Keynote Address of the Chief Executive of the Financial Services Commission at the STEP Mauritius Conference 2019

Hilton Mauritius Resort, Mauritius

04 April 2019

The Worldwide Chair of STEP

The Chairperson of STEP Mauritius

Captains of the Industry

Distinguished Participants

Members of the Press

Ladies and Gentlemen

All Protocols Observed

A very Good Morning to you all.
It is a great pleasure for me to address you as we open this year’s edition of the STEP Conference. I wish to commend STEP Mauritius for continuously bringing to us, on a very regular basis, such interesting topics of relevance to our industry. I also understand that we are joined by a number of foreign delegates and resource persons, and I wish you all a warm welcome to Mauritius. Your mere presence here today reflects the on-going confidence and trust that you have in our jurisdiction.

Ladies and Gentlemen,

This conference comes at a very opportune time when we have already embarked on the redesign of the future of the Mauritius International Financial Centre (IFC). As many of you are aware, the Blueprint exercise that was completed last year and discussed during the FSC’s Mauritius IFC Forward-Looking Conference in September 2018, which has identified three strategic pillars being key drivers of the growth of our Financial Centre, with the objective of doubling the size of the IFC’s contribution to the Mauritian GDP over the years to come.

One of these core pillars is Private Banking and Wealth Management. And there is a direct relation between Wealth Management and the role that STEP, not only in Mauritius, plays as the world-leading state planning and trust practitioners
association. The consultants on the Blueprint exercise estimated private banking and wealth management as the third-largest segment of the Mauritius IFC, with a banking revenue pool of more than USD 94m; an estimated AUM of USD 8.2bn and approximately 300 full-time employment. The Blueprint also identified private banking and wealth management as accounting for approximately 5% of the current Mauritius IFC’s contribution to the economy.

As we look forward to the consolidation of, and further nurturing of wealth management activities in Mauritius, it is crucial that we have the necessary accompanying and enabling regulatory environment. We are conscious that timeliness of actions and response times are critical factors in ensuring the good functioning of this high-potential segment of our industry. It is with in this focus, that at the level of the FSC, we have embarked since last year on a redesign of our authorisation, licensing and supervision functions. With this in mind and in view of ensuring regulation conducive to seamless customer experience and improving efficiency, we are continuously consolidating the human capacity and the talent pool at the level of the Commission.

Ladies and Gentlemen,
While we strengthen our team to deliver on high quality service standards in line with industry expectations and to remain competitive as a jurisdiction, it is also important that we improve turn-around time for applications that are under process at the Commission. In this respect, the Commission has reviewed its internal processes to deliver in a more timely manner while maintaining a risk-based approach. I am therefore pleased to announce the imminent communication of indicative turn-around times on applications. For instance, henceforth the FSC will process a plain-vanilla Global Business Corporation application within 4 days; an Authorised Company application within 2 days; and applications for a CIS/Fund, CIS Manager and Investment Advisor within 60 days. This, of course, is on the assumption that applications received at the Commission are complete, and filed in the appropriate format – it is only then that the clock starts ticking. It certainly goes without saying that fundamentals like KYC, CDD and AML/CFT features, as well as, substance requirements in line with provisions of the law will not be overlooked in this process.

Ladies and Gentlemen,

In the quest for Mauritius to remain a competitive jurisdiction, it is important that our product offering is continuously revisited, revamped and adapted in the financial and business world of unprecedented change. It is, in this very respect, that the FSC
has set up eight key Task Forces comprising representatives of the Sector and other Stakeholders. One of the Task Forces is dedicated to Wealth Management. I am particularly pleased with the speed with which the said Task Force is functioning. I am told that this Task Force has already met on three occasions within the past weeks and is looking at submitting its report to me by next week.

In the same context, the FSC has now completed the regulatory framework for single and multiple Family Offices while taking into account the success factors in other competing jurisdictions. We are opening the draft regulatory framework on Family Offices for consultations as from next Monday. I look forward to receiving your active comments and recommendations as we are looking at finalising the regulatory framework for family offices by the end of this month itself, in view of giving a new thrust to the wealth management segment of activities.

Ladies and Gentlemen,

I have noted that the programme of today and tomorrow that there is a fair share of coverage on the advent of disruptive technologies. As you are aware, the FSC has fully embraced a strategy for financial technology and innovation-driven financial services following the submissions of the Regulatory Committee last year. It certainly goes without saying that disruptive technologies represent both a
formidable opportunity but equally an interesting challenge not only for regulators, but also for industry players.

Elements of cyber-security cannot be ignored in this fast changing environment. As such, you, as Licensees of the Commission, have the duty to ensure the most appropriate mechanisms are in place to mitigate any exposure to cyber-attacks. I would like to draw your attention to the Circular Letter that the FSC issued last year on IT Audits. As we draw to the conclusion of the financial year, I am looking forward to receiving your respective IT Audit reports. In addition, I would also urge each and every one of you to put in place systems of double or triple checking when processing payment requests from your clients. We have recently been subject to phishing scams and the industry has to be on its guards. We will in due course be introducing minimum practices in this regards as well.

Ladies and Gentlemen,

As an innovative and forward-looking Regulator and jurisdiction, we have already announced a number of key measures and new licences in the recent past in the Fintech and Digital-Assets Space. I am pleased to announce today that on Monday we will issue a Guidance Note on Securities Token Offerings (STOs) with an interpretation under the Securities Act. In addition, within this month, we will spell
out the procedures for the authorisation and operation of Digital Asset Market Places in Mauritius.

Ladies and Gentlemen,

As you are aware, following the publication of the Mutual Evaluation Report of Mauritius, our jurisdiction has made considerable progress to implement its recommendations. The National Risk Assessment has progressed significantly and the draft report is currently under review by the World Bank. A three-day validation workshop will be held in May 2019 in collaboration with the World Bank and the NRA Sector team including representatives of the private sector who are members of the team. As part of the national outreach, an awareness raising workshop on Non-Profit Organisation (NPO) was conducted by the Ministry of Financial Services and Good Governance in collaboration with the United Nations Office on Counter-Terrorism in February this year, covering amongst others, the important functions of qualified trustees under our Trust Act.

As part of the ESAAMLG follow up process, Mauritius has submitted an application for technical compliance re-rating of 12 FATF Recommendations. The application for re-rating was supported by the amendments brought to the Financial Intelligence and Anti-Money Laundering (FIAMLA) Act, the Bank of Mauritius Act, the
Banking Act and the Customs Act by the Finance Act 2018 and the promulgation of the Financial Intelligence and Anti-Money Laundering Regulations 2018. In the same line, the FSC is revisiting its AML/CFT Code and working sessions will be organised in the near future on the subject.

Ladies and Gentlemen,

Finally, the theme of this year’s conference "Stepping up in a world of unprecedented change" could not be more timely. We are in the midst of experiencing unprecedented changes in respect of the role of financial centres like Mauritius. As we continue to adhere to the best international standards and practices, it means that our operators also need to adapt quickly, and up their game, to ensure their long-term sustainability. It is in this respect, and further to the announcement made in the last Budget, that the FSC has worked out a new framework for Management Companies and for Trust and Corporate Service Providers. The draft framework will be tabled to the FSC Task Force on “Cross Border Investment, Global Business and Tax” for due consideration, prior to opening it for stakeholders’ consultations in May 2019. This new framework aims at introducing the necessary mechanisms that will further accompany Service Providers in delivering on their duties and responsibilities in line with the provisions of the law and the on-going expectations from regulatory, compliance and anti-money laundering perspectives. It is important
to note that all these initiatives being undertaken by the FSC are the results of close work and collaboration with relevant stakeholders. The FSC will continue, as a forward-looking regulator, to work in close collaboration with industry operators and other concerned parties in view of finding the best avenues for ensuring regulatory certainty in our jurisdiction.

With these words, Ladies and Gentlemen, I wish you all a very successful conference and look forward to the deliberations of the panel discussions.

I am very pleased to declare the Conference open.

Thank you for your attention.

Harvesh Seegolam

FSC Chief Executive

Thursday 04 April 2019, Hilton Mauritius Resort