	– Development & Enterprise Market
DFSA	– Dubai Financial Services Authority
DR	– Disaster Recovery
EDMS	– Electronic Document Management System
ERP	– Enterprise Resource Planning
ESAAMLG	– Eastern and Southern Africa Anti-Money Laundering Group
ESMA	– European Securities Markets Authority
ESS	– Employee Self Service
EU	– European Union
FAS	– Financial Access Survey
FATCA	– Foreign Account Tax Compliance Act
FDI	– Foreign Direct Investment
FLiF	– Financial Literacy in Focus
FSA	– Financial Services Act 2007
FSB	– Financial Stability Board
FSC Mauritius	– Financial Services Commission, Mauritius
FSPA	– Financial Services Promotion Agency
FSR	– Financial Stability Report
GBC1	– Category 1 Global Business Company
GBC2	– Category 2 Global Business Company

GBC – Global Business Category  
GDP – Gross Domestic Product  
HR – Human Resources  
IA – Insurance Act 2005  
IAIS – International Association of Insurance Supervisors  
IAS – International Accounting Standards  
IASB – International Accounting Standards Board  
IFC – International Financial Centre  
IFREFI – Institut Francophone de la Régulation Financière  
IFRS – International Financial Reporting Standards  
IMF – International Monetary Fund  
IOPS – International Organisation of Pension Supervisors  
IOSCO – International Organization of Securities Commissions  
ISO – International Standards Organisation  
IT – Information Technology  
LLP – Limited Liability Partnership  
MACOSS – Mauritius Council of Social Service  
MC – Management Companies  
MCSP – Managed Corporate Service Providers  
MFS – Monetary and Financial Statistics  
MMoU – Multilateral Memorandum of Understanding  
MoU – Memorandum of Understanding  
MUR – Mauritian Rupees  
ODCS – Online Data Capture System  
OECD – Organisation for Economic Co-operation and Development  
OSP – Online Submissions Platform  
PCC – Protective Cell Companies  
PPO – Procurement Policy Office  
PPSA – Private Pension Schemes Act 2012  
RBS – Risk Based Supervision  
RIs – Reporting Issuers  
SA – Securities Act 2005  
SADC – Southern African Development Community  
SDDS – Special Data Dissemination Standard  
SEM – Stock Exchange of Mauritius Ltd.  
SSC – Surveillance Sub-Committee  
TRC – Tax Residence Certificate  
USD – US Dollars  
WG – Working Group  
YTC – Young Talent Competition



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