

Financial Services Commission, Mauritius
FSC House
54 Cybercity, Ebene
Republic of Mauritius
Tel: +230 403 7000
Fax: +230 467 7172
Email: fscmauritius@intnet.mu
www.fscmauritius.org



**Annual Report
2017-2018**

TABLE OF CONTENTS

CONTENTS

Chairperson's Statement	3
Statement of the Chief Executive	7
The Financial Services Commission, Mauritius	12
The Governance Structure	13
The Board of the FSC Mauritius	14
Board Members Profiles	15
FSC Board Committees	19
The Chief Executive	21
Internal Structure	22
The Leadership Team	24
Strategic Plan 2017 – 2020	29
Operating Environment	35
Global Regulatory Trends	37
Overview of Sectors	39
Capital Markets	41
Investment Funds	43
Other Non-Bank Financial Institutions	44
Insurance	45
Pensions	49
Global Business	50
Authorisation	52
Capital Markets	52
Investment Funds	53
Other Non-Bank Financial Institutions	53
Insurance	54
Pensions	54
Global Business	54
Supervision Framework	55
Capital Markets	57
Investment Funds	61
Other Non-Bank Financial Institutions	63
Insurance	63
Pensions	65
Global Business	67
Legal and Regulatory Developments	69
Changes to Legislation	71
The Fintech and Innovation-Driven Financial Services Regulatory Committee	72
The National Regulatory Sandbox Licence Committee	73
Enforcement	75
AML/CFT	79
National Risk Assessment (NRA)	81
Amendment to the FSC AML/CFT Code	81
Financial Literacy and Consumer Protection	83
Financial Stability and Statistics	89
Stakeholder Relations	95
Strengthening Stakeholder Relations	97
Communications	99
Corporate Service	103
Administration and Enterprise Risk	105
Information Technology	106
Human Resources	108
Statistics - Year Highlights	111
Financial Highlights	115
Income Review	115
Expenses Review	116
Re-measurement of defined benefit obligation	116
Contribution to Consolidated Fund	116
Report of the Audit and Risk Committee	121
Report of the Corporate Governance Committee	123
Board's Report 2018	137
Independent Auditor's Report	138
STATEMENT OF FINANCIAL POSITION	145
STATEMENT OF FINANCIAL PERFORMANCE	146
STATEMENT OF CHANGES IN FUNDS	147
STATEMENT OF CASH FLOWS	148
NOTES TO THE FINANCIAL STATEMENTS	149
APPENDICES	189
Appendix 1: Markets Trends in Securities	190
Appendix 2: Trends in Insurance	194
General Overview	194
Long Term Insurance Business	194
General Insurance Business	195
Appendix 3: MEMORANDUM OF UNDERSTANDING	198
Appendix 4: CAPACITY BUILDING	202
Appendix 5: C Press Releases & Communiqués	209
LIST OF TABLES	211
LIST OF CHARTS AND FIGURES	213
LIST OF ACRONYMS AND ABBREVIATIONS	214

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



CHAIRPERSON'S STATEMENT



CHAIRPERSON'S STATEMENT



STATEMENT OF CHAIRPERSON

I am pleased, as Chairperson of the Financial Services Commission, Mauritius ('FSC') to present, on behalf of the Board of Directors, the Annual Report of the FSC for the period 01 July 2017 to 30 June 2018.

The year under review has been one of significant achievements and remarkable progress both for the Mauritius International Financial Centre ('IFC') and for the FSC as the non-bank financial services regulator as we continue our endeavour to chart new growth directions in order to consolidate Mauritius' position and reputation as a strong, vibrant and innovative jurisdiction.

Indeed, with the transformations taking place internationally in the economic landscape, and which are driving change in our own jurisdiction, we have felt the need to shift away from traditional approaches which are unsustainable in the longer term. We cannot remain complacent with past achievements if we are to enhance our attractiveness as an IFC.

I am accordingly proud to announce that, during the year under review, we have embarked upon and brought to fruition a number of flagship projects.

As announced in last year's Budget Speech, a Blueprint mapping out key strategies for the Mauritius IFC for the next 10 years has been elaborated. Mr James Shipton from Harvard University was appointed as the project consultant and was tasked with leading discussions on the strategic direction to be adopted by the Mauritius IFC. Thereafter, the FSC enlisted the help of McKinsey & Company to produce the Blueprint as well as an action plan for the implementation of the recommendations of the Blueprint. I am pleased to report that work to implement the Blueprint has already started, and I would here like to place on record my appreciation of the close cooperation between the FSC and private sector operators during the project. It is my fervent hope that this collaborative approach will endure and will carry over into the implementation phase of the project.

Another leading initiative catalysed by the FSC is the Fintech project. The Government envisions that innovation and technology will be key drivers in the next developmental stage of the Mauritian economy. To harvest the opportunities that will be thereby created, the FSC facilitated the establishment of the Fintech and Innovation-Driven Financial Services Regulatory Committee at the beginning of 2018. This was the first step of the journey towards building an open and transparent ecosystem for the development of Fintech in Mauritius, and it is my pleasure to announce that the FSC is already implementing the recommendations of the Committee. One such initiative is the recognition of digital assets as an asset class for investment by sophisticated and expert investors. Moreover, new licensable activities, namely Custodian of Digital Assets and Digital Asset Marketplace, have been created. The aim of the FSC is to create vast openings for Mauritius to become a Fintech hub in the region. Once more, I trust that the industry and other relevant stakeholders will work in tandem with the FSC to ensure that the regulatory settings are right, as we all have a common interest in seeing the successful implementation of this initiative.

In parallel, Mauritius was under pressure internationally with regards to its global business regime. Aspects of the Mauritius' cross-border investment framework were deemed to be harmful tax practices by the Forum on Harmful Tax Practices and the European Union. Moreover, amendments to the India Double Taxation Agreement shifted the test for taxation on disposal of shares in Indian companies to a source-based approach, making them taxable in India and leading to a drop in investment into India from Mauritius. The Mauritian global business regime was also subject to developments internationally.

Faced with such developments, it became essential for Mauritius to reform its global business sector so as to maintain a business environment which meets international standards. In this respect, momentous changes were brought to the global business

regime. Chief among these changes was the abolition of the Category 2 Global Business Licence and the introduction of Authorised Companies. Additional substance requirements have also been embedded in the provisions of the Financial Services Act for Global Business Corporations. I have no doubt that these reforms will go quite some way to make the global business sector more resilient as well as compliant with international standards. The spin-off effects of these reforms are also non-negligible, be it the generation of value-added business activities in Mauritius and the upskilling and employability of human capital.

With a new ten-year strategic vision to follow, a more innovation-fuelled sector to regulate, and more stringent international norms to meet, the FSC is being called upon to play a much more forward-looking and dynamic role while also striking the right balance between innovation and regulation. It is in this perspective that the FSC has revamped its corporate image. In September 2018, a high-level conference themed 'Mauritius International Financial Centre – Forward Looking' was organised, during which the new FSC logo was unveiled by the Honourable Prime Minister and the FSC's new mobile application was launched. The new identity of the FSC aims to reflect our firm commitment to be a progressive and internationally-respected regulator.

Undoubtedly, we are well aware that the global financial landscape is more interconnected than ever. As such, cross-border cooperation and information exchange are regarded as indispensable by the FSC. During the year under review, the FSC further strengthened its domestic regulatory relationships as well as its international outreach by signing 5 bilateral and tripartite agreements with local and foreign counterparts. In addition, the FSC was elected to the Executive Committee of the International Organisation of Pension Supervisors, a position that will enable the FSC to actively participate in the formulation of policy matters.

Several initiatives have also been taken on the domestic front, with a number of interactive working sessions being carried out with the industry on financial literacy, developments impacting India-bound foreign investments, the Peer to Peer Lending Rules, and claims

and complaints handling practices for the insurance sector.

However, the FSC is also cognisant of the fact that the pursuit of progress and development in the sector cannot happen at the expense of sound business practices. In this respect, the FSC has taken bold enforcement actions in several cases to prevent market abuse and misconduct. For the year under review, 12 licences were suspended or revoked, 7 persons were disqualified from acting in the sector, and 6 alerts were issued to warn the public against unregulated entities. Furthermore, in light of the Mutual Evaluation Report of the ESAAMLG on Mauritius, the FSC will adopt a more intrusive supervisory approach with regards to anti-money laundering and combatting the financing of terrorism.

It is evident that the capacity of the FSC to deliver on its core mandate as well as ensuring the implementation of its different projects will depend on the quality of its human capital. One of my top priorities when joining the FSC was to initiate a restructuration of the organisation, and I am pleased to announce that we have successfully embarked on a major overhaul of the internal infrastructure of the FSC. A new organisational structure, benchmarked against international best practices, has been put in place. The new structure has a leaner licensing process and a more focused supervisory function in order to streamline our processes and achieve higher regulatory efficiency. The FSC also initiated a process for the recruitment of high-calibre professionals to strengthen its strategic team. In addition, the technical and operational teams were also reinforced.

My Statement will not be complete without conveying my sincere thanks to my predecessor, Mr Dev Manraj, in whose capable hands the FSC had been entrusted during the last few years. I also wish to commend the relentless dedication and commitment of the Chief Executive and Staff in fulfilling the mission of the FSC. I further wish to record my deepest appreciation to my fellow Board members for their support. Collectively, we will continue to fulfil our responsibility to safeguard the best economic interest of Mauritius.

Dr Renganaden Padayachy
Chairperson



STATEMENT OF THE CHIEF EXECUTIVE



STATEMENT OF THE CHIEF EXECUTIVE

STATEMENT OF THE CHIEF EXECUTIVE

The year under review has witnessed remarkable progress for both the Mauritius International Financial Centre ('IFC') and the FSC. As the integrated regulator for non-bank financial services, the FSC continues its endeavour to chart new growth directions in order to consolidate Mauritius' position and reputation as a strong, vibrant and innovative jurisdiction. With the transformations taking place at the international level, we felt the need to shift away from traditional approaches and adopt a new business model so as to enhance our attractiveness. Since taking office in July 2017, I am proud to announce that we have embarked upon various initiatives and brought to fruition a number of flagship projects.

In the Budget Speech 2017/18, the Government announced the elaboration of a Blueprint aimed at providing a roadmap for the financial services sector for the next 10 years. To deliver on such a critical endeavour, the FSC has played a significant role, particularly by engaging with stakeholders and enlisting consultants of international repute. The consultants have identified three core pillars to drive growth in the financial services sector, namely cross-border investment, cross border corporate banking, and private banking and wealth management. With now a clear vision for the sector, the Government has set up a Steering Committee for the timely and effective implementation of the recommendations. Specific Working Groups have been set up including one for the financial services sector. Given the significant role that the FSC has to play, a dedicated Project Office has been established with the appointment of a Consultant with a mandate to execute relevant tasks.

The FSC is poised to embrace the advent of new and disruptive financial technology (Fintech), which represents both a challenge and an opportunity not only for the regulator,

but also for the industry and consumers of financial services. It is evident that the emergence of such innovative technology is calling for modernisation of our regulatory and legislative framework. In this respect, the Regulatory Committee on Fintech and Innovation-driven Financial Services, consisting of eminent experts in the field, has been setup in February 2018. The Committee has submitted its report which identified priority areas in the Fintech space to be considered for regulation in Mauritius and has recommended the approach to be adopted in regulating this emerging sector of activities.

In line with these recommendations, Guidance Notes on Recognition of Digital Assets as an asset-class for investment by Sophisticated and Expert Investors have been issued by the FSC. Furthermore, a Consultation Paper on the Custodian Services (Digital Asset) Licence and Peer to Peer Lending Rules have been circulated to relevant stakeholders.

The FSC has proved to be intransigent as regards to financial crime and non-compliance with laws. During the year under review, a number of regulatory and enforcement actions were taken to curb non-compliance and misconduct, with the FSC working in close collaboration with local and international counterparts and stakeholders. Nevertheless, as a fair regulator, FSC has created enhanced opportunities, where appropriate, for those who fall short of the standards expected but who demonstrated a willingness to be open and co-operative, to reach mutually agreeable resolutions. In addition, the FSC provided detailed information about its approach to enforcement.

In addition to the various initiatives undertaken, the FSC is ensuring that the IFC is not used by criminals to launder proceeds of crime. Therefore, the FSC has embarked on an overhaul of its AML/CFT framework

in line with legislative changes brought to the Financial Intelligence and Anti-Money Laundering Act 2002. Furthermore, the FSC is actively contributing to the current National Risk Assessment ('NRA') with the aim to apply a risk-based approach to AML/CFT. This exercise, coordinated by the Ministry of Financial Services and Good Governance, is required under Recommendation 1 of the Financial Action Task Force ('FATF').

One of the major challenges faced by the IFC relates to the recent press articles in India which raised concerns on Mauritius being tagged as a high-risk jurisdiction. However, I am pleased to report that through constant engagement and bilateral dialogue, our Indian counterpart has given the assurance that it is neither working on, nor contemplating to produce any list at its level, which will identify Mauritius as a High Risk jurisdiction.

The FSC had to overcome another challenge in relation to BEPS implementation. In this respect, bold reforms have been brought to the Global Business sector to satisfy the need for more substance, compliance and transparency. This has resulted in the introduction of enhanced substance requirements for Global Business Companies, the abolition of Category 2 Global Business Companies by end of December 2018, and the setting up of a new vehicle, namely Authorised Company. The FSC will also be introducing a new regime for Management Companies by the start of 2019, with the objective to consolidate and upscale the sector.

It is, at this point, worth noting that in November 2018, the Organisation for Economic Cooperation and Development ('OECD') released its report on Peer Review Results in its assessment of harmful tax practices of Preferential Regimes in 53 jurisdictions. The report shows clearly that Mauritius has successfully passed its stringent requirements on all its regimes in place

and therefore meets all the international requirements of the Base Erosion Profit Shifting ('BEPS') Action 5.

The FSC has been actively engaging with its counterparts both nationally and internationally for the signing of memoranda of understanding which aim to formalise supervisory cooperation and provide for more integrated and effective information exchange. In the same vein, the FSC also responded to requests for information from domestic and foreign regulators.

Mindful of its ever-increasing responsibilities and obligations, the FSC has procured itself the human resources and technical infrastructure to carry out its duties effectively. The internal structure was reorganised for optimum resource utilisation and better regulatory efficiency. The strategic team of the FSC was consolidated with the appointment of high-calibre experts hailing from international financial centres and bringing with them a wealth of experience and knowledge. Capacity-building was also high on the agenda, which saw the FSC collaborating with international organisations to provide training to internal staff.

The FSC has worked relentlessly towards overcoming the various challenges it has faced, while at the same time focusing on the needs of various stakeholders through a consultative approach.

Now, looking forward and planning our priorities for 2019, we will leverage on the crucial work we have embarked in the technology and innovation space. This will undoubtedly translate into an expansion of the role and the remit of the FSC as the regulator. Our ability to keep abreast of developments and to be at the forefront of technological regulation will enable us to be more proactive at providing clarity and steerage for licensees, as well as protecting consumers of financial services.



However, delivering our core work of authorisation, supervision, enforcement and developing and implementing policy and rules will always demand for most of our resources. To this end, we will be building on our processes and policies in line with international standards. I wish to reiterate that our commitment to ensuring the good repute of Mauritius is unequivocal.

On this note, I would like to express my sincere gratitude to the Board of the FSC for their trust and invaluable support during the year, and last but not least, I would like to thank the staff for their commitment in meeting the goals set for the FSC in the context of the new dynamism being established for the financial services sector.

Harvesh Seegolam
Chief Executive

THE FINANCIAL SERVICES COMMISSION, MAURITIUS

The Financial Services Commission, Mauritius (FSC Mauritius) was established in 2001 as the integrated regulator for the non-banking financial services and global business sectors. The FSC Mauritius operates under the Financial Services Act (FSA), and administers the Securities Act (SA), the Insurance Act (IA), the Private Pension Schemes Act (PPS), the Captive Insurance Act, Protected Cell Companies Act and Trusts Act. The FSC Mauritius licenses, regulates, monitors and supervises the conduct of business activities in the non-banking financial services and the global business sectors.

VISION

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

MISSION

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.

OBJECTIVES

The objectives of the FSC Mauritius are to:

- ensure the orderly administration of the financial services and global business activities;
- ensure the sound conduct of business in the financial services and global business sectors;
- elaborate policies which are directed to ensuring fairness, efficiency and transparency of financial and capital markets in Mauritius;
- 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;
- ensure, in collaboration with the Bank of Mauritius, the soundness and stability of the financial system in Mauritius; and
- work out objectives, policies and priorities for the development of the financial services sector and global business and make recommendations to the Minister.

The key stakeholders of the FSC Mauritius are the consumers of financial services, the licensees and the Ministry of Financial Services. The FSC Mauritius has held regular meetings and interactions with various associations representing licensees and the Ministry of Financial Services to discuss the performance of its duties and achievement of its statutory objectives and to ensure that government policy is being adhered to. In addition, there is a formal complaint procedure for consumers of financial services.

Annual Report 2017/18

The current Annual Report 2017/18 indicates how the FSC has achieved its statutory objectives and reflects the FSC's financial, governance and social position for the period ended 30 June 2018.¹

An electronic copy of the Annual Report can be accessed on FSC's website (www.fscmauritius.org).

¹ FSC's operation has minimal impact on the environment.

THE GOVERNANCE STRUCTURE

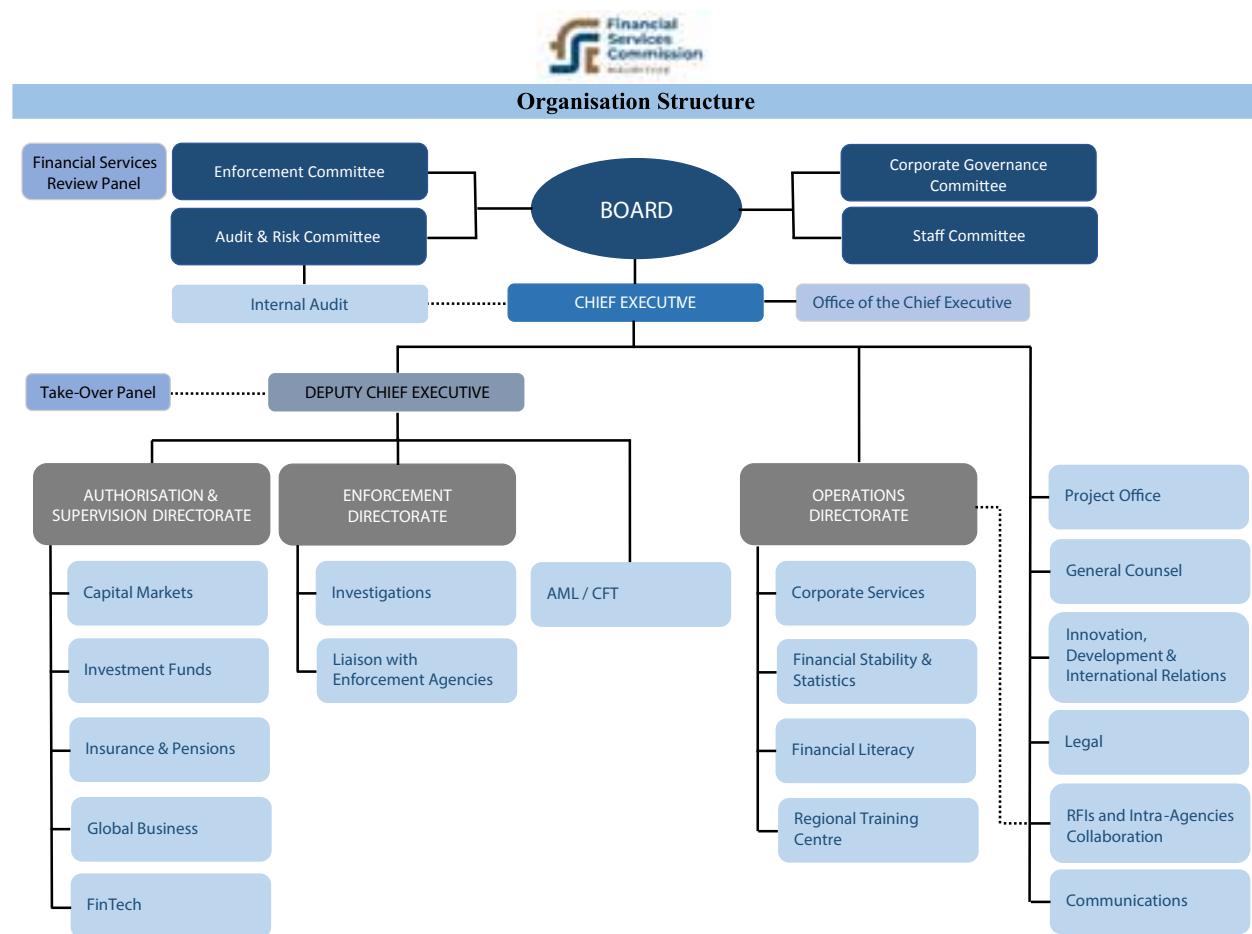


Figure 1: Organisational Structure

THE BOARD OF THE FSC MAURITIUS

As at 06 November 2018, the date of the approval of the Audited Financial Statements for the year ended 30 June 2018 and Annual Report 2017/18, the Board of the FSC Mauritius comprised:

Chairperson

Dr. Renganaden Padayachy

Board Members

Mr. Rajesh Sharma Ramloll, S.C.

Mr. Georges Yves Hervé Lassemillante

Mr. Premchand Mungar

Mrs. Yotsna Lalji-Venketasawmy

Mr. Sarwansingh Purmessur

Mr. Mahess Rawoteea FCCA, MBA (with Specialisation in Finance)

Secretary to the Board

Mr. Ramanaidoo Sokappadu

Members of the Board who left during the period 2017-2018

Chairperson

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

Vice Chairperson

Mr. Yandraduth Googoolye

Members

Mr. Visvanaden Soondram*

Mr. Mohummad Shamad Ayoob Saab

* Please note that Mr. Soondram's term of office ended on 09 October 2018.

BOARD MEMBERS PROFILES



Dr Renganaden Padayachy

Dr Renganaden Padayachy joined the Board of the Financial Services Commission as Chairman since January 2018. He is currently the First Deputy Governor at the Bank of Mauritius and in his capacity as First Deputy Governor of the Bank of Mauritius, Dr Padayachy is a member of the Board of Directors of the Bank as well as a member of the Monetary Policy Committee.

Prior to his appointment as First Deputy Governor, Dr Padayachy has also held the position of Economist at the Mauritius Chamber of Commerce and Industry.

Dr Padayachy holds a Ph.D. in Economics and a Master in Public Economics from the University of Paris I Panthéon-Sorbonne, France. He also holds a Master in Industrial Economics from the University of Franche-Comté, France.



Mr Rajesh Sharma Ramloll, SC

Mr. Rajesh Ramloll, SC joined the Board of the FSC in May 2014 and is currently the Deputy Solicitor-General at the Attorney-General's Office. He is a barrister at Law and holds a specialist LLM in taxation from the Centre for Commercial Studies Queen Mary, London.

He is the current President of the International Fiscal Association, Mauritius Branch.

Mr Ramloll is a Fellow of the Hon. Society of Advanced Legal Studies (London) and is a member of the International Fiscal Association. He advises the Government on legal aspects of financial matters. He is a tax assessor of the OECD Global Forum and a reviewer of the International Bureau of Fiscal Documentation (IBFD), (Netherlands). Mr Ramloll took silk in 2016.



Mr Hervé Lassemillante

Mr. Hervé Lassemillante has been appointed to the Board of the Financial Services Commission since July 2017. He 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 was 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 is one of the two assessors of the Commission on the Prescription of Land set up in May 2012. He has also occupied the position of Vice President at the National Human Rights Commission.

At present he is the Chairperson of the Independent Review Panel of the Ministry of Finance and Economic Development.



Mr Premchand Mungar

Mr. Premchand Mungar is a seasoned professional with extensive expertise across various sectors of the financial services industry. In December 2017, he was appointed as an Independent Non-Executive Member of the FSC's Board. He was the general counsel and a senior director at the TDB Group, a multinational development financial institution.

Mr. Mungar holds a master's degree in Finance and Financial Law from the University of London and an LLB from the University of Mauritius. He is a qualified attorney and a member of the Mauritius Law Society since 1995. He attended various executive education courses, including the 16th Summer School on International Financial Law and the 10th Autumn Course on International Finance. He holds to his credit several commendations and was awarded the 2016 President's Excellence Award in recognition of his outstanding contributions to the affairs of the TDB Group.

Mrs Yotsna Lalji-Venketasawmy



Mrs. Yotsna Lalji-Venketasawmy joined the Board of the FSC in April 2018 and is currently an Adviser on matters relating to Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) at the Ministry of Financial Services and Good Governance. She has extensive regional and international experience in the field of AML/CFT, and has served as a United Nations expert between January 2012 and June 2015.

Prior to 2012, she was the Legal Adviser of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), and has led and participated in a number of AML/CFT assessments of countries in Eastern and Southern Africa.

Mrs. Lalji- Venketasawmy has also previously worked for the Financial Services Commission and has over 7 years of experience working in financial services regulations.

Mr Sarwansingh Purmessur



Mr Sarwansingh Purmessur has joined the Board as from May 2018. He currently holds the position of Deputy Permanent Secretary at the Ministry of Financial Services and Good Governance. He has a very long career in the civil service for having served for over thirty-five years in various Ministries. During his tenure of office, he has also assumed the position of Board Member of various organisations like the Information and Communication Technology Authority, the National Housing Development Company Limited, the Informatics Parks Ltd, the Town and Country Planning Board, the National Computer Board and the Mauritius Society of Authors.



Mr Mahess Rawoteea, FCCA, MBA

Mr Mahess Rawoteea has joined the Board as from October 2018. He is Lead Analyst at the Ministry of Finance and Economic Development. Currently, he is a member of the National Regulatory Sandbox Licence Committee and the Work Group on the Blue Print for the Financial Services Sector. He is also a co-opted member of the Mauritius Africa Fund Ltd Board of Directors and the Secretary of the National Pensions Fund and National Savings Fund Investment Committee.

FSC 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.

Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the Board, which has been delegated with the oversight and monitoring responsibilities of the Board. The Committee conducted its affairs in compliance with the Board's approved terms of reference, and has discharged its responsibilities as contained therein.

The report of Audit and Risk Committee for the financial year ending 30 June 2018 is published at page 123-124 of the current Annual Report. The Commission has an independent internal audit unit which reports functionally to the Audit and Risk Committee and administratively to the Chief Executive. The internal audit unit (which includes a qualified accountant) has access to management and employees of the Commission.

On an annual basis internal audit conducts review of the design, adequacy and effectiveness of the internal controls put in place at FSC. The FSC Audit and Risk Committee received assurance that the internal control systems are adequate and effective including any risks in FSC's system

of internal controls. No major risk has been identified regarding the internal control process at the FSC.

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.

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.

THE 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.

INTERNAL STRUCTURE

Directorates

The Directorates of the FSC Mauritius are:

- Authorisation & Supervision;
- Enforcement; and
- Operations.

The Authorisation & Supervision Directorate

In order to keep abreast with the fast-evolving demands of the international investing community, the one-size-fits-all model of the FSC leads to a time-consuming licensing process, and disconnected surveillance and supervision. Hence, the introduction of a combined Authorisation and Supervision directorate, which is in line with practices in other globally recognised regulatory bodies. Accordingly, the Authorisation and Supervision Directorate consists of five key departments conducting its own authorisation and supervision duties.

The Directorate is responsible for the issuance of licenses for business activities in the non-banking financial services and global business sectors. In addition, it ensures that all licensed firms and intermediaries comply with regulatory and disclosure requirements.

The Enforcement Directorate

The Enforcement function is undergoing significant changes both structurally and in how the FSC conducts investigations.

In building a centre of excellence for investigations and actions, the new structure of the Enforcement Directorate will see the advent of dedicated Forensic Investigation, Cyber-Forensic, Intelligence, International liaison and Disclosure teams. The FSC is harnessing knowledge and is implementing a structure that not only plays to its current strengths but is one that will be sufficiently nimble within a continually evolving financial sector.

The Operations Directorate

The Operations Directorate comprises of the Corporate Services, Financial Stability & Statistics, Financial Literacy and the Regional Training Centre.

The Corporate Services

The Corporate Services which covers the following clusters: Human Resources, Finance & Accounts, Administration & Enterprise Risk and Information Technology. It 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 Financial Stability & Statistics

The Financial Stability & Statistics 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 sectors.

The Financial Literacy

The FSC Mauritius aims at developing a financially literate population capable of understanding the functioning of the financial services sector, and how financial products and services are used in their daily lives in an effective manner. Complaints handling, liaison with Ministries and local stakeholders including financial literacy initiatives are also carried out by this cluster.

The Regional Training Centre

The Regional Training Centre aims to work in collaboration with the OECD to develop regional capacity building programmes, conduct research and draft policy papers, and reflect on best practices and standards.



Other Clusters Reporting to the Chief Executive

The Project Office, General Counsel, Innovation Development & International Relations, Legal, RFIs & Intra-Agencies Collaboration and Communications report directly to the Chief Executive.

- The Office of the Chief Executive ensures liaison with the Board and monitors the implementation of decisions of the Board. In terms of day-to-day operations, the Office of the Chief Executive 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 Project Office is responsible for the implementation of major projects at the FSC.
- The General Counsel advises the Chief Executive on legal matters.
- The Legal Cluster assists the Commission on legal matters, drafts legislation and legal documents, and handles litigations, amongst others.
- The Innovation, Development & International Relations carries out research and explores new avenues for development in the financial services sector.
- The RFIs & Intra-Agencies Collaboration ensures efficient exchange of information among the different stakeholders.
- The Communications Cluster is responsible to develop effective communications to enhance transparency.

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 Leadership Team, comprising of the Chief Executive and the Directors, 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 Chief Executive and the Directors are assisted by the Assistant Directors and Senior Managers, who 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 Leadership Team are implemented.



Prakash Seewoosunkur

Director

Operations

Prakash Seewoosunkur is the Chief Operating Officer.

He joined the Commission in 2001 from MOBAA. During his tenure, he held senior management position, overseeing various clusters and leading major strategic initiatives. He was a member of the Enforcement Committee.

Awarded with the UK Commonwealth Scholarship, he holds a first class honours degree and distinction in MSc. He has attended several courses and training programmes on accounting, finance (Saïd Business School), law, project management (PMI) and has an MBA in Financial Management.

Previously, he worked for an Atlanta-based US company and was recently employed at senior management position in the private sector. He taught university students as part-time lecturer.

He currently holds the position of Treasurer at the International Organisation of Pension Supervisors (IOPS) whose Secretariat is based at the seat of OECD.

**Francesca O. Harte**

Director

Enforcement

Francesca is a lawyer with over 20 years of experience in the field of regulatory enforcement. Prior to joining the FSC, she held the post of Manager, Unauthorised Business Department of the Enforcement and Market Oversight Division of the Financial Conduct Authority, UK. She has experience of Authorisations, Conduct Risk as well as Wholesale and Retail Enforcement.

A former Crown Prosecutor in the UK, she holds an LLB from the University of Ife and a Certificate of Call to the Bar of Nigeria. She was admitted to the Roll of Solicitors of the Supreme Court of England and Wales in 1999.

**Gamal A. H. Ballam**

Assistant Director

Global Business

Gamal holds a BSc in Statistics and Applied Mathematics, a Post Graduate in Investment Analysis and Portfolio Management and an MSc in Computational Finance. He is also a life member of the Golden Key International Honour Society for outstanding scholastic achievements achieved during his studies.

Prior to joining the FSC, he held different positions in the financial industry from 2006 to 2012. Prior to 2006, he spent more than 5 years lecturing statistics and finance courses at university level both in South Africa and Mauritius.

He currently holds the position of Assistant Director – Global Business, overseeing both Authorization and Supervision.



Jayshree Guness

Assistant Director

Enforcement

Jayshree is an Assistant Director since November 2018. Prior to that, she was the Head of the Human Resources. She has been with the Commission since 2001. Previously she was at the MOBAA and she has also worked in the public sector. She has over 20 years' experience in the financial services sector.

Jayshree holds a Bachelor degree in Economics and Finance from the RMIT University, Melbourne and an MBA in International Business from the University of Mauritius. She is a fellow member of the ACCA and a member of the Certified Practising Accountant, Australia. She is also a member of the MIPA.



Deerajen Ramasawmy

Assistant Director

Deerajen currently oversees the Financial Stability and Statistics Cluster. As a member of the Strategic Team at the Commission, he is involved in several key cross functional projects. He serves on several committees and boards and actively participates in working sessions with stakeholders at both national and international levels. In addition, he is a member of the Enforcement Committee.

He has a PhD in Mathematical and Statistical Modelling from Loughborough University, UK including a first class degree in Mathematics. He has successfully completed a Leadership Development Programme by TowerStone and a Certificate in External Quality Assurance from UNESCO.

Financial Stability & Statistics

**Nirupa Narayen**

Assistant Director

General Counsel

Nirupa has an extensive international exposure and has held several key positions in the United Kingdom in the legal and regulatory fields prior to joining as the first General Counsel of the FSC. She is a fellow member of the Chartered Institute for Securities and Investment since 2015, and has been admitted to the Bar of Mauritius and to the Bar of England and Wales since 2001. She also holds a Masters in International Law from the University of Bristol and was a former member of the Attorney-General's office of Mauritius and has extensive litigation experience, having appeared before the Supreme Court, lower courts and tribunals.

**Aakash Mishra**

Assistant Director

Insurance & Pensions

Aakash holds the post of Assistant Director, Insurance and Pensions at the Financial Services Commission, Mauritius. He has joined the commission on 01 Oct 2018. He reckons over 28 years of Insurance domain experience. Aakash has worked in senior management positions in Mauritius, Tanzania and India in leading insurance companies. Aakash holds a Post Graduate degree in Science and an MBA (FMS) from Delhi University. He is also a Fellow, Life Management Institute (FLMI) of LOMA and a Licentiate of Insurance Institute of India. He has been a past President of Insurers Association of Mauritius from 2014 to 2016.



STRATEGIC PLAN 2017/20





**STRATEGIC PLAN
2017/20**



STRATEGIC PLAN 2017 – 2020

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
 - Integration of Domestic and Global Business
 - Specialised separate licensees to provide Corporate Services, Trusteeship Services and Fund Administration
 - 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

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

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
 - The implementation of the Organisation for Economic Cooperation and Development ('OECD') Base Erosion and Profit Shifting ('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

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

Mauritius: One-stop Shop for Financial Products and Services

A destination of choice for fund offerings, routing, structuring and Fund administration:

- Redrafting of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008
- 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
- Introduction of other types of Investment Funds, for instance, Property Funds/ Real Estate Investment Trusts
- Introduction of Specific Rules for Private Equity Funds
- Review of Reporting Obligations of Listed Investment Funds
- Unified Regulatory Framework for Custodians
- Regulatory Framework for Asset Managers

Packaging and branding of portfolio of Financial Products and Services to suit the need of one and all including:

- Derivatives in equities, currencies, commodities and indices,
- Islamic finance products,
- Renminbi products

Mauritius a hub for :

- African Re-insurance Businesses
- Pure and third party Captive insurances
- External and foreign Private pensions
- Back office operations of insurance, reinsurance captives and international pension funds



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

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 and 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 ('IOSCO') Multilateral Memorandum of Understanding ('MMoU') which sets out five new powers in addition to those in the current MMoU:
 - to obtain and share audit papers;
 - to compel attendance for testimony by being able to apply a sanction in the event of non- compliance;
 - to advise and provide existing information to another regulator on how to freeze assets, or to freeze assets on behalf of another regulator;
 - to obtain existing Internet service provider records, not including the content of communications; and
 - to obtain existing telephone records, not including the content of communications.

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)

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

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.
- Maximize 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
- IT infrastructure and solutions modernisation (e.g., Big Data).
 - Implement and optimise on Cloud-based services;
 - Implement interoperable technologies to assist end-users; and
 - Implement software solutions / Application development.



OPERATING ENVIRONMENT



OPERATING ENVIRONMENT

OPERATING ENVIRONMENT

GLOBAL REGULATORY TRENDS¹

G20 Leaders met in 2017 during the Hamburg Summit to address key global economic challenges and emphasised on building resilience and improving sustainability. They also reiterated their commitment to international economic and financial cooperation to further increase growth and protect against downside risks.

International investment plays a key role in stimulating inclusive economic growth, job creation and sustainable development, and necessitates an open, transparent and conducive global policy environment. Considering this, they are willing to identify strategies to facilitate and maintain foreign direct investment. They also remain committed to the timely and consistent implementation of the agreed G20 financial sector reform agenda including the finalisation of the Basel III framework and, addressing emerging risks and vulnerabilities in the financial system.

The G20 Leaders emphasised that resilient and effective global economic and financial institutions reinforce growth and sustainable development and will continue working towards achieving this aim. With regards to its ongoing fight against corruption, tax evasion, terrorist financing and money laundering, they will pursue on the effective implementation of the international standards on transparency and beneficial ownership of legal persons and legal arrangements, including the availability of information in the domestic and cross- border context.

International Overview of Markets²

In 2017, Capital Markets globally witnessed a rally in asset prices. This was driven by

synchronised world economic recovery, corporate earnings growth and monetary policies. The long struggle undertaken by several jurisdictions since the last decade, to recover from the financial crisis, is in the course of becoming a past issue. Reforms and policies have been brought to help insulate vibrant economies from external shocks while encouraging growth. Investment and trade growth have risen while signs of positive recovery were also noted in the trends by worldwide securities markets for the same periods.

Stock markets worldwide concluded 2017 on a bullish note, with several upward trends with indices reaching new highs throughout the year, supported by a synchronised recovery in economic growth. Market valuations rose and Initial Public Offerings ('IPOs') rebounded. Both developed and emerging markets experienced strong gains in 2017. However, the first half of 2018 was marked by a combination of bullish and bearish trends. The beginning of 2018 experienced a global securities market correction and as such occasional volatility was observed.

On the regional front, the African Equity Capital Markets performed well in 2017. In terms of value, 2017 saw the largest IPOs and a hike in the total value of equity capital markets transactions. The African equity capital markets activity was mostly driven by the financial services sector for further offers and the consumer services sector for IPOs. Businesses in sectors such as telecommunications, consumer goods and services, financials, and healthcare continued to form a major component of African equity capital markets activity.

¹ <http://www.g20.utoronto.ca/2017/2017-G20-leaders-declaration.pdf>

² <https://www.economist.com/leaders/2017/03/18/the-global-economy-enjoys-a-synchronised-upswing>

REGULATORY DEVELOPMENT IN 2017/2018

Alternative Investment Fund Managers Directive³

The Alternative Investment Fund Managers Directive ('AIFMD') has introduced a framework to regulate and supervise Alternative Investment Fund Managers ('AIFMs') and the distribution of Alternative Investment Funds ('AIFs') within the European Union ('EU').

The pivotal objectives of the directive are *inter alia* to strengthen investor protection, limit systemic risk, ensure proper risk management by asset managers, cater for common rules for authorisation, organisation and supervision of asset managers, and establishing a single market for these funds in the EU.

The European Commission is currently investigating the effectiveness and competitiveness of the AIFMD and envisaging how it should be updated, which will possibly end in AIFMD II. An AIFMD Impact Study has thus been initiated in February 2018 to provide a comprehensive review on how the AIFMD has worked in practice and to what extent its objectives have been met. The European Commission is expected to launch consultation on the review of the AIFMD by January 2019.

Solvency II⁴

On 01 January 2016, Solvency II, the new supervisory framework for insurance and reinsurance companies, became applicable. Solvency II is of paramount importance for the insurance industry but equally for consumers. It is a harmonised and sound risk-based supervisory regime, transparent

in its application, reporting and disclosure across the European Union. The Solvency II supervisory regime consists of the three pillars namely Pillar I – Calculation of capital reserves, Pillar II – Management of risks and governance and Pillar III – Reporting and disclosure. Solvency II will be subject to a number of European Commission reviews in its first years, providing opportunities for industry to seek changes to provisions that do not work properly such that by 2018, the review of the Solvency Capital Requirement (SCR) will be conducted and by 2021, the overall review of the regime, including the treatment of long-term guarantees will be carried out.

Inclusive Framework on BEPS⁵

The Organisation for Economic Cooperation and Development ('OECD') has published a report on the status of the Inclusive Framework on base erosion and profit shifting ('BEPS') project for the period July 2017 to June 2018. It outlined the key developments in dealing with the tax challenges of the digitalised economy and the entry into force of the Multilateral Instrument (MLI), and on the progress made by countries in the implementation of the BEPS package. The MLI entered into force on 01 July 2018, marking a significant step in international efforts to update the existing network of bilateral tax treaties and reduce opportunities for tax avoidance by multinational enterprises. The OECD/G20 Inclusive Framework regroups 116 members representing over 95 percent of global Gross Domestic Product. After the release of the OECD/ G20 BEPS package, the OECD/G20 Inclusive Framework agreed to renew the mandate of the Task Force on the Digital Economy and pursue on monitoring developments in respect of digitalisation with a further report expected by 2020.

³ <https://home.kpmg.com/qm/en/home/insights/2018/02/kpmg-european-commission-aifmd-impact-study.html>
<http://www.kpmgfundnews.eu/ireland/2018/02/european-commission-review-aifmd/>

⁴ <https://eiopa.europa.eu/Publications/Speeches%20and%20presentations/2018-02-01%20IntroductorySpeechNBBGabrielBernardino.pdf>
<https://eiopa.europa.eu/regulation-supervision/insurance/solvency-ii>
http://europa.eu/rapid/press-release_MEMO-15-3120_en.htm

⁵ <http://www.oecd.org/tax/beps/inclusive-framework-on-BEPS-progress-report-july-2016-june-2017.pdf>



OVERVIEW OF SECTORS



OVERVIEW OF SECTORS

OVERVIEW OF SECTORS

CAPITAL MARKETS

International Trends

According to the World Federation of Exchanges⁶, as a whole, the global securities markets performed well in 2017. The first half of 2018 was marked by a mixture of bullish and bearish trends, though in February 2018, the global securities market was subject to corrections and thereon presented occasional volatility.

On the regulatory side, the attention of capital markets drivers were focused on working on continuous tailored regulatory framework, introducing appropriate innovation in digital technology, business transformation and market structure. The objectives were to bring in robust strategies to improve liquidity, implement risk management 'road map' to detect potential threats and warning signs, introduce appropriate governance policies, increase growth in the markets and to restore investors' confidence. Investors have been and continued to be more cautious regarding their investments/ returns landscape to decide on their portfolio destinations.

Domestic Trends

The Stock Exchange of Mauritius ('SEM') demonstrated a strong growth record and

maintained positive performance in the second half of 2017 which was due to a favourable interest rate environment and attractive valuation ratios on some stocks. In addition, many issuers showed a preference for the SEM's multi-currency platform for capital raising.

The Market continued its bullish trend during the first half of 2018 with some occasional volatilities. The trend on the Market indices are illustrated graphically in the appendix.

Market performance

The SEM operates two markets - the Official Market and the Development & Enterprise Market ('DEM') respectively. The total market capitalization for both markets on SEM decreased from MUR 449.9 billion in June 2017 to MUR 395.5 billion as at June 2018, representing 85.8 percent of GDP.

The total value of shares stood at MUR 20.58 billion for the period July 2017 to June 2018 for an overall volume of 856.83 million of shares exchanged. Comparatively, for July 2016 to June 2017, the total value of shares was MUR 15.2 billion and the volume of shares stood at 1.37 billion.

Table 1: Figures for SEM Indices - Official Market

Official Market

Particulars	End June 2018	End Dec 2017	End Dec 2016
SEMDEX	2,244.64	2,202.14	1,808.37
SEM-10	430.52	421.82	345.04
SEMTRI (Rs)	8,124.22	7,906.46	6,309.09
SEMTRI (\$)	3,673.92	3,689.32	2,744.60

⁶ The World Federation of Exchanges published two reports namely '2017 Full year Market Highlights' and 'First Half (H1) 2018 Market Highlights'

Table 2: Figures for SEM Indices- DEM**DEM**

Particulars	End June 2018	End Dec 2017	End Dec 2016
DEMEX	239.65	229.71	203.36
DEMTRI (Rs)	328.82	309.80	265.70
DEMTRI (\$)	299.15	290.82	232.53

Source: Stock Exchange of Mauritius Ltd (SEM)

Foreign Investment Transactions

The Net Foreign Investment Transactions for Official Market and the DEM for the periods 2016/17 and 2017/18 were as follows:

Table 3: Foreign Investment Transactions – Purchases only

	Financial Year 2017/2018 (Rs M)	Financial Year 2016/2017 (Rs M)
Official Market	4,224.6	3,660.5
Development & Enterprise Market	696.6	217.1

Source: Stock Exchange of Mauritius Ltd (SEM)

Market Intermediaries

The Securities Act, under Part III – ‘Financial Markets Regulation’ provides for two types of Market Intermediaries namely, Investment Dealer, Investment Adviser and their representatives. The core activity of the investment dealers is to execute orders on behalf of clients and that of the investment advisers is to provide advice on securities transactions to clients.

Table 4: Number of Investment Dealers and Advisers as at 30 June

Activity	2018	2017
Investment Dealer	51	53
Investment Adviser	335	314
Representative of Investment Dealer	44	41
Representative of Investment Adviser	94	81

Source: Financial Services Commission, Mauritius

Investment Banking

A licensee holding an Investment Banking Licence under the Section 79A of the FSA 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. As at 30 June 2018, there were five investment banking licence holders.

Reporting Issuers

As at 30 June 2018, there was a total number of 173 Reporting Issuers which were registered with the FSC Mauritius. All Reporting Issuers are subject to on-going disclosure requirements as per the SA and the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.

INVESTMENT FUNDS

After a period of stagnation, the number of Authorised Funds expanded marginally by five percent to reach 1,024 as at 30 June 2018. The table below depicts the number of funds (Collective Investment Schemes and Closed-end Funds) authorised by the FSC Mauritius as at June.

Table 5: Number of funds as at 30 June:

Authorised Funds	2018	2017
Total Funds:	1,024	974
<i>Collective Investment Schemes</i>	495	479
<i>Closed-end Funds</i>	529	495

Fund Intermediaries

The number of Fund Intermediaries increased by three percent to reach 445 entities as at end June 2018. Table 6 provides a breakdown of the different types of Fund Intermediaries regulated by the FSC Mauritius.

Table 6: Breakdown of Fund Intermediaries as at 30 June:

Category of licence	2018	2017
CIS Manager	426	412
Custodian (CIS)	11	10
CIS Administrator	8	8

Circular Letter CL120717 with respect to Asset Manager Certificate and Fund Manager Certificate

Employees of licensees managing an asset base of not less USD 100 million may be eligible to benefit from a five-year tax holiday pursuant to Second Schedule of the Income Tax Act. In order to qualify for this tax holiday, the officer has to obtain an Asset Manager, a Fund Manager or an Asset and Fund Manager certificate from the FSC Mauritius. To this effect, the Circular Letter CL120717 was issued on 12 July 2017, providing clarifications, details on the eligibility criteria and validity for this certificate.

The Certificate is restricted to only one officer who is responsible for managing an asset base of not less than USD 100 million at all times, as designated by the employer. In the event the asset base falls below USD 100 million, the income tax exemption lapses and the employer is required to inform the Tax Authorities of Mauritius accordingly.

OTHER NON-BANK FINANCIAL INSTITUTIONS

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

Table 7: Number of licensees (Second Schedule of the FSA) as at 30 June

Categories of Licence	2018	2017
Assets Management	11	11
Credit Finance	8	7
Credit Rating Agency	2	2
Custodian (Non-CIS)	9	8
Distribution of Financial Products	27	27
Factoring	9	10
Leasing	15	14
Payment Intermediary Services	17	17
Registrar & Transfer Agents	7	7
Treasury Management	16	14

Source: Financial Services Commission, Mauritius

**Factoring – 1 Suspended (on 08/05/2015);*

** Leasing – 1 (application for winding up)*

INSURANCE

Long Term Insurance Business

During the period 2017/18, there were seven licensed long term insurers, excluding BAI Co (Mtius) Ltd (which is under Special Administration since 2015). The data in Table 8 below excludes data for National Insurance Company Ltd.

Table 8: Trends in Long Term Insurance Business

Parameters	2017	2016
Value of Assets (MUR Billion)	99.81	89.56
Gross Premium (MUR Billion)	10.43	9.72
Number of Claims	36,039	34,451
Value of Claims (MUR Billion)	8.19	8.07
Number of policies	318,119	301,987

Source: Financial Services Commission, Mauritius

Please refer to Appendix 2 for detailed statistics.

The total value of assets, including managed pension, stood at MUR 99.81 billion in 2017, compared to MUR 89.56 billion in 2016, representing a growth of 11 percent. Similarly, gross premiums witnessed an increase of 7 percent in 2018 to reach MUR 10.43 billion compared to MUR 9.72 billion in 2017. The number of policies increased by 5 percent from 301,987 in 2016 to 318,119 in 2017.

General Insurance Business

In 2017, there were 15 insurers licensed to conduct general insurance business. General insurers' assets grew by 10 percent in 2017 to reach MUR 17.53 billion. Capital and Reserves remained stable and reached MUR 7.84 billion in 2017 compared to MUR 7.53 billion in 2016, showing a growth of 4 percent.

Gross premiums for motor business amounted to MUR 3.32 billion in 2017 up from MUR 3.14 billion in 2016, increasing by 6 percent. Gross premiums for non-motor business stood at MUR 5.43 billion in 2017 compared to MUR 4.87 billion in 2016.

Underwriting profits were MUR 0.23 billion in 2017, showing an increase of 17 percent over the previous year's MUR 0.19 billion. Technical reserves increased by 10 percent to reach MUR 7.26 billion in 2017. Operating profits decreased by 5 percent amounting to MUR 0.68 billion in 2017 against MUR 0.71 billion in 2016.

57,340 motor claims were paid out in 2017 compared to 51,625 in 2016. Non-motor claims amounted to 202,302 in 2017 as opposed to 203,771 in 2016, showing a marginal decrease of 0.72 percent. The number of policies increased from 553,313 in 2016 to 631,870 in 2017.

Table 9: Trends in General Insurance Business:

Parameters	2017	2016
Value of Assets (MUR Billion)	17.53	15.92
Gross Premium (MUR Billion)	8.75	8.01
Number of Claims	259,642	255,396
Value of Claims (MUR Billion)	4.50	4.45
Number of policies	631,870	553,313

Source: Financial Services Commission, Mauritius

Please refer to Appendix 2 for detailed statistics.

Insurance Intermediaries

The number of insurance intermediaries licensed as at 30 June was as follows:

Table 10: Number of Insurance Intermediaries as at 30 June

Parameters	Domestic		Global		Total	
	2018	2017	2018	2017	2018	2017
INS-2.2 Insurance Agent	289	279	4	4	293	283
INS-2.3 Insurance Broker	41	39	30	28	71	67
INS-2.4 Insurance Salesperson (Registration)	1359	1203	0	0	1359	1203

Source: Financial Services Commission, Mauritius

Developments in the insurance sector

Circular Letter in relation to the Insurance (Risk Management) Rules 2016

A Circular Letter was issued on 16 August 2017 to inform all insurers that the FSC Mauritius has devised a minimum reporting standard to guide insurers on the formulation of their respective risk management frameworks. In accordance with the Insurance (Risk Management) Rules 2016, the FSC Mauritius received the first set of Risk Appetite Statements ('RAS') from insurers for the financial year ending 31 December 2017.

Circular Letter addressed to insurers in relation to the submission of statistics and quarterly returns

In accordance with its functions under the Financial Services Act 2007 to collect, compile, publish and disseminate statistics, the FSC Mauritius issued, on 06 September 2017, a Circular Letter requiring all insurers to submit quarterly returns as from the quarter ending 30 September 2017. The quarterly returns have to be submitted via the Online Data Capture System of the FSC Mauritius not later than 45 days after the last day of each quarter.

Third Party Captive Insurance Business

The FSC Mauritius is currently working on new Rules to allow the licensing of Third Party Captive Insurers. In this respect, the FSC Mauritius conducted a stakeholders meeting on 13 October 2016 and issued a draft Captive Insurance (Captive Insurance Business) Rules for public consultation on 23 December 2016. Consequently, from 03 to 05 October 2017, meetings were held with stakeholders who had provided the comments on the draft Captive Insurance (Captive Insurance Business) Rules for further clarifications. The draft rules are currently being reviewed taking into consideration comments received.

New development for insurance intermediaries

During 2017, the FSC Mauritius approved the introduction of two insurance web aggregation services by existing insurance intermediaries. Insurance web aggregation services provide comparison of insurance premium by calculating premiums for a particular type of risk by relying on the input of the major insurance companies and with respect to parameters provided by the prospective client/policyholders.

FSC Mauritius rated as largely observant by IAIS to ICPs on Information Exchange and Supervisory Cooperation

The International Association of Insurance Supervisors ("IAIS") has rated the FSC Mauritius as largely observant to Insurance Core Principles ("ICPs") on Information Exchange and Supervisory Cooperation. The FSC Mauritius was commended by IAIS for participating in its thematic Self-Assessment and Peer Review in 2016 on Supervisory Cooperation, which addresses observance with the following ICPs:

- ICP 3 - Information Exchange and Confidentiality Requirements

'The supervisor exchanges information with other relevant supervisors and authorities subject to confidentiality, purpose and use requirements';

- ICP 25 - Supervisory Cooperation and Coordination

'The supervisor cooperates and coordinates with other relevant supervisors and authorities subject to confidentiality requirements'.

Established in 1994, the IAIS is the international standard setting body responsible for developing and assisting in the implementation of principles, standards and other supporting material for the supervision of the insurance sector. Its mission is to promote effective and globally consistent supervision of insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to global financial stability. The IAIS regroups insurance supervisors and regulators from more than 200 jurisdictions, of which the FSC Mauritius is a member since 1994.

Circular Letter on submission of Statutory Returns through ODCS

The FSC Mauritius has since 2016 embarked on an online platform for the collection of data, namely the Online Data Capture System (ODCS). The implementation of the ODCS for the Insurance companies has been done in two-phases. The first phase started with the online submission of Audited Financial Statements and Actuarial Valuation Report and the second phase was the online submission of Statutory Returns. A Circular Letter was issued on 19 March 2018 informing Insurers of the various steps towards submission of Statutory Returns through ODCS.

Draft Insurance (Deposit) Rules

Section 19 of the repealed Insurance Act 1987 required insurers to maintain a deposit of MUR 8 million for each category of insurance business for which they were registered. The deposit required under the repealed Insurance Act 1987 was, until 01 January 2011 (effective date) deemed to be the deposit required under the Insurance Act 2005 for existing insurers (i.e. insurer registered under the repealed Insurance

Act 1987). The requirement for deposit is prescribed in the Insurance Act 2005 at section 24 (1) (b).

The FSC Mauritius published the draft Insurance (Deposit) Rules for public consultation on 28 April 2017. The purpose of these Rules is to prescribe the amount and custodian of the deposit required to be maintained by insurers under section 24 of the Insurance Act 2005. The Mauritius Government securities are admitted as deposits for this purpose.

Currently, the draft Rules is being reviewed based on views and comments received from stakeholders.

Public Consultation – Insolvency sub-funds

The FSC Mauritius, pursuant to section 88 of the Insurance Act 2005, intends to introduce new insolvency sub-funds under the Insurance (Industry Compensation Fund) Regulations 2015. The objective of setting up new insolvency sub-funds is primarily to introduce a credible insurance resolution mechanism into the financial system. This will deliver a framework for crisis preparedness and contingency planning for both the FSC Mauritius and the market players. It will help to maintain financial stability and enhance protection of policyholders.

In this respect, the FSC Mauritius has drafted a Concept Paper on introducing new insolvency sub-funds under the Insurance Industry Compensation Fund and the Insurance (Industry Compensation Fund) (Amendment) Regulations 2018 which were issued for public consultation on 04 May 2018.

PENSION

The Private Pension Schemes Act 2012 (PPSA) provides for a comprehensive and modern regulatory and supervisory framework for the operation of private pensions schemes. The PPSA is in line with international principles, recommendations and guidelines of the International Organisation of Pension Supervisors (IOPS) and the Organisation for Economic Co-operation and Development (OECD).

Private Pension Schemes Industry at a Glance

Private Pension Schemes

Table 11: Number of Private Pension Schemes licensed as at 30 June

Categories of Private Pension Schemes	2018	2017
Pension Schemes	70	69
Foreign Pension Schemes	0	0
External Pension Schemes	5	1

Note: The licence of one external pension scheme was terminated in 2017.

Source: Financial Services Commission, Mauritius

Table 12: Total assets of Private Pension Schemes for the financial year ending 30 June

	2016 (MUR Billion)	2015 (MUR Billion)	Growth / Contraction (%)
Total Assets	37.66	33.18	13%

Source: FSC Mauritius Annual Statistical Bulletin 2017

Pension Schemes Administrators

Table 13: Number of Pension Scheme Administrators licensed and authorised Long Term Insurers as at 30 June

Categories of Pension Scheme Administrators	2018	2017
Pension Scheme Administrators	8	8
Long-term insurers authorised to administer a private pension scheme	5	5

Source: Financial Services Commission, Mauritius

GLOBAL BUSINESS

The Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) conducted an enhanced peer review process aimed at assessing compliance with international standards for the exchange of information on request between tax authorities. After a thorough process during which they assessed the legal and regulatory framework for information exchange (Phase 1), as well as, the actual practices and procedures (Phase 2), Mauritius was rated as an OECD Compliant jurisdiction on 21 August 2017.

To continue to maintain its momentum and to best adapt itself to the ever-increasing financial and regulatory landscape at international level, the Global Business sector is undergoing critical changes. Following the signature of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting in July 2017, the Government of Mauritius has also taken international commitments to address potentially harmful tax practices in the Global Business regime by December 2018.

The Government is reinforcing the global business sector by aligning the framework for the global business sector with best international practices. In this respect, the 2018/2019 Budget paved the way for a number of significant changes to the current Global Business Model, which to name a few, include:

- Introduction of a new harmonised fiscal regime for domestic and Global Business Companies;
- Abolition of the Deemed Foreign Tax Credit regime available to companies holding a Category 1 Global Business Licence as from 31 December 2018;

- Introduction of a partial exemption regime subject to meeting pre-defined substantial activities requirement;
- Cessation by the FSC Mauritius to issue Category 2 Global Business Licences as from January 2019, with a grandfathering provision for existing companies;
- Renaming the Category 1 Global Business Licence as Global Business Licence;
- Provision for all resident companies and partnerships incorporated/registered under the laws of Mauritius whose majority shareholdings/parts are held by non-resident and which conduct business mostly outside Mauritius to seek a Global Business Licence or an authorisation from the FSC Mauritius, through a duly appointed Management Company;
- Requirement for Global Business Companies to comply with enhanced substance conditions;
- Ensuring that licensees maintain the requirements needed for the grant of a licence at all times; and
- Establishment of a new framework to govern and improve the oversight of Management Companies.

Moreover, the roadmap on “Innovating and Transforming the Mauritius IFC of 2030: a blueprint for success” and the hosting of a two-day conference by the FSC Mauritius on “Mauritius IFC – Forward Looking” with particular focus, amongst others, on reforming the Global Business sector in meeting new expectations, are a testimony to the ongoing work undertaken for a paradigm shift of the sector.

Table 14: Number of Management Companies and Global Business Companies Licensed as at 30 June

Category	2018	2017
Management Licence	155	144
Management Licence (Qualified / Corporate Trustee Only	32	27
GBC 1s	11,945	11,538
GBC 2s	10,322	10,497

AUTHORISATION

CAPITAL MARKETS

Mauritius International Derivatives & Commodities Exchange

In the Budget 2016/2017, the setting up of a new 'Mauritius International Derivatives & Commodities Exchange' was announced. The FSC Mauritius received applications for the new Exchange and its Clearing & Settlement Facility. An in-principle letter of approval was granted to the applicants during the period under review. Upon fulfilment of all conditions and submission of relevant documents, the respective licences may be granted to the applicants.

Market Intermediaries

During the year under review, the number of authorisation for market intermediaries was as per Table 16:

Table 15: Investment Dealers and Advisers

Activity	Jul 17 - Jun 18	Jul 16 - Jun 17
Investment Dealer	3	7
Investment Adviser	33	50
Representative of Investment Dealer	3	4
Representative of Investment Adviser	17	47

Source: Financial Services Commission, Mauritius

Reporting Issuers

During the period under review, the FSC Mauritius granted registration to 16 entities as Reporting Issuers pursuant to section 86 of the SA. These companies have either sought a listing on the SEM or have more than 100 shareholders.

INVESTMENT FUNDS

During the year under review, the FSC Mauritius issued 115 authorisations / licences to funds and intermediaries as per Table 16.

Table 16: Authorisations – Investment Funds and Intermediaries

Funds and Intermediaries	Jul 17 - Jun 18	Jul 16 - Jun 17
Collective Investment Schemes	31	38
Closed-end Funds	53	42
CIS Manager	30	35
CIS Administrator	-	-
Custodian (CIS)	1	-

Source: Financial Services Commission, Mauritius

A total of 84 funds were authorised during the year ended 30 June 2018, representing an increase of five percent as compared to the previous year.

OTHER NON-BANK FINANCIAL INSTITUTIONS

The FSC Mauritius issued the following non-bank financial services licences under the FSA for the period under review.

Table 17: Number of newly licensed (Second Schedule of the FSA)

Categories of Licence	Jul 17 - Jun 18	Jul 16 - Jun 17
Assets Management	-	1
Credit Finance	-	2
Credit Rating Agency	-	-
Custodian (Non-CIS)	1	-
Distribution of Financial Products	2	3
Factoring	-	1
Leasing	-	1
Payment Intermediary Services	-	-
Registrar & Transfer Agents	-	1
Treasury Management	2	-

Source: Financial Services Commission, Mauritius

Moreover, for the year 2017/2018, the FSC Mauritius granted four new investment banking licences.

INSURANCE

Number of Licences granted for both domestic and Global Business Companies as per Table 18.

Table 18: Number of newly licensed

Categories of Licence	Jul 17 - Jun 18	Jul 16 - Jun 17
Long Term Insurance Business	-	1
External Insurance Business	-	3
External Insurance Business (Protected Cell Company)	-	2
Insurance Manager	-	1
Insurance Agent (Company)	9	7
Insurance Agent (Individual)	1	5
Insurance Broker	5	12
Insurance Salesperson (Registration)	197	207
Pure Captive Insurance Business	1	1

Source: Financial Services Commission, Mauritius

PENSION

During the period under review, the FSC Mauritius granted pension scheme licence to one Multi-employer scheme promoted by service providers, to four external pension schemes and to one pension scheme administrator. Multi-employer schemes involve the participation of several sponsoring employers.

Table 19: Number of newly licensed

Category	Jul 17 - Jun 18	Jul 16 - Jun 17
Pension Schemes	1	2
Foreign Pension Schemes	-	-
External Pension Schemes	4	-
Pension Scheme administrators	1	-

Source: Financial Services Commission, Mauritius

GLOBAL BUSINESS

Table 20: Number of newly licensed

Category	Jul 17 - Jun 18	Jul 16 - Jun 17
Management Licence	7	6
Management Licence (Qualified / Corporate Trustee Only)	1	0

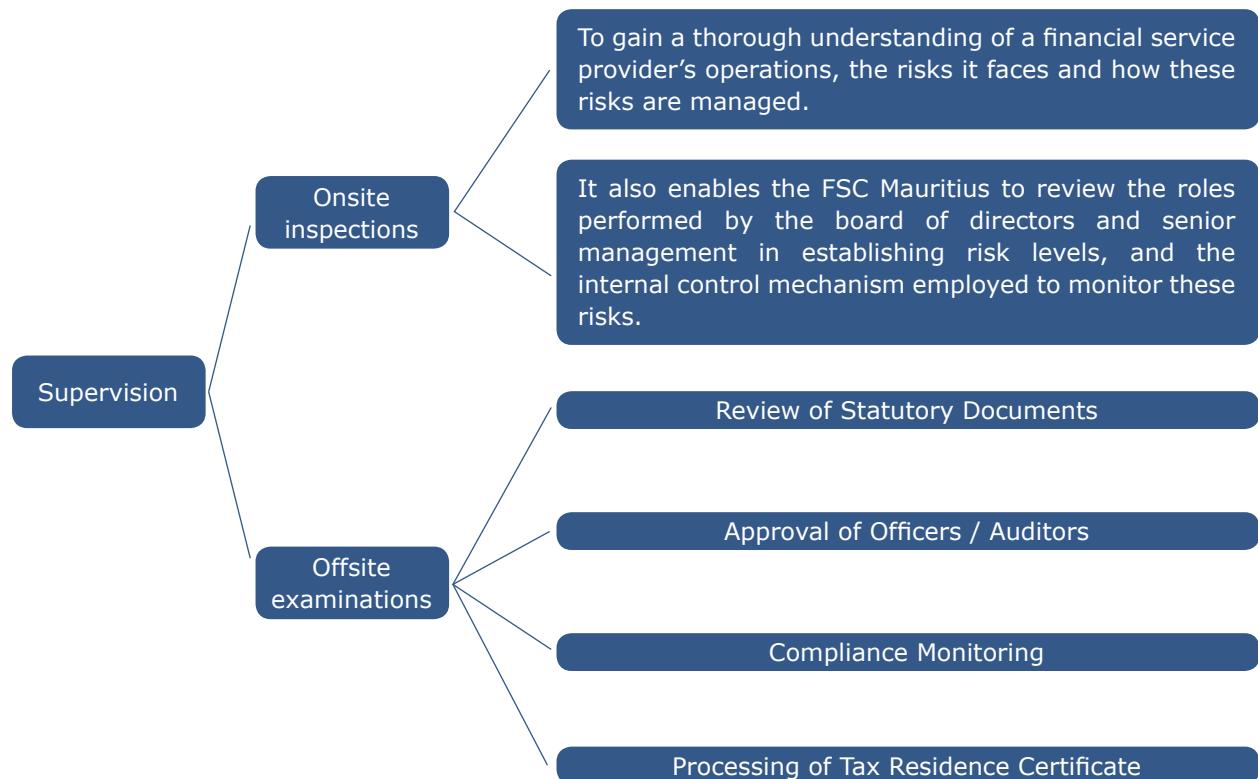
SUPERVISION FRAMEWORK

The FSC Mauritius regularly reinforces its supervisory framework in response to international challenges in order to promote a 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 legislative 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 2: Supervisory framework



Risk-Based Supervision

The Risk-Based Supervision ('RBS') framework, which caters for both compliance-driven supervision and risk-based supervision, was implemented to assist 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.

CAPITAL MARKETS

On-site Inspection

During 2017/18, the FSC Mauritius carried out on-site inspections at the premises of 16 licensees operating in the capital markets sphere. These inspections related to both domestic companies and Global Business Companies carrying out the following business activities:

- Investment dealer – in the categories of : (i) full service dealer (including underwriting), (ii) full service dealer (excluding underwriting) and (iii) discount broker;
- Investment adviser – in the categories of (i) unrestricted, (ii) restricted and corporate advisory finance;
- Treasury management;
- Leasing; and
- Investment Banking.

The objectives of the inspections were to ascertain that these entities are operating under the scope of the licences granted to them and are 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 money laundering legislations & codes and evaluation of financial soundness and controls (risk management, systems/ mechanisms). As part of operational matters, the licensees were queried on their business culture, complexities encountered and future strategies/plans.

New approaches were adopted to enhance monitoring by the FSC Mauritius. These include, *inter alia*:

- (i) the verification of whether the licensees are adhering to the Code of Business Conduct (9 guiding principles),
- (ii) an in-depth analysis of the Books of accounts,

(iii) in terms of reporting, the inspectors check the Auditors report - independent and neutral assessment of state of affairs of the entities.

Prior to the conduct of the on-site inspection, a pre-onsite questionnaire is sent to licensees requesting information in terms of number of clients, staffing and turnover.

Table 21: Number of Inspections

	Jul 17 - Jun 18	Jul 16 - Jun 17
Securities Exchange, Clearing and Settlement facility and Market Intermediaries	15	19

Source: Financial Services Commission, Mauritius

Investigation

In terms of investigation, the FSC Mauritius carried out an investigation on the premises of one Leasing Company in April 2018. This company was closely monitored since 2015 and in February 2018, it was placed into voluntary administration under the Insolvency Act.

Offsite Supervision and Monitoring

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

- Market Infrastructure licensed under sections 9,10 and 11 of the Securities Act ("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 ;

- Reporting Issuers registered under Rule 3 of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007;

Investment Banking under section 79A of the FSA – Depending on activities (for Capital Markets, this includes conducting the activities of an investment dealer (full service dealer, including underwriting), investment adviser (unrestricted) and investment adviser (corporate finance advisory).

Monitoring of Securities Exchanges / Clearing & Settlement Facilities

As part of its routine off-site surveillance functions, the FSC Mauritius continuously monitors the Stock Exchange of Mauritius Ltd ('SEM') and its Clearing & Settlement Facility – the Central Depository & Settlement Co Ltd ('CDS') to ensure they operate in a fair, efficient and transparent manner. The evolution of securities listed on the SEM are monitored online in terms of the volume, share price and any corporate actions in relation to these securities.

During the period under review, the FSC Mauritius identified situations whereby abnormal trading had been noted on the SEM, in terms of increase/decrease in share price or volume. The FSC Mauritius requested trade details from the CDS to conduct preliminary enquiry with respect to these cases of abnormal trading. The preliminary enquiries made reveal no potential market abuse.

In addition, the FSC Mauritius tracks the development of listed entities on the SEM through publications and press reviews. It is to be noted that listed companies are registered as Reporting Issuers with the FSC Mauritius as per Section 86 of the Securities Act.

The SEM and CDS are required to submit the reports on the trading and clearing & settlement activities. The periodical reports submitted by CDS in terms of trading of operations were analysed and no failed trades were noted.

Submission of Statutory Requirements, Notifications & Request for approvals

For 2017/2018, the licensees submitted statutory requirements as per the relevant Acts which included filing of:

- Annual Reports for Securities Exchanges, Clearing & Settlement Facility, investment dealers, investment advisers and Reporting Issuers (including Quarterly Accounts) as per the Securities Act;
- Audited Financial Statements for licensed entities under second schedule of the FSA; and
- Register of interests regarding the disclosure of dealings of Directors and staff of Investment Dealers as prescribed under the Stock Exchange (Register of Interests) Rules 1994.

The FSC Mauritius ensured that the licensees submitted 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 among 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 2007 ;
- Approval of officers under Section 24 of the FSA 2007;

- Request for Waivers and Exemptions in terms of Takeovers by Reporting Issuers under Rules 34 and 43 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 Securities Act 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 Securities Act 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 Securities Act 2005;
- Request for waivers under the SEM's ATS Schedules of Procedures;
- Request for Certificate of Good Standing;
- Dealing with winding up issues;
- Surrender of licences;
- TRC issues; and
- Issues regarding advertisements;

Approval of the FSC Mauritius regarding SEM Rules

Approval to Amendments to the Stock Exchange of Mauritius Ltd Rules

The FSC Mauritius granted its approval to SEM for amendments to be brought to the Stock Exchange (Conduct of Trading Operations) Rules 2001 ('SEM Trading Rules'), pursuant to section 13(3) of the Securities Act.

These amendments relate to Rule 3A(ii) of the SEM Trading Rules regarding Off-market Transfers cases relating to:

- (i) Re-organisation/restructuring of corporations and
- (ii) Certain qualified international products listed on SEM (as submitted to the FSC

Mauritius) to be euroclearable (which are cleared through international Central Securities Depositories (ICSD) such as the Euroclear and Clearstream).

Proposed amendments to the ATS Schedule of Procedures

Pursuant to Section 13(3) of the Securities Act 2005, the FSC Mauritius granted its approval for amendments to be brought to the ATS Schedule of Procedures to allow for the extension in the daily trading hours on the SEM by one hour. This Extension became effective on 12 June 2018 and enables foreign investors in different time zones to have extended real-time access to the SEM platform, improve their trading opportunities and potentially enhance liquidity. This constitutes an important step towards creating a conducive environment for full day trading in the near future, which is already the practice in developed markets.

Termination of Licence

Pursuant to Section 28 (9) of the Securities Act, the Securities Exchange and Clearing & Settlement Facility Licences granted under Section 9 and 11 of the above mentioned Act to Bourse Africa Ltd and Bourse Africa Clear Ltd were terminated with effect from 24 January 2018.

FSC Mauritius / SEM / CDS – Surveillance Sub Committee

The Surveillance Sub-Committee ('SSC') is a committee regrouping the FSC Mauritius as the regulator and its licensees namely: the SEM and 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 example crisis management, (v) Discuss on market developmental matters (vi) Identify potential problem areas and decide upon common aspects of intervention amongst others.

Discussions for the year 2017/2018 were primarily focused inter alia on:

- a) the future orientation of the FSC Mauritius vis-à-vis its stakeholders;
- b) Review of current practice with regard to Right Issue and Securities (Preferential Offer) Rules 2017;
- c) Case of Listed Companies not meeting 25 percent in the hand of the public;
- d) Listing, trading and settlement of first Depository Receipts (DRs) denominated in USD; and
- e) Code of Corporate Governance

INVESTMENT FUNDS

On-site Inspections

The 2017/18 on-site inspection cycle for investment funds and their intermediaries covered eleven entities related to domestic companies and holders of a Category 1 Global Business Licence. An overview of on-site inspections conducted from July 2016 to June 2018 is provided in the table below.

Table 22: Number of on-site inspections

Licensees	Jul 17 – Jun 18	Jul 16 – Jun 17
CIS	8	6
CEFs	-	-
CIS Administrator	-	1
CIS Manager	2	3
Custodian (CIS)	1	5

Source: Financial Services Commission, Mauritius

The on-site inspection schedule for the year under review was drawn taking into consideration the following factors:

- funds with high net asset value,
- entities not covered during the previous inspection cycle,
- entities whereby major deficiencies were noted during on-site inspections carried out in the previous period, and
- entities where breaches were observed during offsite monitoring.

The scope of the inspection was mainly to:

- assess the market conduct of licensees for fairness and transparency;
- evaluate the internal control procedures and key processes established by licensees;
- ascertain the licensees' level of compliance with the provisions of the Securities Act 2005 and the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008; and

- check the adherence of licensees to the Code on the Prevention of Money Laundering and Terrorist Financing.

The walkthrough tests conducted for custodian included settlement of securities to clients' accounts, safekeeping of clients' assets and dealing with corporate actions.

Investigations

With respect to investment funds and intermediaries, 39 investigations were started and are still ongoing. These investigations were triggered following major deficiencies and breaches noted during on-site inspections carried out in 2016 and investors' complaints received.

In order to protect the good repute of the Mauritius jurisdiction and the interest of investors, the FSC Mauritius proceeded with the suspension of the Category 1 Global Business Licence and authorisation to operate as a Closed-End Fund of seven entities during the year.

Offsite Monitoring

During the year, the FSC Mauritius received and attended to more than 6,755 requests comprising approvals for the appointment of directors, change in shareholding structure, creation of share classes/sub funds, amalgamation, re-classification, winding up, advertisement publications and certificate of good standing amongst others.

Creation of cells / sub-funds

In assessing the requests for the creation of new cell/sub-fund, a detailed review of the operation of the existing and proposed cell/sub fund is conducted. During these reviews, it was observed that some of the existing cells/sub funds were not in compliance with

the legal framework. Therefore, prior to giving its approval for the creation of new cell/sub fund, the FSC Mauritius requested the concerned licensees to take necessary remedial measures with respect to these existing cells/sub funds.

Request for Information

With respect to Investment Funds and Intermediaries, more than 200 Requests for Information (RFIs) from other regulators/intra-agencies and private requests were received and entertained by the FSC Mauritius.

FSC Mauritius has also adopted a proactive approach in that information/assistance is being sought from other regulators to ascertain the fitness and propriety of a person who is regulated in that particular jurisdiction. As such, Investment Funds made 11 RFIs to its foreign counterparts.

Review of Financial Statements and Annual Reports

For the period 2017/18, the FSC Mauritius reviewed a sample of 302 Audited Financial Statements ('AFS') for Investment Funds and Intermediaries. The review of the AFS revealed the following issues:

- (i) Breach of Regulation 38 (1) of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 (the 'CIS Regulations') which requires a licensee holding a CIS Manager Licence to maintain a minimum stated unimpaired capital of at least MUR 1 million or an equivalent amount;
- (ii) Non-compliance with the requirements of the Sixth Schedule of the CIS Regulations by licensees categorised as a Global Scheme or Retail Scheme; and
- (iii) Non-compliance with Section 5 of Circular Letter CL16042010 dated 16 April 2016. Licensees which have prepared their AFS in accordance with other international standards (UK GAAP, US GAAP, South African GAAP and Singaporean GAAP) are required to submit to the FSC Mauritius a confirmation from the auditor that there are no significant issues from a comparison of the results obtained using the standards adopted with the results that would have been obtained if the International Financial Reporting Standards ('IFRS') had been used.

Where significant issues are noted in the comparison, the licensees are required to submit a statement of reconciliation from the auditor showing the adjustments that would be required to make the financial statements tally with the results that would have been obtained under the IFRS. Non-compliant licensees were requested to take remedial measures.

OTHER NON-BANK FINANCIAL INSTITUTIONS

Table 23: Number of on-site inspections

Licensees	Jul 17 – Jun 18	Jul 16 – Jun 17
Asset Management	-	-
Credit Finance	-	2
Custodian (Non-CIS)	1	4
Distribution of Financial Products	1	1

INSURANCE

On-site inspections

Seventeen on-site inspections were conducted during the period under review, in respect of seven general insurance companies, six insurance brokers, and one Global Business Company carrying on insurance business and three pre-licensing visits for Funeral Schemes.

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

Table 24: On-site inspections carried out

	Jul 17 – Jun 18	Jul 16 – Jun 17		
	No. of licensees	No. of inspections	No. of licensees	No. of inspections
Long term insurance	8	-	8	1
General Insurance	15	7	15	-
Insurance Brokers	41	6	39	2
Global Business companies carrying on insurance business	56	1	22	3
Funeral Schemes (Pre-Licensing visits)	-	3	-	-

Source: Financial Services Commission, Mauritius

Some of the main findings observed during the on-site inspections are as follows:

- Non-compliance with requirements of the Insurance Act 2005 and Insurance Brokers Rules 2008;
- Failure to remit premiums within specified time limit as per the law;
- Inadequate and inaccurate record keeping;
- Non-compliance with AML/CFT Code;
- Non-compliance with the Competency Standards of the Commission;

- Absence of minutes of meetings of the Board and Shareholders;
- Significant balance of trade payables
- Failure to enter into a written agreement with the insurer or reinsurer
- Delay in settlement of claims (Comprehensive and TP Claims)

Investigations

Due to irregularities and several deficiencies observed during offsite review of one insurance broker, the matter was referred to Enforcement and an investigation was carried out during the period under review.

Offsite supervision of insurance companies and intermediaries

During the period 2017/18, offsite reviews of insurance companies and intermediaries revealed the following, amongst others:

- Conducting 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;
- Failure to comply with Rule 5(2) of the Insurance (Insurance Brokers) Rules 2008;
- Inadequate record keeping;

- Non-compliance with the requirement to maintain a principal bank account in Mauritius;
- Non-compliance with Brokers Rules: Inadequate record keeping with respect to the consent form to be filled in by clients;
- Failure to perform adequate Customer Due Diligence;
- Failure to enter into a written agreement with the insurer or reinsurer;
- Non-compliance with AML CFT legislation;
- Lack of Board Oversight over insurer's operations and unqualified management team;
- Underwriting malpractices;
- Inadequate disclosure to policyholders;
- Inadequate Underwriting Processes and Record Keeping; and
- Unsatisfactory claims handling practices.

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

PENSION

FSC Mauritius continued with the on-boarding process of contractual based deemed-to-be-licensed pension schemes such that these schemes comply with Section 8 of the PPSA.

The FSC Mauritius also examined the cases of defined benefit schemes that have requested to shift to defined contribution arrangements for financial reasons. Prior to approving these requests, the FSC Mauritius required that these licensees submit all information pertinent to the requests in order to ensure the protection of beneficiaries' interest.

On-site Inspection

During the year under review, no onsite visit was conducted with regard to licensees under this sector owing to focus being given to the offsite supervision and monitoring of the on-boarding process of DC and DB schemes to multi-employer pension schemes.

On-site inspections shed light on the level of compliance with the requirements set forth in relevant laws and regulations. The inspections also evaluate various risks to members who rely on receiving benefits from pension schemes when they retire. The primary objective of the private pension schemes inspection process is to improve the compliance of these schemes with the Private Pension Schemes Act 2012 and other relevant Acts. This process is achieved by detecting violations and deficiencies, bringing such findings to the attention of the licensees in order to be addressed, and referring serious instances of violations for Enforcement action.

Offsite supervision

During the year under review, FSC Mauritius monitored the filing of Audited Financial Statements, Schedule Forms and Actuarial Reports and the timely issuance of benefit statements to beneficiaries of private pension schemes under its purview. FSC Mauritius also ensured that the governing bodies and

pension scheme administrators of private pension schemes have accomplished their responsibilities as spelt out under the PPSA, Rules made thereunder and constitutive documents with regard to administration, management or investment of assets of the private pension schemes. Furthermore, FSC Mauritius received and processed complaints lodged by active members as well as pensioners of private pension schemes. These complaints were classified under the following categories:

- Discrepancy in benefit statements, late / non submissions of benefit statements;
- Computation of accrued benefits not aligned with Scheme Rules;
- Non-payment of pension benefits;
- Delay in payment of pension benefits;
- Delay in exercising portability options and other related issues; and
- Complaints about the management or ongoing administration of pension arrangements

Governing bodies and pension scheme administrators were informed of non-compliances for them to take necessary measures in order to comply with the provisions of the law.

The review of Audited Financial Statements and Returns of private pension schemes for the year under review has revealed that accounts for some private pension schemes were not prepared in accordance with IFRS. There were also cases of non-compliances with investment concentration limits as well as cases of late submissions of Statutory Returns. Pursuant to the PPSA and Rules made thereunder, the governing bodies and pension scheme administrators are responsible for any non-compliance and therefore, they were requested to remedy the non-compliances and non-submission of statutory filings accordingly.

Furthermore, the thematic review of Actuarial (Valuation) Reports which includes monitoring submission, ensuring compliance

with the technical funding requirements and checking for any adverse opinion of actuary has contributed to enhanced compliance for defined benefit schemes. FSC Mauritius also carried out communication exercises with relevant stakeholders of private pension schemes to address issues of underfunding and submission of contingency plans.

For DC schemes, the review focused mainly on trends in pension contributions, performance of investments and compliance with the provisions of the Private Pension Schemes (Investment) Rules 2013.

Challenges

The role of the FSC Mauritius with regard to any trend or change impacting private pension schemes in Mauritius is to ensure that the interests of members and beneficiaries of the schemes are protected while simultaneously ensuring that the practical experiences of relevant stakeholders are taken into consideration so as to maintain a healthy and stable private pensions industry.

Presently, the FSC Mauritius is receiving requests, from its licensees and from sponsoring employers, to consider closing DB schemes and shift members to DC schemes.

Some of the major issues associated with these requests were -

1. The DB schemes are underfunded;
2. Many small to medium sized DB schemes are still in contractual forms and do not have a governing body for decision making in the best interest of members; and

3. DB scheme sponsors are seeking multiple options to limit their pension obligations and liabilities under the current arrangements and some of these options may not necessarily be in the best interest of members.

To address the current situation, the FSC Mauritius has onboarded a reputed international Pensions Consultant who previously worked on the drafting of the Private Pension Schemes Act 2012 and its related Rules. He has both public and private sector experience spanning Europe, Africa and Asia including advising governments, government agencies and the World Bank. The Consultant will investigate the situation in order to provide practical solutions to the underfunding issue. His expertise will guide the FSC Mauritius to better assess the different needs of all stakeholders and propose the best avenues, in line with international best practice, for all parties concerned.

GLOBAL BUSINESS

Onsite inspection

Inspections of Management Companies / Corporate Trustees

In 2017/2018, 27 Management Companies / Corporate Trustees were inspected with focus on anti-money laundering principles, risk management, transaction monitoring and corporate governance standards.

Whilst it was observed that some management companies have been positively investing in infrastructure (in terms of space and IT) and people (in terms of training), others failed to operate at a higher standard. The main areas of concern identified relate to the following:

- No appropriate checks were carried out to ascertain the sources of funds/ wealth of funds of clients;
- Failure to systematically apply the AML/ CFT procedures and policies;
- No enhanced due diligence conducted in cases of higher risk customers such as PEPs;
- Failure to establish and maintain systems and procedures for the monitoring of ongoing customer activity;
- Failure to undertake a proper risk profiling of clients both at on-boarding of clients and on an annual basis; and
- The Board of Directors was not appropriately constituted in accordance with the Code of Corporate Governance.

For the period under review, the FSC Mauritius issued 'show cause' to several Management Companies and suspended two Management Companies' Licences.

Inspections of Foundations by the Registrar of Companies

During the year under review, the Registrar of Companies inspected 57 Foundations with the assistance of the FSC Mauritius.

Management Companies: Business Conduct

After the publication of the 'Paradise Papers', the FSC Mauritius reiterated its supervisory focus on business conduct and sent reminder letters to Management Companies:

- Management Companies were reminded of their ongoing obligations to observe, at all times, high standard of market conduct. Directors of Management Companies were reminded of their roles in maintaining high standards and to exercise due care, diligence and skills at all times.

The FSC Mauritius also cautioned Management Companies that regulatory actions would be taken against them and their officers if they are found to be linked with any illegal, harmful and/or fraudulent practices that may cause prejudice to the good repute of Mauritius.

Management Companies were also informed of the requirement to continuously monitor their clients and to inform the FSC Mauritius of any adversely commented press report and/or public criticism on their clients, through prompt submission of a compliance report.

- Managing exposures relating to Cyber Security

Over the recent years, cyber-attacks have increased in frequency and sophistication, affecting Management Companies and the good repute of Mauritius as an International Financial Centre. Mauritius witnessed cases such as Offshore Leaks, Panama Leaks, Swiss leaks and more recently the Paradise Papers.

Cyber risks are set to grow as Management Companies become more data-driven digital businesses and as more financial services are delivered online. Only those Management Companies who have robust cyber security and cyber risk management framework will be in a position to retain customer trust and competitive edge.

The threat of cyber-attacks is a significant risk for the stability of the financial system. In this respect, MCs were reminded of their obligations to comply with the FSC Guiding Principles of the Code of Business Conduct. In particular, MCs must be aware of their respective degree of risk exposures and take appropriate measures including carrying out IT audits and conduct penetration testing at regular intervals to ensure that their systems are not vulnerable and prone to cyber-attacks. Licensees must keep records of these tests for inspection by the FSC Mauritius.

Offsite Supervision

Managed Corporate Service Providers ("MCSP")

In 2017, MCSPs were again reminded in writing of the provisions of the Practice Notes on MCSP and some were prompted to full-fledge operation or winding-up. The MCSP arrangement is a temporary arrangement.

Tax Residence Certificate (TRC)

TRCs are issued by the Mauritius Revenue Authority (MRA) following recommendations from the FSC Mauritius. The application for recommendation for a TRC is made electronically to the FSC Mauritius through MCs. The recommendation from the FSC Mauritius is subject to the good standing of the GBC1s in terms of its fees, reporting obligations and the FSC Mauritius verifying which additional substance requirement is being adhered to by the applicant, amongst others.

During the year 2017/2018, the FSC Mauritius provided a good standing report to 7,457 TRC applicants out of which 6,508 were renewals and 949 were new TRCs.

In a view of easing the process, the MRA will be enhancing the process through the implementation of an electronic platform for application of TRCs which will facilitate the Applicants to apply online for the TRC in a more structured, user-friendly, efficient and organized manner through secured log in credentials. The FSC Mauritius has been working in close collaboration with the MRA to facilitate the process.

Review of Accounts

During the year 2017/2018, 104 audited financial statements for Management Companies / Corporate Trustees ('CT') were received.

The Total Income as per the audited financial statements received, amounted to USD 183 million and Profit before tax amounted to USD 51 million.



LEGAL AND REGULATORY DEVELOPMENTS



LEGAL AND REGULATORY DEVELOPMENTS

LEGAL AND REGULATORY DEVELOPMENTS

CHANGES TO LEGISLATION

AMENDMENT TO RULES

Financial Services (Administrative Penalties) Rules 2013

The Financial Services (Administrative Penalties) Rules 2013 were amended by the Financial Services (Administrative Penalties) (Amendment) Rules 2018 with effect from 01 January 2018. The administrative penalty payable in respect of each breach of a legal obligation specified in the first column of the Schedule to the Rules by a licensee after 31 December 2017 shall not exceed 150,000 rupees (USD 5,000).

The Schedule to the Rules provides the following:

1. Failure to furnish the Commission with such statistical information required to be furnished pursuant to section 7(2) of the Financial Services Act, within such time as may be required, will result in an administrative penalty of Rs 300 (USD 10) for each business day of non-compliance.
2. Failure to file with the Commission audited financial statements or financial summaries, pursuant to section 30 of the Financial Services Act, within such time as may be required, will result in an administrative penalty of Rs 300 (USD 10) for each business day of non-compliance.
3. Failure to file any account, balance sheet, certificate, report, return or statement with the Commission, pursuant to sections 51 and 72 of the Insurance Act 2005, within such time as may be required, will result in an administrative penalty of Rs 300 (USD 10) for each business day of non-compliance.
4. Failure to file any annual report or financial statements with the Commission, pursuant to sections 20, 55, 88 and 106 of the Securities Act within such time as may be required, will result in an administrative penalty of Rs 300 (USD 10) for each business day of non-compliance.

5. Failure to file quarterly and audited annual financial statements with the Commission, pursuant to Regulation 29 of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 within such time as may be required, will result in an administrative penalty of Rs 300 (USD 10) for each business day of non-compliance.

Circular Letter CL280218 on the National Code of Corporate Governance

The FSC Mauritius issued, on 28 February 2018, a Circular Letter on the National Code of Corporate Governance informing licensees of their obligations with respect to the new code which is applicable as from the reporting year (financial period) ending 30 June 2018.

All licensees required to comply with the Code (under paragraph 3 of the Circular Letter) should apply the eight corporate governance principles (the "Principles") in accordance with:

- (i) the nature of their business; and
- (ii) the specific guidance

The eight Principles are set out below:

1. Governance Structure;
2. The Structure of the Board and its Committees;
3. Director Appointment Procedures;
4. Director Duties, Remuneration and Performance;
5. Risk Governance and Internal Control;
6. Reporting with Integrity;
7. Audit; and
8. Relations with Shareholders and Other Key Stakeholders.

The FSC, as the regulator of non-banking financial services and global business sectors, will monitor the application of the code and adherence to Principles by the relevant licensees.

THE FINTECH AND INNOVATION-DRIVEN FINANCIAL SERVICES REGULATORY COMMITTEE

The Fintech and Innovation-driven Financial Services Regulatory Committee (Fintech Committee) was set up under the aegis of the FSC Mauritius in January 2018.

The Fintech Committee is composed of the following members:

- (i) Lord Meghnad Desai, House of Lords, United Kingdom;
- (ii) Lord St John of Bletso, House of Lords, United Kingdom;
- (iii) Ms Loretta Joseph, Chair of the Australian Digital Currency and Commerce Association;
- (iv) Mr Nishith Desai, Founder of the Nishith Desai Associates Law Firm in India;
- (v) Mr Yandraduth Googoolye, Governor of the Bank of Mauritius;
- (vi) Mr Harvesh Seegolam, Chief Executive of the FSC Mauritius; and
- (vii) Mr Rajesh Sharma Ramloll S.C., Deputy Solicitor General, Attorney General's Office, Mauritius.

From February to May 2018, the Fintech Committee held three meetings under the chairmanship of Lord Desai and undertook an in-depth assessment of the current regulatory set-up in Mauritius. Following the analysis, the Fintech Committee concluded that the legislative framework in Mauritius is essentially technology-neutral. It also identified three priority areas within the space of fintech activities for regulation in Mauritius, namely:

- Initial Token Offerings (ITOs);
- Custody services in relation to Digital Assets; and
- Trading of Digital Assets.

On 18 May 2018, the Fintech Committee submitted its report entitled "Mauritius: Roadmap for a Regional Fintech Hub" to the relevant Authorities in Mauritius. The report includes recommendations on the need to introduce new sets of regulations for fintech and innovation. These recommendations of the Fintech Committee have been announced in the Budget Speech 2018/19 and are being implemented by the FSC Mauritius.

THE NATIONAL REGULATORY SANDBOX LICENCE COMMITTEE

Following the recommendations of the Fintech Committee, the National Regulatory Sandbox Licence (RSL) Committee was set up in September 2018 under the Chairmanship of Lord Meghnad Desai. The National RSL Committee comprises the following members:

- (i) Lord Meghnad Desai, House of Lords, United Kingdom;
- (ii) Dr Renganaden Padayachy, First Deputy Governor, Bank of Mauritius;
- (iii) Mr Harvesh Seegolam, Chief Executive, FSC Mauritius;
- (iv) Mr Guillaume Ollivry, Director, Financial Intelligence Unit, Mauritius;
- (v) Mr François Guibert, Chief Executive Officer of the Economic Development Board;
- (vi) Mr Yvan Jean Louis, Principal State Counsel;
- (vii) Mr Dhanunjaye Gaoneadry, Permanent Secretary of the Ministry of Financial Services and Good Governance; and
- (viii) Mr Mahess Rawoteea, Lead Analyst of the Ministry of Finance and Economic Development.

The National RSL Committee is under the administrative charge of the FSC Mauritius and will:

- Operate as an independent committee to coordinate the processing of all RSL applications made to the Economic Development Board (EDB) in relation to fintech;
- Be the focal point for assessing:
 - all fintech related RSL applications; and
 - all newly announced fintech related applications in the National Budget 2018/2019.
- Assign the supervisory function for the holder of the fintech RSL to either the Bank of Mauritius or the FSC Mauritius, depending on the nature of the proposed fintech activity.

The National RSL Committee held its first meeting on 21 September 2018.



ENFORCEMENT



ENFORCEMENT



ENFORCEMENT

The FSC Mauritius is mandated under the FSA to ensure the sound conduct of business in the financial services and global business sectors. Enforcement is one of the tools which enables the FSC Mauritius to achieve this objective. The FSC Mauritius is committed to use its enforcement powers in a fair and proportionate manner. Where appropriate, the FSC Mauritius ensures that contraventions or instances of misconduct are rectified in conjunction with the licensee concerned through the normal supervisory processes, and agrees on the implementation of a remedial action programme to restore the licensee to compliance.

During the year under review, a steady flow of referrals from the supervision directorate was received involving cases where concerns were raised on conduct issues, corporate governance failings, securities fraud etc. The FSC Mauritius does not take enforcement action in relation to every rule or principle breach. Enforcement works with Supervision to test the basis for a referral. This includes gathering necessary information and documents and assessing existing evidence to ensure that the referral to Enforcement is the appropriate regulatory response.

Owing to their complexity, some cases involving multiple jurisdictions are still ongoing but are expected to be concluded in the near future. The FSC Mauritius collaborated with international regulators and the Federal Bureau of Investigation in tackling cross border misconduct. Domestically, the FSC Mauritius cooperated with law enforcement authorities including the Independent Commission against Corruption and the Mauritius Police Force in cases where its licensees were involved. The FSC Mauritius engaged with the Financial Intelligence Unit whereby intelligence shared on its licensees culminated into enforcement actions.

⁷ The figures relate to Global Business Companies which do not hold any other activity licence and Global Business Companies which are authorized as collective investment schemes/closed-end funds.

Table 25 provides the number of enforcement actions by the FSC Mauritius during the period under review.

Table 25: Number of Enforcement Actions

Type of Enforcement Action	Jul 17 – Jun 18	Jul 16 – Jun 17
Suspension of Licence	10	3
Withdrawal of Authorisation to act as Collective Investment Scheme	-	2
Cease Trade Order	-	-
Investor Alerts - Unauthorised	6	5
Directions Issued	1	9
Revocation ⁷	-	2

Source: Financial Services Commission, Mauritius

Referral of matters to the Enforcement Committee

During the period under review, the Chief Executive referred eight cases to the Enforcement Committee for appropriate action.

Table 26: Cases referred to the Enforcement Committee

Cases Referred to the Committee	Jul 17 – Jun 18	Jul 16 – Jun 17
Number of Officers Referred	3	36
Number of Licensees Referred	5	3

Source: Financial Services Commission, Mauritius

Enforcement Committee (“EC”)

Table 27: Number of administrative sanctions taken by the Enforcement Committee

Types of administrative sanctions taken by the EC	Jul 17 – Jun 18	Jul 16 – Jun 17
Revocation of Licences	2	3
Disqualification of Officers	7*	7▪
Private Warning	2	1
Public Censure	1*	-

Source: Financial Services Commission, Mauritius

*During the period 12 months ended 30 June 2018, the Financial Services Review Panel (“FSRP”) has amended 3 and cancelled 2 decisions of the EC.

▪During the period 12 months ended 30 June 2017, the FSRP has cancelled 1 decision of the EC.

During the period 18 months ended 30 June 2017, the FSRP has cancelled 1 decision of the EC.

Financial Services Review Panel

During the period 2017/18, eight applications were made to the Review Panel for review of the decisions of the Enforcement Committee. During the year under review, the Review Panel amended the decision for three applications and cancelled two applications. As at 30 June

2018, there are nine applications pending before the Review Panel.

Looking Forward

This report provides a statistical overview on the enforcement actions taken during the year under review. Looking forward 2019, we expect to provide detailed information regarding our approach to enforcement including our use of information gathering and investigation powers, our decision making process and a proposed financial penalty policy.

A lot of emphasis is rightly being placed on the effectiveness of Mauritius’ anti-money laundering defences and understandably the IMF and FATF assessments place weight on clear evidence of action, such as enforcement. Whilst no decision to refer matters to enforcement is taken lightly, it is anticipated, as a result of ongoing work across the supervisory space, that AML and financial crime related issues are likely to be focus of increased scrutiny over the next reporting period.

It is necessary to emphasise that enforcement proceedings on financial crime issues are and will always be based on material failings in high risk areas. However, we must act when firms fall well short of the standards we expect.

Table 28: Number of cases dealt by the Review Panel

Applications to the Review Panel	Jul 17 – Jun 18	Jul 16 – Jun 17
Number of applications made by officers to the Review Panel	6	5
Number of applications made by licensees to the Review Panel	2	2
Number of determinations delivered by the Review Panel for officers	4	7
Number of determinations delivered by the Review Panel for licensees	1	4
Number of cases withdrawn by officers	-	1
Number of cases withdrawn by licensees	-	2

Source: Financial Services Commission, Mauritius



ANTI-MONEY LAUNDERING & COMBATING FINANCING OF TERRORISM



ANTI-MONEY LAUNDERING & COMBATING FINANCING OF TERRORISM

AML/CFT

NATIONAL RISK ASSESSMENT (NRA)

Recommendation 1 of the Financial Action Task Force (FATF) requires countries to conduct a risk assessment which is aimed at identifying, assessing and understanding the Money Laundering and Terrorist Financing risks faced by countries. Mauritius is currently undergoing its National Risk Assessment exercise (NRA). This is a government-led initiative which is being conducted with the technical assistance of the World Bank.

The Financial Intelligence and Anti-Money Laundering Act (FIAMLA) provides for the legal framework to support the conduct of the NRA. This exercise will enable the assessment of risks, application of resources and adoption of measures for the mitigation of the risks identified. Further, it will help Mauritian Authorities to assess the effectiveness of the current requirements and the application of risk based approach.

The NRA Working Group includes both public-sector agencies and representatives of the private sector. The FSC is leading on the following Sector Teams: Securities, Insurance and Pensions, Other Financial Institutions and Trust and Corporate Service Providers (TCSP).

AMENDMENT TO THE FSC AML/CFT CODE

On 12 July 2017, the FSC Mauritius issued a Communiqué on the amendments to the FSC Code on the Prevention of Money Laundering and Terrorist Financing (FSC AML/CFT Code). The AML/CFT Code issued by the FSC Mauritius has been amended to implement Recommendation 1 of the Financial Action Task Force Recommendations ('FATF recommendations'). The latter provides for the assessment of risks and the application of a risk-based approach. In this respect, the FATF has issued in October 2015 a Guidance Note for a Risk-Based Approach.

Licensees should, as far as possible, adopt an appropriate risk based approach to ensure that the measures in place correspond to the risks identified. Licensees must also consider any additional measures they wish to adopt to prevent them and their services from being used to launder money or to finance terrorism.

The FSC Mauritius has already adopted a Risk-Based Supervisory Framework, which caters for both compliance-driven supervision and risk-based supervision.

The AML/CFT Code has been amended to include the features of the Guidance Note issued by the FATF for an effective supervisory system with the aim to enhance the understanding of the relevant FATF requirements.



FINANCIAL LITERACY AND CONSUMER PROTECTION



FINANCIAL LITERACY AND CONSUMER PROTECTION

FINANCIAL LITERACY AND CONSUMER PROTECTION

The FSC Mauritius is mandated 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.

The FSC Mauritius, aims to develop a financially literate population capable of understanding the functioning of the financial services sector and the use of financial products and services. It is committed to creating investor awareness and promoting financial education thereby empowering people to take informed investment decisions.

Through financial literacy, consumers of financial services are able to practice financial planning and adopt the habit of saving and investing for their prosperity and economic wellbeing by choosing appropriate financial products which suit their priorities and goals.

During the period under review, the FSC Mauritius has undertaken a number of financial literacy initiatives.

Consumer Education Outreach Programme

The FSC Mauritius Consumer Education Outreach Programme aims at reaching out and educating the Mauritian population on financial products and services. Under this programme, the FSC Mauritius conducts

outreach sessions throughout the country targeting urban and rural areas as well as different types of associations including entrepreneurs, women, youth and senior citizens.

These interactive sessions are opened with a presentation in the language suiting the audience. Video clips are also shown during the presentation. This is followed by a questions and answers session. In parallel, there is a special help desk set up to attend to specific queries or complaints of the audience.

The outreach sessions are tailor-made to suit the audience needs and normally cover topics such as benefits and risks associated with investment in financial services and products, understanding relevant terms and conditions of agreements, drawing a budget, prioritising expenses and saving for the future and other relevant subjects.

A number of informative materials have been developed by the FSC Mauritius which includes brochures, cartoon posters and games. These materials are distributed to stakeholders during the different consumer education programmes and events.

During the period under review, the FSC Mauritius conducted outreach sessions on financial literacy and consumer education as per the table below.

Date	Benefitting organisation	Target Audience
September 2017	Pointe Aux Sables Recreational Centre	Senior Citizens associations
	Belle Mare Recreational Centre	Senior Citizens associations
October 2017	Plein Bois Community Centre	Women Associations / General Public
November 2017	Trois Boutiques Community Centre	General Public
December 2017	Bambous Social Welfare Centre	General Public
	Plaine des Roches Community Centre	General Public

List of Consumer Outreach Sessions

Financial Literacy in Focus

The Financial Literacy in Focus ('FLiF') initiative was completed in September/October 2017 with the publication of an informative cartoon on Share Trading in two weekly newspapers of wide circulation. The objective of FLiF was to inform the public, through cartoon and other media, on the need to take the right financial decisions in different situations so as to ensure their financial well-being.

Working session and signature of MoU between the FSC Mauritius and NISM India

The FSC Mauritius hosted an interactive working session conducted by representatives of the National Institute of Securities Markets ("NISM") of India on financial literacy at the seat of the FSC Mauritius in February 2018. The working session which regrouped participants from different local agencies and the industry had as objective to commonly reflect on the elaboration of a national roadmap for the promotion of financial literacy amongst the different segments of the Mauritian population.

A Memorandum of Understanding was signed to formalise avenues of collaboration for the FSC Mauritius to benefit from the expertise of the NISM in matters of intra-organisational capacity building mechanisms and financial literacy amongst others.

Collaboration in Research

The FSC Mauritius assisted the University of Technology Mauritius (UTM) in a research

project on 'Enhancing Financial Education of Young Professionals in the advent of Fintech Development. The research project was conducted with the support of the Mauritius Research Council.

Complaints Handling

The FSC Mauritius handles complaints received by phone, through "walk-in" and written complaints received through e-mail and post. A total of 1971 complaints have been handled for the period under review. Of these, 1289 have been referred to relevant surveillance clusters for necessary actions. 682 non-referred complaints were also received by phone and through "walk-in".

	Jul 17 – Jun 18	Jul 16 – Jun 17
Referred	1289	709
Non-referred	682	445
Total	1971	1154

Source: Financial Services Commission, Mauritius

Complaints received through the Citizen Support Centre (CSC)

Since May 2017, the FSC Mauritius has been responding to complaints 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.

For the period under review, the FSC Mauritius handled 53 complaints received through the CSC.

Breakdown of complaints handled by Insurance Cluster

	July 17 to June 18
Total Complaints Received	517
No action required from the FSC Mauritius	127
Action taken	
1. Matter resolved	106
2. Referrals for action by other authorities / Institutions / Entities to:	
• Motor Vehicle Insurance Arbitration Committee (MVIAC)	29
• Complaints Coordinator of Insurance Companies	50
• Liquidator	1
• Judicial Review & legal advice	30
• In progress	174



FINANCIAL STABILITY AND STATISTICS



FINANCIAL STABILITY AND STATISTICS

FINANCIAL STABILITY AND STATISTICS

FINANCIAL STABILITY

FSC Mauritius, in collaboration with the Bank of Mauritius, is mandated to ensure the soundness and stability of the financial system in Mauritius. Moreover, risk management and financial stability is one of the main pillars of the FSC strategic plan 2017-2020.

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

The Joint Coordination Committee (JCC) between the FSC Mauritius and BoM is the forum where issues of joint interest to both regulators, including financial stability, statistics, AML / CFT, joint and conglomerate supervision are discussed. In addition, FSC Mauritius works with BoM for the publication of the BoM Monetary and Financial Stability Reports.

Supervision of Financial Conglomerate

The Financial Stability Working Group (FSWG) is a technical group under the JCC, whereby both regulators discuss issues relevant to financial stability.

It is globally recognised that financial conglomerates pose a heightened risk to the stability of a financial system due to their large size and the fact that entities within one group may operate in the banking, non-banking and non-financial services segments of an economy.

Effective monitoring of these groups of companies in Mauritius requires cooperative arrangements and the exchange of prudential information between the BoM and the FSC Mauritius, and is part of the mandate of the JCC. The FSWG has prepared a Term of Reference for a Lead Regulator to facilitate coordination of supervisory tasks on a financial conglomerate between the BoM and the FSC.

Paper on the Impact of GBC 1 deposits in Local Banks following amendments to India DTAA

The IMF Article IV Mission in 2016 cautioned that a significant and abrupt withdrawal of GB deposits in domestic banks (which is equivalent to around 80% of the GDP of Mauritius during the period under review) potentially due to the amendments made to India Mauritius DTAA may cause considerable stress on the domestic banking system.

Consequently, FSC Mauritius carried out a study to assess the risk and impact. No signs of any abrupt and significant business closures in the Global Business sector were noted and the number of new licences and non-live cases have remained broadly stable. Assets-size of GBC 1s have increased by 8% from 2016 to 2017 due to favourable market conditions notably in India. However, the risk indicators remain under close monitoring both by the FSC and the BoM.

STATISTICS

FSC Mauritius Statistical Bulletins

According 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 FSC Annual Statistical Bulletin is published pursuant to this section.

The Annual Statistical Bulletin 2017

The FSC Mauritius released its tenth Annual Statistical Bulletin on 29 December 2017. The primary objective of the Statistical Bulletin is to provide a stock-take of the financial performance of the institutions regulated by the FSC. The figures presented are mainly sourced from the audited financial statements (AFS) of the companies.

Quarterly Statistical Bulletins

Given that AFS of most licensees are filed with a timeliness of six months in June, there is a relevance gap in the data presented in the annual statistical bulletin. In view to provide more up-to-date information, a quarterly statistical bulletin has been devised during the period under review. The publication is still at fine-tuning stage but should provide, inter-alia, a quarterly evolution of licensing statistics, flows of investment made by GBC 1s and gross premiums and assets of insurers.

Surveys

During the year under review, the FSC Mauritius conducted a number of surveys as per table below to allow a close monitoring on the non-bank financial services sector and the global business sector. The data collected are in line with international data standards in particular the IMF Special Data Dissemination Standards (SDDS) and the SDDS Plus.

Survey	Details
IMF Monetary and Financial Statistics Survey	<p>This survey aims to cover the value and flows of the assets and liabilities of the resident Financial Corporations sector with respect to all other resident institutional sectors and non-residents. During the period under review, significant improvements have been brought to the survey form to address misclassifications of figures notably those reported by GBC1s. Around 1,500 companies were requested to revise their survey form due to large value of assets and liabilities classified under residents (other than GBCs) and/or denominated in domestic currency.</p> <p>The FSC Mauritius is working in close collaboration with the Bank of Mauritius to further improve the data quality of the MFS Survey.</p>
External Sector Statistics and National Accounts Survey 2018	<p>The External Sector Statistics and National Accounts ('ESSNAC') Survey, formerly known as the GBC 1 Survey, aims at collecting financial data from GBC 1s for the compilation of various macroeconomic statistics namely the Balance of Payments, International Investment Position, Foreign Portfolio, Foreign Direct Investment and National Accounts. This exercise is conducted in collaboration with the Bank of Mauritius and Statistics Mauritius.</p> <p>Owing to the complexity of this harmonised survey, previously only GBC 1s under the management of relatively large MCs (representing over 90% of GBC 1 assets) were required to participate in this survey. The introduction of the ODCS for collection of data has enabled the extension of the survey coverage to the whole population as from 2018.</p>

Survey	Details
22nd IMF Bi-Annual Coordinated Portfolio Investment Survey 2017	<p>This survey collects information on asset holdings by residents of Mauritius on securities issued by unaffiliated non-residents (Portfolio Investment) as at a particular period. Portfolio Investment relates to investment where the investor has no control or influence over the investee company. Such investment is typically made in high performing, liquid and volatile assets to maximise on relatively short term gains. It is therefore more dynamic and volatile than Direct Investment. Capital gains and dividend are generally targeted as return on investment.</p>
Employment Survey 2018	<p>Data from the survey are used in the compilation of the balance of payments and international investment position statistics for Mauritius. They also assist in monitoring the size and composition of the financial services sector of Mauritius.</p> <p>The FSC Mauritius carries out the Employment Survey annually amongst all licensees under its purview. This exercise aims at collecting data on the number of direct employment in the sub-sectors under the purview of FSC Mauritius. The survey provides information on the number of new recruits, retired employees, and employees who have resigned during the year 2017. Data from this survey are categorised as Managerial, Technical, Support and Gender.</p>



STAKEHOLDER RELATIONS



**STAKEHOLDER
RELATIONS**



STAKEHOLDER RELATIONS

STRENGTHENING STAKEHOLDER RELATIONS

The FSC Mauritius actively engages with all its relevant stakeholders at various levels. At the international and regional levels, FSC Mauritius participates in meetings and collaborates in terms of exchange of information, attachment programmes and organisation of events such as conferences and workshops. The FSC Mauritius engages regularly with local stakeholders such as ministries, authorities, institutions, organisations and licensees.

Membership

The FSC Mauritius and the Bank of Mauritius became a member of the Group of International Finance Centre Supervisors (GIFCS) in May 2018 and the Official Monetary and Financial Institutions Forum (OMFIF) in June 2018.

EFFECTIVE CROSS-BORDER SUPERVISION THROUGH EXCHANGE OF INFORMATION

Effective cooperation and exchange of information as well as robust working relationship between regulators are key to preserving financial stability. The FSC Mauritius has signed several Memoranda of Understanding (MoUs) with local, regional and international counterparts aiming at:

- consolidating supervision of cross-border operations of financial institutions;
- defining mechanisms to share information in accordance with international standards; and
- reinforcing collaboration amongst institutions in the fight against crime, Money Laundering and Financing of Terrorism.

The FSC Mauritius is also committed to adhering to international best practices on transparency and disclosure of information.

MEMORANDUM OF UNDERSTANDING (MoU)

MoU between the FSC Mauritius and the National Institute of Securities Markets (NISM), India

The FSC Mauritius and the NISM signed an MoU on 27 February 2018 to formalise avenues of collaboration in matters of intra-organisational capacity building mechanisms and financial literacy amongst others.

MoU between the FSC Mauritius and the Financial Conduct Authority (FCA), United Kingdom

The FSC Mauritius and the FCA UK signed an MoU on 10 April 2018 regarding Mutual Assistance and Exchange of Information.

MoU between the FSC Mauritius and Central Bank of the Russian Federation (CBRF), Russia

The FSC Mauritius and the CBRF Russia signed an MoU on 08 June 2018 regarding Mutual Assistance and Exchange of Information.

HOSTING OF INTERNATIONAL CONFERENCES & MEETINGS

OECD / IOPS Global Forum on Private Pensions

The FSC Mauritius hosted the OECD / IOPS meetings and Global Forum on Private Pensions "Care for the Future: Think of Pensions" from 24 to 25 October 2017 in Mauritius.

The global forum regrouped 70 delegates from different jurisdictions including Mauritius.

VISIBILITY OF FSC MAURITIUS ON THE INTERNATIONAL FRONT

Joint IOPS / OECD Working Party on Private Pensions Meeting and Research Seminar

The FSC Mauritius participated in the Joint IOPS / OECD Working Party on Private Pensions Meeting and Research Seminar from 19 to 21 June 2017 in Paris. The meeting and Research Seminar was dedicated to the topic of Fintech. The exhaustive list of international workshops, conferences, and meetings attended by the FSC Mauritius is provided in Appendix 4.

ATTACHMENT PROGRAMMES / STUDY VISIT

Mission d'analyse macroéconomique et risque pays de l'Agence Française De Développement (AFD)

The FSC Mauritius welcomed delegates from the AFD for a study visit at the FSC on 13 September 2017. The areas covered during this visit included an analysis of the financial system of Mauritius.

REQUEST FOR INFORMATION

International Stakeholders

The FSC Mauritius recognises the importance of international cooperation in furthering its regulatory, supervisory and enforcement duties and functions. The FSC Mauritius fully cooperates with international stakeholders to share information.

Multilateral sharing mechanisms are set out in multilateral MoU (MMoU) between member countries of international organisations such as the IOSCO, IAIS and CISNA.

Furthermore, bilateral MoUs detail the scope and terms of information-sharing among regulators and provide a cooperation framework.

Request attended/made for the period under review

The FSC Mauritius responded to requests for information received from overseas counterparts.

	Jul 17 - Jun 18	Jul 16 - Jun 17
Request made	64	30
Request received	95	123

Source: Financial Services Commission, Mauritius

Local Stakeholders

The FSC Mauritius was actively engaged in the effective exchange of information with various local authorities and has entertained 575 formal requests for assistance from its local counterparts. The FSC Mauritius made 61 formal requests for assistance to its local counterparts during the same period.

Table 29: Statistics on Exchange of information with Local Authorities

RFIs (Local)	Jul 17 - Jun 18	Jul 16 - Jun 17
Total	575	515
Received		
Total	61	33
Requested		

Source: Financial Services Commission, Mauritius



COMMUNICATIONS



COMMUNICATIONS

COMMUNICATIONS

The FSC Mauritius was actively engaged in the implementation of its internal and external corporate communications plan and strategy. Critical information were channelled to various stakeholders through the publication of Communiqués, Circulars, Alerts, Public Notices, Brochures, reports on events, as well as, publications of corporate information in local and international directories. These communications materials were also posted on the website and published, where required, in newspapers.

The FSC Mauritius maintained its visibility through regular media coverage. Social media, as well as, local and international news pertaining to the financial services sector were closely monitored ensuring that the FSC Mauritius remained abreast of all developments. Requests from the press were promptly and effectively handled, and within the legal parameters.

Table 30: Number of Media Requests attended from 01 July 2017 to 30 June 2018

	Jul 17 - Jun 18	Jul 16 - Jun 17
Local	54	54
International	23	13

Source: Financial Services Commission, Mauritius

Newsletters

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

Website

The FSC Mauritius is committed to maintain its online presence, and communicate effectively with its licensees, the media, public and industry stakeholders. During the period under review, the website of the FSC Mauritius was updated in a timely manner to provide stakeholders with hands-on and precise information.

Table 31: Press Releases & Communiqués

Title	Number
Press Releases	14
Communiqués	16
Publications	5
Others	3
Total	38

Source: Financial Services Commission, Mauritius



CORPORATE SERVICES



**CORPORATE
SERVICES**

CORPORATE SERVICES

ADMINISTRATION AND ENTERPRISE RISK

The FSC Mauritius is committed to provide a conducive physical working environment to its staff, and as such regularly initiates projects to improve the work space with special focus on efficient usage of resources while embracing a green technology.

Administration and Enterprise Risk includes:

- Procurement;
- Facilities Management;
- Document Management System;
- Asset Management; and
- Business Continuity Management.

Procurement

The procurement process of the FSC Mauritius abides with the Public Procurement Act, the Public Procurement Regulations 2008, Directives and Circulars issued by the Procurement Policy Office (PPO). All procurements of the FSC Mauritius are processed through a procurement unit.

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 FSC Mauritius provides a safe and sound working environment to staff by managing space allocation, utilities, building efficiency, environmental friendliness, security services, fleet management, fire safety, health and safety, and conducts regular maintenance to meet statutory compliance requirements.

In the first quarter of 2018, the building of the FSC Mauritius (FSC House) was upgraded with the installation of a Fresh Air system, to reduce the dependence on existing air conditioners. Fluorescent light fittings were replaced with LED light fittings and solar water heaters were installed, to reduce electricity usage. The in-house gym was renovated and new equipment were installed.

The level of security in the premises was improved through better boundary lightings, 24/7 security, security guards at the reception and better surveillance in the complainants' room.

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.

INFORMATION TECHNOLOGY

The FSC Mauritius has initiated a number of business driven IT projects during the period under review to improve its operational and supervisory capabilities,

Electronic Document Management System

The Electronic Document Management System (EDMS) has been interfaced with the Online Platforms with the aim to have a centralised document repository.

Furthermore, the EDMS is being integrated with the Administrative Penalties System to enable import of the data for submissions of documents (online and hard-copies) and thus enabling automatic computation of administrative penalties.

As such, the employees have access to up-to-date information on a single platform rather than on disparate systems. This has resulted in significant improvements in the operational efficiency, enabling a more customer-centric business approach.

Platform Upgrade of FSC Licensee Systems

The platform used for deployment of FSC Licensee systems at end-users' desktops was upgraded to Linux operating system, in view of optimising system performance and system efficiency. This upgrade will allow for enhanced stability, reliability, security, flexibility and hardware support as well as reduction in cost.

Enhancements to Enterprise Resource Planning

Further extending and reinforcing the functionalities of the current Enterprise Resource Planning system in an integrated information technology environment, value-added enhancements through process fine-tunings and automation and reports consolidation were implemented to address new emerging requirements geared towards

improved efficiency and effectiveness of the daily financial operations in a sustained manner.

Online Public Register

The existing FSC Online Public Register (OPR) platform is currently being reviewed in order to accommodate for new features and also to be in line with the look-and-feel of the corporate website of the FSC Mauritius.

Databases Disaster Recovery Solution

The FSC Mauritius core information systems reside on critical applications and databases. In line with its Business Continuity strategy, the FSC Mauritius has implemented solutions for replication of critical databases to its Disaster Recovery Site. This secondary location ensures minimal disruptions in cases of disaster or prolonged system outages.

IT Infrastructure and Security

The FSC Mauritius is currently hosting a number of internal applications and online solutions which are used by both internal and external stakeholders, for example, Online Submission Platform (OSP), Online Data Capture System (ODCS) and FSC Online Public Register (OPR) amongst others.

It is also expected that the number of connections to these online systems will increase exponentially with new functionalities and platforms that will be proposed to our stakeholders.

In this respect, the FSC Mauritius has implemented a number of enhancements to its network security infrastructure in terms of cyber-attack prevention and load balancing of services to provide for enhanced security and minimal disruptions in case of performance issues.

Moreover, in order to cater for the increased demand in computing resources required for its on-going operations, additional storage hardware were procured by the FSC Mauritius in 2017.



IT Policies and Procedures Framework

In line with IT Governance principles, the FSC Mauritius has updated its IT Policies and Procedures framework to align it with the overall organisation's strategies and objectives.

The IT policies and procedures provide:

- A foundation for a system of internal controls;
- Guidance in current Computer and Network activities; and
- Criteria for decisions on appropriate IT security; amongst others.

External Penetration Testing

Mission critical applications and network systems underwent stringent external penetration tests to evaluate their respective security level. Tests were performed to identify possible system strengths and vulnerabilities.

IT Auditing and Privilege Management Tools

Recent surges in cyber-attacks have heightened security concerns and as a result, the FSC Mauritius as a regulator is required to adopt IT strategies that comply with various international IT standards.

In order to deploy effective controls to protect its IT infrastructure and to prove compliance through reports to facilitate audit and internal control exercises, the FSC Mauritius has updated and implemented a number of IT Audit and Privilege management tools.

HUMAN RESOURCES

In order to further strengthen its workforce, the FSC Mauritius engaged in the recruitment of staff at senior and entry levels.

During the period under review, the FSC Mauritius enlisted the services of one overseas FSC Representative, one Director, one consultant, one technical staff, two administrative staff and one support staff.

FSC conducted a promotion exercise at all levels during the year under review.

Re-structuring of FSC Mauritius

The structure of the organisation has been reviewed to meet the changing needs of the sector.

Authorisation & Supervision Directorate

The Licensing Directorate and the Supervision Directorate have been merged to form the Authorisation & Supervision Directorate to create more synergy between the two functions and to increase efficiency by streamlining processes. This new Directorate has been sub-divided into five clusters, namely: Capital Markets, Investment Funds, Insurance & Pensions, Global Business, and FinTech.

Enforcement Directorate

The Enforcement Directorate has been created with a view to align with the International practices through the strengthening of the team.

Creation of new clusters

In line with the strategic objectives of the FSC Mauritius and to respond to the needs of the sector, new clusters such as the Innovation, Development & International Relations, Project Office and AML/CFT have been created.

The workforce at the FSC Mauritius as at 30 June 2018 stood at 187 employees and is categorised as per details below.

Category of employees	30 June 2018	30 June 2017
Permanent	176	182
Contractual – Local	9	5
Contractual – Expatriate	2	1
Total	187	188

Source: Financial Services Commission, Mauritius

The movement of employees for the period 01 July 2017 to 30 June 2018 is provided below.

Job Family	New Recruits		Leavers		Number of Officers	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Executive	4	2	4	1	17	17
Technical	1	1	4	10	129	132
Administrative	2	2	1	2	19	18
Support	1	-	-	-	22	21
Total	8	5	9	13	187	188

Source: Financial Services Commission, Mauritius

The staff turnover rate for the year under review was 4.8 %.

Learning & Development

An effective learning and development system grounded in organizational needs provides a sound basis for individual career planning and development. The FSC Mauritius ensures that its people have the right balance of both technical and behavioural competencies to address the challenges of a financial services regulator.

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

Types of Training	Number of Training Sessions	Contact Hours
In-House	12	1,725
Local	59	1,373
Overseas	30	1,542
Total	101	4,640

Source: Financial Services Commission, Mauritius

Training on New Code of Corporate Governance

The FSC Mauritius conducted two training sessions on the New Code of Corporate Governance 2016 in collaboration with the Mauritius Institute of Directors (MIoD). A half-day workshop was scheduled on 21 February 2018 for officers of the FSC Mauritius and on 28 February 2018, a full day working session was conducted for the licensees of the FSC Mauritius. Both sessions were facilitated by Dr Chris Pierce, Chief Executive Officer and founder of Global Governance Services Ltd. The objectives of the sessions were to provide an overview of the New Code of Corporate Governance, its implications and implementation guidelines for financial services operators.

Young Graduate Development Programme

Since 2008, the FSC Mauritius regularly recruits trainees under its Young Graduate Development Programme (YGDP). The aim of the programme is to ensure the availability of qualified and trained manpower to meet the forthcoming needs of the FSC Mauritius and the financial services sector.

The YGDP, which is a traineeship for one year, is open to final year University students. During the internship, those young graduates benefit from a structured on-the-job training and development. Moreover, they are rotated through different departments to ensure they are able to gain a holistic perspective of the functioning of the FSC Mauritius and gain a better appreciation of organisational issues. The trainees are mentored and coached by experienced seniors in the organisation.

For the period under review, two batches of 24 and 12 trainees, respectively, were enlisted. The FSC Mauritius endeavours to ensure they inculcate with the necessary skills, knowledge, competencies and attitudes needed to build a solid foundation for a career in the financial services sector.

Performance Based Culture

The FSC Mauritius strives to create and reinforce a performance culture in order to achieve the desired results. The success and performance of the organisation depends on the performance of individuals and teams.

The FSC Mauritius has in place a performance management system that aims to facilitate the improvement of quality of relationship amongst the members of staff by encouraging sharing of expectations and building a climate of openness and mutuality.

Corporate Social Responsibility

The Staff Welfare and CSR Committee organised a lunch treat for elderly women of the Couvent de Rose Belle on 19 December 2017. The programme included lunch with the beneficiaries as well as the distribution of tokens for the festive season.

Employee Welfare, Wellness and Work-Life Balance

The FSC Mauritius provides a range of initiatives to promote work-life balance at the workplace. Activities such as distribution of fruits, in-house gym facilities, zumba sessions and football matches amongst others were organised.

Celebration of Women's Day

To mark the International Women's Day celebrated on 08 March 2018, the FSC Mauritius offered tokens to all female staff members as a recognition of their contribution and accomplishments.

Celebration of Independence Day

The 50th Anniversary of the Independence of Mauritius and the 26th Anniversary of the Republic of Mauritius were celebrated on the 09 March 2018 at the FSC House. Several competitions were organised for staff, such as a quiz competition, 'FSC Got Talent' as well as a poster competition on the theme "Evolution of financial services – 50 years of Mauritius".

Celebrating Long Service and Retirement

The annual staff get together was held on 15 December 2017. During this event, employees who have completed more than 10 years of service were awarded a shield in recognition to their long service at the FSC Mauritius.

With our Families

FSC Annual Family Day 2018

With a view to foster good relationship among staff and family members, a Family Day was organised in April 2018.



HIGHLIGHTS FOR THE YEAR 2017/18



**HIGHLIGHTS
FOR THE YEAR 2017/18**

STATISTICS – YEAR HIGHLIGHTS

Table 32: Contribution and Growth of the Financial and Insurance Activities

	2016		2017		2018 ¹	
	GVA (%)	Growth Rate (%)	GVA (%)	Growth Rate (%)	GVA (%)	Growth Rate (%)
Financial and Insurance Activities	12.1	5.7	11.9	5.5	11.8	5.5
<i>Monetary Intermediation</i>	6.9	6.0	7.0	6.0	7.1	6.0
<i>Financial Leasing and Other Credit Granting</i>	0.7	6.5	0.7	6.5	0.7	6.5
<i>Insurance, Reinsurance and Pension</i>	3.2	5.2	2.9	4.9	2.8	4.9
<i>Other</i>	1.3	5.0	1.3	3.8	1.3	4.0

Source: Statistical Mauritius National Accounts June 2018 issue

¹ Forecast GVR – Gross Value Added

According to Statistics Mauritius, the contribution of the financial and insurance activities have been steady since 2016 till June 2018, averaging around 11.9 percent with a growth rate revolving around 5.5 percent.

Table 33: Contribution and Growth of the Global Business Sector

	2016		2017		2018 ¹	
	GVA (%)	Growth Rate (%)	GVA (%)	Growth Rate (%)	GVA (%)	Growth Rate (%)
Global Business Sector	5.6	4.0	5.7	4.3	5.8	4.2

Source: Statistical Mauritius National Accounts June 2018 issue

¹ Forecast GVR – Gross Value Added

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, it is observed that its contribution has been steady since 2016 till June 2018 reporting an average of 5.7 percent.

Table 34: Employment in Financial and Insurance Activities

	March 2016			March 2017			March 2018		
	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes
Financial and insurance activities	6,010	6,850	12,860	5,846	7,040	12,886	5,653	6,964	12,617
Of which Monetary Intermediation	3,961	4,113	8,074	3,812	4,289	8,101	3,623	4,177	7,800
Financial Leasing and other credit granting	312	614	926	308	612	920	324	626	950
Insurance, reinsurance and pension funding	1,161	1,456	2,617	1,142	1,454	2,596	1,114	1,459	2,573

Source: Statistics Mauritius

Table 35: Direct Employment Level by FSC Mauritius Licensees

Licence Category	As at 31 Dec 2017	%	As at 31 Dec 2016	%
DOMESTIC				
Pension Scheme Administrator	63	1	59	1
Registrar and Transfer Agent	28	0	54	1
Treasury Management	31	0	26	0
Credit Finance & Factoring	60	1	79	1
Leasing	638	9	635	9
Long Term Insurance Business	938	13	967	13
General Insurance Business	1,463	20	1,449	20
Insurance Broker	269	4	251	3
Investment Dealer	60	1	119	2
Investment Adviser	64	1	71	1
Custodian	71	1	48	1
CIS Manager	113	2	144	2
TOTAL	3,798	51	3,902	54
CORPORATE & TRUST SERVICE PROVIDERS				
Management Company & Corporate Trustees	3,664	49%	3,355	46
OVERALL TOTAL	7,462		7,257	

Source: Financial Services Commission, Mauritius

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 49 per cent of the employment was generated by Corporate and Trust Service Providers (i.e., holder of Management Licence) while the remaining 51 per cent was from domestic sector.

FINANCIAL HIGHLIGHTS

Following changes in the Statutory Bodies (Accounts and Audit) Act, the financial year end of the Commission changed from 31 December to 30 June. As a consequence of this change, the audited financial statements of 2018, is for a period of 12 months ended 30 June 2018 while the comparative period are presented for the 18 months ended 30 June 2017. Hence the figures are not entirely comparable.

For the benefit of more meaningful comparison, the Commission's results below are analysed with reference to the current 12 months period (July 2017 to June 2018) referred to as 12M2018 against the preceding 12 months period (July 2016 to June 2017) 12M2017.

	Jul 17 - Jun 18	Jul 16 – Jun 17
Income	1,252	1,397
Fees, late charges and other income	1,144	1,133
Administrative Penalties (net of provisions)	108	264
Operating expenses	(357)	(341)
Surplus of income over operating expenses	895	1,056
Exchange fluctuation gain / (loss)	7	(3)
Surplus for the period	902	1,053
Other comprehensive income	10	(11)
Surplus and other comprehensive income for the period	912	1,042

During the year ended 30 June 2018, surplus and other comprehensive income amounted to MUR 912 million representing a drop of 12.5 percent compared to the previous period (MUR 1,042 million).

In line with the requirements of the FSA, the Commission has provided MUR 849 million as contribution to the Consolidated Fund.

INCOME REVIEW

Income constitutes of 'Fees, late charges, and other income', and 'Administrative Penalties (net of provisions)'.

Fees, late charges, and other income for financial year 2018 amounted to MUR 1.14 billion, representing an increase of MUR 11 million over the 2017. Fees from global business dropped marginally in 2018 driven by the decrease in average exchange rate of USD to MUR from MUR 34.89 during 2017 to MUR 34.25 in 2018. This has been mitigated by higher number of GBC1s processed during 12M2018. For the period 2017/2018, fees for 11,475 GBC1s licences were processed as compared to 10,959 for 2016/2017.

Interest income reached MUR 52 million higher by MUR 11 million mainly on account of change in mix from lower to higher yielding investments, higher funds available for investment and higher interest yields. The currency-wise mix of investment currencies is in line with the risk management policies set by the Investment Committee.

On the other hand, Administrative Penalties (net of provisions) has decreased to Rs 108m during 12M2018 as compared to Rs 264m in 12M2017. The Commission recognised MUR 150 million as administrative penalty fees in 12M2017 owing to rigorous follow-up with licensees coupled with the accrual of previous outstanding administrative penalty fees net of provision for credit losses amounting to MUR 114 million. The Commission also introduced capping of administrative penalty fees effective 01 January 2018.

EXPENSES REVIEW

Operating expenses (Provision for credit losses and write-off of Administrative Penalties excluded) for 12M2018 amounted to MUR 357 million comprising mainly of staff related costs. Operating expenses increased by MUR 16 million compared to 12M2017, owing to increase in local events, training and seminars costs and legal and professional fees mitigated by decrease in staff related costs, office and administrative expenses and depreciation charges.

RE-MEASUREMENT OF DEFINED BENEFIT OBLIGATION

In line with the requirements of International Accounting Standards ('IAS') 19 for Employee Benefits, an amount of MUR 1.7 million was credited as re-measurement of defined benefit obligation for 12M2018 compared to charge of MUR 11.4 million for 12M2017.

CONTRIBUTION TO CONSOLIDATED FUND

In line with the requirements of the FSA, the Commission has provided MUR 849 million as contribution towards the Consolidated Fund.

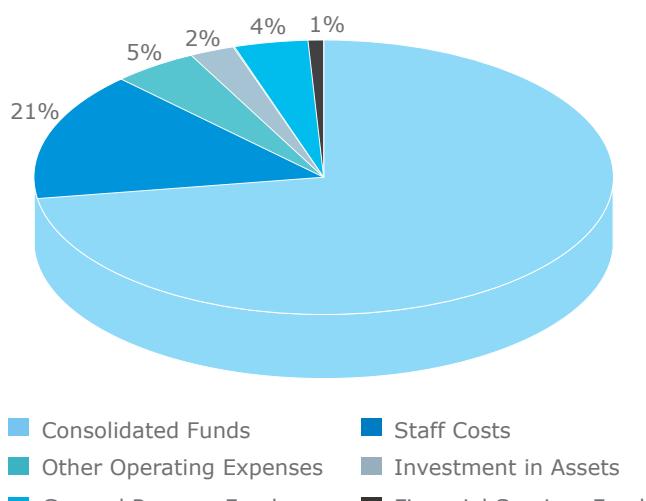
Total contribution to the Consolidated Fund amounted to MUR 7,724 million from 2001 to 2018 and is as follows:

Table 36: Contribution to Consolidated Fund

Year	Rs 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
2016	N/A
2017	1,407
2018	849
TOTAL	7,724

* Contribution to the Consolidated Fund for 2010 and 2017 were on an 18-month basis

The following pie chart provides an indication of the apportionment on income into value adding expenditure / contribution.

Figure 3: Value Added Pie Chart for 2017/18

Source: Financial Services Commission, Mauritius



STATUTORY REPORTING



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 financial year ended 30 June 2018. The Audit and Risk Committee is a sub-committee of the Board, 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 as contained therein.

Composition of the Audit and Risk Committee

During the financial year ended 30 June 2018, the independent non-executive directors who served the Committee are:

Mr Visvanaden Soondram	- Chairperson
Mr Hervé Lassemillante	- Member (as from 18 September 2017)
Mr Mohummad Shamad Ayoob Saab	- Member (up to 23 May 2018)

As from 11 October 2018, the Audit and Risk committee was reconstituted and composed of the following members as hereunder:

Mr Premchand Mungar	- Chairperson
Mr Hervé Lassemillante	- Member
Mr Sarwansingh Purmessur	- Member

Mr Ramañaidoo 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:

- a) Monitoring and reviewing the integrity of the FSC's financial statements and accounting policies;
- b) Making recommendations for approval of FSC's audited financial statements;
- c) Reviewing with Management and the external auditor, 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 auditor's independence, objectivity and effectiveness;

- g) Overseeing the operation of the policies on conflicts of interest; and
- h) 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 three occasions during the reporting year. 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 for consideration and approval.

Activities of the Audit and Risk Committee

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

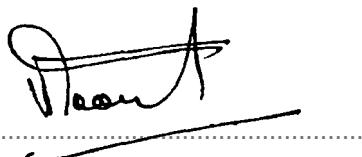
- (i) Financial management and reporting;
- (ii) Internal control and risk management assurance;
- (iii) Supervision and licensing regulatory process reviews; and
- (iv) Corporate activities.

External auditor

The independence and objectivity of SNG Grant Thornton, South Africa as the statutory auditor were assessed by the Committee. SNG Grant Thornton was appointed as FSC's statutory auditor following a tender exercise for a three years contract ending 30 June 2018. The last tender exercise was conducted in December 2015. No non-audit services were provided by the external auditor during the financial year 2017/18.

Statutory reporting

The Committee deliberated on the accounting principles, points and issues raised as contained in the management letter for the audit exercise year ended 30 June 2018 and took note of the auditor's report.



Visvanaden Soondram
Chairperson

Date: 09 November 2018



CORPORATE GOVERNANCE REPORT

To the Board of the Financial Services Commission

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. A new Code of Corporate Governance issued by the National Committee of Corporate Governance in November 2016 is applicable for the reporting period ending 30 June 2018.

2.0 Corporate Governance Committee of the Financial Services Commission

During the period 1 July 2017 to 30 June 2018 (the "period ending 30 June 2018"), in accordance with the requirements of the Code, the Corporate Governance Committee of the Financial Services Commission (which is a statutory body) consisted of 3 members of the Board, namely-

1. Mr. Rajesh Ramloll SC, as Chairperson of the Committee ;
2. Mr. Visvanaden Soondram, appointed as member of the Corporate Governance Committee on 30 October 2017; and
3. Mr. Hervé Lassemillante, appointed as member of the Corporate Governance Committee on 30 October 2017.

On the 11 October 2018, the Corporate Governance Committee was reconstituted and now comprises of the following board members -

1. Mrs. Yotsna Lalji-Venketasawmy, as Chairperson of the Committee;
2. Mr. Premchand Mungar, as member of the Corporate Governance Committee; and
3. Mr. Mahess Rawoteea, as member of the Corporate Governance Committee.

The Secretary of the Board, Mr. Ramanaidoo Sokappadu acts as secretary to the Corporate Governance Committee and a staff from legal cluster of FSC attends the meetings of the Committee.

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 conflicts of interests are made.

During the period under review, the Corporate Governance Committee met on one occasion on the 9 November 2017. Alternatively, members of the Corporate Governance Committee fulfilled their duties and communicated with each other and Management through e-mail.

The Financial Services Commission has set up a mechanism to review compliance with the Code on a periodical basis and Management 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 the principles of the National Code of Corporate Governance period ending 30 June 2018 have been applied as explained below.

3.0 Explanation of application of the principles of the Code

Throughout the period ending 30 June 2018 and to the best of the Corporate Governance Committee's knowledge, the organisation has applied the principles set out in the Code in the manner explained below:

Principle 1

The Commission is a statutory body and the functions of its Board, Chairman and Chief Executive as well as the Enforcement Committee are defined under the Financial Services Act, the "FSA". The terms of other Board Committees are described in paragraph 6.0 of this report. The organisational chart of the Commission as well as its core values and corporate objectives are publicly disclosed on its website and in its Annual Report. The staff and management of the Commission are governed by a Code of Conduct and the jobs' descriptions of key positions in senior management have been approved by Board. The New Code of Corporate Governance prescribes new requirements for a Board Charter and the Commission is still in the process of setting up a Board Charter and a Code of Ethics, which will provide guidance to Board members of their functions including on ethical matters as well as KPI and methods of evaluation of the Board. The Board charter would contain a statement of accountabilities as well as charter of all Board Committees.

Principle 2

The composition of the Board of the Commission is provided by law and described at paragraph 5.0. The Board consists of members with wide experience in the financial sector or public sector. During the reporting period ending 2018, 6 members of the Board (including the current Chairperson and previous Chairperson) were independent from the parent Ministry, with only 2 members and one former member of the Board related to the parent Ministry. As at 30 June 2018, there are 5 independent members of the Board (i.e. members which are not linked with the parent Ministry). There is one other independent member who has resigned from the Board during the reporting period 2018. The Board lacks gender balance as there is only 1 female member.

All Board committees consist exclusively of Board members. The composition of the Enforcement Committee is prescribed by section 52 of the FSA and should consist of 2 members of Management of the Commission.

Principle 3

The appointment of Board members during the reporting period ending 30 June 2018 was made in accordance with section 4 of the FSA. As at 30 June 2018, there were 5 members and the Chairperson appointed. The Board Charter referred to in Principle 1 would provide for succession planning as well as a statement regarding assumption of responsibility for succession planning. In the absence of a structured induction and professional development



training, new Board members are informed of all laws which governs the Commission and laws which it administers as well as the guidelines/codes issued by the Commission. Once all vacancies are filled, an induction process will be conducted. It has to be noted that Board members also attend Seminars and Conferences on the sectors that the Commission regulates. The Board has reviewed the arrangements made for professional development for its Board members and the budget allocated for professional development of Board members has been increased. Board members are regularly invited to attend seminars and conferences pertaining to the regulation of financial services but there is no structured training exclusive to Board members.

Principle 4

The declaration of interests of Board members are documented and disclosed at paragraph 8.0. Board members are well versed on financial, legal and public administration matters and they are acquainted with the laws administered by the Commission. To date no request has been made by the parent Ministry (Ministry of Financial Services and Good Governance) for inspection of register of interest. The Commission's information technology policy is subject to regular audit under the supervision of the Audit & Risk Committee (Board subcommittee) and has been approved by the Board. In addition, the Commission maintains strict confidentiality policy as detailed in paragraph 9.5. The FSC's annual budget which includes a specific budget for information technology is approved by the Board and quarterly expenditures (including on information technology) are reported to the Board. There is currently no evaluation mechanism for the Board.

Principle 5

The Commission has a risk management mechanism to identify and mitigate risks as described in paragraph 10.0. In addition, the internal audit reports to the Audit & Risk Committee on the internal control process of the Commission (more details are available at page 133 of the Annual Report) The risk management and internal control mechanisms are in the process of being reinforced with the recruitment of new staff to increase effectiveness.

Principle 6

The Commission has a policy of publishing its full Annual Report, which is also available on its website. The Annual Report includes the audited Financial Statements of the reporting year, a Corporate Governance Report and details of activities of the Commission such as its financial and governance positions as well as how it has fulfilled its functions. The social and environmental reporting of the Commission is provided at paragraph 9.0 of this report.

Principle 7

The Commission has an internal audit unit which reports functionally to the FSC Audit & Risk Committee and administratively to the Chief Executive. The unit is managed by a fellow member of the Association of Chartered Certified Accountants who also holds a master degree with specialization in Financial Management. No further detail of staff of the internal audit unit is publicly disclosed as it is not the practice of the FSC (a regulator) to publish details of its staff other than those in top management. The internal audit unit reports regularly to the FSC Audit & Risk committee and has full access to the records, management and staff of the Commission. The Audit & Risk Committee Report is published at page 123 of the Annual Report.

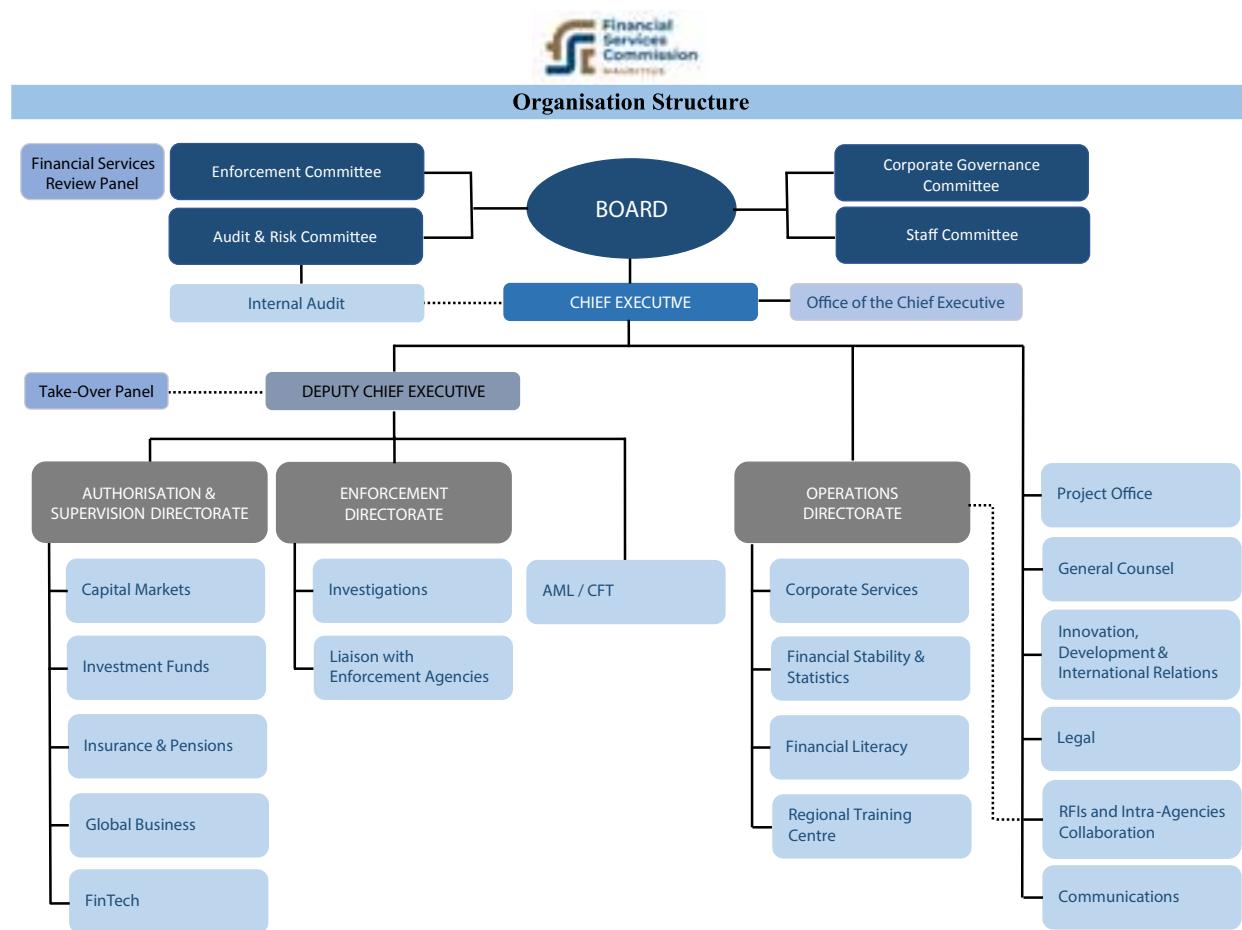
Principle 8

There are regular meetings and interactions between the Board, management of FSC and the parent Ministry pertaining to policy matters concerning the development of the financial services industry. The Deputy Permanent Secretary of the parent Ministry sits on the Board. The Commission also holds regular meetings with representatives of its licensees on its performance and operational matters.

4.0 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. Harvesh Kumar Seegolam was appointed Chief Executive by the Board effective from 14th July 2017.

4.1 Organisational structure of FSC



5.0 Board of the Commission

Pursuant to section 4 of the FSA, the Board of the Commission, which has a unitary structure, is responsible for the administration of the Commission, specifically leading and controlling, and as such has the responsibility to ensure that the Commission meets its legal requirements and statutory objectives. The Board report is located at page 139 of the Annual Report.



5.1 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.

5.2 Board Composition

During the period ending 30 June 2018, the Board of the Financial Services Commission was constituted as follows:

Members	Date	
Rd. Renganaden Padayachy, Chairperson (External & Independent ⁸)	16 January 2018	
Mr. Dev Manraj, GOSK, Chairperson (External & Independent)	1 July 2017	15 January 2018
Mr. Yandraduth Googoolye, Vice Chairperson (External & Independent)	1 July 2017	5 January 2018
Mr. Rajesh Ramloll SC (External & Independent)	1 July 2017	
Mr. Visvanaden Soondram (External & Independent)	1 July 2017	
Mr. Herve Lassemillante (External & Independent)	12 July 2017	
Mrs. Yotsna Lalji-Venketasawmy (External & Non Independent ⁹)	03 April 2018	
Mr. Premchand Mungar (External & Independent)	28 December 2017	
Mr. Sarwansingh Purmessur (External & Non Independent ¹⁰)	24 May 2018	
Mr. Mohummad Shamad Ayoob Saab (External & Non Independent ¹¹)	12 July 2017	24 May 2018

⁸ Independent from parent Ministry (Ministry of Financial Services).

9 Mrs. Yotsna Lalji-Venketaswamy is currently an Adviser at the Ministry of Financial Services and Good Governance.

10 Mrs. Totsila Lang Venkataswamy is currently an Adviser at the Ministry of Financial Services and Good Governance.
Mr. Purmessur is currently the Deputy Permanent Secretary of the Ministry of Financial Services and Good Governance.

¹¹ Mr. Ayoob Saab was the Deputy Permanent Secretary of the Ministry of Financial Services and Good Governance during the reporting period.

Pursuant to section 8 of the FSA, Board meetings are held at least once per month. However, for the reporting period no meeting was held for the month of January. Pursuant to section 9 of the FSA, the Chief Executive attends all Board meetings unless otherwise directed by the Board. The Chief Executive attended all Board meetings during the reporting period with the exception of one Board meeting held on 21 August 2017, as he was on sick leave on the said date.

All Board members are non-executive members and their profiles can be viewed at page 16 of the Annual Report and on the FSC website. As at 30 June 2018, there were 5 Board members and two former Board members who were not attached to the Ministry of Financial Services and Good Governance. All Board members are resident in Mauritius and only one Board member is female, namely Mrs. Yotsna Lalji-Venketasawmy and as such the Board lacks gender balance. Mr. Ramanaidoo Sokappadu acts as Secretary to the Board. As at 30 June 2018, the position of Vice Chairperson of the Board was vacant.

On 9 October 2018, Mr. Mahess Rawoteea was appointed as Board member by the Minister of Financial Services, pursuant to section 4 of the Financial Services Act.

The profiles of current Board members are as follows -

- a) **Dr. Renganaden Padayachy** is the Chairperson of the Board of the FSC with effect from 16 January 2018. Dr. Padayachy is currently the First Deputy Governor of the Bank of Mauritius. He was previously the Manager of the Economic Analysis and Industry Division at the Mauritius Chamber of Commerce and Industry.

He holds a Ph.D. in Economics, a Master in Public Economics from the University of Paris I Panthéon-Sorbonne and a Master in Industrial Economics from the University of Franche-Comté. Dr. Padayachy is a member of the Board of Directors of the Bank of Mauritius.

- b) **Mr. Rajesh Ramloll SC** is currently the Deputy Solicitor-General at the Attorney-General's Office. He is a barrister at Law and holds a specialist LLM in taxation from the Queen Mary, London.

He is the current President of the International Fiscal Association, Mauritius Branch. Mr. Ramloll is a Fellow of the Hon. Society of Advanced Legal Studies (London) and is a member of the International Fiscal Association. He acts as Counsel for the Mauritius Revenue Authority before the Supreme Court in Mauritius and before the Judicial Committee of the Privy Council. Mr. Ramloll has for the last ten years been involved in tax treaty negotiations. He advises the Government on legal aspects of financial matters. He is a tax assessor of the OECD Global Forum.

He has been the treasurer of the Mauritius Bar Association. He regularly writes in International Tax Journals and is on the editorial committees of the IFA World Tax Newsletter and the New Bar Chronicle (Mauritius).

- c) **Mr. Sarwansingh Purmessur** is the Deputy Permanent Secretary at the Ministry of Financial Services and Good Governance. Mr. Purmessur is also a member of the Managing Committee of the Financial Services Fund, National Productivity and Competitiveness Council, National Committee on Corporate Governance and a Board member of the Heritage City Company Ltd.

- d) **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 was also the Vice President of the National Human Rights Commission.

e) **Mr. Premchand Mungar** is a banker and financial executive with over 35 years' experience. He is a qualified attorney in Mauritius and a member of the Mauritius Law Society.

Mr. Mungar now acts as an independent consultant in banking and financial strategy. Before his return to Mauritius, he was the general counsel and a senior director at the Eastern and Southern Africa Trade and Development Bank (TDB), a multinational development finance institution.

f) **Mrs. Yotsna Lalji-Venketasawmy** is currently an Adviser on matters relating to Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) at the Ministry of Financial Services and Good Governance. She has extensive regional and international experience in the field of AML/CFT, and has served as an expert on the United Nations Analytical Support and Sanctions Monitoring Team between January 2012 and June 2015. Prior to 2012, she was the Legal Adviser of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), and has led and participated in a number of AML/CFT assessments of countries in Eastern and Southern Africa.

Mrs. Lalji- Venketasawmy has also previously worked for the Financial Services Commission and has over 7 years of experience working in financial services regulations.

She holds a Master of Law degree from the University of Western Sydney, Australia and a Bachelor of Law degree with Honours from the University of Mauritius.

g) **Mr. Mahess Rawoteea** is a Lead Analyst at the Ministry of Finance and Economic Development and has long years of experience in the civil service. Mr. Rawoteea is a member of the National Regulatory Sandbox Licence Committee and a co-opted member of the Board of Directors of Mauritius Africa Fund Ltd.

He also serves on various Committees and Workgroups. Mr. Rawoteea has for the last ten years been involved in tax treaty negotiations. He is also the Lead Negotiator on Bilateral Investment Agreements.

Besides being a Fellow of the Chartered Association of Certified Accountants of the UK he is holder of a Masters of Business Administration (with Specialisation in Finance).

h) **Profile of Chief Executive**

Mr. Harvesh Seegolam is the Chief Executive of the Financial Services Commission of Mauritius since July 2017. He is equally an active member of the Executive Committees of a number of strategic international regulatory bodies and instances; including the International Organisation of Pension Supervisors (IOPS) and the Regulatory Committee on Fintech and Innovation-driven Financial Services.

Prior to joining the Commission, Harvesh has set up and ran the Financial Services Promotion Agency, an institution which operated under the aegis of the Ministry of Finance and Economic Development, with the mandate of promoting Mauritius as an International Financial Centre. Harvesh has equally been part of the strategic team leading the Board of Investment of Mauritius in the past, thereby successfully advising a number of global operators in setting up operations in Mauritius.

Harvesh holds a BSc (Hon) 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 SKEM 'Grande'.

5.3 Board remunerations

Pursuant section 4 of the FSA, the determination of the fees of the Board needs to have the approval of the Minister of Financial Services and Good Governance. Board members are paid a fixed monthly fee depending on their responsibility and membership of Committees.

The Board remunerations for the reporting period 30 June 2018 are as follows -

MEMBERS		12 months ended	18 months ended
		30 June 2018	30 June 2017
		Rs	Rs
Dr. Renganaden Padayachy (As from 16 January 2018)	Chairperson	275,806	-
Mr Dev Manraj, GOSK (Up to 15 January 2018)	Former Chairperson	274,194	750,000
Mr Yandraduth Googoolye (From 02 June 2017 to 05 January 2018)	Former Vice-Chairperson	154,032	24,167
Mr Rajeshsharma Ramloll	Former Chairperson / Member	360,000	490,000
Mr Dheerendra Kumar Dabee (From 04 February 2017 to 31 May 2017)	Former Vice-Chairperson	-	397,413
Mr Visvanaden Soondram	Member	240,000	360,000
Mr Herve Lassemillante (As from 12 July 2017)	Member	349,355	-
Mr Premchand Mungar (As from 28 December 2017)	Member	122,581	-
Mrs Yotsna Lalji-Venketasawmy (As from 03 April 2018)	Member	58,667	-
Mr Sarwansingh Purmessur (As from 24 May 2018)	Member	25,161	-
Mr Mohummad Shamad Ayoob Saab (12 July 2017- 23 May 2018)	Former Member	207,742	-
Mrs Warda Dulmar Ebrahim (Up to 05 June 2017)	Former Member	-	473,333
Mr Rhoyinder Meghraj Ramlackhan (Up to 04 June 2017)	Former Member	-	342,667
Mr Jacques Laval Li Chung (Up to 05 June 2017)	Former Member	-	343,333

6.0 Board Committees

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



6.1 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 conflicts 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 2018, the Audit and Risk Committee consisted of the following members:

MEMBERS	DATE
Mr. Visvanaden Soondram (Chairperson)	1 st July 2017 to 30 June 2018
Mr. Hervé Lassemillante	18 September 2017 to 30 June 2018
Mr. Mohammad Shamad Ayoob Saab	18 September 2017 to 24 May 2018

As at 30th June 2018, because of the resignations of Board members during June 2017, the Committee consisted of only Mr. Visvanaden Soondram and Mr. H Lassemillante and as such was not fully constituted. Mr. V Soondram resigned from the Board on the 9 October 2018.

The Audit and Risk Committee was reconstituted on 11 October 2018 with the following members - Mr P. Mungar (Chair), Mr H. Lassemillante (member) and Mr S. Purmessur (member).

6.3 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 ending 30 June 2018, the Staff Committee consisted of the following members:

MEMBERS	DATE
Mr. Yandraduth Googoolye (Chairperson)	1 July 2017 to 5 January 2018
Mr. Mohummad Shamat Ayoob Saab	12 July 2017 to 24 May 2018

As at 30 June 2018, the Staff Committee was not fully constituted. The Staff Committee was reconstituted on 11 October 2018 with the following members: Mr S. Purmessur (Chair), Mr H. Lassemillante (member), and Mr R. Ramloll SC (member).

6.4 Recruitment and Promotion Committee

As the Staff Committee was not constituted following the resignations of Mr Googoolye and Mr. Ayoob Saab, the Board has on 20 June 2018, set up an ad hoc committee consisting of three members to oversee recruitment and promotion

The membership of the ad hoc Committee is as follows-

MEMBERS	DATE
Mr S Purmessur(Chairperson)	20 June 2018 to date
Mr. R Ramloll SC	20 June 2018 to date
Mr. P Mungar	20 June 2018 to date

7.0 Enforcement Committee

In addition to the Board sub-committees described above, the Board has pursuant to section 52 of the FSA set up an internal committee. 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 2018, the Enforcement Committee consisted of the following members:

MEMBERS	DATE
Mr. Rajesh Ramloll SC (Chairperson)	1 July 2017 to 30 June 2018
Mr. Hervé Lassemillante	12 July 2017 to 30 June 2018
Mrs. Jayshree Guness (FSC Management)	12 July 2017 to 30 June 2018
Mr. Deerajen Ramasawmy (FSC Management)	1 July 2017 to 30 June 2018

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

7.0 Board attendance

Members	Board	Corporate Governance Committee	Audit & Risk Committee	Staff Committee	Enforcement Committee
Dr. Renganaden Padayachy, Chairperson (since 20 February 2018)	7/7				
Mr. Dev Manraj, GOSK, Chairperson (1 July 2017 to 20 February 2018)	9/9				
Mr. Yandraduth Googoolye Vice Chairperson (1 July 2017 to 5 January 2018)	8/9			3/3	
Mr. Rajesh Ramloll SC	14/16	1/1			13/13
Mr. Visvanaden Soondram	15/16	1/1	3/3		
Mr. Hervé Lassemillante	12/14	1/1	2/3		15/15
Mrs. Yotsna Lalji- Venketasawmy (As from 3 April 2018.)	2/4				
Mr. Premchand Mungar (As from 28 December 2018)	7/7				
Mr. Sarwansingh Purmessur (As from on 24 May 2018)	2/2				
Mr. Mohummud Shamad Ayoob Saab 12 July 2017 to 24 May 2018)	11/13		2/3	3/3	

8.0 Related party Transaction and Disclosures of interests for the period ending 30 June 2018

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 848,657,930 has been provided for transfer to the Consolidated Fund for the period ending 30 June 2018.

Pursuant to section 4(4) of the FSA, every member of the Board shall be paid by the FSC such fees as the Board may, with the approval of the Minister, determine. The fees paid to Board members during the reporting period ending 30 June 2018 are disclosed in paragraph 5.3.

Based on the above, the remunerations and fees paid to members (disclosed at page 130) of the Board were approved by the Minister.

Board members are required to declare their interest and report any related party transaction on a periodical basis, and the Board Secretary maintains a register of interest. All disclosures have been made in accordance to established practice. There was no conflict of interest declared by Board members for the financial year ended 30 June 2018.

9.0 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. The Annual Report 2017/18 has explained the Financial Services Commission's activities in view of fulfilling its objectives. 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 2008 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.

10.0 Risk Management and Internal Control

The Board is responsible for risk management mechanisms at the Commission. A risk register is kept and each cluster is required to report on risks matters. The operation of the risk management mechanism is reported to the Corporate Governance Committee, in order for the Board to be aware of the risks (including operational risks, strategic risks, financial risks, IT risks and compliance risks) facing the Commission when taking important decisions. The assurance of risk management (including operational risks, strategic risks, financial risks, IT risks and compliance risks) is done through internal audit who reports to the Audit & Risk Committee. The risk management mechanisms and internal control system at the Commission are in the process of being reinforced with recruitment of new staff.

10.1 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"*.

In addition, there is a risk of unauthorized disclosure of confidential and sensitive information by staff of the Commission, which may cause reputational damage to the Commission.



The Commission is conducting a rebranding exercise which will help to safeguard its reputation. During the reporting period the Commission has enhanced its image on the international stage.

Mitigation of risk

To mitigate the risk, the Commission has a Code of Conduct which focuses on integrity and honesty of staff and also provides for a compliant 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 has to swear/solemnly affirm an oath of confidentiality when taking employment at the FSC.

During the reporting period, the Commission has enhanced its image on the international stage by engaging with international organisations such as the IOPS, OECD and GIFCS. The Commission is engaging in a process of rebranding to enhance its reputation and image.

10.2 Strategic risk

Key risk

Strategic risk results from incorrect assumptions on external or internal factors, 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 FSC 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.

10.3 Compliance risk

Key risk

Non-compliance with applicable laws and regulations will affect the FSC's reputation and exposes the Commission to legal penalties, 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 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 Commission was not subject to any fines or adverse court judgments during the period ending 30 June 2018. The Commission is in the process of enhancing its compliance function by allocating dedicated officers to the function.

10.4 Operational risk

Key risk

Disruption of operations as a consequence of inadequate or failed internal processes, people and systems, or from external events. As a regulator, the FSC is particularly vulnerable to disruption of operations due to unforeseen circumstances.

Mitigation

To mitigate risks of disruption of operations, the FSC has established a Business Continuity Management policy to ensure the key operations continue regardless of any disruption (e.g. fire, flooding, etc...). In addition, at Cluster level risk policies, 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 FSC.

10.5 IT and Business Continuity Risk

Key Risk

Exposure to technological threats and business interruption due to technology transformation and operation alignment.

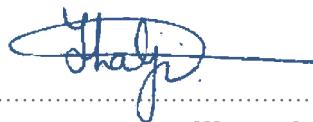
Mitigation

To mitigate technological risk, the FSC has an information technology policy which includes back up of all electronic information in a Disaster Recovery Centre as well as ongoing assessment and testing supported by embedded in-built controls and resilience against threats are tested. The Boards monitors IT risks on a regular basis through an IT Audit on a yearly basis. The latter is reported to the Board through the Audit & Risk Committee.

In addition, there is a policy of safeguarding security of information at the Commission. In accordance to section 83 of the FSA all information kept at the FSC cannot be disclosed to third parties except for the purposes of administering the relevant Acts or where it is authorised to do so by the Commission. All staff including Senior Management as well as Board members are required to swear an oath of confidentiality. In addition, the Commission's Code of Conduct for staff provide details on measures that staff has to take to maintain security of information at the Commission.

11.0 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.



Mrs Yotsna Lalji-Venketasawmy



BOARD'S REPORT 2018

The Board of the Financial Services Commission presents its report and the audited financial statements of the FSC for the year ended 30 June 2018.

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 licenses, 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:

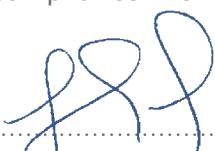
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards i.e. the International Financial Reporting Standards ('IFRS') have been followed, and explained in the financial statements;
- prepare the financial statements on the going concern basis; and
- prepare the financial statements in accordance with the Financial Services Act 2007, the Statutory Bodies (Accounts and Audit) Act 1972 and Financial Reporting Act, 2004.

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.

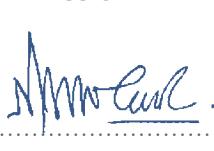
The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the FSC will not be a going concern in the year ahead based on forecasts and available cash resources. These financial statements support the viability of the Commission.

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.

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.


Chairperson

R. Padayachy


Member

P. Mungar

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT TO THE CHAIRMAN OF THE BOARD OF THE FINANCIAL SERVICES COMMISSION

Report on the audit of the annual financial statements

Opinion

We have audited the annual financial statements of the Financial Services Commission ("the Commission") set out on pages 145 to 188, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, the statement of changes in funds, 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 2018, 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 the Board of the Commission 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 is 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 the Board's 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 the Financial Services Act, 2007; the Statutory Bodies (Accounts and Audit) Act, 1972; the Financial Reporting Act, 2004; the Public Procurement Act, 2006; and the National Code of Corporate Governance for Mauritius, 2016; in so far as these related to financial matters, financial management and other related matters. We performed procedures to identify findings in so far as these related to financial matters, financial management and other related matters but not to gather evidence to express assurance on overall compliance with the above laws and regulations.

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 on compliance with the Financial Services Act, 2007

We have obtained information and explanations which to the best of our knowledge and belief were necessary for the purpose of our procedures and in our assessment, proper accounting records have been maintained.

Based on our procedures, 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 on compliance with the Statutory Bodies (Accounts and Audit) Act, 1972

We have obtained information and explanations which to the best of our knowledge and belief were necessary for the purpose of our procedures.

Based on our procedures, 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 financial statements.

Reporting on compliance with the National Code of Corporate Governance under the Financial Reporting Act, 2004

The Board is responsible for preparing the Corporate Governance Report set out on page 125 to 138 and making disclosures required in relation to the Code of Corporate Governance for Mauritius, 2016.

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance as disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Commission has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.



Reporting on 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 the 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.

Anoosh Rooplal
SizweNtsalubaGobodo Grant Thornton Inc.
Director
Registered Auditor
Licensed by the FRC
18 December 2018

20 Morris Street East
Woodmead, Gauteng
South Africa
2191



FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

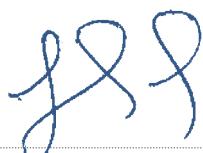
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	NOTE	30 June 2018 Rs	30 June 2017 Rs
ASSETS			
Non-Current Assets			
Property and equipment	6 (a)	135,668,531	133,328,565
Intangible assets	6 (b)	8,841,960	7,325,206
Assets held to maturity	7	537,203,367	582,221,677
Retirement benefit asset	8	7,969,728	-
Other financial assets	9	6,333,585	8,770,274
		696,017,171	731,645,722
Current Assets			
Assets held to maturity	7	126,115,953	120,378,986
Other financial assets	9	1,391,366	5,999,446
Receivables	10	198,612,791	160,697,193
Cash and bank balances	11	634,800,969	566,845,168
Bank deposits	12	875,258,405	982,525,365
		1,836,179,484	1,836,446,158
TOTAL ASSETS		2,532,196,655	2,568,091,880
LIABILITIES			
Non-Current liabilities			
Retirement Benefits Obligation	8	-	110,404,429
Current liabilities			
Payables	13	935,896,950	921,104,775
Provisions	14	61,618,996	48,483,512
Amount Payable to the Financial Services Fund	15	20,229,808	10,104,333
Amount Payable to the Consolidated Fund	16	954,464,913	963,635,613
		1,972,210,667	1,943,328,233
TOTAL LIABILITIES		1,972,210,667	2,053,732,662
NET ASSETS		559,985,988	514,359,218
REPRESENTED BY:			
General Reserve Fund	17 (a)	559,985,988	514,359,218
		559,985,988	514,359,218

Approved by the Board of the Commission on 06 November 2018

Signed on their behalf



R. Padayachy
Chairperson



P. Mungar
Board Member



H. Seegolam
Chief Executive

The accounting policies on pages 151 to 166 and the notes on pages 167 to 190 form an integral part of these financial statements.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

NOTE	12 months ended 30 June 2018	18 months ended 30 June 2017 ¹
	Rs	Rs
	INCOME	
Fees from licensees	18	1,070,606,710
Penalties and charges	19	332,413,234
Interest	20	52,095,067
Other income	21	1,207,780
		1,456,322,791
		2,301,244,084
OPERATING EXPENSES		
Staff related costs	22	256,778,344
Training and seminars	23	15,800,253
Legal and professional fees	24	25,404,823
Office and administrative expenses	25	37,163,023
Depreciation and amortisation	6(a), 6(b)	21,654,422
Provision for credit losses		166,998,388
Write-off of Administrative penalty fees		37,263,373
		561,062,626
		769,106,509
SURPLUS OF INCOME OVER OPERATING EXPENSES		
Exchange fluctuation gain / (loss)		895,260,165
		1,532,137,575
SURPLUS FOR THE YEAR/PERIOD		
Items that will not be reclassified to surplus or deficit		7,150,028
Remeasurement of defined benefit obligation	8	(2,175,720)
		902,410,193
		1,529,961,855
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to surplus or deficit		10,125,215
Remeasurement of defined benefit obligation	8	(17,053,955)
		912,535,408
		1,512,907,900
SURPLUS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		

Approved by the Board of the Commission on 06 November 2018

Signed on their behalf



R. Padayachy
Chairperson



P. Mungar
Board Member



H. Seegolam
Chief Executive

The accounting policies on pages 151 to 166 and the notes on pages 167 to 190 form an integral part of these financial statements.

¹Following changes in the Statutory Bodies (Accounts and Audit) Act, the financial year end of the Commission changed from 31 December to 30 June. As a consequence of this change, the audited financial statements of 2018, is for a period of 12 months ended 30 June 2018 while the comparative period are presented for the 18 months ended 30 June 2017.

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 30 JUNE 2018

	General Reserve Fund Rs	Financial Services Fund Rs	General Fund Rs	TOTAL Rs
At 1 January 2016	438,713,823	85,216,677	-	523,930,500
Surplus for the period – as restated	-	-	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)
At 1 July 2017	514,359,218	-	-	514,359,218
Surplus for the year	-	-	902,410,193	902,410,193
Other Comprehensive Income for the year	-	-	10,125,215	10,125,215
Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The Financial Services Act, 2007.	45,626,770	-	(45,626,770)	-
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.	-	-	(18,250,708)	(18,250,708)
Amount payable to the Consolidated Fund	-	-	(848,657,930)	(848,657,930)
At 30 June 2018	559,985,988	-	-	559,985,988

17 (a)

17 (b)

Approved by the Board of the Commission on 06 November 2018
Signed on their behalf



R. Padayachy
Chairperson



P. Mungar
Board Member



H. Seegolam
Chief Executive

The accounting policies on pages 151 to 166 and the notes on pages 167 to 190 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	NOTE		
		12 months ended 30 June 2018	18 months ended 30 June 2017
		Rs	Rs
Cash flow from by operations	26	881,800,363	1,801,701,928
Interest received	30.2	42,996,451	51,471,408
Payment of Retirement Benefit Obligation		(110,404,429)	(75,000,000)
Net cash generated from operating activities		814,392,385	1,778,173,336
Cash flow from investing activities			
Acquisition of property, and equipment		(19,046,458)	(6,825,575)
Acquisition of intangible assets		(6,522,790)	(5,510,526)
Proceeds from disposal of property and equipment		46,767	14,100
Investment in bank deposits		(1,267,362,857)	(1,507,451,812)
Proceeds from maturity of investments in bank deposits		1,374,629,817	1,054,203,724
Purchases of held-to-maturity financial assets		(132,227,200)	(215,858,409)
Proceeds from maturity of held-to-maturity financial assets		170,000,000	144,315,431
Net cash from / (used in) investing activities		119,517,279	(537,113,067)
Cash flow from financing activities			
Payment to the Financial Services Fund	16	(8,125,233)	(105,370,502)
Payment to the Consolidated Fund		(857,828,630)	(734,954,040)
Net cash used in financing activities		(865,953,863)	(840,324,542)
Net increase in cash and cash equivalents		67,955,801	400,735,727
Cash and cash equivalents at the beginning of the year/period		566,845,168	166,109,441
Cash and cash equivalents at end of the year/period		634,800,969	566,845,168

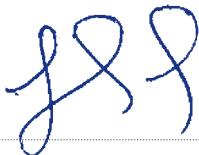
Cash and cash equivalents consist of cash in hand, balances with the bank in savings accounts and investments in fixed deposits.

Cash and cash equivalents included in the Cash Flow Statement comprise of

Cash and bank balances	11	634,800,969	566,845,168
------------------------	----	-------------	-------------

Approved by the Board of the Commission on 06 November 2018

Signed on their behalf



R. Padayachy
Chairperson



P. Mungar
Board Member



H. Seegolam
Chief Executive

The accounting policies on pages 151 to 166 and the notes on pages 167 to 190 form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

1.1 Corporate information

The financial statements of the Commission for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Board on 06 November 2018. 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:

- 1.1. 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.
- 1.2. 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 (2017: 2%)
- 1.3. 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 (2017: 5%)
- 1.4. 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 as soon as practicable.

For the year, the Commission has made provisions of Rs 848,657,930 (18 months ended 2017: Rs 1,407,004,347) towards the Consolidated Fund of the Government of Mauritius.

2. BASIS OF PREPARATION AND NEW ACCOUNTING STANDARDS

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 and the valuation of the Retirement benefit obligation. 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 year are consistent with those of the previous financial period except that the Commission has adopted new/revised standards and interpretations mandatory for financial years beginning on or after January 1, 2017. The effects of these are stated below. The preparation of financial statements in conformity with IFRS requires management to make judgements, 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. 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.

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 2017.

4. New standards and amendments

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 01 January 2017 and are applicable to the Commission:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The Commission has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The application of these amendments has had no impact on the Commission's financial statements.

5. New Accounting Pronouncements issued and not yet effective

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.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 01 January 2018, with early application permitted. IFRS 9 is not applicable to items that have already been derecognized at 01 January 2018, the date of initial application.

The Commission will adopt the new Standards on the required effective date and will not re-state the comparative information. During the year ended 30 June 2018, the Commission performed an impact assessment of all three aspects of IFRS 9, and expects minimal impact on its financial position / performance.

- *Classification and measurement*

The Commission has assessed the classification of financial instruments as at the date of initial application and will apply such classification retrospectively. Based on that assessment:

Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments will continue to be measured at amortised cost under IFRS 9.

The classification of financial liabilities under IFRS 9 will remain broadly the same as under IAS 39.

- *Impairment*

IFRS 9 requires the Commission to record expected credit losses (ECLs) on all of its debt securities, loans and receivables, either on a 12-month or lifetime basis. Given the credit quality of the financial assets of the Commission, the adoption of IFRS 9 will not have a material impact on the financial statements of the Commission.

- *Hedge Accounting*

The Commission has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9, as it does not have hedge instruments and hedging relationships currently.

Impact of adoption of IFRS 9

The Commission will adopt IFRS 9 retrospectively as of the date of initial application on 01 January 2018. However, it will take advantage of the option not to restate comparatives, and therefore, the 30th June 2018 figures will be presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Commission's financial assets and financial liabilities as at 01 July 2018.

01 July 2018	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
Assets held to maturity	Assets held to maturity	663,319,320	Amortised Cost	663,319,320
Other financial assets	Financial assets at fair value through P&L	7,724,951	Financial assets at fair value through P&L	7,647,700
Receivables	Loans and receivables	181,156,226	Amortised Cost	67,175,584
Cash and bank balances	Loans and receivables	634,800,969	Amortised Cost	634,800,969
Bank deposits	Loans and receivables	875,258,405	Amortised Cost	875,258,405
Payables	Financial liabilities at Amortised Cost	185,556,590	Amortised Cost	185,556,590

In line with the characteristics of the Commission's financial instruments as well as its approach to their management, the Commission will neither revoke nor make any new designations on the date of initial application.

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 01 January 2018, with early adoption permitted under IFRS.

The Commission has not 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 will not be significant as it is limited to those fees that are received late, with charges.

IFRS 16 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 01 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. The Commission has not early adopted IFRS 16.

Amendments to IAS 19- Plan Amendment, Curtailment or Settlement – effective 01 January 2019

The amendments to IAS 19 Employee Benefits address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period.

When accounting for defined benefit plans under IAS 19, the standard generally requires entities to measure the current service cost using actuarial assumptions determined at the start of the annual reporting period. Similarly, the net interest is generally calculated by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

1. Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event;
2. Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

This Standard is effective for annual reporting periods beginning on or after 01 January 2019.

This new Standard will not have any impact on the financial statements of the Commission.

▪ Early Adoption of New Accounting Pronouncements issued and not yet effective

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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 01 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. The Commission has applied this Standard prospectively.

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

(a) 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, late charges and reinstatement fees 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.

(b) Revenue from administrative penalties

Recognition

Revenues arising from administrative penalties pursuant to the issuance of the Financial Services (Administrative Penalties) Rules, 2013, effective from 01 January 2014 are recognised when a licensee fails to comply with a legal obligation specified in the said rules and accounted 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. There was an amendment of Administrative Penalty Fee Rules where effective as of January 2018, the administrative penalty fee has been capped at \$5000.



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. Where capping as a result of the new rule has been applied, this is accounted for as a write off in the current year.

(c) 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.

(d) Other income

Other income constitutes income derived by the Commission (other than interest income), 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 in the Statement of Financial Performance 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.

For income received in advance in foreign currency, the transaction date for the purposes of determining the exchange rate, is the date of initial recognition of the income received in advance.

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 set out below. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are 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

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.

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.

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit and 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, assets held to maturity, 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 and loss

The Commission accounts for staff loans at fair value through profit and 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 year.

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:

- The rights to receive cash flows from the asset have expired.
- 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
 - (b) 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 is

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. Receivables with respect to Administrative Penalties have been written-off, and thus derecognised, to the extent to which the licensees benefitted from an amnesty following changes in the relevant rules. 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 amortised cost, 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:

- a) There is a currently enforceable legal right to offset the recognised amounts; and
- b) 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 comprise of cash at bank and cash in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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 equates 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.

Payment to the Financial Services Fund is made out of the General Fund as per Section 82(6) of the FSA.

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 Commission's staff in the performance of their duties in good faith.

4. CONTINGENT LIABILITIES / COMMITMENTS

a. Contingent Liabilities

There are pending lawsuits against the Commission with claims estimated at Rs79.16 million, excluding interests and costs (2017: Rs159.85million). 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.

b. 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 2018 is Rs9,457,156 (2017: Rs16,230,224). 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 Rs188,787,454 (2017: Rs194,132,374) are lien marked in favour of the Commission, and not included in the Statement of Financial Position.


6. (a) PROPERTY AND EQUIPMENT

	MOTOR VEHICLE	FURNITURE	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	BUILDING		FIXTURES & FITTINGS	TOTAL
					RS	RS		
COST								
At 1 July 2017	17,437,846	24,644,307	57,627,886	9,181,592	167,775,311	90,367,037	367,033,979	
Purchases	1,339,750	391,512	4,958,718	496,505	-	11,859,973	19,046,458	
Disposals	-	(96,598)	(70,955)	(54,898)	-	(56,642)	(279,093)	
At 30 June 2018	18,777,596	24,939,221	62,515,649	9,623,199	167,775,311	102,170,368	385,801,344	
DEPRECIATION								
At 1 July 2017	16,083,152	23,977,973	56,433,761	7,594,182	53,128,849	76,487,497	233,705,414	
Charge for the year	876,813	473,191	2,249,942	883,521	5,592,510	6,572,409	16,648,386	
Disposals	-	(96,598)	(50,427)	(28,655)	-	(45,307)	(220,987)	
At 30 June 2018	16,959,965	24,354,566	58,633,276	8,449,048	58,721,359	83,014,599	250,132,813	
NET BOOK VALUE								
At 30 June 2018	1,817,631	584,655	3,882,373	1,174,151	109,053,952	19,155,769	135,668,531	

6. (a) PROPERTY AND EQUIPMENT (cont'd)

	MOTOR VEHICLE	FURNITURE	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	BUILDING	FIXTURES & FITTINGS	TOTAL
COST							
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	-	(46,205)	(6,325)	80,295	-	(27,765)	-
Adjustment	-						
Disposals	-	(467,872)	(534,398)	(175,565)	-	-	(1,177,835)
At 30 June 2017	17,437,846	24,644,307	57,627,886	9,181,592	167,775,311	90,367,037	367,033,979
DEPRECIATION							
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	-	(33,597)	(6,324)	41,309	-	(1,388)	-
Adjustment	-						
Disposals	-	(467,868)	(534,377)	(99,642)	-	-	(1,101,887)
At 30 June 2017	16,083,152	23,977,973	56,433,761	7,594,182	53,128,849	76,487,497	233,705,414
NET BOOK VALUE							
At 30 June 2017	1,354,694	666,334	1,194,125	1,587,410	114,646,462	13,879,540	133,328,565

There are no restrictions on titles on any items of property and equipment and there are 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. (2017: Nil)

6. (b) INTANGIBLE ASSETS

	COMPUTER SOFTWARE Rs	LEASEHOLD RIGHTS Rs	TOTAL Rs
COST			
At 1 July 2017	61,501,326	5,500,000	67,001,326
Purchases	6,522,790	-	6,522,790
At 30 June 2018	68,024,116	5,500,000	73,524,116
AMORTISATION			
At 1 July 2017	57,934,453	1,741,667	59,676,120
Charge for the year	4,822,703	183,333	5,006,036
At 30 June 2018	62,757,156	1,925,000	64,682,156
NET BOOK VALUE			
At 30 June 2018	5,266,960	3,575,000	8,841,960
COST			
At 1 January 2016	55,990,800	5,500,000	61,490,800
Purchases	5,510,526	-	5,510,526
At 30 June 2017	61,501,326	5,500,000	67,001,326
AMORTISATION			
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
At 30 June 2017	57,934,453	1,741,667	59,676,120
NET BOOK VALUE			
At 30 June 2017	3,566,873	3,758,333	7,325,206

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 2018 Rs	30 June 2017 Rs
Within 1 year		
Treasury Notes / Bonds	125,000,000	120,490,800
Discount / (Premium) on Treasury Notes / Bonds	1,115,953	(111,814)
	<u>126,115,953</u>	<u>120,378,986</u>
More than 1 year		
Treasury Notes / Bonds	534,200,000	587,146,084
Discount / (Premium) on Treasury Notes / Bonds	3,003,367	(4,924,407)
	<u>537,203,367</u>	<u>582,221,677</u>
	663,319,320	702,600,663

Reconciliation of assets held to maturity

Opening balance	702,600,663	636,506,358
Purchases of held-to-maturity financial assets	132,227,200	215,858,409
Proceeds from maturity of held-to-maturity financial assets	(170,000,000)	(144,315,431)
Interest adjustment	(1,508,543)	(5,448,673)
Closing balance	663,319,320	702,600,663

8. 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 Rs17 million. 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.

During the current year, the Commission made an additional contribution of Rs 110,404,429 to the Fund to make good of the deficit.

An Asset Liability Management (ALM) exercise is frequently performed by SICOM 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:

Current Service Cost
Employee Contributions
Fund Expenses
Interest Expense
Total included in staff costs

Actual return on plan assets/liability

Movements in asset/liability recognised in statement of financial position as determined by the actuarial valuation

Opening balance (previously reported)
Total staff costs as above
Special Contribution / Actuarial reserves transferred in Contributions paid by the Commission
Amount Recognised in Other Comprehensive Income - Restatement of opening balance
Amount Recognised in Other Comprehensive Income
Asset/liability as at the close of the period

	12 months ended 30 June 2018 Rs	18 months ended 30 June 2017 Rs
Current Service Cost	13,961,565	20,627,375
Employee Contributions	(6,122,977)	(9,477,217)
Fund Expenses	317,010	466,706
Interest Expense	2,955,711	11,471,064
Total included in staff costs	11,111,309	23,087,928
Actual return on plan assets/liability	13,935,371	9,787,892

Reconciliation of the present value of the defined benefit obligation

Present value of obligation at start of period
Current service cost
Interest Cost
Benefits paid
Liability (gain) / loss
Present value of obligation at end of period

	291,185,221	248,200,739
Current service cost	13,961,565	20,627,375
Interest Cost	18,927,039	24,199,572
Benefits paid	(12,187,906)	(14,683,860)
Liability (gain) / loss	(3,722,069)	12,841,395
Present value of obligation at end of period	308,163,850	291,185,221

Reconciliation of fair value of the plan assets

At start of the period (previously reported)
Restatement of opening balance
Expected return on plan assets
Asset loss
Actuarial reserves transferred in Contributions from the employer
Contributions from the employees
Benefits paid and other outgo
At close of the period

	180,780,792	88,832,757
Restatement of opening balance	8,442,788	-
Expected return on plan assets	15,971,328	12,728,508
Asset loss	(2,039,642)	(4,212,560)
Actuarial reserves transferred in Contributions from the employer	110,404,429	75,120,034
Contributions from the employees	8,955,822	13,985,402
Benefits paid and other outgo	6,122,977	9,477,217
At close of the period	(12,504,916)	(15,150,566)
At close of the period	316,133,578	180,780,792

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:

	12 months ended 30 June 2018	18 months ended 30 June 2017
	%	%
Government Securities and Cash	57.70	56.60
Loans	3.80	4.40
Local Equities	15.70	15.80
Overseas bonds and equities	22.20	22.60
Property	0.60	0.60
	100.00	100.00

Components of the amount recognised in Other Comprehensive Income

Assets experience loss during the year/period	(2,039,642)	(4,212,560)
Liability experience gain/(loss) during the year/period	3,722,069	(12,841,395)
	1,682,427	(17,053,955)

Remeasurement

Liability experience gain/(loss)	3,722,069	(7,657,722)
Liability loss due to change in financial assumptions	-	(5,183,673)
Asset loss	(2,039,642)	(4,212,560)
	1,682,427	(17,053,955)

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:

Discount Rate	6.50	6.50
Expected return on plan assets	6.50	6.50
Future Salary increases	5.00	5.00
Future Pension increases	3.50	3.50

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 2018	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount Rate	100 basis points	Decrease by Rs56.0m	Increase by Rs75.2m
Future Salary increases	100 basis points	Increase by Rs41.2m	Decrease by Rs33.3m
Life expectancy	1 year	Increase by Rs7.9m	Decrease by Rs7.9m

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

The above sensitivity analysis is 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 2018 is 39 while that of pensioners is 62 years.

Defined Contribution Scheme

	12 months ended 30 June 2018 Rs	18 months ended 30 June 2017 Rs
Contributions	2,900,665	4,436,081

9. OTHER FINANCIAL ASSETS

Other financial assets comprise of staff loans

Staff loans, at fair value

Within 1 year

More than 1 year

Total staff loans at amortised cost

Fair value adjustment

Balance at fair value

1,391,366	5,999,446
6,333,585	8,770,274
7,724,951	14,769,720
8,377,311	15,836,100
(652,360)	(1,066,380)
7,724,951	14,769,720

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 / Auto cycle Loan, Computer Loan and Multipurpose Loan.

Staff Loans - Secured

Secured staff loans consist of Housing Loan, Car Loan and Motorcycle / Auto cycle 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 2018, 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:

	30 June 2018 Rs	30 June 2017 Rs
Secured		
Total secured staff loans at face value	8,250,824	11,307,269
Fair value adjustment	(644,721)	(971,964)
Balance at fair value	7,606,103	10,335,305
Unsecured		
Total Unsecured Staff Loans at face value	126,487	4,528,831
Fair value adjustment	(7,639)	(94,416)
Balance at fair value	118,848	4,434,415

10. RECEIVABLES

Fees receivable	(Note 30.1)	610,226,207	419,436,689
Other receivables		71,824	339,171
Accrued interest	(Note 30.2)	27,905,297	18,806,681
Prepayments		25,118,440	19,825,241
Provision for credit losses		(464,708,977)	(297,710,589)
		198,612,791	160,697,193

11. CASH AND BANK BALANCES

Cash in hand	370,427	30,468
Bank balances	634,430,542	566,814,700
	634,800,969	566,845,168

12. BANK DEPOSITS

US Dollar	842,298,405	982,525,365
Mauritian Rupee	32,960,000	-
	875,258,405	982,525,365

13. PAYABLES

Other creditors and accruals	15,708,781	8,987,832
Operating Lease Liability	898,840	844,872
Deposit from Management Companies	108,228,813	28,287,616
Prepaid licence fees	811,060,516	882,984,425
	935,896,950	921,104,745

14. PROVISIONS

	30 June 2018	30 June 2017
	Rs	Rs
Sick Leave	23,112,403	21,981,908
Passage Benefits	12,515,453	11,642,827
Gratuity	1,887,032	457,550
Annual Leave	288,848	100,096
Bonus	23,815,260	14,301,131
	61,618,996	48,483,512

At 30 June 2018	Sick Leave	Passage Benefits	Gratuity	Annual Leave	Bonus	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at 01 July 2017	21,981,908	11,642,827	457,550	100,096	14,301,131	48,483,512
Charged to the Statement of Financial Performance	5,489,534	7,079,258	2,370,960	717,639	38,165,062	53,822,453
Exchange differences	-	-	2,901	-	-	2,901
Paid during the year	(4,359,039)	(6,206,632)	(944,379)	(528,887)	(28,650,933)	(40,689,870)
Balance at 30 June 2018	23,112,403	12,515,453	1,887,032	288,848	23,815,260	61,618,996

At 30 June 2017	Sick Leave	Passage Benefits	Gratuity	Annual Leave	Bonus	Total
	Rs	Rs	Rs	Rs	Rs	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	21,981,908	11,642,827	457,550	100,096	14,301,131	48,483,512

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. AMOUNT PAYABLE TO THE FINANCIAL SERVICES FUND

	30 June 2018 Rs	30 June 2017 Rs
Opening balance	10,104,333	-
Reclassified from Funds (Note 17(b))	18,250,708	10,104,333
Transfer from General Fund as per Section 82(6) of the Financial Services Act, 2007.	(8,125,233)	-
Payment to the Financial Services Fund	20,229,808	-
Closing balance	20,229,808	10,104,333

16. AMOUNT PAYABLE TO THE CONSOLIDATED FUND

Opening balance	963,635,613	291,585,306
Transfer from General Fund as per Section 82A(3) of the Financial Services Act, 2007.	848,657,930	1,407,004,347
Payment to the Consolidated Fund during the period	(857,828,630)	(734,954,040)
Closing balance	954,464,913	963,635,613

17. FUNDS

17 (a) General Reserve Fund

Opening balance	514,359,218	438,713,823
Transfer from General Fund as per Section 82A(2) of the Financial Services Act, 2007.	45,626,770	75,645,395
Closing balance	559,985,988	514,359,218

17 (b) Financial Services Fund

Opening balance	-	85,216,677
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007	-	30,258,158
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)
Closing balance	-	-

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.

18. FEES FROM LICENSEES

	12 months ended 30 June 2018 Rs	18 months ended 30 June 2017 Rs
Global business	987,688,270	1,514,422,887
Non-banking financial institutions	64,059,098	92,003,432
Brokerage	18,859,342	21,635,051
	1,070,606,710	1,628,061,370

19. PENALTIES AND CHARGES

Administrative Penalties	312,821,191	586,435,053
Late Charges	19,592,043	27,299,439
	332,413,234	613,734,492

20. INTEREST

Treasury Notes	30,415,586	37,505,865
Amortisation of premium on Treasury Notes	(2,853,266)	(3,684,952)
Bank deposits	23,688,849	22,905,514
Other financing income	228,923	175,057
Staff loans	614,975	1,919,744
	52,095,067	58,821,228

21. OTHER INCOME

Loss on property and equipment scrapped / disposed	(11,339)	(61,848)
Administration fee from the Insurance Industry Compensation Fund	1,219,119	688,842
	1,207,780	626,994

22. STAFF RELATED COSTS

	12 months ended 30 June 2018	18 months ended 30 June 2017
	Rs	Rs
Staff salaries and allowances	194,225,508	264,895,485
Other staff related adjustment	-	(9,713,776)
Fair value adjustment to staff loans	(414,020)	(660,648)
Pension contribution	17,914,340	26,770,167
Post retirement fund obligation expense	2,155,487	8,982,492
Family Protection Scheme	4,648,876	6,941,275
National Savings Fund	1,098,666	1,622,471
Passage benefits	7,079,258	10,141,796
Board and committee fees	2,187,538	3,360,913
Travelling allowances	19,828,266	30,372,400
Staff welfare	8,054,425	9,717,140
	256,778,344	352,429,715

23. TRAINING AND SEMINARS

Overseas conferences and seminars	8,740,097	7,002,621
Local events	5,746,370	3,169,047
Staff training	1,313,786	1,523,843
	15,800,253	11,695,511

24. LEGAL AND PROFESSIONAL FEES

Auditors' fees	2,493,394	3,567,262
Legal Fees	3,422,710	3,379,433
Professional advisory fees	19,488,719	2,236,835
	25,404,823	9,183,530

25. OFFICE AND ADMINISTRATIVE EXPENSES

Maintenance of office premises	6,328,060	14,543,027
Land lease	312,974	677,387
Insurance of office premises	613,720	1,122,923
Post, telephone, internet and fax charges	7,971,077	12,197,904
Electricity and water	3,465,135	5,697,266
Stationery	1,683,311	2,295,844
Subscription**	8,196,916	10,536,474
General office expenses	5,930,501	6,889,329
Vehicle expenses	1,571,319	2,471,812
Advertising and publication	1,090,010	1,523,821
	37,163,023	57,955,787

**Includes membership fees for IAIS, IOPS, IOSCO and software licenses.

26. CASH FLOW FROM OPERATING ACTIVITIES

	12 months ended 30 June 2018 Rs	18 months ended 30 June 2017 Rs
Surplus for the year/period	902,410,193	1,529,961,855
Adjustments for:		
Staff loans fair value adjustment	(414,020)	(660,648)
Loss on disposal of property and equipment	11,339	61,848
Interest Income	(52,095,067)	(58,821,228)
Retirement Benefits Obligation	2,155,487	8,982,492
Amortisation of premium on Treasury Notes	2,853,266	3,684,952
Other non-cash adjustments	(1,344,753)	1,763,721
Depreciation and amortisation	21,654,422	47,793,252
Provision for credit losses	166,998,388	290,048,714
Cash flow from operating activities, before working capital changes	1,042,229,255	1,822,814,958
Increase in fees receivable	(190,789,518)	(407,225,444)
Decrease in staff loans	7,458,789	16,637,114
Decrease / (increase) in other receivables	267,347	(259,496)
(Increase) / decrease in prepayments	(5,293,199)	623,824
Increase in accrued expenses and other payables	27,927,689	369,110,972
Net cash flow from operating activities	881,800,363	1,801,701,928

27. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Commission has outstanding commitments under operating leases which fall due as follows:

Within 1 year	282,316	259,006
After 1 year and before 5 years	1,180,082	1,154,674
After 5 years	5,382,955	5,690,679
	6,845,353	7,104,359

An amount of Rs 312,974 (2017: Rs 677,387) 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 Rs 200,000 which shall increase by 9% every 3 years.

28. 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.

29. 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 2018		Total Cash Flows	Total Carrying Amount	Total Fair Value
	0 - 1 Year	> 1 year			
Financial assets	Rs	Rs	Rs	Rs	Rs
Assets held to maturity	151,750,460	562,280,350	714,030,810	663,319,320	671,615,644
Other financial assets	1,488,760	9,477,922	10,966,682	7,724,951	7,724,951
Receivables	189,740,581	-	189,740,581	189,740,581	189,740,581
Cash and bank balances	634,800,969	-	634,800,969	634,800,969	634,800,969
Bank deposits	629,712,673	245,545,732	875,258,405	875,258,405	875,258,405
	1,607,493,443	817,304,004	2,424,797,447	2,370,844,226	2,379,140,550
Financial liabilities					
Payables	185,556,590	-	185,556,590	185,556,590	185,556,590
At 30 June 2017					
	Maturity		Total Cash Flows	Total Carrying Amount	Total Fair Value
	0 - 1 Year	> 1 year			
Financial assets	Rs	Rs	Rs	Rs	Rs
Assets held to maturity	146,825,210	631,158,810	777,984,020	702,600,663	713,607,796
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	738,187,588	244,337,777	982,525,365	982,525,365	982,525,365
	1,615,167,573	888,667,541	2,503,835,114	2,423,631,115	2,434,638,248
Financial liabilities					
Payables	440,483,616	-	440,483,616	440,483,616	440,483,616

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 2018	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial Assets					
Other financial assets	-	7,724,951		-	7,724,951
Fair Value hierarchy as at 30 June 2017	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial Assets					
Other financial assets	-	14,769,720		-	14,769,720

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 the 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.

30. CREDIT RISK

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:

30.1 Fees receivables

	Past due but not impaired	Past due and impaired	12 months ended 30 June		18 months ended 30 June	
			2018	2017	2018	2017
	Rs	Rs	Rs	Rs		
Up to 3 months	18,033,724	4,889,716	22,923,439	20,793,480		
3 to 6 months	1,746,280	8,944,154	10,690,435	59,132,954		
6 months to 1 year	17,808,369	75,244,035	93,052,404	93,957,216		
More than 1 year	115,590,732	367,969,198	483,559,930	245,553,039		
	153,179,105	457,047,102	610,226,207	419,436,689		

30.2 Accrued interest

	30 June 2018 Rs	30 June 2017 Rs
Balance at the beginning of the year	18,806,681	11,456,861
Interest income	52,095,067	58,821,228
Interest received	(42,996,451)	(51,471,408)
Balance at the end of the year	27,905,297	18,806,681

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.

30.3 Staff loans

Within 1 year	1,391,366	5,999,446
More than 1 year	6,333,585	8,770,274
	7,724,951	14,769,720

30.4 Bank Balances

Bank balances	634,430,542	566,814,700
Bank deposits	875,258,405	982,525,365
	1,509,688,947	1,549,340,065

30.5 Assets Held to Maturity

Within 1 year	126,115,953	120,378,986
More than 1 year	537,203,367	582,221,677
	663,319,320	702,600,663

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 9 for details for collateral held as security)

31. CATEGORIES OF FINANCIAL INSTRUMENTS

Categories of financial instruments - 2018	Loans and receivables Rs	Financial liabilities at amortised cost Rs	Assets held to Maturity Rs	Financial assets at fair value through P&L Rs	Total Rs
Non-current assets					
Assets held to maturity	-	-	537,203,367	-	537,203,367
Other financial assets	-	-	-	6,333,585	6,333,585
Current assets					
Assets held to maturity	-	-	126,115,953	-	126,115,953
Receivables	189,740,581	-	-	-	189,740,581
Cash and bank balances	634,800,969	-	-	-	634,800,969
Other financial assets	-	-	-	1,391,366	1,391,366
Bank deposits	875,258,405	-	-	-	875,258,405
Total Assets	1,699,799,955	-	663,319,320	7,724,951	2,370,844,226
Current Liabilities					
Payables	-	185,556,590	-	-	185,556,590
Total Liabilities	-	185,556,590	-	-	185,556,590

	Categories of financial instruments - 2017		Loans and receivables Rs	Financial liabilities at amortised cost Rs	Assets held to Maturity Rs	Financial assets at fair value through P&L Rs	Total Rs
Non-current assets							
Assets held to maturity	-	-		582,221,677	-	582,221,677	
Other financial assets	-	-		-	8,770,274	8,770,274	
Current assets							
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	
Total Assets	1,706,260,732	-		702,600,663		14,769,720	2,423,631,115
Current Liabilities							
Payables	-	440,483,616		-	-	440,483,616	
Total Liabilities	-	440,483,616		-	-	440,483,616	440,483,616

32. 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. These balances were held in USD during the financial period and the exchange fluctuation gain of Rs 9,465,831 (2017: loss of Rs 2,175,720) has occurred mainly due to translation of USD. During the period USD appreciated against MUR by 168 basis points. (2017: depreciated by 142 basis points)

The table below shows the carrying amounts of the financial assets and liabilities, denominated in currencies other than the functional currency.

US Dollars	Assets		Liabilities	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Rs	Rs	Rs	Rs
Bank Deposits	842,298,405	982,525,365	-	-
Cash and Bank balances	591,613,521	504,111,809	-	-
Receivables	27,189,818	9,211,421	-	-
Deposit from Management Companies	-	-	529,973,495	383,012,272

The assessment of currency fluctuation risks is reviewed by the Investment Committee from time to time.

32. (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. 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 30 June 2018 Rs	Effect on Surplus 30 June 2017 Rs
Bank Balances	+50	3,109,757	2,801,039
	-50	(2,931,783)	(2,794,787)

32. (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 2018 Rs	Effect on Funds 30 June 2017 Rs
Financial assets and liabilities	+1 MUR	26,983,981	32,747,817
	-1 MUR	(26,983,981)	(32,747,817)

32. (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 93% (2017:94%) 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 and the Blueprint for Innovating and Transforming the Mauritius IFC of 2030, the Commission is taking various measures to further diversify the markets within the financial services sector, through increased partnership with emerging markets. The Mauritius IFC is expected to position itself as a specialist regional IFC focused on Africa and India, with deep expertise in these areas. Moreover, the Commission will capitalise on opportunities in both domestic and international capital markets, captive insurance in Africa, cross-border asset management, African fintechs, reinsurance, and cryptocurrency exchange.

33. RELATED PARTY TRANSACTIONS DISCLOSURE

Board fees, salaries and allowances to Key Managerial Persons

Name of Key Management Personnel	Designation	12 months ended 30 June 2018	18 months ended 30 June 2017
		Rs	Rs
Dr. Renganaden Padayachy (As from 16 January 2018)	Chairperson	Board Fees 275,806	-
Mr Dev Manraj, GOSK (From 22 April 2015 to 15 January 2018)	Former Chairperson	Board Fees 274,194	750,000
Mr Yandraduth Googoolye (From 02 June 2017 to 05 January 2018)	Former Vice-Chairperson	Board Fees 154,032	24,167
Mr Rajesh Sharma Ramloll (Member from 1 May 2014 to 31 May 2014)			
(Chairperson from 01 June 2014 to 21 April 2015) (Member as from 22 April 2015)	Former Chairperson / Member	Board Fees 360,000	490,000
Mr Dheerendra Kumar Dabee (From 04 February 2017 to 31 May 2017)	Former Vice-Chairperson	Board Fees -	397,413
Mr Hervé Lassemillante (As from 11 July 2017)	Member	Board Fees 349,355	-
Mr Premchand Mungar (As from 28 December 2017)	Member	Board Fees 122,581	-
Mrs Yotsna Lalji-Venketasawmy (As from 03 April 2018)	Member	Board Fees 58,667	-
Mr Sarwansingh Purmessur (As from 24 May 2018)	Member	Board Fees 25,161	-
Mr Mohammad Shamad Ayoob Saab (Up to 23 May 2018)	Former Member	Board Fees 207,742	-
Mr Visvanaden Soondram (Up to 09 October 2018)	Former Member	Board Fees 240,000	360,000
Mrs Warda Dulmar Ebrahim (Up to 05 June 2017)	Former Member	Board Fees -	473,333
Mr Rhoyinder Meghraj Ramlackhan (Up to 04 June 2017)	Former Member	Board Fees -	342,667
Mr Jacques Laval Li Chung (Up to 05 June 2017)	Former Member	Board Fees -	343,333
Mr Harvesh Kumar Seegolam (As from 14 July 2017)	Chief Executive	Salaries 5,792,996	
		Allowances 173,864	
Mr P. K. Kuriachen (From 20 April 2015 to 13 July 2017)	Former Acting Chief Executive	Salaries 816,979	7,347,194
		Allowances 64,457	2,379,074
TOTAL		8,915,834	12,907,181

Name of entity				
Government of Mauritius	Contribution paid towards the Consolidated Fund	857,828,630	734,954,040	
Government of Mauritius	Amount payable to the Consolidated Fund	848,657,930	963,635,613	

34. EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to 30 June 2018.



APPENDICES



APPENDICES

APPENDIX 1: MARKETS TRENDS IN SECURITIES

Figure 4: Evolution of SEMDEX - 2017/2018 (End Month)

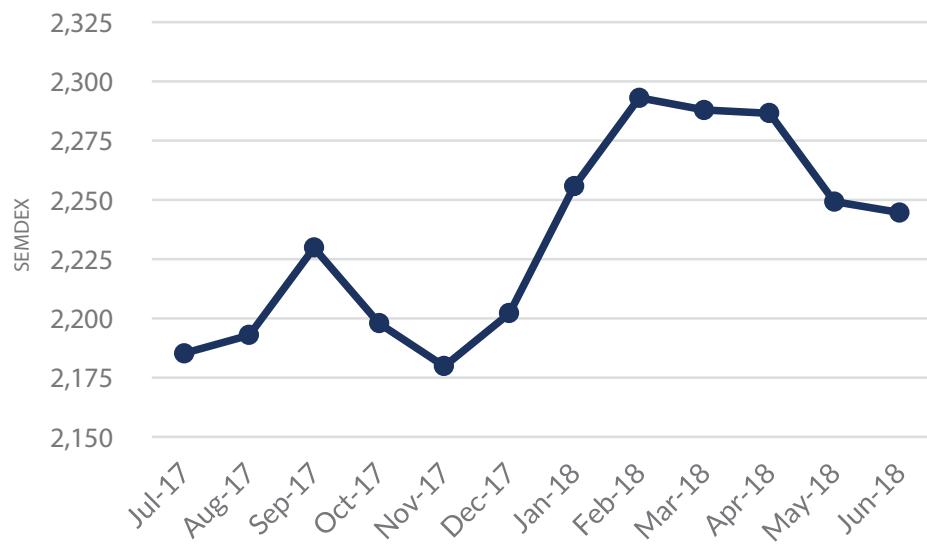


Figure 5: Evolution of SEM-10 - 2017/2018 (End Month)

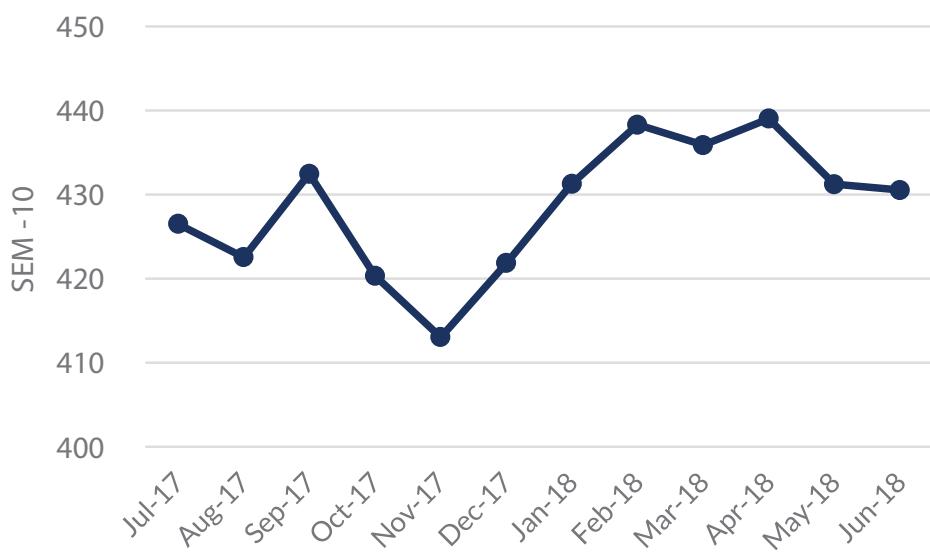


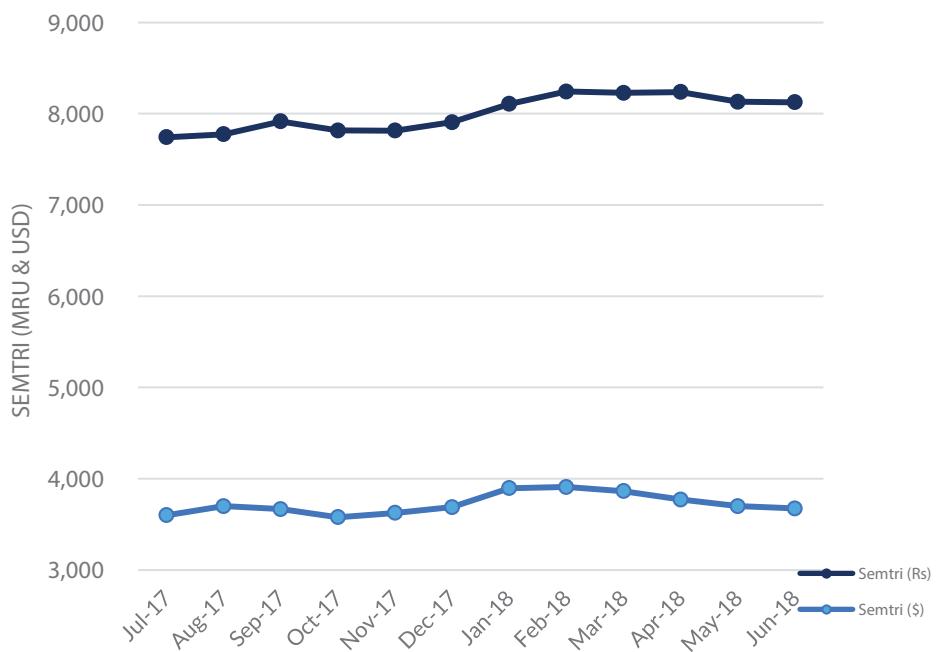
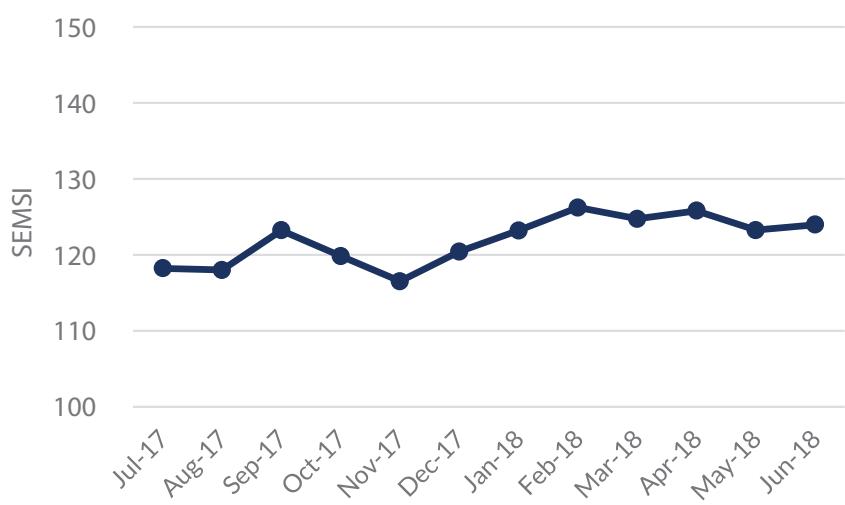
Figure 6: Evolution of SEMTRI (MUR & USD) for 2017 & 2018 (End Month)**Figure 7: Evolution of SEMSI - 2017/2018 (End Month)**

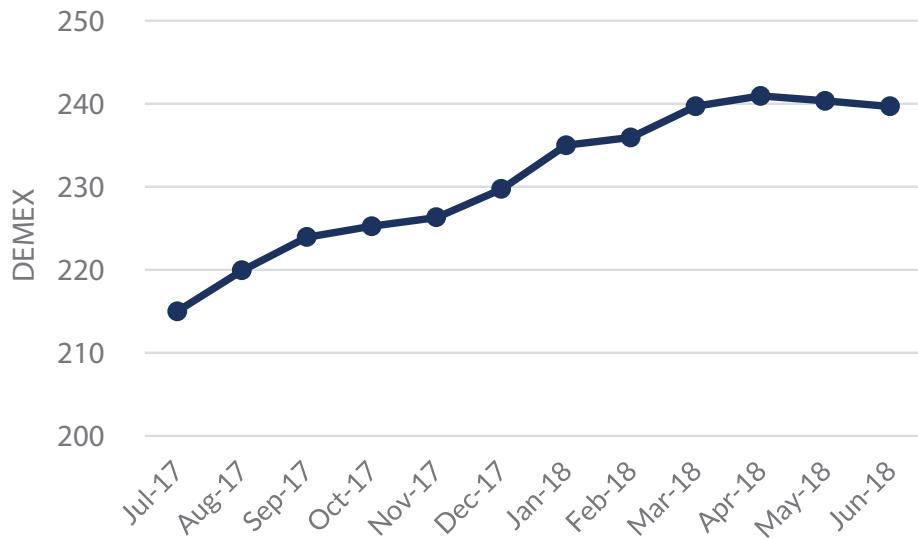
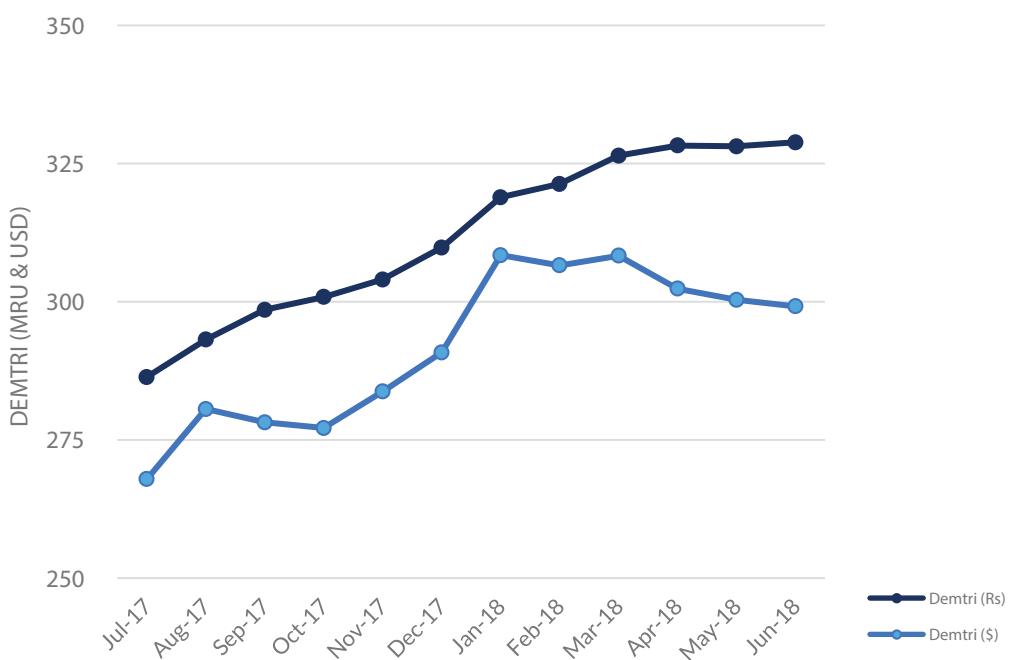
Figure 8: Evolution of DEMEX - 2017/2018 (End Month)**Figure 9: Evolution of DEMTRI (MUR & USD) for 2017 & 2018 (End Month)**

Table 37: International Stock Exchange Indices 2017/18 – (End Month)

Year 2017/2018	US DOW JONES Industrial Average	US NASDAQ	Bombay Stock Exchange (‘BSE’) SENSEX	London’s FTSE 100 Index	France’s CAC 40 Index	Hong Kong’s Hang Seng Index
Jul-17	21,891.12	6,348.12	32,514.94	7,372.00	5,093.77	27,323.99
Aug-17	21,948.10	6,428.66	31,730.49	7,430.60	5,085.59	27,970.30
Sep-17	22,405.09	6,495.96	31,283.72	7,372.80	5,329.81	27,554.30
Oct-17	23,377.24	6,727.67	33,213.13	7,493.10	5,503.29	28,245.54
Nov-17	24,272.35	6,873.97	33,149.35	7,326.70	5,372.79	29,177.35
Dec-17	24,719.22	6,903.39	34,056.83	7,687.80	5,312.56	29,919.15
Jan-18	26,149.39	7,411.48	35,965.02	7,533.60	5,481.93	32,887.27
Feb-18	25,029.20	7,273.01	34,184.04	7,231.90	5,320.49	30,844.72
Mar-18	24,103.11	7,063.45	32,968.68	7,056.60	5,167.30	30,093.38
Apr-18	24,163.15	7,066.27	35,160.36	7,509.30	5,520.50	30,808.45
May-18	24,415.84	7,442.12	35,322.38	7,689.60	5,398.40	30,468.56
Jun-18	24,271.41	7,510.30	35,423.48	7,636.90	5,323.53	28,955.11

Source: <http://www.yahoofinance.com>

APPENDIX 2: TRENDS IN INSURANCE

LONG TERM INSURANCE BUSINESS

Table 38: Long Term Insurance Business Figures

	2012	2013	2014	2015	2016	2017
NUMBER OF INSURANCE POLICIES						
Long term	425,874	420,998	431,057	276,740	301,987	318,119
ASSETS						
Assets (MUR Million)	92,640	106,428	115,246	86,758	89,562	99,806
% Δ in Assets	10%	15%	8%	-25%	3%	11%
TECHNICAL RESERVES						
Life Fund	61,167	69,999	76,310	51,643	54,789	61,700
% Δ in Life Fund	10%	13%	8%	-48%	6%	11%
CAPITAL AND RESERVES						
Capital and Reserves	9,855	10,636	11,230	6,027	6,419	6,965
% Δ in C & R	11%	8%	6%	-46%	7%	9%
ASSETS:						
Assets	92,640	106,428	115,246	86,758	89,562	99,806
Life Fund	61,167	69,999	76,310	51,643	54,789	61,700
Capital and Reserves	9,855	10,636	11,230	6,027	6,419	6,965
Other Liabilities	21,618	25,793	27,705	29,088	28,354	31,141
% of C&R to Life Fund	16%	15%	15%	12%	12%	11%
PREMIUMS:						
Net Premiums	13,538	14,497	15,894	8,940	9,319	10,044
Reinsurance	360	530	406	369	403	385
Gross Premiums	13,898	15,027	16,300	9,308	9,722	10,429
% Δ in Gross Premiums	7%	8%	8%	-43%	4%	7%
CLAIMS:						
Net Claims	9,894	10,983	12,889	7,277	7,937	8,089
Reinsurance	156	73	118	117	132	100
Gross Claims	10,050	11,056	13,007	7,394	8,069	8,189
% Δ in Gross Claims	-5%	10%	18%	-43%	9%	1%

GENERAL INSURANCE BUSINESS

Table 39: General Insurance Business Figures

	2012	2013	2014	2015	2016	2017
NUMBER OF INSURANCE POLICIES						
General	469,615	475,024	514,104	523,553	553,313	631,870
ASSETS						
Assets (MUR Million)	12,276	13,888	15,066	16,670	15,920	17,525
% Δ in Assets	5%	13%	8%	11%	-4%	10%
Asset Mix:						
Equities	1,312	1,544	2,145	2,155	3,572	2,417
% Δ in Equities	-2%	18%	39%	0.47%	65.75%	-32.33%
% of Total Assets	11%	11%	14%	13%	22%	14%
Cash Equivalents	3,496	3,579	3,390	3,296	2,978	3,099
% Δ in Cash Equivalents	20%	2%	-5%	-3%	-10%	4%
% of Total Assets	28%	26%	22%	20%	19%	18%
Govt Bonds	478	409	433	1,012	1,415	1,696
% Δ in Govt bonds	18%	-15%	6%	134%	40%	20%
% of Total Assets	4%	3%	3%	6%	9%	10%
Other Bonds	207	386	305	354	357	328
% Δ in Other Bonds	-59%	86%	-21%	16%	1%	-8%
% of Total Assets	2%	3%	2%	2%	2%	2%
Property	131	138	144	659	739	788
% Δ in Property	5%	5%	4%	357%	12%	7%
% of Total Assets	1%	1%	1%	4%	5%	4%
Other Assets	6,651	7,833	8,649	151	6,860	9,197
% Δ in Other Assets	5%	18%	10%	-98%	4443%	34%
% of Total Assets	54%	56%	57%	1%	43%	52%
LIABILITIES						
Liabilities	12,373	13,888	15,066	15,768	15,921	17,525
Capital & Reserves	5,291	6,052	6,955	7,559	7,527	7,846
% Δ	13%	14%	15%	9%	-0.42%	4.24%
% of Total Liabilities	43%	44%	46%	48%	47%	45%
Technical Reserves	5,585	6,213	6,196	7,505	6,613	7,259
% Δ	7%	11%	0%	21%	-12%	10%
% of Total Liabilities	45%	45%	41%	48%	42%	41%
Other Liabilities	1,497	1,623	1,916	704	1,781	2,420
% Δ	-14%	8%	18%	-63%	153%	36%
% of Total Liabilities	12%	12%	13%	4%	11%	14%

PREMIUMS						
TOTAL						
Net	4,002	4,363	4,496	4,604	5,185	5,717
Reinsurance	2,182	2,667	2,915	2,944	2,823	3,029
Gross	6,183	7,029	7,411	7,565	8,007	8,746
% Δ in Gross Premiums	-1%	14%	5%	2%	6%	9%
MOTOR						
Net	2,510	2,581	2,633	2,717	2,975	3,198
Reinsurance	189	177	188	200	163	118
Gross	2,698	2,758	2,822	2,916	3,139	3,316
% Δ in Gross Premiums	5%	2%	2%	3%	8%	6%
NON-MOTOR						
Net	1,492	1,782	1,863	1,887	2,209	2,519
Reinsurance	1,993	2,489	2,726	2,744	2,659	2,911
Gross	3,485	4,271	4,589	4,649	4,868	5,430
% Δ in Gross Premiums	-5%	23%	7%	1%	5%	12%
TOTAL CLAIMS						
TOTAL						
Net	2,112	2,368	2,498	2,632	2,952	3,322
Reinsurance	961	1,775	1,416	1,418	1,501	1,173
Gross	3,073	4,143	3,914	4,032	4,453	4,495
% Δ in Gross Claims	-5%	35%	-6%	3%	10%	1%
MOTOR						
Net	1,250	1,344	1,419	1,689	1,923	2,129
Reinsurance	144	285	209	272	1,235	283
Gross	1,395	1,629	1,628	1,969	2,264	2,412
% Δ in Gross Premiums	3%	17%	0%	21%	15%	7%
NON-MOTOR						
Net	862	1,023	1,079	943	1,029	1,193
Reinsurance	772	1,598	1,227	1,146	1,235	890
Gross	1,634	2,621	2,306	2,063	2,264	2,083
% Δ in Gross Premiums	-14%	60%	-12%	-11%	10%	-8%
UNDERWRITING PROFIT						
UW profit	507	503	600	279	195	229
% Δ in UW profit	9%	-1%	19%	-54%	-30%	17%
Investment	402	385	441	450	518	447
Operating profit	909	888	1,041	729	713	676
% Δ in Operating profit	-27%	-2%	17%	-30%	-2%	-5%

NUMBER OF POLICIES	2012	2013	2014	2015	2016	2017
Motor	315	323	334	353	373	399
% Δ	10%	3%	3%	6%	6%	7%
% of Total	67%	68%	65%	67%	67%	63%
Non-Motor	154	152	181	185	180	233
% Δ	17%	-2%	19%	2%	-3%	29%
% of Total	33%	32%	35%	35%	33%	37%
Total	470	475	514	524	553	632
% Δ	12%	1%	8%	2%	6%	14%

NUMBER OF CLAIMS	2012	2013	2014	2015	2016	2017
Motor	43	42	47	53	52	57
% Δ	2%	-2%	11%	12%	-2%	10%
% of Total	19%	16%	17%	24%	20%	22%
Non-Motor	187	225	232	170	204	202
% Δ	19%	21%	3%	-27%	20%	-1%
% of Total	81%	84%	83%	76%	80%	78%
Total	230	268	279	223	256	259
% Δ	15%	16%	4%	-20%	15%	1%

APPENDIX 3: MEMORANDUM OF UNDERSTANDING

1. 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

2. REGIONAL MEMORANDUM OF UNDERSTANDING

SN	Institutions/Standard Setting Body	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

3. MEMORANDUM OF UNDERSTANDING WITH FOREIGN AUTHORITIES

SN	Authority	Country	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
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
27	Financial Conduct Authority	United Kingdom	10 April 2018
28	Central Bank of the Russian Federation	Russia	08 June 2018
29	Insurance Regulatory Authority of Uganda	Uganda	18 July 2018

4. MEMORANDUM OF UNDERSTANDING WITH FOREIGN INSTITUTIONS

SN	Authority	Country	Date of Signature
1	National Institute of Securities Markets	India	27 February 2018

5. FINTECH COOPERATION AGREEMENT

SN	Authority	Country	Date of Signature
1	Autorité des Marchés Financiers	France	05 September 2018

6. LETTER OF COOPERATION IN TECHNICAL EXCHANGES

SN	Authority	Country	Date of Signature
1	Autorité des Marchés Financiers	France	05 September 2018



7. BILATERAL MOUS WITH LOCAL AUTHORITIES

Authority	Date of Signature
Bank of Mauritius	05 December 2002
Financial Intelligence Unit	18 June 2004
Mauritius Revenue Authority	03 June 2010
Competition Commission Mauritius	11 November 2011
Financial Reporting Council	10 April 2012
Statistics Mauritius	09 February 2012
Corporate And Business Registration Department	01 December 2016
Attorney General's Office	07 August 2017

8. TRIPARTITE MOUS WITH LOCAL AUTHORITIES

Authorities	Date of Signature
Bank of Mauritius and Financial Intelligence Unit	19 September 2018
Independent Commission Against Corruption and Financial Intelligence Unit	19 September 2018

9. LETTER OF COOPERATION IN TECHNICAL EXCHANGES

MoUs concerning consultation, cooperation and Exchange of Information related to the supervision of Alternative Investment Fund Managers Directive entities.

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
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

MoUs (relating to the supervision of AIFMD entities) with European Economic Area (EEA) Securities Regulators

SN	Authority	Country	Date of Signature
1	Fjármálaeftirlitið	Iceland	22 July 2013
2	Finanzmarktaufsicht	Liechtenstein	22 July 2013
3	Finanstilsynet	Norway	22 July 2013

MoUs (relating to the supervision of AIFMD entities) with Other Securities Regulators

SN	Authority	Country	Date of Signature
1	Financial Services Commission	Gibraltar	22 July 2014

APPENDIX 4: CAPACITY BUILDING

6. OVERSEAS MISSIONS

Date	Theme	Country	Officers	Position
17 - 21 July 2017	Peer Review Group (PRG) Meeting	Switzerland	LOUIS Charlene	Head- Global Business
03 - 04 September 2017	34th Eastern and Southern Africa Anti-Money Laundering Group ('ESAAMLG') Task Force of Senior Officials Meetings	Tanzania	JOMADAR Bhushan	Senior Analyst-Legal
02 - 17 September 2017	Seminar on 'Governance and Strengthening of Credibility of Mauritius'	China	RAMASAWMY Vyasha	Lead Analyst-Capital Markets
20 - 21 September 2017	International Organisation of Securities Commissions ('IOSCO') Growth and Emerging Markets Committee ('GEMC') Meeting	Sri Lanka	HURDOWAR Jasraj	Head-Capital Markets
09 October - 01 December 2017	Australia Award 'Short Course on Trade Policy and Negotiations'	South Africa	BAPOO Meenakshi	Senior Analyst-Executive Office
17 - 19 October 2017	International Association of Insurance Supervisors ('IAIS') regional seminar on 'Risk Based Supervisory Practices, Risk Management And Governance'	Namibia	ARLANDA-LAROY Carine	Senior Analyst-Insurance
02 - 03 November 2017	International Association of Insurance Supervisors ('IAIS') 2017 Annual Conference "Insurance Supervision: Looking Beyond"	Malaysia	BALLAM Gamal	Head-Insurance
14 - 15 November 2017	Financial Stability Board ('FSB') Regional Consultative Group ('RCG') for Sub-Saharan Africa 12th meeting	Pretoria	NEETOO Ben Shaminah	Head-Executive Office
08 - 10 November 2017	39th Annual Committee of Insurance, Securities and Non-banking Financial Authorities ('CISNA') Meeting	Zimbabwe	APPAVOO Rinasha MUNNEE Rohini	Analyst- Capital Markets Analyst- Insurance

Date	Theme	Country	Officers	Position
15 November 2017 – 07 December 2017	Eastern and Southern Africa Anti-Money Laundering Group ('ESAAMLG') Mutual Evaluation of Rep of Seychelles	Seychelles	JOMADAR Bhushan	Senior Analyst-Legal
21- 24 November 2017	Financial Services Board ('FSB') Familiarisation and Training Programme	Pretoria	SEEWOOSUNKUR Roubina POYROO Dharmanand	Senior Analyst-Executive Office Analyst-Insurance
28 - 30 November 2017	13th Annual Asia Derivatives Conference & Regulators meeting	Singapore	SEEWOOSUNKUR Prakash	Chief Operating Officer
07 - 09 December 2017	22nd International Taxation Conference	India	DOMAN BRETTE Leena	Head-Licensing
05 - 06 December 2017	International Association of Insurance Supervisors ('IAIS') / Financial Stability Institute (FSI) meeting & seminar on Corporate Governance Standards and Supervisory Practices	Switzerland	BURTHUN Ajmal	Assistant Manager- Legal
05 - 06 December 2017	Workshop on SADC Integrated Regional Electronic Settlement System ('SIRESS')	South Africa	JANKEE Ghanish RAMASAWMY Deerajen	Analyst- Capital Markets Head-Financial Stability, Economic Research & Statistics
22 – 25 January 2018	Joint Eastern and Southern Africa Anti-Money Laundering Group ('ESAAMLG') typologies meeting and Capacity Building Workshop	Morocco	SAHYE Yonesha	Assistant Manager- Enforcement
24 - 25 January 2018	40th International Organisation of Securities Commissions ('IOSCO') / Africa and Middle East Regional Committee ('AMERC') Meeting and Conference 2018	Morocco	VARDIN Warren	Manager- Capital Markets

Date	Theme	Country	Officers	Position
23 - 25 January 2018	International Organisation of Securities Commissions ('IOSCO') / Africa and Middle East Regional Committee ('AMERC') Seminar Training Program on 'Investment Funds Regulation and Supervision'	Dubai	SEEBALUCK Vishwadeo MEAH MEWA Navashina D	Head- Investment Funds & Intermediaries Senior Analyst- Enforcement
22-23 February 2018	International Organisation of Pension Supervisors ('IOPS') Technical Committee meeting and Seminar	Dublin, Ireland	DULLOO Trisha SEEWOOSUNKUR Prakash	Assistant Manager- Pensions Chief Operating Officer
07 - 13 April 2018	35th Eastern and Southern Africa Anti-Money Laundering Group ('ESAAMLG') Task Force Meeting of Senior Officials	Tanzania	SAHYE Yonesha JOMADAR Bhushan	Assistant Manager- Enforcement Senior Analyst- Legal
21 - 23 March 2018	Fintech Committee Meeting	London	NEMCHAND Mangalraj	Senior Analyst- Enforcement
17 - 19 April 2018	4th Round of Discussion on Comprehensive Economic Cooperation and Partnership Agreement with India	India	P.K Kuriachen	FSC Representative
18 - 20 April 2018	40th BI-Annual Committee of Insurance, Securities and Non-banking Financial Authorities ('CISNA') Meeting	Seychelles	JAGGANNA Deeya HARJAN Brinda	Analyst- Executive Office Manager- Financial Stability, Economic Research & Statistics
26 - 27 April 2018	Fintech Committee Meeting	London	NEMCHAND Mangalraj ARLANDA Carine	Senior Analyst- Enforcement Senior Analyst- Insurance
01 - 02 May 2018	Group of International Finance Centre Supervisors ('GIFCS') - Plenary Meeting	London	SEEWOOSUNKUR Prakash	Chief Operating Officer

Date	Theme	Country	Officers	Position
03 - 04 May 2018	Financial Stability Board ('FSB') Regional Consultative Group ('RCG') for Sub-Saharan Africa meeting	Botswana	NEETOO Ben Shaminah RAMASAWMY Deerajen	Head-Executive Office Head-Financial Stability, Economic Research & Statistics
05 - 12 May 2018	43th International Organisation of Securities Commissions ('IOSCO') Annual Conference		HURDOWAR Jasraj	Head-Capital Markets
29-30 May 2018	ESAAMLG - Financial Action Task Force ('FAFT') / Organisation for Economic Co-operation and Development ('OECD') Meeting	Paris	SAHYE Yonesha	Assistant Manager-Enforcement
17 - 29 June 2018	Small Countries Financial Management Programme	Isle of Man	DOMAN BRETTE Leena	Head-Licensing
24 - 26 June 2018	2nd Round of Negotiations on the Mauritius-China Free Trade Agreement (FTA).	China	HURDOWAR Khemalini	Head-Legal

7. LOCAL CONFERENCES, TRAINING , SEMINARS, WORKSHOPS AND TALKS

Date	Theme	No of Participants
10 – 12 July 2017	East Africa Regional Conference on 'Cyber Crime and Electronic Evidence'	1
26 July 2017	Anti-Money Laundering/Combating the Financing of Terrorism ('AML/CFT')Presentation on 'Follow the Money: Organised Crime and its Enablers'	10
02 - 03 August 2017	Bitcoin and Blockchain for the Financial Services Industry Course	2
02 - 03 August 2017	Corporate Fraud Detection and Forensic Audit Workshop	4
04 August 2017	Insurance Seminar on 'International Financial Reporting Standards' ('IFRS') 17	3
09 August 2017	Conference on 'Directors at the Heart of Corporate Governance'	2
10 August 2017	Conference on 'Innovation: A Swiss-Mauritian Perspective'	1
14 August 2017 - 16 September 2017	Training Programme on 'Fundamentals of Prosecution'	3
15 - 16 August 2017	Seminar on 'Occupational Safety and Health'	1
16 August 2017	Forum on 'Leadership Challenges: Preparing for the Future'	2
18 August 2017	Interagency Cooperation and Public-Private Collaboration to Fight Cybercrime workshop	1
18 August 2017	Forum on 'The aftermath of BREXIT'	3
24 August 2017	Regulatory Change Management Roundtable	3
30 August 2017	Workshop on 'Labour Statistics'	2
14 September 2017	Workshop on 'Cost of Compliance'	3
15 September 2017	Seminar on 'National Payment System Bill '	2
18 - 19 September 17	Advanced Foundation Masterclass	1
20 September 2017	Consultative Fintech workshop	3
20 September 2017	Conference on 'The Mauritius And International Economic Outlook'	1
04 October 2017	Seminar on 'Africa Investment Index'	4
10 October 2017	Fintech Conference 2017	2
18 October 2017	Breakfast Conference on REgTech	7
15 - 17 October 2017	22nd Reinsurance Forum of the African Insurance Organisation	2
26 October 2017	Supervisory College for SBM and MCB Groups	2
26 October 2017	Seminar on 'Integrated Reporting'	1
09 - 10 November 2017	Training on 'Enhance Your Human Resources Ability, Personality, Knowledge & Skills'	3
13 November 2017	Leadership 4.0 Primer conference	2
17 November 2017	Talk on 'Blockchain Technology for Economic Development '	9

Date	Theme	No of Participants
23 November 2017	Seminar on 'Digitalisation: The Game Changer'	3
27 November 2017	Anti-Money Laundering/Combating the Financing of Terrorism ('AML/CFT') workshop	3
29 November 2017	Workshop on 'Opening the black box: Demystifying IFRS 17'	2
29 November 2017	Financial Services Security Symposium	2
05 – 07 December 2017	Securities regulatory training	3
06 - 08 December 2017	Leadership and Supervision Training Workshop for Senior Management of Law Enforcement Agencies (LEAs)	2
22 – 24 January 2018	3rd Round on the resumption of talks on Comprehensive Economic Cooperation and Partnership Agreement ('CECPA') Preferential Trade Agreement ('PTA') between Mauritius and India	2
24 January 2018	Knowledge Sharing Session on the application of Japanese Kaizen concept for Productivity Improvement in Mauritian Companies	1
25 - 26 January 2018	Workshop on 'Streamlining of Mutual Legal Assistance procedures on Cybercrime and Electronic Evidence'	1
08 February 2018	Workshop on 'Good Governance And Integrity Reporting Act 2015 & The Role of Integrity Reporting Services Agency'	2
08 February 2018	Workshop on 'Inclusive Framework on Base erosion and profit shifting ('BEPS')'	2
19 - 20 February 2018	Training programme on 'Advanced Skills in Combatting Financial Crime'	3
14 - 16 March 2018	2nd Pensions Funds and Alternatives Investment Africa Conference	2
16 March 2018	International Swaps and Derivatives Association ('ISDA') and Global Master Repurchase Agreement ('GMRA') Workshop	1
19 – 23 Mar 2018	International Financial Reporting Standards ('IFRS') training	2
19 – 21 Mar 2018	Open Source Intelligence Techniques training	1
19 March 2018	CPD course on 'Documenting tax issues in domestic and cross-border corporate and banking transactions'	1
02 - 03 April 2018	1st Round of negotiations on the Mauritius-China Free Trade Agreement (FTA)	2
22 March 2018	International Trusts in Practice – From a trustee's perspective	3
27 March 2018	CPD course on 'Money- laundering: the reporting obligations of professionals and regulated persons and associated regulatory and criminal liabilities'	2
03-05 April 2018	Training on 'E-Procurement System'	2
29 - 30 March 2018	Workshop on 'Data Protection DIY compliance'	2

Date	Theme	No of Participants
18 - 19 April 2018	Workshop on 'Moody's Analytics Corporate Credit Ratings Analysis'	4
25 - 26 April 18	Workshop on 'Open Data'	1
27 April 2018	Workshop on 'Effective Fraud and Financial crime investigation'	2
02 May 2018	Training on 'GoAML'	10
16 May 2018	Presentation on 'Artificial Intelligence & Blockchain'	10
17 - 18 May 2018	International Fiscal Authority (IFA) Annual Conference	3
17 May 2018	Presentation on 'Assessment of the factors influencing the use of E-Government facilities'	2
25 May 2018	Presentation on 'Anti-Money Laundry Laws and its impact on the financial system, a Risk based approach'	5
07 June 2018	Conference on 'Digital Mauritius 2030 strategy'	1

8. IN HOUSE TRAININGS, SEMINARS, WORKSHOPS, TALKS, WEBINARS

Date	Theme	No of Participants
August - December 2017	Fourth Financial Stability Institute ('FSI')/ International Association of Insurance Supervisors ('IAIS') Regulatory and Supervisory Training Online (FIRST ONE) Programme, Virtual Seminar	8
16 August 2017	Presentation on 'Measuring Attitudes to Risk' by Professor Chris Brooks	50
21 September 2017	Consultation call on 'Supervising InsurTech'	15
05 October 2017	AML Masterclass: Regulatory Perspectives	90
23- 25 October 2017	International Organisation of Pension Supervisors ('IOPS')technical meeting, AGM and Organisation for Economic Co-operation and Development ('OECD')/ IOPS Global Forum on Private Pensions	4
24 - 26 January 2018	First Aid at Work course	15
08 February 2018	Industry Session on 'Developments impacting India-bound Foreign Investments'	80
09 February 2018	Panel Discussion on 'Creating the enabling legal and regulatory environment for Fintech activities'	80
21 February 2018	Training session on the New Code of Corporate Governance	100
14 April 2018	Presentation on International Financial Reporting Standards ('IFRS') 9	50
09 April 2018	Presentation on World Check	30
24 April 2018	Presentation on 'An overview of Bloomberg Platform and its use'	30

APPENDIX 5: PRESS RELEASES & COMMUNIQUÉS

No.	Publication Name	No.
1	Communiqué -Amendment to the FSC AML/CFT Code	12 Jul 2017
2	Communiqué - Appointment of Mr Harvesh Seegolam as Chief Executive of the Financial Services Commission	14 Jul 2017
3	Publication of FSC 'Policy Research Series' - No. 1	31 Jul 2017
4	Message of the Chief Executive: 'Reconciling Regulation with market development needs'	01 Aug 2017
5	Communiqué - Signature of MoU between the Attorney General's Office and the FSC	07 Aug 2017
6	Communiqué in relation to the upgrade of Mauritius to an OECD Compliant Jurisdiction	22 Aug 2017
7	Communiqué in relation to Mauritius-India Double Taxation Avoidance Convention	28 Aug 2017
8	Press Release: Consultative Meeting with respect to the Blueprint for the Mauritius IFC	01 Sep 2017
9	Public Notice - Appointment of Administrator in relation to the whole business activities of Black River Trust Company Ltd	20 Sep 2017
10	Publication of FSC 'Policy Research Series' - No. 2	04 Oct 2017
11	Communiqué in relation to high level delegation in the UK in the context of the setting up of the FCC	05 Oct 2017
12	Communiqué in relation to Meeting of high level Mauritian delegation with the Foreign and Commonwealth Office in the UK	06 Oct 2017
13	Press Release - FSC hosts major IOPS event in Mauritius, 23 - 25 October 2017	20 Oct 2017
14	Communiqué - FSC Mauritius elected to the Executive Committee of the International Organisation of Pension Supervisors (IOPS)	24 Oct 2017
15	Communiqué - Draft Financial Services (Peer to Peer Lending) Rules for Consultation	10 Nov 2017
16	Communiqué – New Mauritius Hotels Limited ('NMH')	10 Nov 2017
17	Press Release: The FSC Mauritius engages in high level discussions with Russian Authorities	16 Nov 2017
18	Communiqué in relation to 'Paradise Papers'	24 Nov 2017
19	Press Release - Mauritius consolidates its position as the leading source of FDI in India	30 Nov 2017
20	Press Release in the context of the opening of its representative office in Mumbai, India	07 Dec 2017
21	Publication - Annual Statistical Bulletin 2017	29 Dec 2017
22	Press Release - FSC's Performance Highlights 2017	29 Dec 2017
23	Communiqué in relation to the Chairperson of the Board of the FSC	16 Jan 2018
24	Press Release - The FSC rated as largely observant by IAIS on Information Exchange and Supervisory Cooperation	02 Feb 2018
25	Press Release/ Media Brief - FSC will host the Regulatory Committee on Fintech and Innovation-driven Financial Services	06 Feb 2018

No.	Publication Name	No.
26	Press Release - FSC hosts interactive session on "Developments impacting India-bound foreign investments"	09 Feb 2018
27	Communiqué in relation to the first meeting of the Regulatory Committee on Fintech and Innovation-driven Financial Services	10 Feb 2018
28	Press Release following recent news coverage on the 'alleged Punjab National Bank fraud'	23 Feb 2018
29	Press Release - FSC hosts interactive working session on Financial Literacy in collaboration with NISM	27 Feb 2018
30	Public Notice - Appointment of Administrator in relation to the whole business of Beaufort Management Services Ltd	02 Mar 2018
31	Press Release – Beaufort Management Services Ltd	02 Mar 2018
32	Publication of FSC 'Policy Research Series' - No. 3.	02 Apr 2018
33	Press Release - Signature of MoU between the Financial Services Commission, Mauritius and the Financial Conduct Authority, UK	18 Apr 2018
34	Communiqué: Public Consultation – Insolvency Sub-Funds	04 May 2018
35	Communiqué in relation to the Regulatory Committee on Fintech and Innovation-Driven Financial Services	22 May 2018
36	Publication - Annual Report 2016/2017	23 May 2018
37	Press Release - Signature of MoU between the FSC Mauritius and the Central Bank of Russia	11 Jun 2018
38	Communiqué - Consultation on Practice notes for Management Companies when providing corporate trustee services	15 Jun 2018

LIST OF TABLES

Table 1 : Figures for SEM Indices – Official Market

Table 2 : Figures for SEM Indices – DEM

Table 3 : Foreign Investment Transactions

Table 4 : Number of Investment Dealers and Advisers as at 30 June 2018

Table 5 : Number of funds as at 30 June 2018

Table 6 : Breakdown of Fund Intermediaries as at 30 June 2018

Table 7 : Number of licensees (Second Schedule of the FSA) as at 30 June 2018

Table 8 : Trends in Long Term Insurance Business

Table 9 : Trends in General Insurance Business:

Table 10 : Number of Insurance Intermediaries as at 30 June 2018

Table 11 : Number of Private Pension Scheme licensed as at 30 June 2018

Table 12 : Total Assets of Private Pension Schemes for the financial year ending 30 June 2018

Table 13 : Number of Pension Scheme Administrators licensed and Authorised Long Term Insurers as at 30 June 2018

Table 14 : Summary of Financial Results of MC (inclusive of CT) over 2013-2018

Table 15 : Investment Dealers and Advisers

Table 16 : Authorisations – Investment Funds and Intermediaries

Table 17 : Number of newly licensed (Second Schedule of the FSA)

Table 18 : Number of newly licensed – Insurance

Table 19 : Number of newly licensed – Pension

Table 20 : Number of newly licensed – Global Business

Table 21 : Number of Inspections – Capital Markets

Table 22 : Number of on-site Inspections – Investment Funds

Table 23 : Number of on-site Inspections – Other Non-Bank Financial Institutions

Table 24 : On-site Inspections carried out – Insurance

Table 25 : Number of Enforcement Actions

Table 26 : Cases referred to the Enforcement Committee

Table 27 : Number of administrative sanctions taken by the Enforcement Committee

Table 28 : Number of cases dealt by the Review Panel

Table 29 : Statistics on Exchange of Information with Local Authorities

Table 30 : Number of Media Requests attended from 01 July 2017 to 30 June 2018

Table 31 : Press Releases & Communiqués

Table 32 : Contribution and Growth of the Financial and Insurance Activities

Table 33 : Contribution and Growth of the Global Business Sector

Table 34 : Employment in Financial and Insurance Activities

Table 35 : Direct Employment Level by FSC Mauritius Licensees

Table 36 : Contribution to Consolidated Fund

Table 37 : International Stock Exchange Indices 2017/18

Table 38 : Long Term Insurance Business Figures

Table 39 : General Insurance Business Figures



LIST OF FIGURES

Figure 1: Organisational Structure

Figure 2: Supervisory Framework

Figure 3: Value Added Pie Chart for 2017/18

Figure 4: Evolution of SEMDEX – 2017/2018 (End Month)

Figure 5: Evolution of SEM-10 – 2017/2018 (End Month)

Figure 6: Evolution of SEMTRI (MUR & USD) for 2017 & 2018 (End Month)

Figure 7: Evolution of SEMSI – 2017/2018 (End Month)

Figure 8: Evolution of DEMEX – 2017/2018 (End Month)

Figure 9: Evolution of DEMTRI (MUR & USD) for 2017 & 2018 (End Month)

LIST OF ACRONYMS AND ABBREVIATIONS

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
CBRF	– Central Bank of the Russian Federation, Russia
CDS	– Central Depository & Settlement Co. Ltd
CEF	– Closed-End Funds
CIS	– Collective Investment Schemes
CISNA	– Committee of Insurance, Securities and Non-banking financial Authorities
CRS	– Common Reporting Standards
CSC	– Citizen Support Centre
CT	– Corporate Trustees
DEM	– Development & Enterprise Market
EC	– Enforcement Committee
EDMS	– Electronic Document Management
ERP	– Enterprise Resource Planning
ESAAMLG	– Eastern and Southern Africa Anti-Money Laundering Group
EU	– European Union
FAS	– Financial Access Survey
FATCA	– Foreign Account Tax Compliance Act
FCA	– Financial Conduct Authority, United Kingdom
FDI	– Foreign Direct Investment
FIAMLA	– Financial Intelligence and Anti-Money Laundering Act
FSWG	– Financial Stability Working Group
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
FSWG	– Financial Stability Working Group
GBC	– Global Business Category
GBC1	– Category 1 Global Business Company
GBC2	– Category 2 Global Business Company
GDP	– Gross Domestic Product
GIFCS	– Group of International Finance Centre Supervisors
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
INAF	– Institut Nacional Andorrà de Finances
IOPS	– International Organisation of Pension Supervisors
IOSCO	– International Organization of Securities Commissions
IPOs	– Initial Public Offerings
ISO	– International Standards Organisation
IT	– Information Technology
JCC	– Joint Coordination Committee
MC	– Management Companies
MCSP	– Managed Corporate Service Providers
MFS	– Monetary and Financial Statistics
MLI	– Multilateral Instrument
MMoU	– Multilateral Memorandum of Understanding
MoU	– Memorandum of Understanding
MUR	– Mauritian Rupees
OECD	– Organisation for Economic Co-operation and Development
OMFIF	– Official Monetary and Financial Institutions Forum
OSP	– Online Submission Platform
ODCS	– Online Data Capture System
OPR	– FSC Online Public Register
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.
SME	– Small and medium-sized enterprises
SSC	– Surveillance Sub-Committee
TRC	– Tax Residence Certificate
USD	– US Dollars
YGDP	– Young Graduate Development Programme

While all care has been taken in the preparation of this Report, the Financial Services Commission shall not be liable for any loss or damage (including, without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise suffered by any person / entity relying on the information contained in this Report or arising from any shortcoming, defect or inaccuracy, through inadvertence or otherwise. Any discrepancy may be brought to the notice of the FSC at: fscmauritius@intnet.mu

Portions of this Report relating to statistics collected through statutory returns and surveys have been prepared as a general overview. They are not intended to provide an exhaustive coverage of the topic. The contents of this Report are made available for information purposes only and on the understanding that the Financial Services Commission is not providing financial or other professional advice.

This Report contains references to Acts of Parliament and secondary legislations. In the event of any discrepancy or inconsistency, the authoritative version of the text of any Act or other secondary legislation, as published in the Government Gazette, will prevail.

© 2018 - Published by the Financial Services Commission, Mauritius

Concept and Design

Cathay Printing Ltd.

Printing

Cathay Printing Ltd.