

FSC

ANNUAL

REPORT

2019/20



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VISION

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

MISSION

Promote the development, fairness, efficiency and transparency of financial institutions and capital markets in Mauritius;

Suppress crime and malpractices so as to provide protection to members of the public investing in non-banking financial products; and

Ensure the soundness and stability of the financial system in Mauritius

STATEMENT OF THE CHAIRPERSON

STATEMENT OF THE CHAIRPERSON ON THE YEAR 2019-2020

'If we want our regulators to do better, we have to embrace a simple idea: Regulation isn't an obstacle to thriving free markets, it is a vital part of them.'

James Surowiecki

It is with great pleasure that I present, on behalf of the Board of Directors, the Annual Report of the Financial Services Commission, Mauritius ('FSC Mauritius') for financial year 2019-2020.

I assumed duty as Chairperson of the FSC Mauritius on 14 May 2020. I was shortly followed by Mr. Dhanesswurnath Thakoor, its new Chief Executive. We have been in office for about seven months. We came amidst the COVID-19 pandemic and the greylisting of Mauritius by the Financial Action Task Force ('FATF') and thereafter the blacklisting by the European Union ('EU').

Daunting challenges lay ahead of us. Priority had to be given to the reputation of our jurisdiction, which we, Mauritians, know has no price and had to be upheld. The FSC Mauritius sets sail to address this concern as a matter of urgency.

Anti-Money Laundering and Combatting the Financing of Terrorism

The FSC Mauritius recalibrated its regulatory priorities to address the deficiencies identified by the FATF. It reinforced its Risk-Based Supervision Framework. This resulted into an increase in the number of the Anti-Money Laundering and Combatting the Financing of Terrorism ('AML/CFT') onsite inspections of its licensees. Following those inspections, breaches were referred for initiation of the enforcement process.

Two guidance documents were issued. First, the AML/CFT Handbook, which puts into context the principles governing the FSC Mauritius' approach towards combatting money laundering, financing of terrorism and proliferation financing of weapons of mass destruction. Second, the Enforcement Manual, which sets out the approach of the FSC Mauritius to the exercise of its enforcement powers.

Legal Framework

The legal and regulatory framework was bolstered by the issuance for public consultation of (a) draft Guidelines on (i) the conversion or shift of defined benefit pension schemes to defined contribution pension schemes, (ii) the mortgage underwriting practices and procedures, and (b) papers on (i) Crowdfunding and, (ii) the Real Estate Investment Trusts ('REITs') rules.

The FSC Mauritius also issued Guidance Notes on the Security Token Trading Systems under section 7(1) (a) of the Financial Services Act 2007 to provide for the implementation of a common set of standards for Security Token Offerings and the licensing of Security Token Trading Systems in Mauritius, and issued the Financial (Peer-to-Peer Lending) Rules 2020 on 31 August 2020. Both events were launched by the Honourable Minister of Financial Services and Good Governance.

The FSC Mauritius came up with the publication of a settlement framework and updated practice notes for Qualified Trustees and Management Companies. The FSC Mauritius believes that these new additions to the regulatory landscape will promote Mauritius as a competitive jurisdiction of choice, and that it will continue to grow steadily to further promote its capabilities and opportunities to investors and consumers.

Reinforcing of Human Capital

To meet the recommendations of the FATF, the FSC Mauritius had to increase its human capital to enable it to be more efficient in identifying the risks posed to sectors under its purview. The FSC Mauritius proceeded with the recruitment of officers to beef up relevant clusters including that of Supervision and AML/CFT. This enhanced the number of onsite inspections carried out by the FSC Mauritius, including offsite reviews and its effectiveness to adequately execute its AML/CFT supervision mandate.

Collaboration with competent Authorities

To reinforce collaboration between competent Authorities, a Memorandum of Understanding ('MoU') was signed between the FSC Mauritius, Bank of Mauritius ('BoM'), Attorney General's Office ('AGO'), Financial Intelligence Unit ('FIU'), Registrar of Companies ('ROC'), Gambling Regulatory Authority ('GRA'), Registrar of Associations ('ROA') and Mauritius Institute of Professional Accountants ('MIPA'). The MoU aims to facilitate policy formulation, exchange of information and operational coordination to effectively combat money laundering and the financing of terrorism and proliferation.

Collaboration between the FSC Mauritius and the BoM

The FSC Mauritius and BoM have been collaborating on various matters of common interest and will strive to keep this momentum, going forward. Appropriate joint efforts would be initiated, should compliance deficiencies or offences be established.

COVID-19 measures

During the period March to June 2020, the FSC Mauritius responded rapidly and strategically to the challenges created by the COVID-19 pandemic, coordinating its responses with the other public sector agencies. The FSC Mauritius focused on ensuring that the financial system, albeit under stress, continued to remain strong and resilient. The FSC Mauritius acknowledged that this unprecedented situation called for more suppleness and implemented measures to enable its regulatees to continue to operate seamlessly by extending the deadline for statutory filings. As another exceptional measure to support the industry, the FSC Mauritius waived the administrative penalties for the late filing of audited financial statements/annual reports and quarterly/interim financial statements ('IFS').

Collaboration with Industry

The FSC Mauritius has instilled a regular dialogue with members of the industry, including the representatives of the Association of Trust and Management Companies ('ATMC') and Global Finance Mauritius ('GFM'). The FSC Mauritius acknowledges that stakeholders of the financial industry and the regulator have to work together in the interest of the jurisdiction. Each Monday afternoon, along with the Chief Executive, we have an unmissable rendez-vous with members of the industry, which provides a platform for

dialogue and consultation. The problems of the industry are discussed with sincere attempts made to find solutions. Discussions are also held on key determinants pertaining to the future of the global business sector.

Conclusion

I take this opportunity to thank each Board member and the Chief Executive for their unwavering commitment, diligence and loyalty to the cause of the FSC Mauritius and support in ensuring that the institution delivers on its mandate during these challenging times. I would also like to thank colleagues of the FSC Mauritius who have adapted to the unprecedented conditions resulting from the pandemic. In addition to carrying out their regulatory and supervisory work, they have developed a range of targeted interventions intended to ensure consistency in the fair treatment of consumers and investors affected by the economic fallout.

Finally, I thank the Honourable Pravind Kumar Jugnauth, Prime Minister, Minister of Defence, Home Affairs and External Communications, Minister for Rodrigues, Outer Islands and Territorial Integrity, and the Honourable Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance for their kind advice when they were required and for lending an attentive ear to the predicaments we are facing.



M. Kona Yerukunondu

Chairperson



STATEMENT OF THE CHIEF EXECUTIVE

STATEMENT OF THE CHIEF EXECUTIVE

Reflecting back on the year under review, it is with great satisfaction that the FSC Mauritius has risen to the challenges and delivered on most of its planned activities amidst the unprecedented disruption caused to the global business landscape by the COVID-19 pandemic.

When I took the helm, together with the Chairperson, in May 2020, the country was deep in lockdown and had been freshly included into the grey list of the Financial Action Task Force ('FATF') and the black list of the European Union ('EU'). The previous ways of working were not fit for purpose and we had to change the pace and show agility to adapt to remain relevant. During the course of this year, we have adopted technological advances and embraced new and alternative ways of working.

With the calendar of activities hit by the effects of the lockdown, many projects earmarked for the period under review had to be deprioritised. Many initiatives laid down for the period took a back seat during the second quarter of 2020 as we re-assessed our priorities during that period in order to fast-track the recommendations of the FATF while providing the best of service to our stakeholders with a mix of smart methods.

Since taking office in May 2020, my priority has been to oversee the efficient deployment of resources and to lead the organisation in swiftly addressing our strategic deficiencies to be de-listed at the earliest. I am pleased to say that with the commitments of everyone at the FSC Mauritius, we successfully managed to be ready for the FATF plenary session of September 2020, where our efforts and achievements were commended. Mauritius remains on course to achieve its targets as set out by the FATF.

Regulatory and Supervisory Developments

During the period under review, the FSC Mauritius initiated an Anti-Money Laundering/Combatting the Financing of Terrorism ('AML/CFT') related Risk Based Supervisory Cycle which resulted in a vast number of onsite inspections for all the activities under its purview, supported by an in-house developed risk-based IT platform. The IT platform assisted our inspectors to complete full onsite examinations by reducing inspection time and duration and providing a risk-based outcome. More so, as part of its AML/CFT mandate, the FSC Mauritius also released its AML/CFT Handbook in January 2020, which aims at assisting financial institutions in applying national measures to combat money laundering and terrorist financing as well as complying with the requirements of the Financial Intelligence and Anti-Money Laundering Act 2002 ('FIAMLA') and the Financial Intelligence and Anti-Money Laundering ('FIAML') Regulations 2018. The Handbook consolidates the Commission's guidance on anti-money laundering, combatting the financing of terrorism and proliferation financing of weapons of mass destruction. Furthermore, the FSC Mauritius also published in June 2020,

its Enforcement Manual. This Manual is a comprehensive document which provides an overview of the Commission's approach to enforcement. The Enforcement Manual sets out general policies and procedures which the FSC Mauritius has recourse to for the purposes of information gathering, investigating, and taking actions in cases where relevant laws and /or applicable guidelines have been potentially breached.

Budgetary Measures

The 2019/2020 National Budget maintained its emphasis on developing the Fintech sector. The previous Budget had a big share of developments for this sector. Among the key propositions for Financial Services in the 2019/2020 Budget, was the announcement of the access to the Gujarat International Financial Centre to the Global Business Operators from Mauritius and the setup of a regulatory framework for crowdfunding. On the supply side, the development of Rules for Real Estate Investment Trusts ('REITs'), e-commerce headquartering activities, along with establishing a regime for Robotics and Artificial Intelligence ('AI') Enabled Financial Advisory Services were the main highlights.

The Commission, despite the challenging times, ensured that developments for Fintech are maintained. Several projects identified in the aftermath of recent National Budgets, have been implemented by the FSC Mauritius in 2020. Of note, the new regulatory framework for Peer-to-Peer Lending and Securities Token Offering ('STO') were issued. Moreover, to kick-start the 2019/2020 budgetary measures, consultation papers for Robotic and Artificial Intelligence Enabled Advisory Services as well as Investment-Based Crowdfunding have already been launched. The FSC Mauritius expects to roll out these new developments in due course. REITs are being finalised by the FSC Mauritius and e-commerce as a headquartering activity is already a reality.

Initiatives and Developments

To maintain the competitiveness of the Mauritius International Financial Centre ('MIFC'), the FSC Mauritius ensured that the product offerings kept being improved. To that effect, the Family Office Rules (Single and Multiple) were issued by the FSC Mauritius in March 2020. This licence is expected to attract the High Net Worth families to operate from the Mauritian jurisdiction. The initial response has been very encouraging and I am hopeful that the interest will only grow over the years to come. Furthermore, the FSC Mauritius also changed its regulatory framework relating to the licensing of Securities Exchanges and Market Intermediaries. The objective was to adjust to new developments and to promote the growth of Capital Markets in Mauritius. On the Pensions side, the FSC Mauritius issued, in February 2020, a Consultation Paper which sets out, in a set of guidelines, the proposed approach to be taken by the FSC Mauritius in

relation to the shift of defined benefit pension schemes to defined contribution pension schemes. The set of guidelines is at committee stage for an upcoming policy decision.

Preserving the attractiveness of the jurisdiction was also high on the agenda during the period under review, more so when the Securities Exchange Board of India ('SEBI') issued its updated Foreign Portfolio Investors ('FPIs') Regulations in September 2019. The new SEBI Regulations were directly impacting Funds and the Fund Managers licensed by the FSC Mauritius, which are investing as FPIs in India. The FSC Mauritius left no stones unturned to ensure that Mauritian-based entities obtain the desired recognition under these new rules, which eventually came at the start of 2020.

Global Business Sector

On the Global Business front, the year under review saw the implementation of the previous years' reforms brought to the sector. To this effect, the FSC Mauritius signed a Memorandum of Understanding ('MoU') with the Mauritius Revenue Authority ('MRA') in respect of the monitoring of economic substance and grandfathering provisions in February 2020. Pursuant to the signing of this MoU, a Joint Coordination Committee ('JCC') between the two organisations has now been set up for this purpose. I am pleased to note that this committee is functioning well and is meeting on a regular basis to discuss the above-mentioned matters. On the same topic, the FSC Mauritius conducted a survey in February 2020 to capture economic substance information on eligible GBCs licensed after the 17 October 2017. The information captured was used under a Risk-Based approach to rate the entities for the monitoring exercise. The FSC Mauritius undertook the monitoring exercise for substance in the second-half of 2020. Moreover, the reforms brought to the Global Business sector saw the Economic and Financial Affairs Council of the EU rating Mauritius as compliant with all commitments on tax cooperation. It was further reported that Mauritius has implemented ahead of schedule all necessary reforms to comply with EU tax good governance principles. This came as a major positive development for the Mauritian jurisdiction.

Authorisation

In respect of Authorisation matters, the year under review saw further reductions in turnaround times on applications received by the FSC Mauritius. A two-pronged approach was adopted. Firstly, enhanced dialogue was engaged between the FSC Mauritius and applicants. To that effect, the FSC Mauritius organised a workshop on authorisation across the non-banking financial sector in August 2019 which helped identify regular issues encountered by applicants. Secondly, the FSC Mauritius is developing an interactive IT platform to process and track applications. The authorisation process is likely to witness further enhancement in the future as the FSC Mauritius aims for an even more seamless approach.

International Cooperation and External Relations

On the external relations front, the FSC Mauritius hosted two international events namely the 18th Annual conference and meetings of the l'Institut Francophone de la Régulation Financière ('IFREFI') in September 2019 and the International Organisation of Pension Supervisors ('IOPS') Committee Meetings, International Conference on Financial and Governance issues in private pension schemes in February 2020. The main theme of the IFREFI event was 'Growth and Sustainable Finance'. The IFREFI is an association regrouping members from French speaking countries and its mission is to promote training, coordination and technical cooperation among its members. During this same period, the FSC Mauritius signed two additional MoUs with its international counterparts and one tripartite MoU between the FSC Mauritius, the Bank of Mauritius ('BoM') and the Economic Development Board ('EDB') to promote cooperation and coordination between the parties on matters pertaining to the development of the MIFC and to facilitate the exchange of information between them. Furthermore, the FSC Mauritius signed the Marrakech pledge (the 'pledge') for fostering green capital markets in Africa in September 2019, as part of the 2019/2020 budgetary measures.

Going Forward

Mindful of its ever-increasing responsibilities and obligations, the FSC Mauritius has been building on the vast exercise of capacity-building initiated in the previous year. The outcome of this exercise saw a further enrolment of new recruits to the FSC Mauritius family to assist in our engagements in the field of AML/CFT.

Now, looking forward and planning for 2021, our main priority remains to have the Mauritian jurisdiction removed at the earliest from the FATF and EU Lists. I am confident that with the efforts put in place, the jurisdiction is on the right track to achieve this goal. Enlarging the product base of the MIFC is also key on my agenda and by continuing to work closely with the Industry through the different Task Forces set under the aegis of the FSC Mauritius, I have no doubt that results will continue to show.

On this note, I would like to express my sincere gratitude to the Board of the FSC Mauritius 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 Mauritius especially in such challenging and difficult times. The work done in such special circumstances have exceeded all expectations.



D. Thakoor

Chief Executive



THE FINANCIAL SERVICES COMMISSION, MAURITIUS

THE FINANCIAL SERVICES COMMISSION, MAURITIUS

The Financial Services Commission, Mauritius ('FSC Mauritius' or 'the Commission') 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 2007 ('FSA'), the Securities Act 2005 ('SA'), the Insurance Act 2005 ('IA') and the Private Pension Schemes Act 2012 ('PPSA'). The FSC Mauritius licenses, regulates, monitors and supervises the conduct of business activities in the non-banking financial services and the global business 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

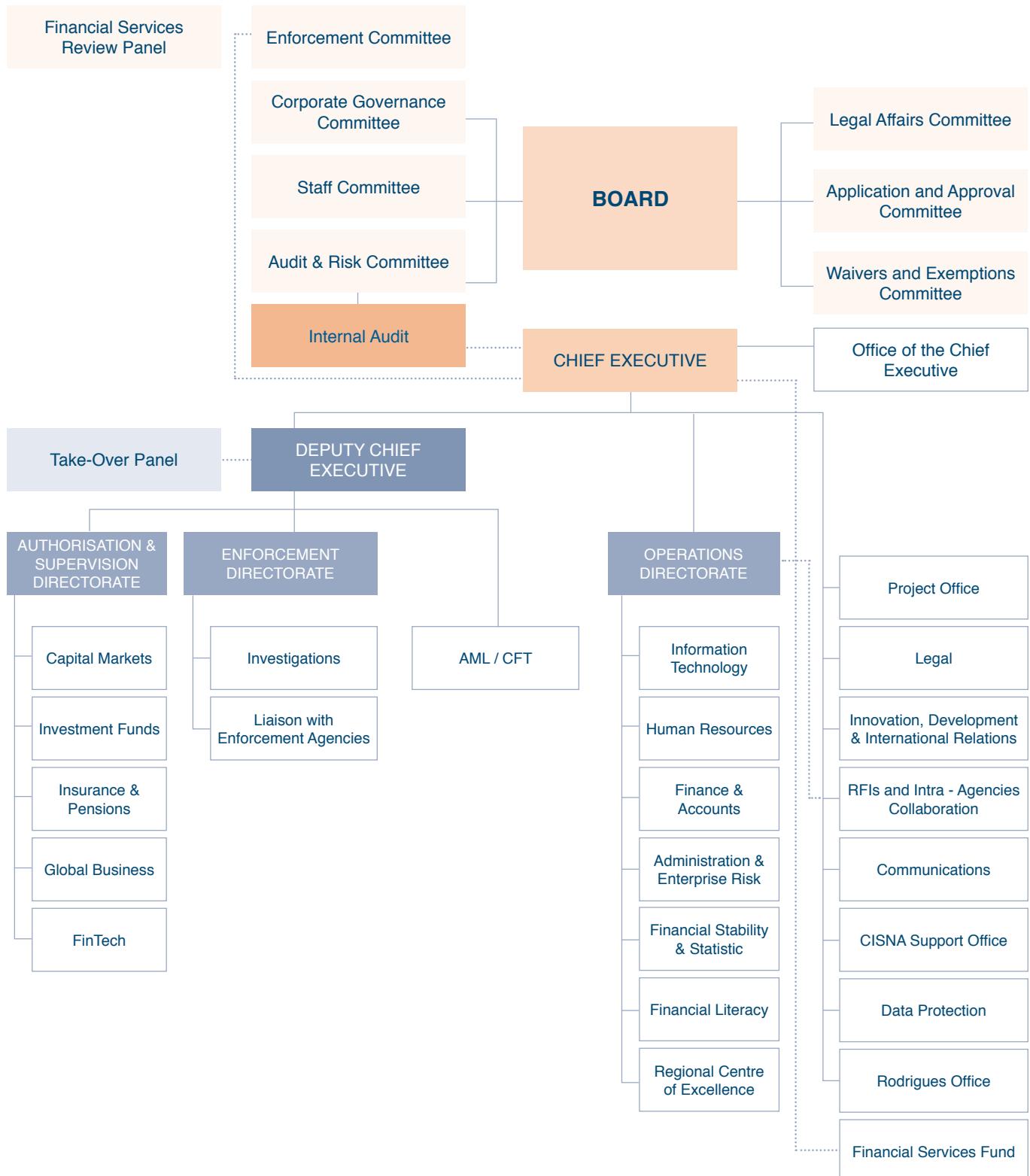
Key objectives of the FSC Mauritius are to:

- ensure the orderly administration of the financial services and global business activities;
- ensure the sound conduct of business in the financial services sector and in the global business sector;
- elaborate policies which are directed to ensuring the fairness, efficiency and transparency of financial and capital markets in Mauritius;
- study new avenues for development in the financial services sector, respond to new challenges and 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 GOVERNANCE STRUCTURE



ORGANISATION STRUCTURE (as at 30 June 2020)



THE BOARD OF THE FSC MAURITIUS

As at 30 December 2020, the date of the approval of the Audited Financial Statements (“AFS”) for the year ended 30 June 2020 and Annual Report 2019/20, the Board of the FSC Mauritius comprised:

Chairperson

Mr. Mardayah Kona Yerukunondu

Vice-Chairperson

Mr. Rajeshsharma Ramloll, SC

Board Members

Mr. Premchand Mungar
Mr. Sarwansingh Purmessur
Mr. Mahess Rawoteea
Mrs. Mariam Rajabally
Ms. Gayle Mary Jane Yerriah
Mr. Loveneesh Beedasy
Mr. Azaad Aumeerally

Secretary to the Board

Mr. Ramanaidoo Sokappadu

Members of the Board who left during the period 2019-2020 and up to 30 December 2020, date of the approval of the AFS for the year ended 30 June 2020 and Annual Report 2019/20:

Chairperson

Dr. the Hon. Renganaden Padayachy (Resigned on 7 October 2019)

Members

Mr. Georges Yves Hervé Lassemillante (passed away on 7 July 2020)
Mrs. Yotsna Lalji-Venketasawmy (appointment lapsed on 21 December 2020)

BOARD MEMBERS PROFILES



Mr. Mardayah Kona Yerukunondu was appointed, with effect from the 12th of May 2020, as Chairperson of the Board of the FSC Mauritius.

He is currently the First Deputy Governor of the BoM. Prior to his appointment as First Deputy Governor, Mr. Yerukunondu was the country's first Ombudsperson for Financial Services.

Mr. Yerukunondu is a seasoned central banker. He joined the BoM in 1977 and acquired expertise in critical

MR. MARDAYAH KONA YERUKUNONDU

Chairperson

areas ranging from central bank administration, supervision, regulation, policy and compliance. He has played a pivotal role in the modernisation of the country's banking and financial services framework.

Mr. Yerukunondu has been an ardent defender of the image and repute of the Mauritian jurisdiction. He has played a key role as official delegate in several country missions focusing on anti-money laundering and combatting the financing of terrorism. Mr. Yerukunondu has also formed part of national delegations of the ESAAMLG Task Force of Senior Officials.

Mr. Yerukunondu has participated in discussions in high-level fora including the International Monetary Fund, the Bank for International Settlements, the World Bank Treasury, the European Monetary Union, the Islamic Financial

Services Board Summit, RAMP, and in geographies ranging from Europe, America, Asia and Africa.

Mr. Yerukunondu was the Chairperson of the Steering Committee set up by Government to study the social and legal aspects of Islamic Financial Services. He was equally the Chairperson of the Committee set up by the BoM which saw the implementation of the Credit Information Bureau in Mauritius.

Mr. Yerukunondu is a sworn barrister. He holds an LLB (Honours) from the University of London, as well as, qualifications from the Institute of Statisticians. He has written academic papers, namely an article on Islamic Finance published in March 2010 in the chronicle of the Bar Council and a manual on Banking for the Open University.



Mr. Rajeshsharma Ramloll, SC joined the Board of the FSC Mauritius in May 2014 and has been appointed as Vice-Chairperson since 26 April 2019. He is currently the Deputy Solicitor-General at the Attorney-General's Office. Mr. Ramloll is a barrister at Law and holds a specialist LLM in taxation and finance from the Centre for Commercial law Studies, Queen Mary, London.

MR. RAJESHSHARMA RAMLOLL, SC

Vice-Chairperson

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 General Council of the International Fiscal Association. He has been the treasurer of the Bar Council for three consecutive years.

He regularly advises the Government on legal aspects of financial matters and is a tax assessor of the OECD's Global Forum and is an author of the International Bureau of Fiscal Documentation (Netherlands).

He has written widely in international tax journals and is on the editorial boards of Global Taxation, International

Taxation and Foundation of International Taxation journals. Mr. Ramloll has contributed book chapters to the Offshore World Survey (Sweet and Maxwell). He is a regular speaker at international conferences and conducts Masterclasses in International Taxation at University faculties abroad (including the University of Lausanne).

Mr. Ramloll took silk in 2016 and was made Senior Counsel (SC) by Letters Patent on commendation by the Chief Justice.

MR. PREMCHAND MUNGAR



Mr. Premchand Mungar is a banker with extensive expertise across various sectors of the financial services industry. He was appointed as an Independent Non-Executive Member of the FSC's Board since December 2017.

He has worked with the African Trade and Development Bank (TDB) Group, a multilateral financial institution and the financial arm of the Common Market for Eastern and Southern Africa (COMESA), based in Nairobi, Kenya for

16 years. In 2017, he ended his career at the Group as the General Counsel and Senior Director, but continued as a Senior Adviser to the TDB Group after his return to Mauritius. Mr. Mungar is the Chief Executive of MauBank Ltd since December 2018.

Mr. Mungar is actively involved at the Corporate Governance Development Forum spearheaded by International Development Finance Institutions to develop a framework integrating the principles of governance into investment and business operations. As a consultant, he was also involved in institutional transformation, corporate strategy and business initiatives for financial institutions.

Mr. Mungar holds a master's degree in finance and financial law from SOAS, 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, organised by EuroMoney in collaboration with the University of Oxford, at St Catherine's College. He was also sponsored by Japan Bank for International Cooperation to attend to the 10th Autumn Course on International Finance held jointly with Waseda University in Tokyo, Japan. He holds several commendations and was awarded the 2016 President's Excellence Award in recognition of his outstanding contributions to the affairs of the TDB Group.

MR. SARWANSINGH PURMESSUR



Mr. Sarwansingh Purmessur has been appointed as member of the Board of the FSC Mauritius since May 2018. Mr. Purmessur currently holds the position of Permanent Secretary at the Ministry of Financial Services and Good Governance. He has a very long career in the civil service, having served nearly 40 years in various Ministries, namely in the Income Tax Department, the Ministry of Housing and Lands,

the Ministry of Local Government, the Ministry of Technology Communication and Innovation, the Ministry of Foreign Affairs, Regional Integration and International Trade and the National Development Unit.

Mr. Purmessur holds an MBA in Human Resource Management from the Indira Gandhi National Open University (IGNOU), India, an MSc IT in Business Information Systems from the Keele University, UK and a Diploma in Public Administration and Management from the University of Mauritius.

Mr. Purmessur has also served on various Boards and Committees, namely, the National Housing Development Company Ltd, the Town and Country Planning Board, the

Informatics Park Ltd, the Information and Communication Technology Authority, the Rights Management Society, the Financial Services Fund, the National Productivity and Competitiveness Council, the National Committee on Corporate Governance, the National Environment Fund Committee, the Heritage City Co. Ltd and the SBM Holdings Ltd.

He is currently the Chairman of the Land Drainage Authority, the Chairman of the National Property Fund Ltd, a Director at the Mauritius Housing Company Ltd and a member of the Financial Reporting Council.

BOARD MEMBERS PROFILES



Mr. Mahess Rawoteea joined the Board of the FSC Mauritius since October 2018. He is a fellow member of the Association of Chartered Certified Accountants and is holder of a Master

MR. MAHESS RAWOTEEA

of Business Administration with Specialisation in Finance from the University of Mauritius.

Currently, he holds the position of Director, Economic and Finance at the Ministry of Finance, Economic Planning and Development and is in charge of the Economic Cooperation and International Affairs Directorate.

He is a member of the National Regulatory Sandbox Licence Committee, a Director of the Financial Services Institute and a Co-opted Director of the Mauritius Africa Fund Ltd. He also serves as Secretary to the National Pensions Fund and National Savings Fund Investment Committee.



MRS. MARIAM RAJABALLY

Mrs. Mariam Rajabally has been appointed as member of the Board of the FSC Mauritius since April 2019. She is a Partner at a leading accounting firm and specialises in transaction advisory services and corporate finance. She has been involved in a number of large transactions in different sectors. Mrs. Rajabally also advises on local and international tax matters. She regularly conducts workshops on a

number of topics. She is also currently a Commissioner at the Competition Commission of Mauritius.

Mrs. Rajabally holds an LLB from the London School of Economics and Political Science, a Post Graduate Diploma from the University of Oxford and qualified as a Chartered Accountant ('ACA') with PricewaterhouseCoopers, London.



MS. GAYLE MARY JANE YERRIAH

Ms. Gayle Mary Jane Yerriah has been appointed as member of the Board of the FSC Mauritius since April 2019. She holds an LLB (Bachelor in law) from the University of Buckingham, UK and was called to the Bar in UK in November 2011 and is a member of the Middle Temple Inn UK. She was also called to the Bar in Mauritius in January 2013. She is an Arbitrator ('FCIArb') of the Chartered Institute of Arbitrators, UK.

She has been a member of the Board of Directors of the Information and Communication Technology Authority. She is also a Board Member of the Anglican St Hughes home.

FSC BOARD COMMITTEES

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

- Corporate Governance Committee
- Audit and Risk Committee
- Staff Committee

Corporate Governance 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 2020 is published at page 149 of the current Annual Report. The FSC Mauritius 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 FSC Mauritius.

On an annual basis internal audit conducts review of the design, adequacy and effectiveness of the internal controls put in place at the FSC Mauritius. The FSC Mauritius' Audit and Risk Committee received assurance that the internal control systems are adequate and effective including any risks in FSC Mauritius' system of internal controls. No major risk has been identified regarding the internal control process at the FSC Mauritius.

Staff Committee

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.

ENFORCEMENT COMMITTEE

THE ENFORCEMENT COMMITTEE

Establishment

The Enforcement Committee (the “EC”) is an internal independent committee of the FSC Mauritius set up pursuant to section 52 of the FSA. The purpose of the EC is to exercise the disciplinary powers of the FSC Mauritius under section 7(1) (c) of the FSA in relation to matters referred to it.

Composition

For the period under review, the EC comprised the following members:

- Mr. Rajesh Ramloll (Chairperson)
- Late Mr. Hervé Lassemillante (Vice-Chairperson)
- Mrs. Yotsna Lalji-Venketasawmy (Alternate to the Vice-Chairperson)
- Mr. Deerajen Ramasawmy
- Mr. Rajhans Pusram

With effect from 15 July 2020, the reviewed composition of the EC has been as follows:

- Mr. Rajesh Ramloll (Chairperson)
- Ms. Gayle Yerriah
- Mr. Deerajen Ramasawmy
- Mr. Rajhans Pusram

Referral of matters

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

- has contravened any relevant Act, any direction or order issued under a relevant Act or any condition of the licence;
- is carrying out business in a manner which threatens the integrity of the financial system of Mauritius or is contrary or detrimental to the interest of the public;
- has committed a financial crime;
- no longer fulfils any condition or criteria specified under the relevant Act for the grant of a licence;
- no longer carries out the business activity for which it is licensed;
- has failed to commence business within 6 months from the date on which it is licensed; and/or
- is not a fit and proper person.

THE CHIEF EXECUTIVE



MR. DHANESSWURNATH THAKOOR

Chief Executive

Prior to joining the FSC Mauritius, he held the post of Assistant Director - Payments Systems and the Mauritius Credit Information Bureau ('MCIB') at the BoM. He was also a member of the internal Fintech Committee and a member of the National Regulatory Sandbox Licence technical committee at the BoM.

Mr. Thakoor was the country representative of the Southern African Development Community ('SADC') Payment System Project and participated as payment system expert in the Regional Payment and Settlement System of the COMESA Clearing House.

He has been involved in a number of payment systems infrastructure and credit information bureau projects namely the Real Time Gross Settlement System (RTGS), the standardisation of cheques and the setting up of the Automated Cheque Clearing System, the truncation of cheques and electronic funds clearing, the development of the MCIB, the regulatory framework for mobile payments, the National Payment Switch and the Instant Payment System.

He is a member of the National AML/CFT Committee, the National Regulatory Sandbox Licence Committee, the National Sanctions Committee, the Regional Centre of Excellence ('RCE') Governing Board and the Financial Reporting Council.

Mr. Dhanesswurnath Thakoor is the Chief Executive of the FSC Mauritius since 18 May 2020.

He holds a Masters' Degree in Information Technology, Electronics and Systems Automation from Ecole Universitaire d'Ingénieurs de Lille - France and an MBA with Specialisation in Finance. He has over 25 years of Central Banking experience.

INTERNAL STRUCTURE

Directories

The Directorates of the FSC Mauritius are:

- Authorisation and Supervision
- Enforcement
- Operations

The Authorisation and Supervision Directorate

- The Authorisation and Supervision Directorate consists of the Capital Markets, Investment Funds, Insurance and Pensions, Global Business and Fintech clusters conducting their own authorisation and supervision duties.
- The directorate is responsible for the issuance of licences 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 Directorate ("Enforcement") supports the Commission in meeting its statutory objectives, vision and mission, through the timely and effective use of the Commission's enforcement powers with due regard to international standards. Enforcement investigates where it appears that licensees or persons who ought to be licensed, have contravened or are contravening or likely to contravene the provisions of any of the relevant laws, licensing conditions or any directions issued by the Commission. Enforcement is also able to investigate possible breach(es) of the provisions of the Financial Intelligence and Anti-Money Laundering Act 2002 ('FIAMLA') by its licensees and/or where the activities of the licensees may cause prejudice to the soundness and stability of the financial system or the reputation of Mauritius or may threaten the integrity of the system.

The Operations Directorate

- The Operations Directorate comprises the Corporate Services, Financial Stability and Statistics, Financial Literacy and the Regional Centre of Excellence (RCE).

The Corporate Services

The Corporate Services cover the following clusters: Human Resources, Finance and Accounts, Administration and Enterprise Risk and Information Technology. These clusters play 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 and Statistics

The Financial Stability and Statistics works towards one of the objects of the FSC Mauritius namely, to ensure in collaboration with the BoM the soundness and stability of financial systems 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 the Financial Literacy cluster.

The Regional Centre of Excellence (RCE)

The RCE aims to work in collaboration with the Organisation for Economic Co-operation and Development ('OECD') to develop regional capacity building programmes, conduct research and draft policy papers, and reflect on best practices and standards.

Office of the Chief Executive

The Office of the Chief Executive, Project Office, Innovation Development and International Relations, Legal, Request for Information ('RFI') and Intra-Agencies Collaboration and Communications, Data Protection, Committee of Insurance, Securities and Non-Banking Financial Authorities ('CISNA') Support Office and Rodrigues Office report directly to the Chief Executive.

The Internal Audit and Financial Services Fund ('FSF') administratively report 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 Mauritius.

The Legal cluster assists the FSC Mauritius on legal matters, drafts legislation and legal documents, and handles litigations, amongst others.

The Innovation, Development and International Relations team carries out research and explores new avenues for development in the financial services sector.

The RFI and Intra-Agencies Collaboration team ensures efficient exchange of information among the different stakeholders.

The Communications unit is responsible to develop effective communications to enhance transparency.

The CISNA Support Office was set up following selection of the FSC Mauritius as the host of the CISNA Permanent Secretariat.

The Data Protection cluster is responsible for data protection compliance.

The Rodrigues Office was set up in order to deliver in line with the regulatory and supervisory functions of the FSC Mauritius.

The Internal Audit unit assists the Audit and Risk committee in discharging its governance responsibilities.

LEADERSHIP TEAM

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

- Ethical Behaviour
- Team work
- Professionalism
- Compliance with Rules

The Leadership Team, comprising 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 is the Chief Operating Officer. He joined the FSC Mauritius in 2001 from MOBAA. During his tenure, he held senior management

PRAKASH SEEWOOSUNKUR Chief Operating Officer

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, and project management 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 IOPS whose Secretariat is based at the seat of OECD.



Renu is legally trained across jurisdictions like India, UK and Mauritius, with more than 25 years of

RENU AUDIT Director of Authorisation and Supervision

experience in commercial, corporate and financial services regulatory environment. Over last two decades, she has gained extensive knowhow of financial regulations and of business conduct in Mauritius for having worked both with regulatory agencies and private sector in Mauritius.

In her career, Mrs. Audit has actively been involved in leadership roles and participated in various senior level delegations, national committees and

international forums. She has actively contributed in industry initiatives, governmental taskforce, regularly spoken at conferences, and lately been actively involved in issues relating to Anti-Bribery and Corruption, Gender Diversity, and Regtech.

Mrs Audit is admitted to Mauritius and Indian Bar. She also holds qualifications in International Trust management, Financial management, Oxford Fintech programme amongst others.

FRANCESCA OMOBOLA HARTE

Director of Enforcement



Francesca is a lawyer with over 20 years' experience of criminal law and regulatory enforcement. Prior to joining the FSC Mauritius, she held various roles at the Financial Conduct Authority in the United Kingdom, between 2002 and 2018. She has extensive experience of Unauthorised Business, Retail & wholesale Enforcement, as well as, Authorisations and Conduct Risk.

A former Senior Crown Prosecutor in the UK, Francesca holds an LLB from the University of Ife, Ile-Ife, Nigeria and a BL - Certificate of Call to the Bar of the Supreme Court 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



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 Mauritius, 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 Authorisation and Supervision.

KAMALSING BURUN

Assistant Director



Kamal joined the FSC Mauritius as Assistant Director, Capital Markets in January 2019. Prior to joining the FSC Mauritius, Kamal worked for a major international bank where he held various positions in Mauritius and in Hong Kong. He has served in local and regional tax advisory roles, led the implementation of financial crime compliance programmes covering Anti-Money Laundering, Sanctions, Customer Due Diligence and Tax Transparency and served as director

of a number of investment and fund companies. Previously, Kamal also worked as a consultant advising on cross-border tax planning in the UK.

He is a Fellow of the Association of Chartered Certified Accountants (ACCA) (UK) and a Chartered Tax Adviser (UK). He was previously an active member of the Executive Committee of the International Fiscal Association – Mauritius Branch.



JAYSHREE GUNESS

Assistant Director

posted in the Enforcement Directorate. Prior to that, she has served in various positions in the Operations Directorate.

She has been with the FSC Mauritius 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 Association of Chartered Certified Accountants (ACCA) UK and a member of the Certified Practising Accountant (CPA) Australia. She is also a member of the Mauritius Institute of Professional Accountants (MIPA) and member of the Mauritius Institute of Directors (MIoD).

Jayshree is an Assistant Director since September 2018. She is currently



DEERAJEN RAMASAWMY

Assistant Director

expertise include data analytics for management and policy decisions, and operations management. He serves on several committees and boards. He is a member of the Joint Coordination Committee between FSC Mauritius and the Bank of Mauritius and co-chairs two working groups on Financial Stability and Statistics. He is a co-opted member of the Statistics Board. He is also a member of the Enforcement Committee established under section 52 of the FSA.

At international level, he deals extensively with the International Monetary Fund (IMF) leading on the Article IV Missions with the World Bank, African Development Bank (ADB), Agence France Developpement (AfD),

and rating agencies such as Moodys' on technical assistance matters. Deerajen holds a PhD in Mathematical and Statistical Modelling from Loughborough University, UK and a first class degree in Mathematics. He has successfully completed a Leadership Development Programme by TowerStone and holds a Certificate in External Quality Assurance from UNESCO (France). Prior to joining the FSC Mauritius, Deerajen was an academic in research methods in the Faculty of Law and Management at the University of Mauritius, and a former director and head of biostatistics and data management in a clinical research organisation.

Deerajen has over twenty years of experience working in Mauritius, Africa and the UK. He is in charge of two key functions at the Commission, namely financial stability and statistics. He is also involved in strategic cross-functional projects such as risk management, risk-based supervision and supervision of financial conglomerates. His key



Nirupa holds the post of General Counsel at the FSC Mauritius. She

NIRUPA NARAYEN

General Counsel

joined the FSC Mauritius in September 2018.

Nirupa has an extensive international exposure and has held several key positions in the UK in the legal and regulatory fields prior to joining the FSC Mauritius.

She is an affiliate 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

Aakash holds the post of Assistant Director, Insurance and Pensions at the FSC Mauritius. He has joined the FSC Mauritius on 01 October 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 of the Life Management Institute 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 2017/2020

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; and
- 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
- Crowdfunding 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 Markets 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 Co-operation and Development ('OECD') Base Erosion and Profit Shifting ('BEPS') by the organisation 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 EU 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 (REITs);
 - Introduction of Specific Rules for Private Equity Funds;
 - Review of Reporting Obligations of Listed Investment Funds;
 - Unified Regulatory Framework for Custodians; and
 - 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; and
 - Spot trading in metals and precious stones.
- Mauritius a hub for:
 - African Re-insurance Businesses;
 - Pure and third party Captive insurances;
 - External and foreign Private pensions; and
 - 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, 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 Organization of Securities Commissions ('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 result-oriented work environment that attracts, engages, and retains a technically proficient and diverse workforce, including leaders who provide motivation and strategic direction
- Encourage a collaborative environment across clusters and leverage technology and data to fulfil its mission more effectively and efficiently
- Maximise the use of resources by continually improving operations and bolstering internal controls
- Building a leadership pipeline and succession plan
- Re-engineer the Performance Management System ('PMS') to reflect objectivity and measurability
- Leverage on Innovative Information Technology for internal operations:
 - 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.



OVERVIEW OF SECTORS

OVERVIEW OF SECTORS

CAPITAL MARKETS

International Trends

Securities markets worldwide delivered a satisfactory performance in 2019 - policymakers and other stakeholders resorted to new stimulus measures and new regulatory reforms to boost the markets. By the end of that year, most of the markets witnessed the biggest jump in global stocks since the crisis of 2009 and the recovery from the slump of autumn 2018.

However, as compared to the recovery trend of 2019, the world markets pulled back sharply during the first half of 2020 with the COVID-19 pandemic which had a severe impact on the global steady growth. The development of COVID-19 has had a negative impact on the securities markets, a condition that intensified as the virus spread. The COVID-19 virus first broke out in China and exerted a direct influence on China's stock market. This gradually shifted from China to Europe, the US and the rest of the world. With the spill-over effect in other jurisdictions worldwide, the indices subsequently underperformed. For the first quarter of 2020, many of the securities exchanges had to cease operations at intervals as a result of the governments' imposition of lockdowns. The world economy became unstable – this triggered a pandemic-generated economic slowdown different from usual recessions. There were loss of employments, sectors such as tourism, trade in commodities, production and transportation facing serious impact and people are forced to adjust to new ways of living such as working from home. There was a market panic resulting to sharp panic selling, both on the part of foreign and local investors and prolonged lack of confidence on the part of investors. Investors were very prudent in investing in markets on the overall. This resulted to a sharp drop in market capitalisations. However, a slow recovery was noted in June 2020 with markets moving to their pre-pandemic levels.

The World Federation of Exchanges published two reports on: (i) the highlights of 2019 and an update on the first quarter of 2020 and (ii) a comparison of first quarter of 2020 and second quarter of 2020, including an international trend in respect of major indices. These reports are available at the following links:

<https://www.world-exchanges.org/our-work/articles/impact-covid-19-during-first-quarter-2020-and-2019-market-highlights>
<https://www.world-exchanges.org/news/articles/h1-2020-market-highlights>

In light with the pandemic effect, the focus of policymakers and other stakeholders was on challenges to boost the markets and reshape the financial landscape. Regulators are continuously re-strengthening their respective frameworks with new policies to meet challenges and attract investments and many jurisdictions are reorienting towards to new types of products/services such as sustainable finance.

Domestic Trends

On the domestic front, the performance of the SEM mirrored the international trend. During the second half of 2019, the market registered a rather positive performance amidst slight volatile trends. However, during the first half of 2020, the market was characterised by downfalls caused by the pandemic and panic sell-off by investors (most particularly from March 2020). As a result of the lockdown and curfew order in March 2020 imposed by the Government and the cease of trade order by the FSC Mauritius, the SEM temporarily ceased trading from 27 March 2020 to 2 April 2020. The SEM was closed for a short period to allow it to implement all satisfactory measures for an orderly resumption of the market. The trend on the market indices are illustrated graphically in Appendix 1.

Market Performance

The SEM operates two markets: (i) the Official Market and (ii) the Development and Enterprise Market ('DEM'). At the end of June 2020, the total market capitalisation for both markets on SEM amounted to MUR 340 billion as compared to MUR 398.4 billion at the end of June 2019. This represented 68.3 percent Gross Domestic Product ('GDP') (figure based on 2019 GDP).

The total value of shares stood at MUR 15.8 billion for the period of July 2018 to June 2019 for an overall volume of 622 million of shares exchanged. Comparatively, for July 2019 to June 2020, the total value of shares was MUR 16.6 billion and the volume of shares stood at 963.6 billion.

Table 1: Figures for SEM Indices – Official Market

Official Market

Particulars	End (Closing) June 2020	Start (Opening) July 2019	End (Closing) June 2019	Start (Opening) July 2018
SEMDEX	1,662.61	2,128.40	2,128.40	2,244.64
SEM-10	6,390.70	7,932.36	7,932.36	8,124.22
SEMTRI (MUR)	2,505.53	3,507.84	3,507.84	3,673.92
SEMTRI (USD)	313.84	418.07	418.07	430.52
SEMSI	91.49	121.40	121.40	123.96

Source: Stock Exchange of Mauritius Ltd

Table 2: Figures for SEM Indices - DEM

DEM

Particulars	End (Closing) June 2020	Start (Opening) July 2019	End (Closing) June 2019	Start (Opening) July 2018
DEMEX	206.85	228.27	228.27	239.65
DEMTRI (MUR)	301.26	324.32	324.32	328.82
DEMTRI (USD)	237.61	288.53	288.53	299.15

Source: Stock Exchange of Mauritius Ltd

Market Intermediaries

Pursuant to sections 29 and 30 of the SA (under Part III – ‘Financial Markets Regulation’), there are two types of Market Intermediaries namely: Investment Dealer and Investment Adviser and their representatives. The core activity of the Investment Dealer is to execute orders regarding securities on behalf of clients and that of the Investment Adviser is to provide advice on securities transactions to clients and manage portfolio of securities transactions in the case of Investment Adviser (Unrestricted) category.

Under section 29 of the SA, the FSC Mauritius may license and authorise Investment Dealers.

An authorisation may be granted to a financial institution to carry out the functions or activities of an Investment Dealer subject to the Rules issued by the FSC Mauritius. It is applicable to applicant who is already exercising the functions of an Investment Dealer in a jurisdiction as per international best practice. During the year 2019, the FSC Mauritius revisited its current Rules to include:

- (a) the creation of a new category of Investment Dealer and its representative, licensed to act as intermediary in the execution of commodities and derivatives contracts on behalf of their clients – the Investment Dealer (derivatives);
- (b) prescription of the relevant fees; and
- (c) amendments to the Brokerage Fees Rules to cater for the new exchanges and clearing and settlement facilities.

Investment Banking

Pursuant to section 79A of the FSA, an entity holding an Investment Banking licence 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 the FSC Rules. As at 30 June 2020, there were six Investment Banking licence holders.

Reporting Issuers

During the year 2019/20, the FSC Mauritius granted registration to 23 entities as Reporting Issuers ('RIs') pursuant to section 86 of the SA. RIs have either sought a listing on the SEM or have more than 100 shareholders. As at 30 June 2020, there was a total number of 182 RIs which were registered with the FSC Mauritius. All RIs are subject to on-going disclosure requirements as per the SA and the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.

INVESTMENT FUNDS

The table below depicts the number of Investment Funds - Collective Investment Schemes ('CIS') and Closed-end Funds ('CEF') authorised by the FSC Mauritius as follows:

Table 3: Total number of Investment Funds authorised

Authorised Funds	As at 30 June 2020	As at 30 June 2019
SEC-3.1A CIS (SINGLE FUND)	286	286
SEC-3.1BV CIS (HAVING MORE THAN 1 FUND)	184	182
SEC-3.1CV CIS (PROTECTED CELL COMPANY)	44	40
SEC-3.2A CLOSED-END FUND (SINGLE FUND)	535	522
SEC-3.2BV CLOSED-END FUND (HAVING MORE THAN 1 FUND)	13	10
SEC-3.2CV CLOSED-END FUND (PROTECTED CELL COMPANY)	19	24
Total	1,081	1,064

Source: Financial Services Commission, Mauritius

Investment Funds Intermediaries

The number of Investment Funds Intermediaries increased by 4.40 percent to reach 475 entities as at 30 June 2020.

Table 4: Total number of Investment Funds Intermediaries

Category of licence	As at 30 June 2020	As at 30 June 2019
Custodian	10	10
CIS Manager	455	435
CIS Administrator	10	10
Total	475	455

Source: Financial Services Commission, Mauritius

DEVELOPMENTS IN THE INVESTMENT FUNDS SECTOR

Consultation Paper on the Regulatory Framework of Special Purpose Fund

Further to the 2019/20 National Budget announcement to revamp the existing Special Purpose Fund ('SPF') regime in view of easing access to new markets, the FSC Mauritius has issued a Consultation Paper on 06 December 2019 which sets out the new criteria which will form part of a new regulatory framework for SPF.

This public consultation followed discussions at the level of the Task Force on Funds.

This policy decision is equally in line with the objective of the FSC Mauritius to enhance the reputation of Mauritius as an International Financial Centre ('IFC') and to ensure sound conduct of business in the financial services sector and in the global business sector.

Revised Measures on Appointment of Alternate Director

Following request made by representatives of MCs and with a view to promote ease of doing business, the FSC Mauritius has, on 11 December 2019, communicated to its licensees the revised measures regarding the approval process for appointment of alternate directors by CIS, CEF and CIS Managers.

The FSC Mauritius has informed that it will, to the extent possible, issue the approval for the appointment of Alternate directors, within the next business day of the request received.

However, there are certain prescribed conditions to be adhered by the licensees.

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, Credit Rating Agencies/Rating Agencies amongst others. The table below shows the number of licensees as per the Second Schedule of the FSA as at 30 June.

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

Categories of Licence	As at 30 June 2020	As at 30 June 2019
Credit Finance	11	9
Credit Rating Agency	2	2
Factoring	8	8
Leasing	17	16
Registrar & Transfer Agents	8	8
Treasury Management	17	17
Distribution of Financial Products	27	26
Assets Management	10	10
Custodian (Non-CIS)	10	10
Total	110	106

Source: Financial Services Commission, Mauritius

INSURANCE

Long Term Insurance Business

During the year under review, there were seven licensed long term insurers, excluding BAI Co (Mtius) Ltd (which is under Special Administration since 2015).

Table 6: Trends in Long Term Insurance Business

Parameters	2019*	2018*	2017*
Number of Insurers	6	6	6
Value of Assets (MUR billion)	81.2	74.1	70.8
Gross Premiums** (MUR billion)	9.1	8.5	7.5
Termination (death, maturity, surrenders, lapse)	47,061	38,674	36,235
Value of Claims (MUR billion)	6.9	8.9	8.2
Number of Policies	343,558	343,486	320,662

Source: Financial Services Commission, Mauritius

* Excludes data for BAI Co (Mtius) Ltd and National Insurance Co. Ltd

** Excludes the figures for managed pension schemes

The detailed statistics can be found in Appendix 2.

The total value of assets, excluding managed pension, stood at MUR 81.2 billion in 2019, as compared to the value of assets in 2018 which amounted to MUR 74.1 billion (excluding managed pension).

The gross premium increased by 7 percent in 2019 to reach MUR 9.1 billion compared to MUR 8.5 billion in 2018.

The number of policies increased by 0.02 percent from 343,486 in 2018 to 343,558 in 2019.

General Insurance Business

In 2019, there were 15 insurers licensed to conduct general insurance business. The value of assets increased by 7 percent in 2019 to reach MUR 20.1 billion compared to MUR 18.8 billion in 2018. Capital and reserves decreased by 3 percent to reach MUR 7.9 billion as compared to MUR 8.1 billion in 2018.

The gross premiums for motor business amounted to MUR 3.8 billion in 2019 compared to MUR 3.5 billion in 2018, rising by 9 percent. The gross premiums for non-motor business stood at MUR 6.5 billion in 2019 compared to MUR 5.9 billion in 2018.

Underwriting profits stood at MUR 0.19 billion in 2019 compared to the figure of MUR 0.21 billion in 2018, representing a decrease of 9 percent. It was also noted that technical reserves have increased by 10 percent over the same period. The operating profits amounted to MUR 0.73 billion in 2019 compared to MUR 0.69 billion in 2018, representing an increase of 6 percent over the previous year.

The number of motor claims stood at 73,140 for 2019, higher than the figure of 63,772 in 2018. In the same line, the number of non-motor claims amounted to 301,103 in 2019, as compared to 270,908 in 2018. The number of policies increased from 555,713 in 2018 to 563,019 in 2019.

Table 7: Trends in General Insurance Business

Parameters	2019	2018	2017
Number of Insurers	15	15	15
Value of Assets (MUR billion)	20.1	18.8	17.7
Gross Premiums (MUR billion)	10.3	9.4	8.9
Number of Claims	374,243	334,680	291,603
Value of Claims (MUR billion)	5.8	5.2	4.7
Number of Policies	563,019	555,713	580,783

Source: Financial Services Commission, Mauritius

The detailed statistics can be found in Appendix 2.

Insurance Intermediaries

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

Table 8: Number of Insurance Intermediaries

	Domestic			Global			Total	
	As at 30 June 20	As at 30 June 19	As at 30 June 20	As at 30 June 19	As at 30 June 20	As at 30 June 19	As at 30 June 20	As at 30 June 19
INS-2.1 Insurance Manager	-	-	6	6	6	6	6	6
INS-2.2A Insurance Agent (Company)	182	179	2	3	184	182		
INS-2.2B Insurance Agent (Individual)	48	45	-	-	48	45		
INS-2.3 Insurance Broker	40	37	29	29	69	66		
INS-2.4 Insurance Salesperson (Registration)	1,173	1,192	-	-	1,173	1,192		

DEVELOPMENTS IN THE INSURANCE SECTOR

Task Force on Insurance and Pensions

The objectives of the task force are as follows:

- To assess the existing regulatory framework;
- To advise on improvements and make key recommendations on what can be introduced in terms of new regulations and products in view of enhancing the competitiveness and reputation of the MIFC;
- To develop, compare and share intelligence on key changes happening in major competing jurisdictions with respect to regulatory frameworks;
- To advise and share industry feedbacks on the regulatory set-up and efficiency;
- To advise and make necessary recommendations on the impact of innovative technologies with respect to relevant segments of activity; and
- To analyse and provide feedback on regulatory frameworks that the FSC Mauritius is planning to introduce and/or amend.

The task force comprises members of the industry, insurers' association and staff of the FSC Mauritius. During the year under review, the task force met five times.

Guidelines for mortgage underwriting practices and procedures

The FSC Mauritius has issued, on 14 February 2020, a Consultation Paper in relation to the Guidelines for mortgage underwriting practices and procedures ('Guidelines') under section 130(3)(a) and (b) of the IA.

Mortgages underwritten by insurance companies have become significant, and in line with its mandate for prudential supervision, the FSC Mauritius wants to reinforce its supervisory and regulatory tools for the oversight of such mortgages.

The Guidelines will also further the FSC Mauritius' objects and functions in:

- (a) Ensuring the orderly administration and sound conduct of business in the financial services sector;
- (b) Taking measures for the better protection of consumers of financial services including their premiums; and
- (c) Establishing proper market conduct and a level playing field with regard to mortgage underwriting by insurance companies.

IAIS Annual Conference

The FSC Mauritius participated in the 26th Annual Conference of the International Association of Insurance Supervisors ('IAIS') held from 14 to 15 November 2019 in Abu Dhabi. The annual event was jointly hosted by the IAIS and the Insurance Authority of the United Arab Emirates and the theme of this year's conference was "Supervision in a Digital Era".

The following themes were discussed during the five sessions:

- (a) Supervision in a Digital Era
- (b) Towards Sustainable Cyber Resilience
- (c) Data and Innovation – Opportunities and Challenges
- (d) Digital Financial Inclusion – Innovation beyond Imagination
- (e) The Impact of Technology on Market Structure and Effective Approaches to Supervision

The FSC Mauritius also participated as observer, on 16 November 2019, in the 7th meeting of the Sustainable Insurance Forum (SIF7) held under the aegis of IAIS and the United Nations Environmental Programme in Abu Dhabi. SIF7 members commonly agreed on an engagement plan for 2020, which is set to be a landmark year to address climate risk and sustainability issues within the IAIS community and the financial sector.

Bonus-Malus

As part of Government action on road safety, the Government through the Ministry of Financial Services and Good Governance has set up a technical committee in view of working out a road map with timeline for the implementation of the reform of the vehicles and driver insurance system through the introduction of Bonus-Malus System.

The Bonus-Malus rests on a system of incentives and penalties. It aims to incentivise the insured by rewarding financially 'good drivers' that is to say, those who take all precautions to avoid accidents and penalising the 'bad drivers'. This system could help the grounding of a speed driving culture while also reducing the number of accidents on public roads.

The FSC Mauritius was invited to be part of a technical committee which comprised various stakeholders. By participating in such endeavour, the role of the FSC Mauritius has been extended beyond being the mere protector of policyholders to being directly involved in projects leading to the betterment of the driving environment and the society as a whole.

COVID-19 Survey

A questionnaire was sent to all insurance companies – domestic and global business during the confinement period. The objective of the questionnaire was to analyse and assess the impact of the COVID-19 pandemic on the following areas:

- (a) Assets
- (b) Liabilities
- (c) Solvency
- (d) Liquidity
- (e) Profitability

Responses have been received from all the entities and the FSC Mauritius conducted its assessment to identify any possible area which may require in-depth monitoring.

Solvency II Questionnaire

A questionnaire was sent to all insurance companies – domestic and global business on the impact of Solvency II and whether licensees had sufficient knowledge and resources to move to a Solvency II-like framework.

PENSIONS

The pensions system of Mauritius is best described using the World Bank five-pillar classification. It includes the Basic Retirement Pension, National Pensions Fund ('NPF'), National Savings Fund and voluntary private occupational pension schemes sponsored by private sector employers.

During the year under review, policymakers have proposed some important changes to the pensions landscape that will impact on the existing pillars in Mauritius.

Following the coming into operation in January 2020 of the provisions relating to the Portable Retirement Gratuity Fund ('PRGF') under the Workers' Rights Act, private sector employers will be required to contribute to the PRGF if they do not have a private pension scheme.

The Budget 2020-2021, in June 2020, has announced the abolition of the NPF and the introduction of the Contribution Sociale Généralisée.

The FSC Mauritius administers the PPSA which provides for a comprehensive regulatory and supervisory framework for the operations of private pension schemes in Mauritius. As at June 2020, 74 private pension schemes have been licensed by the FSC Mauritius, covering approximately 1,650 sponsoring employers. The private pension schemes are defined benefit schemes, defined contribution schemes or a mixture of both. The FSC Mauritius carries out onsite and offsite supervision in order to ensure that the schemes are properly managed and operate in accordance with the PPSA and FSC Rules made thereunder.

PRIVATE PENSION SCHEMES INDUSTRY AT A GLANCE

Private Pension Schemes

Table 9: Number of Private Pension Schemes licensed as at 30 June

Categories of Private Pension Schemes	2020	2019
Pension Schemes	69	69
Foreign Pension Schemes	-	-
External Pension Schemes	5	5
Total	74	74

Source: Financial Services Commission, Mauritius

During the year under review, the FSC Mauritius has neither licensed any new private pension scheme nor terminated the licence of any existing private pension scheme.

Table 10: Total assets of Private Pension Schemes for the financial year ending 30 June

	2019 (MUR Billion)	2018 (MUR Billion)	Growth / Contraction (%)
Total Assets	53.55	49.10	9%

Source: Financial Services Commission, Mauritius

For the financial year ending 2019 the total asset value of private pension schemes witnessed a growth of 9 percent.

Pension Scheme Administrators

Table 11: Number of licensed Pension Scheme Administrators and authorised Long Term Insurers as at 30 June

Categories of Pension Scheme Administrators	2020	2019
Pension Scheme Administrators	9	8
Long-term insurers authorised to administer a private pension scheme	5	5

Source: Financial Services Commission, Mauritius

During the year under review, the FSC Mauritius has licensed one pension scheme administrator under section 14 of the FSA.

GLOBAL BUSINESS

On 21 February 2020, Mauritius was placed on the list of “Jurisdictions under Increased Monitoring” by the FATF. In so far as the global business sector is concerned, the FSC Mauritius prioritised its work in order to address most of the action points recommended for the global business sector ahead of the set deadline. This work focused on demonstrating the implementation of an AML/CFT risk-based supervision by way of a comprehensive onsite inspection schedule and taking enforcement action against non-compliance.

Moreover, as announced in the Budget 2019/20, to address the deficiencies identified by the EU in our partial exemption regimes, reforms have been implemented during the year under review to:

- define the detailed substance requirements that must be met in order for a Global Business Corporation ('GBC') to enjoy the partial exemption benefit; and
- lay down the conditions that must be satisfied where a GBC outsources its core income generating activities.

On 10 October 2019, the Economic and Financial Affairs Council of the EU has found Mauritius to be compliant with all commitments on tax cooperation. It was further reported that Mauritius has implemented, ahead of schedule, all necessary reforms to comply with the EU tax good governance principles.

FINTECH

Rapid developments in financial technology are transforming the financial landscapes, offering a wide-range of opportunities globally. Fintech has the potential to support future economic growth by strengthening financial development and efficiency in Mauritius. The establishment of the MIFC as a regional Fintech hub has, in fact, been a priority for the policy makers in the jurisdiction. Several regulatory imperatives and projects have been identified and implemented by the FSC Mauritius, in the aftermath of recent National Budgets, to achieve this strategic objective for the jurisdiction. Fintech is expected to develop and become a thriving segment within the financial services sector.

With the advent of digital revolution in the financial services sector and as a forward-looking jurisdiction, the MIFC possesses the right ecosystem to assist the global ambitions of Fintech market players.

The FSC Mauritius is, in this vein, embracing the digital transformation affecting the financial services sector and implementing a holistic and long-term approach targeting innovation, growth and competition in the financial services market. The FSC Mauritius has closely and continuously supported in the sound implementation of the regulatory sandbox regime in Mauritius. It has furthermore been proactive towards exploring and launching new regulatory frameworks for several innovative Fintech-related services during the year under review. The FSC Mauritius is aware of the new developments in the financial services sector and the need to constantly innovate in order to make Mauritius a competitive jurisdiction.

The following activities fall under the authorisation and supervisory purviews of the Fintech cluster:

- *Payment Intermediary Services* - licensed under section 14 of the FSA to conduct business activities, exclusively outside of Mauritius.
- *Custodian Services (Digital Assets)* - licensed under section 14 of the FSA to provide a regulated and safe environment for digital assets custody.

New Regulatory Frameworks for Fintech Activities

Guidance Notes on Security Token Trading Systems

On 15 June 2020, the FSC Mauritius issued a Guidance Notes on Security Token Trading Systems to simultaneously provide for the implementation of a common set of standards for STO and the licensing of Security Token Trading Systems in Mauritius under section 7(1) (a) of the FSA.

Security tokens are digital assets which fall into the category of securities as defined under the SA. STO represents an alternative way for entities to raise external capital, in exchange for the ownership or economic rights in relation to digital assets.

The purpose of this new framework is to position the MIFC as a Fintech hub, in line with the priorities of the FSC Mauritius.

Upcoming Regulatory Frameworks

The FSC Mauritius is also finalising the Peer to Peer Lending rules under section 14 of the FSA. The rules will provide a sound and conducive automated environment or platform for the offer and execution of alternative peer to peer lending, other than bank lending, for the benefits of borrowers and stakeholders in the non-banking sector of Mauritius.

The FSC Mauritius has additionally engaged into consultation with industry stakeholders and the general public on:

- (i) Robotic and Artificial Intelligence Enabled Advisory Services; and
- (ii) Crowdfunding (investment-based) taking into consideration the evolving needs of the Fintech industry.

Fintech Initiatives

FSC Mauritius admitted to Global Financial Innovation Network

The FSC Mauritius was admitted as a member of the Global Financial Innovation Network ('GFIN') in August 2019.

Launched in January 2019 by an international group of financial regulators and related organisations, the GFIN is a global network of 38 members committed to foster financial innovation in the interest of consumers. The GFIN aims to create a new framework for co-operation between financial services regulators on innovation-related topics. It also aims to support a "global sandbox" framework for the pilot testing of new financial products using emerging technologies across different participating jurisdictions.

The FSC Mauritius, through this membership, actively participates in the various work-streams of the GFIN, such as collaboration, RegTech and SupTech.

The FSC Mauritius will continually collaborate with its foreign counterparts in the GFIN to provide further impetus to the development of the Fintech ecosystem in the jurisdiction.

Other Fintech Initiatives

Over the current reporting year, the FSC Mauritius is actively engaged vis-a-vis the different authorities and stakeholders of the Fintech industry, at both local and international levels. This has effectively led to identifying and achieving several key milestones which are related to the:

- (i) setting up of a joint industry and regulator task force for addressing digital finance issues and challenges, as and when necessary;
- (ii) establishment of a dedicated working group for Fintech under the aegis of the JCC between the BoM and the FSC Mauritius; and
- (iii) negotiation and signature, as appropriate, of the new MoU between the FSC Mauritius and foreign regulators in the fields of Fintech and innovation.

AUTHORISATION

AUTHORISATION

CAPITAL MARKETS

Industry Workshop

An industry workshop was conducted in July 2019 to present the updated licensing criteria for the categories of Investment Dealers and Investment Advisers respectively. The objective of this workshop was to enhance the internal procedures so as to ensure optimal efficiency and timeliness in the processing of such applications and deliver high quality service to the stakeholders.

The FSC Mauritius has accordingly taken the commitment to grant licences for Investment Dealers and Investment Advisers within 60 working days upon receipt of a complete application, subject to all licensing criteria being fulfilled and detailed information about the business models being submitted.

Securities Exchange

During the year under review, the FSC Mauritius received an application for a Securities Exchange focusing on the listing of companies aimed at achieving sustainable development goals and/or companies meeting social responsibility criteria.

Investment Banking

During the year under review, one application was received for an Investment Banking Licence. Furthermore, two applications for an Investment Banking Licence were rejected in a view to protect the reputation of Mauritius as a sound financial services jurisdiction.

Other Non-bank Financial Institutions

Credit Finance, Leasing and Factoring activities continued to receive sustained interest from the industry during the period under review and proved to be alternate sources of financing for consumers including small and medium-sized enterprises.

Market Intermediaries

During the year under review, the number of authorisations granted to market intermediaries is detailed out in the hereunder table:

Table 12: Number of Investment Dealers, Investment Advisers and their representatives licensed

Activity	July 2019 to June 2020	July 2018 to June 2019
Investment Dealer	23	13
Investment Adviser	35	37
Representative of Investment Dealer	7	9
Representative of Investment Adviser	21	26

Source: Financial Services Commission, Mauritius

INVESTMENT FUNDS

The authorisation/licensing of Investment Funds and Intermediaries follows a rigorous process. Once applications are submitted to the FSC Mauritius, either electronically through the Online Submission Platform ('OSP') or physically by submitting the application pack, they are screened for quality and completeness. If they are deemed to be complete, the applications are processed against a set of pre-established requirements including licensing criteria, the Securities Act 2005, the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 (the 'CIS Regulations') and AML/CFT considerations.

During the year 2019/2020, the FSC Mauritius initiated engagements with industry stakeholders, Management Companies (MCs) in particular, to assist them in improving the quality and completeness of their applications. The FSC Mauritius observed that this initiative produced positive results, inasmuch as, MCs revisited their procedures to ensure that only applications that meet the quality and compliance checks are submitted to the FSC Mauritius. Overall, the turnaround time for processing applications for Investment Funds and Intermediaries witnessed a considerable improvement. The FSC Mauritius will continue this initiative in future.

Number of Investment Funds and Intermediaries authorised / licensed

During the year 2019/2020, the FSC Mauritius issued 136 authorisations/licences to Investment Funds and Intermediaries, as per table below.

Table 13: Authorisation – Investment Funds and Intermediaries

Investment Funds and Intermediaries	1 July 2019 - 30 June 2020	1 July 2018 - 30 June 2019
SEC-3.1A CIS (SINGLE FUND)	14	15
SEC-3.1BV CIS (HAVING MORE THAN 1 FUND)	13	16
SEC-3.1CV CIS (PROTECTED CELL COMPANY)	9	3
SEC-3.2A CLOSED-END FUND (SINGLE FUND)	47	48
SEC-3.2BV CLOSED-END FUND (HAVING MORE THAN 1 FUND)	4	4
SEC-3.2CV CLOSED-END FUND (PROTECTED CELL COMPANY)	-	3
SEC-4.1 CUSTODIAN	-	-
SEC-4.2 CIS MANAGER	45	37
SEC-4.3 CIS ADMINISTRATOR (APPROVED UNDER SECTION 99 OF THE SECURITIES ACT 2005)	-	2
SEC-7.1 REMOTE CUSTODIAN	-	-
FS-1.1 ASSET MANAGEMENT	2	1
FS-1.2 DISTRIBUTION OF FINANCIAL PRODUCTS	2	-
FS-1.7 CUSTODIAN SERVICES (NON CIS)	-	-
Total	136	129

OTHER NON-BANK FINANCIAL INSTITUTIONS

The FSC Mauritius issued the following non-bank financial services licences, under the FSA during the year under review.

Table 14: Number of newly licensed (Second Schedule of the FSA)

Categories of licence	July 2019 to June 2020	July 2018 to June 2019
Credit Finance	3	1
Credit Rating Agency	-	-
Factoring	1	1
Leasing	2	1
Registrar & Transfer Agents	-	1
Treasury Management	-	-

Source: Financial Services Commission, Mauritius

INSURANCE

Enhancing the Application Process

Insurance companies and intermediaries are subject to rigorous authorisation process which includes screening, processing and scrutinising the application pack based on the licensing criteria and legal requirements. The FSC Mauritius has, during the year under review, re-engineered its internal process to enhance the efficiency and timeliness in the processing of applications. Hence, the licensing criteria for Professional Reinsurer, External Insurer and Insurance Broker have been revised and posted on the website of the FSC Mauritius. A workshop was held in August 2019 to update the industry on the changes that have been brought to the licensing criteria.

The processing fees relating to application submitted for licence falling under the IA have been reviewed as from 01 July 2019. As such, the Financial Services (Consolidated Licensing and Fees) Rules have been amended.

During the year under review, the FSC Mauritius has granted licences and/or registered the following:

Table 15: Number of Licences

Categories of Licence	July 2019 to June 2020	July 2018 to June 2019
Long Term Insurance Business	-	-
Long Term Insurance Business (PCC)	-	-
General Insurance Business	-	-
General Insurance Business (PCC)	-	-
External Insurance Business	-	-
External Insurance Business (PCC)	-	-
Professional Reinsurer	1	-
Professional Reinsurer (PCC)	-	1
Insurance Manager	1	-
Insurance Agent (Company)	8	5
Insurance Agent (Individual)	4	3
Insurance Broker	4	3
Insurance Salesperson (Registration)	84	96
Pure Captive Insurance Business	-	-
Captive Insurance Agent	-	-
Funeral Scheme Management	-	-
Actuarial Services	-	-
Representative Office	-	-

Source: Financial Services Commission, Mauritius

Pursuant to section 11 of the IA, the FSC Mauritius has granted licence to one Professional Reinsurer and pursuant to section 70 of the IA, the Commission has granted licence to one Insurance Manager. Out of the eight licences granted to Insurance Agent (Company), one pertains to a bank extending its existing insurance agent licence to another insurer. Out of the 84 Insurance Salespersons registered, four pertain to extension of the registration to other insurers within the same group.

Other requests

The FSC Mauritius also received RFIs from individuals and companies regarding queries on, *inter alia*, the procedures and requirements to obtain a licence, indicative timelines and also no objection for the use of company name in accordance with section 120 of the IA. These RFIs, depending on the nature and activity, are processed by the authorisation cluster on a timely basis. During the year under review, the FSC Mauritius attended to 27 RFIs related to insurance authorisation activities.

PENSIONS

The FSC Mauritius received the following new applications:

Table 16: Number of Applications for Private Pension Schemes and Pension Scheme Administrators

Applications for private pension schemes and pension scheme administrators	July 2019 to June 2020
Pension Schemes	1
External Pension Schemes	1
Pension Scheme Administrators	1

Source: Financial Services Commission, Mauritius

The three applications received have been under process as at 30 June 2020.

GLOBAL BUSINESS

Introduction

The financial year 2019/20 was challenging for the global business sector in Mauritius due to the unprecedented COVID-19 pandemic and the EU blacklist.

Despite the numerous challenges faced during the year under review, Global Business Authorisation ('GB Authorisation') has maintained its contribution to the objectives of the FSC Mauritius by issuing licences and approvals under the FSA in conformity with international norms and standards.

GB Authorisation is responsible for the issuance of licences for Global Business Companies and Authorised Companies. In addition, GB Authorisation contributes to the Non-Banking financial services sector by issuing licences such as Global Headquarters Administrations, Global Legal Advisory, Global Treasury Activities, Family Offices and MCs.

The number of licences issued by GB Authorisation for the year 2019/20 is illustrated in table 17 and table 18.

New Amendments

During the financial year 2019/20, the global business sector witnessed several changes which resulted in subsequent amendments to the FSA.

FSC rules for Family Office

The FSC Mauritius changed the terminology of Overseas Family Office (Single) Licence and Overseas Family Office (Multiple) Licence to Family Office (Single) Licence and Family Office (Multiple) Licence respectively in order to eliminate the restriction identified in the title of the product and to enable established families in the local jurisdiction to apply for the above mentioned licences.

The FSC Mauritius consequently issued rules for the Single Family Office and Multiple Family Office on 07 March 2020, in line with its objective to enhance the reputation of Mauritius as an IFC and to ensure sound conduct of business.

New licensing criteria and application form were accordingly devised by GB Authorisation for the above-mentioned licences as per the rules.

AML/CFT Handbook

The AML/CFT Handbook was issued in January 2020 in order to assist financial institutions under the purview of the FSC Mauritius in complying with the requirements of the FIAMLA and the Financial Intelligence and Anti-Money Laundering Regulations 2018 ('FIAML Regulations').

As a result, GB Authorisation revamped its authorisation process with respect to the assessment of customer due diligence documents, the onboarding of Politically Exposed Persons, Money Laundering Reporting Officers ('MLROs'), Deputy MLROs and Compliance Officers.

Substance requirements

The FSC Mauritius made amendments to the FSA in July 2019 regarding economic substance requirements. On this basis, applicants were subsequently requested to demonstrate how they adhere to the substance requirements while applying for Global Business Licences.

Engaging with stakeholders

GB Authorisation has unceasingly engaged with industry operators with the aim to improve the overall turnaround time for the issue of licences.

Several meetings were held with participants of the industry in order to enhance the quality and the process of submission of applications. An Authorisation Workshop was organised in August 2019 whereby interactive sessions were held between the industry and the FSC Mauritius to discuss on the authorisation process and the delaying factors faced at application stage.

Lockdown for the period March 2020 to May 2020

Due to the COVID-19 pandemic, Mauritius was under lockdown from March 2020 to May 2020 and the FSC Mauritius adopted a work from home policy. GB Authorisation effectively contributed to the FSC Mauritius' objectives by processing applications on a daily basis and issuing authorisation emails for the relevant licences.

Additionally, interviews were conducted remotely with applicants such as MLROs and executive directors in order not to delay the authorisation process.

Licences and approvals issued for the financial year 2019/20

The table below shows the number of applications licensed by GB Authorisation for the financial year 2019/20.

Table 17: Number of licences issued (Global Business)

	July 2019 to June 2020	July 2018 to June 2019
GBL	1,148	1,246*
AU	632	1,086

* GBC1 licences were issued for the period July 2018 to December 2018

Source: Financial Services Commission, Mauritius

Furthermore, table below shows a breakdown of the different types of activity licences and approvals issued by GB Authorisation.

Table 18: Breakdown of licences and approvals issued

Enabling laws	Categorisation as per the FSC Rules	July 2019 to June 2020	July 2018 to June 2019
FSA	Global Legal Advisory	-	-
	Global Headquarters Administration	3	4
	Global Treasury Management	2	1
	Management Companies	9	5
Trusts Act 2001	Qualified Trustee (other than an MC)	1	5
	Enforcer (purpose trust created by a Mauritian national only)	1	2
	Successor to Enforcer (purpose trust created by a Mauritian national only)	1	3

Source: Financial Services Commission, Mauritius

FINTECH

During the year under review, the FSC Mauritius received 12 new applications for Payment Intermediary Services ('PIS') and Custodian services (digital assets) respectively, as shown in the table below:

Table 19: New Fintech applications

Fintech Activities	July 2019 to June 2020	July 2018 to June 2019
Payment Intermediary Services	11	17
Custodian services (digital assets)	1	1

Source: Financial Services Commission, Mauritius

SUPERVISION

SUPERVISION

Onsite Supervision

Onsite supervision is an important constituent of the supervisory deliverables for the FSC Mauritius. It involves supervisory visits and inspections at licensees' place of operation. This is key for understanding a licensee's business operations, risk management and internal controls, and for assessing compliance with its regulatory and licensing obligations. These inspections can be either full scope, or may be limited to particular areas of the licensee's operations. Onsite inspection enables the FSC Mauritius to comprehensively assess whether its licensees and their approved officers have acted with due skill, care and diligence and adopted proper business conduct, procedures and practices.

Offsite Supervision

Offsite supervision forms an integral part of the FSC Mauritius' supervisory process in ensuring that licensees are complying with applicable laws and regulations. Examination of statutory returns and AFS of licensees continue to be an important feature of offsite supervision in ascertaining licensees' compliance with regulatory and prudential requirements. Ongoing assessment of licensees' officers also forms a major part of the offsite supervision process.

CAPITAL MARKETS

Onsite Inspection

During the year 2019/20, the FSC Mauritius carried out onsite inspection (prudential) for seven licensees falling under the Capital Markets cluster. These inspections related to both domestic companies and global business companies in the following business activities:

- Investment Dealers – in the categories of (i) Full service dealer (including underwriting) and (ii) Full service dealer (excluding underwriting).
- Investment Adviser – in the categories of (i) Unrestricted, (ii) Restricted and (iii) Corporate Finance Advisory.

The objectives of the inspections were to ascertain that these licensees 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, adherence to the Code of Business Conduct - nine (9) guiding principles). The inspection team conducted an analysis of the accounts, verified the auditors' reports and made independent assessments of the state of affairs of the licensees.

In addition to the 7 Prudential onsite inspection, the FSC Mauritius also conducted 13 AML/CFT onsite inspections during the year ended 30 June 2020.

Offsite Supervision and Monitoring

The structure of the capital markets sector consists of the following types of licensees:

- Market infrastructure licensed under sections 9, 10 and 11 of the SA comprising Securities Exchanges, Clearing & Settlement Facilities and Securities Trading Systems;
- Market intermediaries including Investment Dealers and Investment Advisers which are licensed under sections 29 and 30 respectively under the SA;
- Reporting Issuers as defined under section 86 of the SA and registered under Rule 3 of the Securities (Disclosure Obligations of the Reporting Issuers) Rules 2007; and
- Investment Banking under section 79A of the FSA – the activities falling under Capital Markets are Investment Dealer (Full service dealer, including underwriting), Investment Adviser (Unrestricted) and Investment Adviser (Corporate Finance Advisory).

Monitoring of securities exchanges/clearing & settlement facilities

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

In this respect, as part of its routine offsite surveillance functions, the FSC Mauritius continuously monitors the trading, clearing and settlement activities of the SEM and its subsidiary the Central Depository & Settlement Co Ltd ('CDS') which holds a Clearing & Settlement Facility licence, to ensure that they are operating in a fair, efficient and transparent manner. The daily performance of securities listed on the SEM are monitored online through the Automatic Trading System ('ATS') in terms of their volume, share price and any corporate actions. During the year under review, ATS kept track of situations whereby abnormal trading had been noted on the SEM, in terms of increase/decrease in share price or volume for a securities. The FSC Mauritius has set parameters to monitor the market. Accordingly, the FSC Mauritius requested trade details from the CDS to conduct preliminary enquiry with respect to these cases of abnormal trading. An analysis is being made in parallel to any communiqué which has been released regarding securities. The preliminary enquiries revealed no potential market abuse.

In addition, the FSC Mauritius tracks the development of listed entities on the SEM through publications and press reviews.

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

Statutory filings, notifications and request for approvals

For the year 2019/20, the licensees submitted statutory requirements as per relevant Acts which included filing of:

- Annual reports for the Securities Exchanges, Clearing and Settlement Facility, Investment Dealers, Investment Advisers and Reporting Issuers (including quarterly accounts) as per the SA;
- AFS for the 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;
- Submission of final internal manuals, contracts/agreements entered with third parties among others for new licensees as post-licensing requirements. 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 performed the following regulatory obligations:

- Approval of controllers and beneficial owners under section 23 of the FSA;
- Approval of the officers under section 24 of the FSA;
- Request for waivers and exemptions in terms of takeovers by RIs under the Rules 34 and 43 of the Securities (Takeovers) Rules 2010;
- Review of Takeover Offer documents and deal with issues relating to takeovers;
- Registration of prospectus under part V of the SA for offer of securities to the public. This included rights issue by listed companies as well;
- Registration of listed companies and other entities as Reporting Issuers under section 86 of the SA and Rule 3 of the Securities (Disclosure for Reporting Issuers) Rules 2007;
- Amendments to SEM Rules or new rules under section 13(3) of the SA;
- 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;
- Recommendation of Tax Residence Certificate ('TRC'); and
- Assessment of advertisements.

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 the CDS. The objectives of the SSC are to address the barriers to the development of the securities market through joint supervisory coordination and the promotion of mutual collaboration between the FSC Mauritius, the SEM and the 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 the SSC;
 - (iv) Prepare papers on areas of common interest for example, crisis management;
 - (v) Discuss on market developmental matters; and
 - (vi) Identify potential problem areas and decide upon common aspects on intervention amongst others.

Discussions for the year 2019/20 were primarily focused inter alia on:

- Review current practice with regard to rights issues;
- Green finance;
- Appointment of at least one female representative on the board of directors of public listed companies on the SEM - Survey Report MIoD;
- Status regarding GBL companies listed on the SEM and encountering difficulties to comply with regulatory requirements;
- Update on a new trading platform at the SEM to allow medium sized profitable enterprises that do not qualify for listing on the official and DEM markets to raise capital and trade their shares;
- Update on amendments to sections 21.2.1 and 21.2.2 of the CDS procedures to inscribe usufruct on securities; and
- Update on digital assets.

INVESTMENT FUNDS

Onsite Supervision

Prudential Review

The FSC Mauritius undertook 20 onsite inspections of its licensees, comprising both domestic and global business entities.

The objectives of the onsite inspections were to:

- ascertain the compliance with the provisions of the SA and the CIS Regulations;
- evaluate the internal control procedures and key processes established by the licensees; and
- check adherence with the anti-money laundering laws and regulations.

The main deficiencies identified during the onsite inspections were:

- Breach of Regulation 42(2) of the CIS Regulations, inasmuch as, the first insurance cover was subscribed after 10 business days from the date of the CIS Manager Licence;
- Non-compliance with section 2 of the SA, inasmuch as, there was no collective investment of funds for a CIS;
- Accounting records were not kept in Mauritius;
- Lack of internal control procedures and policies;
- Failure to appoint MLRO, Deputy MLRO and Compliance Officer as required under the FIAML Regulations; and
- Inadequate customer identification measures.

AML/CFT Focus

The FSC Mauritius embarked on a risk-based AML/CFT supervisory framework in 2019/20.

Based on the risk ratings of its licensees, 51 AML/CFT focus onsite inspections were conducted by the FSC Mauritius for the financial year, targeting Investment Funds and CIS Managers.

The onsite visits have *inter alia* revealed the following deficiencies in the AML/CFT programme of the licensees:

- Non-compliance with section 17 of the FIAMLA, inasmuch as, no risk assessment was conducted;
- Non-compliance with section 17A of the FIAMLA, inasmuch as, there was no written AML/CFT policies approved by senior management;
- Non-compliance with Regulation 3 of the FIAML Regulations, inasmuch as, the licensees were not monitoring their clients on a frequent basis;
- Non-compliance with Regulation 22 of the FIAML Regulations, inasmuch as, no independent audit was being conducted. Further, not all staff and officers were provided with AML/CFT trainings; and
- Inadequate reporting was being made to the board of directors regarding AML/CFT matters.

The non-compliant licensees were required to provide the FSC Mauritius with a remedial plan regarding the deficiencies identified.

Licensees with severe deficiencies were referred to the Enforcement Directorate.

Offsite Supervision

Offsite supervision enables the FSC Mauritius to monitor the conduct of business of its licensees. It involves the review of AFS and IFS and the approval of requests for change in shareholding structures, appointment of officers and auditors, creation of additional shares classes/sub-funds/cells and departure from provisions of the SA, CIS Regulations or Securities (Disclosure Obligations of Reporting issuers) Rules 2007, amongst others.

The most common supervisory breaches detected by the FSC Mauritius were as follows:

- Failure to seek approval under section 23 of the FSA for change in shareholding structure;
- Failure to start operation within six months from the date of licence;
- Failure to file accounts within the prescribed time frame; and
- Failure by holders of CIS Manager licence to maintain the minimum unimpaired stated capital of MUR one million.

Tax Residence Certificate Applications

As part of the offsite monitoring, the FSC Mauritius has during the year 2019/20 attended to 875 applications for a TRC, with respect to Investment Funds and Intermediaries.

Complaints

Following the enactment of the Ombudsperson for Financial Services Act 2018 and effective as from 1 March 2019, all complaints pertaining to financial services entities which do not hold Global Business Licences are handled by the Office of the Ombudsperson for Financial Services. However, complaints pertaining to global business entities are still addressed by the FSC Mauritius. During the year 2019/20, the FSC Mauritius has attended to 17 complaints relating to Investment Funds and Intermediaries.

Request for Information

The FSC Mauritius has attended 282 RFIs as per below.

Table 20: Total number of RFIs attended

	As at 30 June 2020
Private requests	30
Regulators	252
Total	282

Submission of Interim Financial Statements through Online Data Capture System for Collective Investment Schemes / Closed-end Funds / CIS Managers / Custodians

The Online Data Capture System ('ODCS') Platform which was launched on 12 February 2016 has enabled licensees to submit their Annual Report or AFS electronically. This has significantly increased efficiency in attending to queries, extracting data and reporting.

The FSC Mauritius has, during the year under review, embarked on the second phase of the ODCS which consists of filing of IFS for quarters ending as from 30 June 2019 onwards for licensees holding the following licences/authorisations:

- CIS Managers;
- CIS that are categorised as Retail/Global Schemes;
- CIS and CEF that are registered as RIIs; and
- Custodians (CIS).

INSURANCE

Onsite Inspection

The FSC Mauritius is empowered to inspect the affairs of an insurer and verify whether the insurer is conducting business in accordance with sound insurance principles. The objectives of the onsite inspection are to:

- ascertain compliance with relevant laws and regulations;
- determine whether dealings with policyholders and public are fair and transparent;
- provide assurance that corporate governance was sound;
- check adherence to anti-money laundering laws, regulations and codes; and
- identify any other deficiencies.

Table 21: Onsite inspections carried out

	July 2019 to June 2020	
	Number of Licensees	Number of Inspections
Long-term Insurance	8	3
General Insurance	15	-
Insurance Brokers (Domestic only)	43**	10
Global Business entities carrying on insurance business	54**	2

Source: Financial Services Commission, Mauritius

** As per public register

The inspections revealed the following findings:

- non-compliance with the IA, FSA and Insurance (Insurance Brokers) Rules 2008;
- non-compliance with the National Code of Corporate Governance; and
- non-compliance with the FIAMLA and the FIAML Regulations.

Offsite supervision of insurance companies and intermediaries

During the year 2019/20, a number of returns were reviewed and the following issues were identified:

- failure to comply with the prescribed time frame pertaining to statutory reporting obligations;
- non-compliance with IA, FSA, Insurance (Long Term Insurance Business Solvency) Rules 2007;
- non-submission of corporate governance report;
- non-submission of statutory forms as prescribed in the Insurance (Insurance Brokers) Rules 2008;
- statutory forms, as per Insurance (Insurance Brokers) Rules 2008, were not properly filled and signed;
- non-compliance with Competency Standards of the FSC Mauritius; and
- failure to comply with the Insurance (Risk) Management Rules 2016.

Company under close monitoring

During the year under review, two long-term insurers were closely monitored since they had solvency issues and they were requested to take remedial actions to restore their solvency.

PENSIONS

Onsite Inspection

Onsite inspections are aimed at assessing the degree of compliance in respect of relevant laws. 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 PPSA, other relevant Acts and AML/CFT laws. This process is achieved by detecting breaches and deficiencies, bringing such findings to the attention of the licensees in order to be addressed, and referring serious instances of breaches for appropriate enforcement action.

During the year under review, four onsite inspections were conducted whereby two pertained to private pension schemes and the other two were related to pension scheme administrators. One of the four inspections was focused on AML/CFT requirements.

In respect of these inspections, the main issues identified were as follows:

- non-compliance with PPSA and FSC Rules made thereunder;
- non-compliance with AML/CFT requirements; and
- weaknesses in internal control systems.

Offsite Supervision

As part of its off-site supervision, the FSC Mauritius focused on matters which can be categorised, *inter alia*, as follows:

- Introduction of protected cell company as a new structure for private pension schemes;
- Creation of a special fund to cater for unclaimed pension benefits;
- Conversion or shift from defined benefit pension schemes to defined contribution pension schemes;
- Bulk transfers among pension schemes;
- Winding up of deemed to be licensed private pension schemes and pension scheme administrators; and
- Amendment to constitutive documents, including proposed change in benefits.

The FSC Mauritius also ensured that the governing bodies and pension scheme administrators of private pension schemes have not deviated from the statutory responsibilities as spelt out under the PPSA, Rules made thereunder and constitutive documents with respect to the administration, governance, disclosure, licensing and authorisation, management or investment of assets of the private pension schemes.

The FSC Mauritius has been receiving and processing applications for deemed to be licensed defined benefit private pension schemes, in contractual form, to have a legal structure that is compliant with the PPSA.

Moreover, the FSC Mauritius has carried out an exercise of updating its database to capture all sponsoring employers having a private pension scheme and their respective rates of contributions.

Referral to Enforcement

During the year under review, regulatory actions have been taken against two private pension schemes which were referred to the Enforcement Directorate. Direction letters were issued accordingly to address major breaches and to ensure that the private pension schemes operate in a financially sound condition as required under the PPSA. In line with its objects and functions spelt out in the PPSA, the FSC Mauritius has been closely monitoring other private pension schemes and referrals may be made for enforcement actions in the event of repeated serious non-compliance.

Review of AFS, Actuarial Valuation Reports (Defined Benefit Schemes) and Actuarial Reports (Defined Contribution schemes)

During the year under review, the FSC Mauritius monitored the filing of AFS, statutory returns, schedule forms and actuarial reports ('AR') of private pension schemes under its purview.

Offsite monitoring of statutory submissions by private pension schemes for the year under review has revealed, *inter alia*, the following:

- unsigned statutory returns that accompany the AFS;
- non-submission of AFS, actuarial valuation report and AR within the statutory deadlines; and
- inaccuracies in the notes of the AFS.

Pursuant to the PPSA and Rules made thereunder, the governing bodies of the relevant private pension schemes were requested to remedy the matters identified and to comply with timely submission of the relevant statutory filings.

Resolution Framework

The draft guidelines set out the proposed approach to be taken by the FSC Mauritius in relation to applications received for the conversion or shift of defined benefit pension schemes to defined contribution pension schemes.

In February 2020, the FSC Mauritius issued a consultation paper in respect of the draft guidelines. The consultation period initially ran from 27 February 2020 to 27 March 2020. However, owing to the COVID-19 lockdown, the consultation period was extended to 30 April 2020. Following feedback received during the consultation period, the FSC Mauritius is currently finalising the draft guidelines.

INTERNATIONAL SURVEYS AND CONFERENCES

International Surveys

During the year under review, the FSC Mauritius attended to various surveys from, inter alia, OECD, IOPS, CISNA and COMESA.

OECD/IOPS Global Forum on Private Pensions

The FSC Mauritius participated in the IOPS technical and executive meetings as well as the OECD/IOPS global forum on private pensions from 6 to 8 November 2019 in Tirana, Albania. The global forum was dedicated to the theme: "Developing and supervising occupational pension arrangements".

IOPS International Conference 2020

The FSC Mauritius hosted the IOPS international conference themed: "Financial and governance issues in private pension schemes" on 27 February 2020. The international conference was backed by a two-day seminar including IOPS technical and executive meetings. More than 100 participants including 44 delegates from 23 member countries of IOPS attended the seminar. The participants were high-level officials of international regulatory and supervisory authorities, industry stakeholders, IOPS observers, as well as, leading experts from the pension fund industry and research institutes from both OECD and IOPS member countries. The event was also marked by the signature ceremony of a MoU between the FSC Mauritius and the Australian Prudential Regulation Authority ('APRA'). The MoU sets out a framework for co-operation between both authorities for the effective and efficient performance of their respective financial regulatory functions.

GLOBAL BUSINESS

Onsite Inspection

Inspections of Management Companies

On the basis of the findings of the National Risk Assessment ('NRA'), the FSC Mauritius has mapped back the risk rating results to the broad sectoral clusters under its supervision. As a result for the TCSP sector, servicing Trust and Global Business companies, the money laundering risk was assessed as high.

In addition to the broader sectoral risk information provided by the NRA, the FSC Mauritius has developed a risk profile for each of its supervised entities using the results of the offsite monitoring questionnaire (which was completed by licensees in late 2019 and early 2020) in a Register of Residual Risk (Vulnerability v/s Controls) with the following risk profiles: very high, high, medium and low.

During the year under review, despite the COVID-19 pandemic, the FSC Mauritius has taken steps towards improving the AML/CFT regime, by developing a risk-based supervision plan for global business companies and MCs. In this respect, for the 2020/2021 inspection cycle, 55 inspections were earmarked. At close of the year under review, 25 MCs were inspected. The onsite inspections focused on the following areas, amongst others:

- (a) The Money Laundering and Terrorist Financing risk assessment for the enterprise and clients;
- (b) Policies and procedures pertaining to AML/CFT, risk rating of clients, ongoing monitoring of clients and their transactions;
- (c) Customer Due Diligence and reliance on third parties;
- (d) Beneficial Owner;
- (e) Ongoing Monitoring;
- (f) Politically Exposed Persons;
- (g) Targeted Financial Sanctions including sanctions screening tools and assets freezing;
- (h) Enhanced Measures;
- (i) Suspicious Transactions Reporting process and internal disclosure mechanism and use of new technologies;
- (j) MLRO;
- (k) Compliance Officer and adequacy of resources;
- (l) AML/CFT Training;
- (m) Independent Audit; and
- (n) Client file reviews.

Inspections of Foundations by the corporate and business registration department

During the year under review, the FSC Mauritius assisted the Registrar of Companies in the inspections of 32 Foundations.

Offsite Supervision

Extension for filing of Accounts

The COVID-19 crisis has caused significant economic effects on companies and these have impacted both financial reporting and auditing.

This unprecedented pandemic situation has led to a range of regulatory initiatives by the FSC Mauritius to support its licensees. To alleviate regulatory burden on licensees during the COVID-19 pandemic, the FSC Mauritius adopted a flexible approach towards companies which faced challenges in meeting their filing obligations. In this respect, the FSC Mauritius provided extension to licensees to file their financial statements and thereby exempting them from administrative penalties charges.

With respect to MCs and global business entities (non-financial) for the years ending from 31 October 2019 to 29 February 2020, the deadline for filing was extended to 30 September 2020. Thereafter, further relief were provided.

Substance requirements monitoring

Pursuant to amendment made to the law, a GBC is required to carry out its core income generating activities in, or from, Mauritius by employing, either directly or indirectly, a reasonable number of suitably qualified persons to carry out the core activities and having a minimum level of expenditure which is proportionate to its level of activities in addition to existing enhanced substance requirements.

An MoU was also entered between the FSC Mauritius and the MRA which sets out the framework for effective exchange of information between the two authorities.

A JCC was also set up to further promote co-operation and coordination between the FSC Mauritius and the MRA with regard to tax transparency, good governance, monitoring grandfathered regime and economic substance.

In order to ensure compliance with the above, a survey was conducted during the year whereby GBCs were required to provide information as to how they were meeting the substance requirements.

The survey also covered the MCs so as to ensure that economic substance of MCs as service providers, where applicable, is not conducted multiple times when evidencing their own substance in Mauritius.

Some 1,300 global business entities licensed between 16 October 2017 and 31 December 2019 were surveyed.

Following the survey, a risk-based approach was adopted to select those GBCs for onsite inspections.

Complaints against Management Companies/Corporate Trustees

During the year under review, the FSC Mauritius received some complaints against MCs/CTs. Most of these complaints pertained to unsatisfactory services being provided and/or related to disputes of a commercial nature between the MCs and their clients.

Tax Residence Certificate

Any application for a TRC by a holder of a Global Business Licence with the MRA requires the clearance of the FSC Mauritius. The good standing of the company holding a Global Business Licence in terms of its annual licence fees, reporting obligations, and adherence to substance requirements, amongst others is taken into account prior to the FSC Mauritius providing its clearance to the MRA.

During the year under review, the FSC Mauritius provided a certificate of good standing to 8,131 TRC applicants.

In a view to ease the process, an electronic platform will be launched for online applications of TRC. This online facility will help the FSC Mauritius and the MRA to process TRC applications in a more efficient manner.

Enhancing the Global Business Framework

Management Companies: Cyber Security Risk Governance

In today's business environment, digitalisation is the key to success. However, without having in place the relevant policies and procedures with respect to managing the exposures relating to cyber security risk, cyber-attacks can pose a real risk to MCs and affect the reputation of Mauritius. During the year under review, a few MCs have been subject to cyber-attacks including the much mediatised "Mauritius Leaks". The FSC Mauritius issued a Circular Letter CL210819 on Cyber Security Risk Governance whereby MCs were reminded that they 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. In order to mitigate the cyber risk inherent in the global business sector, MCs were also requested to review their existing cyber risk management framework and reinforce their existing cyber security measures in view to shield their operations against any type of cyber-attacks.

As part of their business risk assessment, MCs must carry out an annual cyber security risk assessment which is reported to the board. In the same vein, MCs are required to put in place appropriate contingency arrangements that may be deployed in the event of a cyber-attack, including but not limited to, maintaining service levels for clients and informing relevant parties and authorities about the attack and its impact. For ensuring effectiveness of the overall cyber security systems (policies and procedures), it is critical to have a comprehensive technology risk and cyber security training programme.

Other Issues

Mauritius Leaks

Following the publication of various articles on Mauritius by the International Consortium of Investigative Journalists ('ICIJ') on its website – in the so-called "Mauritius Leaks", a joint Communiqué was issued on 25 July 2019 by the Ministry of Finance and Economic Development, the Ministry of Financial Services and Good Governance, the FSC Mauritius and the Economic Development Board ('EDB') of Mauritius to dissipate the negative media outcry and to put the facts in their right perspectives.

FINTECH

Supervisory approach

The supervisory framework of Fintech-related activities is risk-based, and responsive to both domestic and international challenges. The supervisory approach adopted by the FSC Mauritius seeks to monitor the progress and soundness of measures established by the board and the management of licensees. It promotes the smooth running of their business activities, in compliance with the relevant legislation and conditions of their authorisation.

Number of Licensees (as at 30 June)

The number of PIS (both domestic and GBC) licensed by the FSC Mauritius as at 30 June

Table 22: Number of Licensees

Activity	July 2019 to June 2020	July 2018 to June 2019
Payment Intermediary Services	22	20

Source: Financial Services Commission, Mauritius

Onsite Supervision

One of the core supervisory objectives of the Fintech cluster is to organise onsite inspections on a planned calendar/schedule basis, taking inter alia into consideration the administration of risk-based self-assessment or evaluation questionnaires. For the 2019/20 cycle, the Fintech cluster has significantly increased the level of scrutiny during the onsite inspection phases. The approach to the onsite inspections was holistic, that is, the inspection scopes were centered around prudential and market conduct procedures, as well as the AML/CFT aspects.

The Fintech cluster thereby considered various critical parameters such as risk assessment, independent audit, customer due diligence (including beneficial ownership), testing and reporting, suspicious transaction reporting process and internal disclosures mechanism, training of board of directors, employees and officers on AML/CFT matters, targeted financial sanctions, management and oversight, amongst others. These parameters were duly evidenced and tested on the premises of Fintech licensees, to ensure that they adequately adhere to the requirements of the FIAMLA, FIAML Regulations, the AML/CFT Handbook and other prevailing legislations.

The supervisory process also entailed, for the first time during the reporting period, appropriate calibration of the risk ratings assigned to licensees by the inspectors of the Fintech cluster. This is deemed as essential, especially to ensure for the fairness and consistency of the total risk scores (encompassing inherent vulnerability and mitigating control scores) across the sampled population of inspections throughout the year 2019/20.

In fact, during the year under review, the number of onsite inspections conducted were as follows:

Table 23: Number of onsite inspections

Activity	Number of Licensees	Number of onsite inspections
Payment Intermediary Services	22	10

Source: Financial Services Commission, Mauritius

Out of the ten onsite inspections carried out during the year 2019/20, three licensees were referred to the Enforcement Directorate for serious non-compliance issues noted during the onsite inspections.

Offsite Supervision

As part of its offsite supervisory reviews, the Fintech cluster also monitored the financial soundness of licensees mainly through analysis of their AFS and other regulatory submissions made, from time to time, to the FSC Mauritius.

The reviews revealed the following:

- Failure to comply with prescribed time limit in respect of certain statutory reporting obligations;
- Qualified audit opinion by external auditors in AFS; and
- Failure to conduct activities within the scope of licence and failure to meet the minimum stated unimpaired capital requirement for PIS licence holders, in line with the Circular Letter issued by the FSC Mauritius on 3 October 2018.



LEGAL AND REGULATORY DEVELOPMENT

LEGAL AND REGULATORY DEVELOPMENT

The Legal Cluster assists the FSC Mauritius on legal matters, drafts legislation and legal documents, and handles litigations. This includes:

- Providing legal assistance in several areas of activities of the FSC Mauritius;
- Participating in the development of financial regulations and the consolidation of the current regulatory regime in line with the FSC Mauritius' mission and corporate objectives;
- Drafting and vetting of organisational documents, laws, rules and regulations and other legal instruments including practice notes, circular letters, codes and guidelines; and
- Managing and representing the court cases of the FSC Mauritius as and when required before the Courts of Mauritius and the Financial Services Review Panel.

CHANGES TO LEGISLATIONS

SN	LAWS / CHANGES TO EXISTING LAWS	COMMENCEMENT DATE	PURPOSE OF THE LAW	AMENDED BY WHICH LAW
A. FINANCIAL SERVICES ACT 2007				
1	Section 2	25 Jul 2019	To include MLROs and Compliance Officers in the definition of "officer" for them to be subject to the approval process of the FSC.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
2	Section 6(g)	25 Jul 2019	To replace the word "fraud" by the word "crime" for clarity purposes in the Financial Services Act	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
3	Section 8 (6A)	23 Mar 2020	Following the effect of the COVID-19 pandemic and subsequent curfew orders, there was a need to provide for Board meetings to take place.	The COVID-19 (Miscellaneous Provisions) Act 2020, Act 1 of 2020
4	Section 19	25 Jul 2019	To extend the scope of the offence with respect to licensees who provide false and misleading information.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
5	Section 44	25 Jul 2019	To allow access to any program or data and take extracts of any file, document or record held electronically in any computer or other electronic device of the licensee for investigation purposes.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
6	Section 44 (5)	25 Jul 2019	To remove referral of an investigation report to the Board as board members also sit on the Enforcement Committee and if they are given the opportunity to comment on the report, it gives the rise to the perception of "bias".	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
7	Section 44 (7)	25 Jul 2019	To enlarge the appointment powers of the FSC in relation to investigators.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
8	Section 45(A)	25 Jul 2019	A new section 45(A) has been added with respect to whistle blowers.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
9	Section 46 (6A) and 89A	25 Jul 2019	To authorise the FSC Mauritius to give more flexibility to licensees in specific circumstances.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019

SN	LAWS / CHANGES TO EXISTING LAWS	COMMENCEMENT DATE	PURPOSE OF THE LAW	AMENDED BY WHICH LAW
A. FINANCIAL SERVICES ACT 2007				
10	Section 48(1)	25 Jul 2019	To enable the FSC to appoint an administrator where it considers that the conditions of a licence are no longer met.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
11	Section 49	25 Jul 2019	To remove the word “locus” from the title as the word was superfluous.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
12	Section 53 (2) and 53 (6A)	25 Jul 2019	To provide more precision and transparency on the process of the Enforcement Committee.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
13	Section 53(4)	25 Jul 2019	To clarify that the Financial Services Review Panel needs to receive the application for review from a licensee within 21 days of the issue of the written notification.	The Finance (Miscellaneous Provisions) Act 2018, Act 11 of 2018 The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
14	Section 53 (10)	25 Jul 2019	To clarify that penalties are paid to the General Fund.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
15	Section 66(7)	25 Jul 2019	To allow for any determination of the Financial Services Review Panel to be published except that any information which the Financial Services Review Panel considers to be sensitive shall be omitted.	The Finance (Miscellaneous Provisions) Act 2018, Act 11 of 2018 The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
16	Sections 68 and 82(6)	25 Jul 2019	To exclude unrealized administrative and financial penalties from being paid to the Financial Services Fund and the Financial Services Fund to transfer 100 million rupees to the Consolidated Funds.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
17	Section 82A	25 Jul 2019	To be consistent with the amendments made to Section 82(6).	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
18	PART XIB – Section 85 E	25 Jul 2019	To facilitate the conduct of business, a ‘single-window system’ was set up to allow for submission of documents for financial services and global business applications.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019

SN	LAWS / CHANGES TO EXISTING LAWS	COMMENCEMENT DATE	PURPOSE OF THE LAW	AMENDED BY WHICH LAW
A. FINANCIAL SERVICES ACT 2007				
19	Section 71	25 Jul 2019	<p>The FSC Mauritius will no longer issue GBL2.</p> <p>Renames the GBL1 as GBL.</p> <p>Removes all restrictions applicable to dealings in Mauritius.</p> <p>Provides that all resident corporations incorporated/registered under the laws of Mauritius whose majority shareholdings/ parts are held by non-citizen and which conduct business principally outside Mauritius will be required to seek a GBL or an authorisation from the FSC Mauritius, through a duly appointed MC.</p> <p>The latter will be responsible for ensuring compliance with AML/CFT, Legal, Regulatory and Corporate Governance compliance of these companies / partnerships.</p> <p>Provides for enhanced substance requirements for entities holding a GBL.</p>	<p>The Finance (Miscellaneous Provisions) Act 2018, Act 11 of 2018</p> <p>The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019</p>
20	Section 2	25 Jul 2019	To cater for the new Authorised Company regime.	<p>The Finance (Miscellaneous Provisions) Act 2018, Act 11 of 2018</p>
21	Section 71A	25 Jul 2019		<p>The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019</p>
22	Section 16(1)(b)	25 Jul 2019	To realign the FSA with the amendments brought in the FIAMLA in order to comply with the FATF Standards on Customer Due Diligence.	<p>The Anti-Money Laundering and Combatting The Financing of Terrorism and Proliferation (Miscellaneous Provisions) Act 2019, Act 9 of 2019</p>
23	Second Schedule	25 Jul 2019	To allow the FSC Mauritius to regulate Custodian services (digital assets) and Digital Asset Marketplace.	<p>The Finance(Miscellaneous Provisions) Act 2018, Act 11 of 2018</p>
B. SECURITIES ACT 2005				
24	Section 2	25 Jul 2019	To cater for the issuance of sustainable and green financial products.	<p>The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019</p>
25	Section 30	25 Jul 2019	Consequential amendment with respect to the amendment of the Second Schedule of the FSA for the creation of Robotic Advisory Services Licence.	<p>The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019</p>
26	Section 31	25 Jul 2019	To be consistent with introduction of the Umbrella Licence for wealth management activities.	<p>The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019</p>
27	Section 87 (6)	25 Jul 2019	To clarify that an acquisition is significant when the value of the asset is at least 10 percent of the net assets of the reporting issuer.	<p>The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019</p>

SN	LAWS / CHANGES TO EXISTING LAWS	COMMENCEMENT DATE	PURPOSE OF THE LAW	AMENDED BY WHICH LAW
B. SECURITIES ACT 2005				
28	Section 124	25 Jul 2019	To allow for an investigation to be conducted under section 44A of the Financial Services Act relating to special investigations.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019
29	Section 155(2)	25 Jul 2019	To provide for the authorisation of agents of investment dealers and authorisation/supervision of REITs.	The Finance (Miscellaneous Provisions) Act 2019, Act 13 of 2019

AMENDMENTS TO RULES

SN	LAWS / CHANGES TO EXISTING LAWS	COMMENCEMENT DATE	PURPOSE OF THE LAW
Financial Services (Consolidated Licensing and Fees) (Amendment No.2) Rules 2019			
1		1 Jul 2019	To establish that the aggregate annual fees applicable to a management licence for any particular financial year shall not exceed USD 25,000.
Financial Services (Consolidated Licensing and Fees) (Amendment No.3) Rules 2019			
2		16 Nov 2019	In connection with the licensing of new Securities Exchanges and Clearing & Settlement Facilities, amendment has been brought to the Financial Services (Consolidated Licensing and Fees) Rules 2008
Financial Services (Family Office) Rules 2020			
3		7 Mar 2020	To provide a framework to regulate Family Office.
Financial Services (Consolidated Licensing and Fees) (Amendment No.1) 2020			
4		7 Mar 2020	To cater for fees regarding Single Family Office and Multiple Family Office.
Financial Services (Consolidated Licensing and Fees) (Amendment No.2) 2020			
5		11 Jun 2020	To cater for fees regarding Securities Trading Systems.
Securities (Licensing) (Amendments) Rules 2019			
6	Rules 2, 4, 7, 18	16 Nov 2019	To cater for an appropriate regulatory framework for the entities and their market intermediaries in connection with the licensing of new Securities Exchanges and Clearing and Settlement Facilities.
Securities (Licensing) (Amendments) Rules 2020			
7	Rule 10A	11 Jun 2020	Rule 10A of the Securities (Licensing) Rules is amended so that the Securities (Licensing) Rules shall not apply to the holder of a Trading Securities Systems licence issued under section 11 of the Securities Act.
Securities (Brokerage Fees for Government of Mauritius Securities and Bank of Mauritius Securities) (Amendment) Rules 2019			
8		16 Nov 2019	In connection with the licensing of new Securities Exchanges and Clearing & Settlement Facilities, amendment has been brought to the Securities (Brokerage Fee for Government of Mauritius Securities and Bank of Mauritius Securities) Rules 2011.

SN	LAWS / CHANGES TO EXISTING LAWS	COMMENCEMENT DATE	PURPOSE OF THE LAW
Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings) (Amendment) Rules 2019			
9		16 Nov 2019	In connection with the licensing of new Securities Exchanges and Clearing & Settlement Facilities, amendment has been brought to the Securities (Brokerage Fees for Exchange Traded Funds on Foreign Underlyings) Rules 2013.
Securities (Brokerage Fees for Debentures) (Amendment) Rules 2019			
10		16 Nov 2019	In connection with the licensing of new Securities Exchanges and Clearing & Settlement Facilities, amendment has been brought to the Securities (Brokerage Fees for Debentures) Rules 2013.
Securities (Authorisation of Foreign Investment Dealers) (Amendment) Rules 2019			
11	Rule 10	16 Nov 2019	In connection with the licensing of new Securities Exchanges and Clearing & Settlement Facilities, amendment has been brought to the Securities (Authorisation of Foreign Investment Dealers) Rules 2010.
Securities (Solicitation) Rules 2020			
12		11 Jun 2020	To allow the Trading Securities System to directly solicit investors without the need of an Intermediary.
Private Pension Schemes (Body of Persons) Rules 2019			
13		16 Nov 2019	These Rules have been issued to allow a Protected Cell Company to operate as an external pension scheme.
Private Pension Schemes (Governance) (Amendment) Rules 2019			
14	Rule 2	16 Nov 2019	Following the issuance of the Private Pension Schemes (Body of Persons) Rules 2019 to allow a Protected Cell Company to operate as an external pension scheme, necessary amendments have been brought to the Private Pension Schemes (Governance) Rules 2012.

THE NATIONAL REGULATORY SANDBOX LICENCE COMMITTEE

The National Regulatory Sandbox Licence Committee ('NRSL Committee') was established in 2018 following the recommendations of the Regulatory Committee on Fintech and Innovation-Driven Financial Services with a view to enhance the operation of the Regulatory Sandbox Licence ('RSL') framework for Fintech activities.

Mandate

The NRSL Committee, under the administrative charge of the FSC Mauritius, operates as:

- an independent committee to consider and make recommendations on all RSL applications made to the EDB in relation to Fintech; and
- the focal point for assessing:
 - all Fintech-related RSL applications; and
 - all Fintech-related applications announced in the National Budget.

Depending on the nature of the proposed Fintech activity, the supervision of the holder of the Fintech-RSL was assigned to either the BoM or the FSC Mauritius.

Composition

On 22 November 2019, the NRSL Committee was reconstituted with Lord Anthony St John of Bletso as the Chairperson.

The other appointed members were as follows:

- A representative of the BoM;
- Mr. Harvesh Kumar Seegolam, Chief Executive, FSC Mauritius;
- Mr. Ken Poonoosamy, Acting Chief Executive Officer, EDB;
- Mr. Guillaume Ollivry, Director, Financial Intelligence Unit;
- Mr. Yvan Jean Louis, Principal State Counsel, Attorney General's Office;
- Mr. Dhanunjaye Gaoneadry, Permanent Secretary of the Ministry of Financial Services and Good Governance; and
- Mr. Mahess Rawoteea, Lead Analyst of the Ministry of Finance, Economic Planning and Development.

With effect from 3 August 2020, Mr. Mardayah Kona Yerukunondu, First Deputy Governor of the BoM, was appointed as member of the NRSL Committee and Mr. Dhanesswurnath Thakoor, Chief Executive of the FSC Mauritius was nominated as member of the NRSL Committee in replacement of Mr. Harvesh Kumar Seegolam.

INNOVATION, DEVELOPMENT AND INTERNATIONAL RELATIONS

The Innovation, Development and International Relations ('Innovation') cluster was set up in October 2018 to spearhead the FSC Mauritius' innovation and Fintech-related initiatives.

During the year under review, the Innovation cluster has been the focal point for the development of regulatory frameworks for Fintech Service Provider and Crowdfunding, two new licensable activities under the aegis of the FSC Mauritius. It also led to the issue of guidance documents, by the FSC Mauritius, on securities tokens and trading platforms.

Furthermore, the Innovation cluster fostered new avenues of cooperation for the FSC Mauritius, specifically in the field of Fintech and innovation-driven financial services, with local as well as international counterparts.

As one of its key functions, the Innovation cluster has been providing ongoing guidance to stakeholders regarding the applicability of the relevant laws under the administration of the FSC Mauritius with respect to Fintech and other innovation-driven financial services.

Finally, the Innovation cluster has been in charge of the secretariat to the NRSL Committee and the Working Group on Blueprint for the financial services sector.

PROJECT OFFICE

PROJECT OFFICE

Implementation of the Blueprint Report

As part of the National Budget 2017/2018, a Blueprint for the MIFC was commissioned by the Government of Mauritius. The 10-year Blueprint represents the Mauritian Government's Vision 2030 for a reformed financial services sector for the MIFC.

Objectives of the Blueprint

Its objectives are to double the size and the contribution of the financial sector to GDP to USD 1.9 billion in real terms, increase the IFC related employment by 1.5 times to nearly 17,000 jobs and increase tax revenue to approximately USD 300 million in real terms.

The Three Pillars

The Blueprint identified the following three founding pillars for the MIFC:

- (a) Cross-border investment;
- (b) Cross-border corporate banking and private banking; and
- (c) Wealth management.

The Six Imperatives under the Blueprint

For the MIFC to achieve sustainable growth and meet its targets, the Blueprint report provides for six imperatives:

- Future-proof Mauritius' regulatory and tax regimes;
- Create quick, simple, user-friendly processes to serve financial institutions, corporate and High Net Worth Individuals;
- Build the image of Mauritius as a world class specialist IFC underpinned by deep institutional, individual and government to government ('G2G') relationships;
- Attract, develop and retain world class global talent;
- Attract more high calibre corporates and financial institutions to create depth and more breadth in the MIFC; and
- Enhance liveability and transport options for expatriates and locals.

Creation of the Working Group 3

On 5 October 2018, the Cabinet was apprised of a decision of the Prime Minister's Office ('PMO') to constitute a Steering Committee under the chairmanship of the Secretary to Cabinet and Head of the Civil Service to oversee the implementation of the budget measures. The Working Group 3 ('WG3') was constituted to ensure the timely and effective implementation of the recommendations of the Blueprint for the financial services sector. Dr. Renganaden Padayachy was appointed as the Chairperson of the WG3.

The WG3 considered the action points of the Blueprint and initially focused on the recommendations that could be implemented rapidly over the short term. The Chairperson of the WG3 submitted its first report to the Steering Committee of the PMO on 15 May 2019 and subsequently, the report was tabled by the Honourable Prime Minister in Cabinet on 17 May 2019.

The Project Office

The Project Office was set up to ensure an overall successful delivery on the implementation of the Blueprint action points. The Project Office reports to the WG3 and unites a set of governmental agencies, industry associations, the private sector and regulatory bodies to collectively contribute towards the goals of the Blueprint.

The implementation of a considerable number of action points, as recommended in the Blueprint, have already been initiated at the level of the FSC Mauritius, the BoM, the EDB and the relevant Ministries.

The work of the Project Office on several projects related to the Blueprint continues in the implementation of this ten-year plan to innovate and transform the financial sector of Mauritius.



REGIONAL CENTRE OF EXCELLENCE

REGIONAL CENTRE OF EXCELLENCE

An MoU was signed on 4 September 2018 in Paris, between the Government of Mauritius and the OECD. The MoU formally establishes the co-operation and collaboration between the OECD and Mauritius to strengthen and support effective regulation, sound corporate governance and good conduct in Mauritius and in the Southern and Eastern African regions which is in line with the Government's Budget Speech 2018/19.

The RCE has been set up in that context and aims at:

- delivering capacity building programmes aimed at primarily financial services regulators and law enforcement agencies from the Southern and Eastern African regions;
- conducting research on topical areas and themes relevant to financial services for the regional market; and
- advising on minimum standards that need to be introduced at regional level.

ENFORCEMENT

ENFORCEMENT DIRECTORATE

Our approach to Enforcement

The FSC Mauritius' enforcement approach has evolved over the last few years. Enforcement strategy has traditionally been responsive, that is, non-compliance and misconduct have historically been investigated after issues have crystallised. The FSC Mauritius is now taking a more proactive approach to identifying misconduct before it becomes more serious by enhancing its prevention and detection measures, and by working in close collaboration with Supervision Directorate. The Enforcement Directorate aims to be proactive in identifying potential risks or indicators of misconduct at an early stage and taking remedial or enforcement action, where necessary.

The FSC Mauritius' approach to enforcement is based on the following key elements:

- Internal processes which are designed to detect breaches in an efficient manner;
- Responses in a timely manner to address such instances;
- Ensuring that investigations are fair and transparent;
- Imposition of sanctions to prevent recurrence of misconduct and act as a deterrent; and
- Ensuring that enforcement actions together with the basis for conclusion are properly communicated to ensure transparency and fairness.

The FSC Mauritius is also working towards including an additional element which is to acknowledge good corporate conduct by imposing lower penalties for firms which self-report any wrongdoing through the introduction of a settlement framework.

The Enforcement Directorate

The Enforcement Directorate is responsible for carrying out investigations of persons licensed, approved and supervised by the FSC Mauritius and enforcing the regulatory requirements. It is also responsible for investigating unauthorised activities which ought to be licensed by the FSC Mauritius, as well as suspicious or dubious schemes and taking appropriate action when necessary.

On the staffing side, there were a number of changes within the Enforcement Directorate in 2019. The Enforcement Directorate was pleased to welcome capable personnel who have brought with them a considerable level of experience and expertise. The Directorate is in the process of further expansion so that it can function at its optimum.

Key Enforcement Projects

The Enforcement Directorate has, during the year under review, embarked on and delivered a number of key projects:

- The Administrative Penalties Regulatory Framework was approved by the Board of the FSC Mauritius on 24 July 2019 and issued on 19 August 2019. This Framework sets out the general principles and approach adopted by the FSC Mauritius regarding the imposition of Administrative Penalties on licensees. The Framework is designed to ensure transparency, proportionality and consistency of the FSC Mauritius' penalty-setting process. The Framework also establishes the policy and methodology for the use of Administrative Penalties by the FSC Mauritius, including the exercise of its discretion, in determining the applicable quantum in an objective, proportionate and transparent manner.
- The Enforcement Manual was approved by the Board of the FSC Mauritius on 2 June 2020 and was issued on 12 June 2020. The Enforcement Manual sets out the overall approach of the FSC Mauritius to enforcement and generally, the use made of its enforcement powers. It is a comprehensive document which delivers on the FSC Mauritius' commitment to facilitate a better understanding and give broader perspective about its efforts to meet its statutory objectives, vision and mission. The Enforcement Manual facilitates the FSC Mauritius in the discharge of its functions by promoting a better understanding of its credible deterrence approach.

Providing assistance to and collaborating with other departments within the FSC Mauritius

Compliance with requirements is enforced at each and every stage of the life cycle of an entity. In this regard enforcement involves :

- Preventatives measures;
- Remedial action; and
- Sanction

As such, the essence of enforcement starts at licensing stage, it is embedded, managed and facilitated by every facet of supervision but crystallises through disciplinary enforcement actions and sanctions proposed by the Enforcement Directorate, and/or criminal actions by law enforcement agencies where necessary. The Enforcement Directorate works in close collaboration with the licensing and supervision teams for the assessment of fitness and propriety on good standing of officers or entities both at application and supervision stage. In doing so, it ensures that there is a meaningful continuum of enforcement.

Intelligence

During the period under review, the Enforcement Directorate has been entrusted with responsibility for being the contact point with domestic enforcement agencies, namely the Financial Intelligence Unit, the Independent Commission Against Corruption and the Mauritius Police Force. This ensures greater efficiency in the gathering, processing and analysis of information. The Enforcement Directorate as the central repository for intelligence received, is in a strong position to ensure that such information is acted upon in a timely manner and to ensure that the confidentiality of the information imparted is maintained.

During the period under review, 41 RFIs were received and six RFIs were made, as follows:

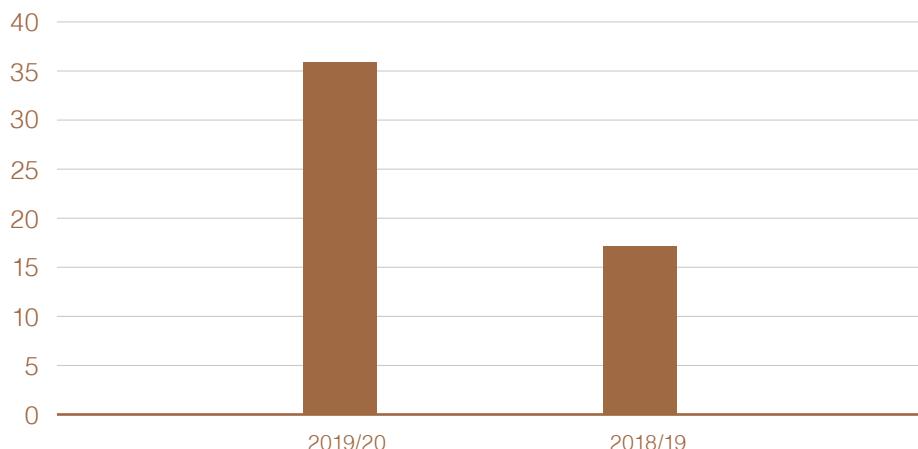
Table 24: Number of RFIs

Public Sector / Law Enforcement agency	Requests received	Requests made
FIU	17	4
ICAC	17	1
Mauritius Police Force	7	1

Referral of cases to the Enforcement Directorate

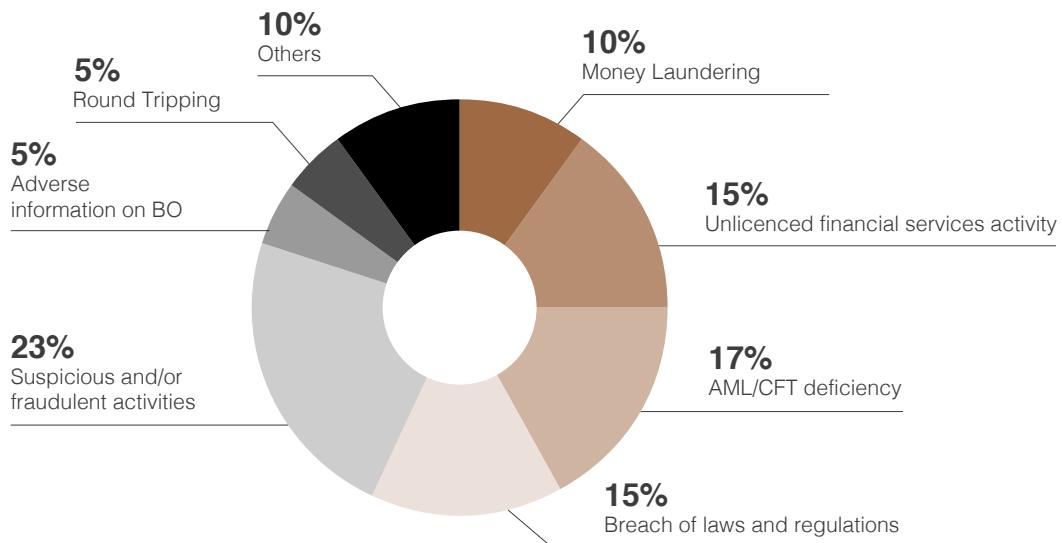
During the year under review, 35 cases were referred to the Enforcement Directorate from the Supervision Directorate. The following chart illustrates the comparison with the previous year:

Chart Number of cases referred to the Enforcement Directorate



The main issues referred to the Enforcement Directorate comprised cases of suspicions of money laundering, breaches of law and regulations, unlicensed financial services activities, boiler rooms, dealings with sanctioned parties, cyber hacking, deficiencies relative to AML/CFT and suspicious and/or fraudulent activities amongst others, as follows:

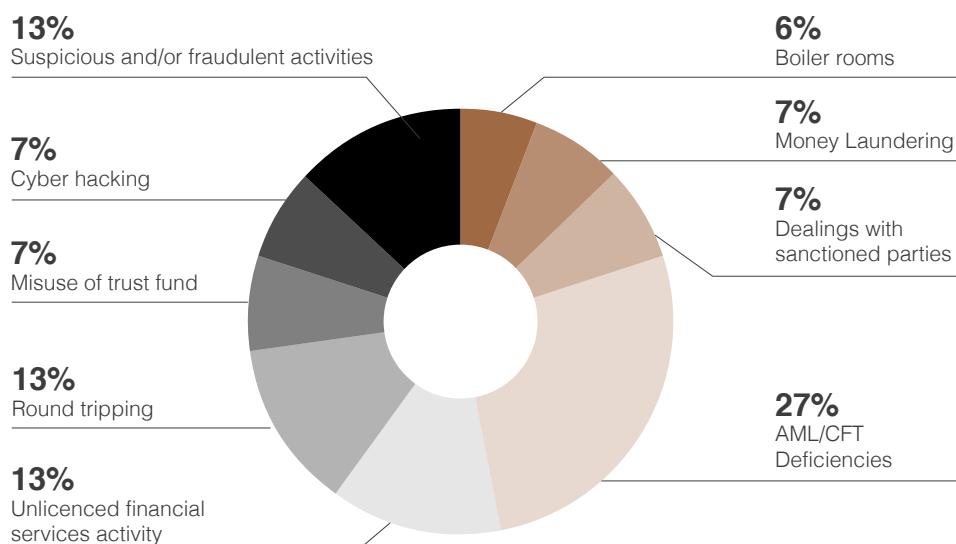
Chart Breakdown of cases referred to the Enforcement Directorate



Investigations

The Enforcement Directorate undertook nine investigations/inquiries during the year under review. The investigations/inquiries conducted were triggered by a range of suspected misconduct by firms and individuals, including AML control failures, unlicensed financial service activities and fraudulent conduct. The main issues investigated included cases of suspicions of money laundering, boiler rooms, dealings with sanctioned parties, cyber hacking, misuse of trust funds, deficiencies relative to AML/CFT, and suspicious and/or fraudulent activities.

Chart Breakdown of issues investigated



The failure of firms to adequately implement AML/CFT systems and controls continue to pose fundamental risks to Mauritius. Consequently, the investigation and enforcement of AML requirements continued to be a key focus of the Enforcement Directorate.

Collaboration with local law enforcement agencies and overseas counterparts

To deliver on its enforcement mandate, the FSC Mauritius leverages on all intelligence and data collected from multiple sources and taps on the close collaboration with local and international law enforcement agencies and coordination between the different supervisory teams of the FSC Mauritius. The Enforcement Directorate has assisted with over 40 requests for information from both local and overseas regulators.

Moreover, the enforcement team has provided significant support to overseas regulators and local law enforcement agencies with their own investigations and enforcement activities and therefore plays an important role in handling financial services misconduct. During the year under review, the Enforcement Directorate has referred four cases relating to money laundering and misappropriation of funds to law enforcement agencies in Mauritius.

Chart Collaboration with local law enforcement agencies and overseas counterparts statistics

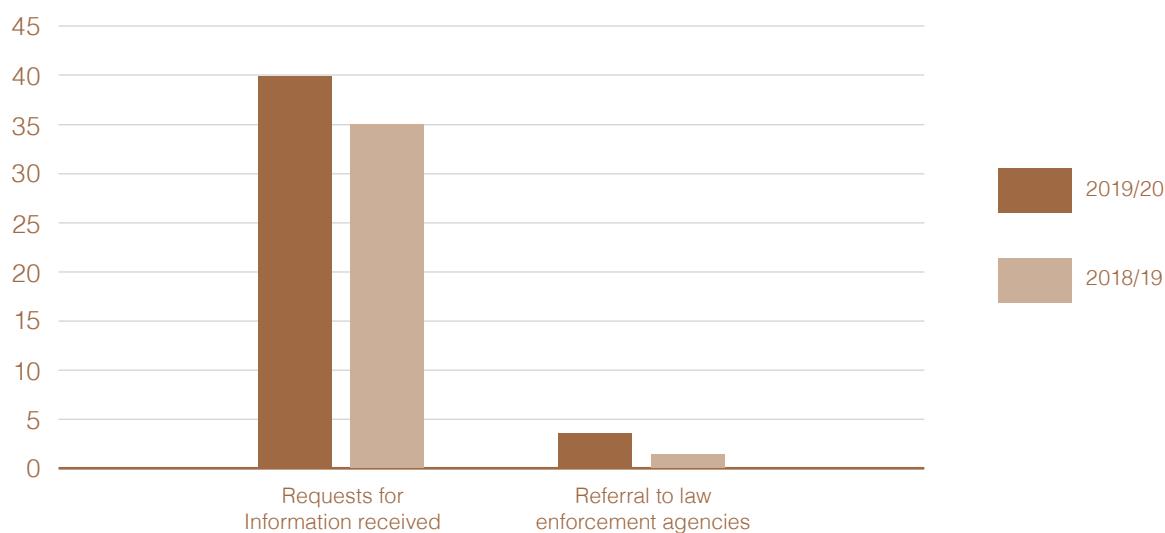


Table 25: Number of Enforcement actions

Type of Enforcement Action	July 2019 to June 2020	July 2018 to June 2019
Suspension of Licence	-	-
Revocation of Licence	1	4
Investor Alerts - Unauthorised	8	13
Directions Issued	3	2

In addition to the matters set out above, the Enforcement Directorate issued six show cause letters notifying that referrals to the EC are being contemplated. One of the show cause letters followed an investigation.

Alerts

The Enforcement Directorate informs the public about scams through alerts, which it considers to be the best way to protect consumers. As indicated above, eight alerts on scam activities regarding unauthorised business were issued during the year in order to alert the public and protect consumers. The recurrent type of scam that came to the attention of the Enforcement Directorate was in relation to unlawful transactions, dealings in forex, CFDs and crypto currencies.

COVID-19 Response

The Enforcement Directorate applied interim enforcement priorities to guide its response to COVID-19 pandemic-related misconducts. These priorities were targeted to frauds arising from behaviour seeking to exploit the COVID-19 pandemic environment mis-selling of unsuitable insurance or investment products, scams, unlicensed conduct and opportunistic and false market announcements. In this regard, the Enforcement Directorate issued a general alert to the public, cautioning against investment scams and other market malpractices as well as notices and warnings to alert the public of the risks involved in transacting with certain entities.

Although a number of investigations were delayed during the period March 2020 to June 2020 as a result of the COVID-19 pandemic, the Enforcement Directorate used its increased resources to shape its enforcement capability and deal swiftly with matters falling within its urgency.

Referral of matters to the Enforcement Committee

The EC is mandated to exercise the disciplinary powers of the FSC Mauritius under section 7(1) (c) of the FSA in the determination of cases referred to it by the Chief Executive. In this respect, the EC may impose the following administrative sanctions:

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

During the year under review, four cases were referred to the EC.



ANTI-MONEY LAUNDERING & COMBATTING THE FINANCING OF TERRORISM

ANTI-MONEY LAUNDERING / COMBATTING THE FINANCING OF TERRORISM

An Evolving AML/CFT Landscape

With the AML/CFT landscape in Mauritius undergoing significant changes following the inclusion of Mauritius by the FATF on the list of “Jurisdictions under Increased Monitoring” in February 2020, several high level initiatives have been undertaken and implemented by the authorities at national level, including the FSC Mauritius. Hence, the Government of Mauritius is sparing no efforts to resolve all the current challenges that Mauritius is facing, including the EU listing of Mauritius. Most importantly, the FSC Mauritius is committed to protecting its financial services sector from abuse by illicit actors engaging in proliferation financing and other proliferation efforts in order to preserve the integrity of Mauritius as a sound IFC. The following sections detailed out the list of key activities undertaken by the AML/CFT cluster for the period under review.

FATF List of Jurisdictions under Increased Monitoring

The FATF placed Mauritius on its list of jurisdictions of increased monitoring on 21 February 2020, which resulted the jurisdiction being now subject to increased monitoring and committed to resolve swiftly the identified strategic deficiencies within the agreed timeframes. Mauritius is currently implementing its action plan which aimed to address the strategic deficiencies, namely:

- demonstrating that the supervisors of its global business sector and Designated Non-Financial Businesses and Professions implement risk-based supervision;
- ensuring the access to accurate basic and beneficial ownership information by competent authorities in a timely manner;
- demonstrating that law enforcement agencies have the capacity to conduct money laundering investigations, including parallel financial investigations and complex cases;
- implementing a risk-based approach for supervision of its Non-Profit Organisations (NPO) sector to prevent abuse for TF purposes; and
- demonstrating the adequate implementation of Targeted Financial Sanctions through outreach and supervision.

The EU included Mauritius on the list of high risk third countries on 7 May 2020. With significant work currently being undertaken at national level, the Government of Mauritius has reiterated its commitment to implement the action plan of the FATF at the earliest so as to exit the FATF and EU lists. The Government of Mauritius endeavours that Mauritius remains a well regulated and trusted jurisdiction. At the level of the FSC Mauritius, the AML/CFT directorate is responsible for all AML/CFT matters and oversees the implementation of the AML/CFT action plan and coordinate with the relevant directorates, as well as, with licensees under its purview.

Strengthening the FSC Mauritius AML/CFT Risk-Based Supervision (‘RBS’)

1. RBS Framework

Following the ESAAMLG Mutual Evaluation Report in 2018 and the NRA completed in 2019, the FSC Mauritius embarked on the process of strengthening its AML/CFT framework in line with international best practices, with the assistance of international consultants. As such, the FSC Mauritius implemented its AML/CFT risk-based supervision framework for financial institutions, which was approved on 21 October 2019. Since then, the RBS framework was further updated to include a much broader supervision plan. The new framework represents a shift in the FSC Mauritius’ AML/CFT supervision programme. Moving from a compliance-based (rules-based) model to a more rigorous and extensive risk-based supervision model entails devising a new AML/CFT risk model for the FSC Mauritius, separate from the aggregated prudential risk model. The AML/CFT risk-based supervision programme allows for a dedicated AML/CFT supervisory attention to be directed to the riskiest sectors (very high and high risk sectors) and entities under the FSC Mauritius’ supervisory purview (namely through the AML/CFT Offsite Monitoring Questionnaire). The revised framework finalised all the entity risk rating and determined the onsite and offsite supervisory plan for 2020/21 with a greater focus on high and medium risk sectors.

2. The AML/CFT Handbook

The FSC Mauritius subsequently released its AML/CFT Handbook on 13 January 2020, which, aims to assist financial institutions in applying national measures to combat money laundering and terrorist financing, as well as, complying with the requirements of the FIAMLA and the FIAML Regulations. It also aims at enhancing understanding of the FSC Mauritius' expectations and helping financial institutions/licensees to assess the adequacy of their internal systems and controls, and remedy deficiencies with the objective of combatting money laundering and the financing of terrorism.

3. Inspection Manual

To ensure the objectivity of inspectors and provide for a harmonised approach across clusters, the FSC Mauritius devised an AML/CFT Onsite Inspection Manual in August 2019, as a key element of its RBS framework. The manual has been integrated into the FSC Mauritius' IT inspection platform.

National Strategy 2019-2022

Mauritius has adopted its National Strategy for Combatting Money Laundering and the Financing of Terrorism (ML/TF) and Proliferation 2019-2022, which sets out the approach in order to tackle ML/TF and proliferation financing threats. The strategy highlights the key priorities and objectives in addressing financial crime, and ensuring that Mauritius meets the international obligations set by the FATF and ESAAMLG.

National Risk Assessment

Recommendation 1 of the FATF requires countries to conduct a risk assessment which aims at identifying, assessing and understanding the money laundering and terrorist financing risks faced by countries. Mauritius underwent its NRA exercise, a government-led initiative conducted with the technical assistance of the World Bank.

The FIAMLA provides for the legal framework to support the conduct of the NRA. The NRA exercise enabled the assessment of risks, application of resources and adoption of measures for the mitigation of the risks identified. It further helped Mauritian authorities to assess the effectiveness of the current requirements and the application of risk-based approach. The NRA working group included both public sector agencies and representatives of the private sector.

The FSC Mauritius leads on the following sectors: securities, insurance and pensions, other financial institutions and MCs. The NRA public report was released in August 2019.

The key finding of the NRA is that the overall money laundering risk for Mauritius is medium-high. This is a product of the national ML threat which is medium-high and the national money laundering vulnerability which has a rating of medium-high. The overall terrorist financing risk for Mauritius is medium. This is a product of the national threat which is medium-low and the national terrorist financing vulnerability which has a rating of medium-high.

The following sectors under the purview of the FSC Mauritius were risk-rated as follows:

Money Laundering Sector Rating	Vulnerability Rating	Threat Rating	Money Laundering Risk Rating
MCs	Medium-High	High	High
Securities	Medium-High	Medium-High	Medium High
Insurance	Medium	Medium-Low	Medium
Other Financial Institutions	Medium-High	Medium-Low	Medium

Source: NRA report

ESAAMLG Mutual Evaluation Report and Follow-Up Report

The Second Enhanced Follow-Up Report and Technical Compliance Re-Rating

The Second Enhanced Follow-Up Report and Technical Compliance Re-Rating report of Mauritius was published on 21 October 2019 by the ESAAMLG following the review by the FATF global community for quality and consistency.

The report was adopted by ESAAMLG Task Force of senior officials and approved by the council of ministers at the September 2019 meeting in Eswatini. This report sets out Mauritius' progress in strengthening AML/CFT measures since the 2018 assessment.

Since its mutual evaluation, Mauritius has made considerable progress in addressing deficiencies and the ESAAMLG has upgraded the country on 19 out of the 40 FATF recommendations, in addition to the 11 upgrades previously obtained in May 2019. Mauritius is currently either largely compliant or compliant to 35 out of the 40 FATF recommendations.

This re-rating follows the timely adoption of the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019 ('UNSA') and the Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation (Miscellaneous Provisions) Act 2019 by the FSC Mauritius in May 2019.

Outreach and Capacity Building

For the year under review, the FSC Mauritius conducted several capacity building/outreach sessions to both its staff and licensees. The topics covered during the training are amongst others:

- FAFT Standards and AML/CFT Onsite Inspections;
- Risk-based supervision framework;
- AML/CFT Compliance and Risk-Based Approach; and
- NRA Findings Dissemination Workshop.

In addition, staff of the FSC Mauritius attended outreach sessions carried out by different regulators both locally and virtually such as:

- Risk-Based Approach to AML/CFT Supervision by IMF AFRITAC SOUTH;
- Training on the use of goAML Web and Reporting Obligations for all MLROs and Deputy MLROs by the FIU;
- E-learning course on Money Laundering (Online) by UNODC;
- Second Virtual conference on the availability of beneficial ownership information in Africa by OECD and African Tax Administration Forum; and
- Webinar on 'Managing Counter Proliferation Sanctions Risks' by CRDF Global.

National Sanctions Committee

At national level, the FSC Mauritius forms part of the National Sanctions Committee ('NSC') which is governed by the UNSA. The functions and power of the NSC are to:

- direct the Secretary for Home Affairs to declare, for the purposes of United Nations Security Council Resolution ('UNSCR') 1373 or any other international obligations, a party as a designated party;
- be responsible for identifying a party that meets the listing criteria for designation as a listed party on a United Nations sanctions list;
- make proposals for the listing of a party as a listed party to the relevant United Nations Sanctions Committee;
- recommend the Secretary for Home Affairs to request another country to designate a party for the purposes of UNSCR 1373;

- coordinate and promote effective implementation of the obligations under the UNSCRs in Mauritius;
- coordinate international cooperation in the cross-border implementation of the UNSCRs between Mauritius and other countries and foreign counterpart agencies;
- coordinate the development of, review and implement, national policies and activities for the effective implementation of the UNSCRs;
- approve such guidelines developed by the National Sanctions Secretariat; and
- make recommendations to the Minister for legislative, regulatory and policy reforms for the purposes of this Act.

The National Sanctions Secretariat assists the NSC in its undertaking in accordance to section 7 of the UNSA.

The FSC Mauritius AML/CFT Board sub-committee

In view to ensure that AML/CFT work progress is being effected accordingly, the FSC Mauritius Board set up a sub-committee in May 2020 to monitor the FATF Action Plan for the FSC Mauritius. The sub-committee will report to the Board and it comprises the following:

- Ms Y. Lalji-Venketasawmy, Chairperson and board member;
- Ms G. Yerriah, board member;
- Mr. M. Rawoteea, board member;
- Ms F. Harte, FSC Mauritius representative and Director of Enforcement; and
- Mr. R. Sokappadu, Secretary of the board:

The FSC Mauritius and the BoM JCC working group on AML/CFT

In view to ensure that both the FSC Mauritius and the BoM meet regularly to discuss AML/CFT matters, an AML/CFT working group has been set up under the JCC with the mandate to ensure close cooperation between both institutions and coordinate for joint-onsite inspections.

Various AML/CFT Committees at National Level

Given the inclusion of Mauritius by the FATF on its grey list, the FSC Mauritius is represented at various AML/CFT committees dealing with AML/CFT matters such as the National Core Group, Immediate Outcomes Committees, the AML/CFT Practice Taskforce, and the AML/CFT Statistics Committee.



FINANCIAL LITERACY AND CONSUMER PROTECTION

FINANCIAL LITERACY AND CONSUMER PROTECTION

Background

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.

In addition, section 68 of the FSA provides for the setting up of the Financial Services Fund ('FSF'). The law also provides, *inter alia*, for the funds of the FSF to be used to promote the education of consumers of financial services.

The FSC Mauritius aims at developing 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, adopt the habit of saving and investing for their prosperity and economic wellbeing and choose the appropriate financial products to suit their priorities and goals.

The 'Reflexes' Campaign

Reflexes is an information and education campaign on financial services that has been launched in October 2018 by the Ministry of Financial Services and Good Governance, the Financial Services Commission and the Financial Services Fund. The campaign is an important component of the 'Creating a Nation of Investors' initiative of the Ministry of Financial Services and Good Governance.

The campaign aims at sensitising various target audiences including consumers, entrepreneurs, investors, employees, students and retired people on the need to adopt the right reflexes while taking financial decisions.

Information Kiosk

As part of the Reflexes campaign, an information kiosk was operational at the Atal Bihari Vajpayee Tower (Ex Cyber Tower) in Ebene from December 2018 to January 2020. The objective of the kiosk was to inform the public on financial products and services available on the market and to make available official lists of registered entities/service providers operating in the financial services sector.

Other options have been recommended, namely setting up of information counters on a monthly basis in post offices around the island, an initiative which started in March 2020.

Media Campaign

The 'Reflexes' Radio Campaign ran from 14 November 2018 to 10 December 2018 with short messages in Creole. A total of 5 TV clips have been broadcast on the Mauritius Broadcasting Corporation (MBC). A family of six 3D characters has been developed for the purpose of these TV clips.

A vox-pop campaign has been broadcast on TV. TV programmes on the Reflexes campaign were also broadcast on National television on 9th April 2019 (Focus roundtable in creole language) and 24 June 2019 (Charcha programme in hindi language).

Print Media

The 'Reflexes' Newspaper Campaign aims at marketing the various initiatives in line with the Reflexes campaign, including the Information Kiosk and the Creative Art Competition in newspapers of wide circulation.

Back of Bus advertising and billboards

Adverts were displayed at the back of buses and billboards in strategic locations on the Motorway (Soreze and Terre Rouge) since 01 February 2019 on the 'Reflexes' campaign and Information Kiosk.

Electronic Media

There is a dedicated page on social media (facebook) for the Reflexes campaign. A number of info-graphics have also been produced to create awareness amongst the public.

Creative Art Competition

A creative art competition was launched in December 2018. The objective of the competition was to encourage participants to come up with cartoon strips and video clips on the theme 'Adopting the right financial reflexes'.

There were two categories for the competition:

- Category A: Cartoon strips (Participants of age 12 and above). 38 entries were received; and
- Category B: Video clips of not more than 90 seconds (Participants of age 18 and above). 37 entries were received.

The award ceremony was held on 21 June 2019. Cash prizes were awarded to the winners and assessment was done over a two Month period by jury members with specialized knowledge. The next edition of this competition was to be organised as from February 2020, but was not held because of Covid 19.

The Young Talent Competition for secondary schools

The Promoting Financial Literacy & Young Talent Competition (YTC) was launched in 2011.

The Sixth Edition of the competition was held in 2019. The YTC consists of a quiz Competition for Grades 10 and 11 students and an essay competition for grades 12 and 13. The quiz finals are broadcasted on National Television since 2014.

The objectives of YTC are as follows:

- promote financial literacy and a better understanding of the financial services sector among students in Mauritius;
- practise financial planning, inculcate the habit of investing and saving for the future. Facilitate the selection of suitable investment projects to match one's objectives and priorities;
- to choose a field of professional education and explore future employment opportunities. Understand risk-return matrix to take informed investment decisions

The Theme of the 2019 edition was 'Mauritius, A Nation of Investors' and the Title of Essay was 'Promoting A Nation of Investors'.

Details of the competition are as follows:

Category 1: Quiz Competition

93 teams consisting of three students per team participated in the quiz competition, that is, 279 students of Grades 10 & 11 students. Questions were based on the financial sector and theme of the competition. The preliminary round, which consisted of a written test was carried out to select teams for the elimination rounds.

Category 2: Essay Competition

101 teams with two students per team participated in the essay competition which was reserved for students of Grades 12 and 13. The teams had to submit an essay of 2,500 – 3,000 words and an executive summary of 300 words. Selected finalists were asked to present their essays to a jury panel.

A total of 481 students participated from some 60 schools for the two categories. The award ceremony was held on 19 July 2019.

Consumer outreach sessions

The ‘Reflexes’ Outreach Campaign was launched in March 2019. Before that, outreach sessions have been held around Mauritius since 2012, as part of the FSC’s financial literacy mandate. The target audience is the general public, including senior citizens, women associations, entrepreneurs, officers, students amongst others. The Outreach Campaign is carried out at identified venues (offices, Social Welfare Centres, Recreational Centres) with earmarked audiences. Table below indicates the outreach carried out during the period under review.

Table 26: Outreach sessions carried out

Location	Date	Audience
Ministry of Financial Services and Good Governance, Ebene	13 March 2019	Staff of the Ministry of Financial Services and Good Governance
National Productivity and Competitiveness Council ('NPCC'), Ebene	29 March 2019	Staff of the National Productivity and Competitiveness Council
Competition Commission of Mauritius, Port-Louis	09 April 2019	Staff of the Competition Commission of Mauritius
GyanAsha venue Sebastopol	18 April 2019	Women entrepreneurs and associations
Financial Reporting Council (FRC), Port-Louis	22 April 2019	Staff of the Financial Reporting Council (FRC)
Ministry of Housing and Lands, Ebene	29 May 2019	Staff of the Ministry of Housing and Lands
Domaine Izi, Bambous	12 June 2019	General Public – Western Region
FSC Office, Rodrigues Island	19 August 2019	Stakeholders of Rodrigues island
Football Ground, Bel Air	20 & 21 September 2019	General Public of Eastern Region - Open Day on Financial Literacy
Youth Centre Montagne Blanche (NPCC National Leadership Engine)	27 September 2019	Youth

‘Ensam Avec Citizen Support Unit (CSU)’

Since the beginning of 2020, a dedicated team is present on a weekly basis in Citizen Advice Bureau (CAB) offices around the island, as part of the Ensam Avec CSU initiative. The objective is to reach out to the population in different areas through dedicated information stands to impart financial literacy.



FINANCIAL STABILITY & STATISTICS

FINANCIAL STABILITY

As per the section 5 (e) of the FSA, one of the objects of the FSC Mauritius is to ensure the soundness and stability of the financial system in Mauritius with the collaboration of the BoM. Risk Management and Financial Stability has been included as one of the main pillars in the Strategic Plan 2017 – 2020 of the FSC Mauritius.

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

The financial system plays a critical role in the economy by facilitating the intermediation process of flow of funds between savers and borrowers thus ensuring that financial resources are allocated efficiently and financial stability is maintained. In that respect, the BoM and the FSC Mauritius collaborate and co-operate together through the JCC to oversee the safety and soundness of the whole Financial System. The FSC Mauritius provided its contribution to the Financial Stability Report ('FSR') for 2020, covering the period January 2020 up to June 2020 with a focus on the impact of COVID-19. The report detailed out an assessment of potential risks to the stability of financial system and the measures taken by the regulatory bodies to mitigate these risks and also enhance awareness of the soundness of the Mauritian financial system. The salient points of the FSR for the non-bank financial sector and global business are hereunder summarised.

The sluggish performance of certain economic sectors created by the COVID-19 situation is expected to affect life insurance business in many ways notably through lower demand of insurance products, higher termination of certain life insurance policies and heightened market and credit risk exposures from investment portfolios. All these factors are likely to deteriorate the balance sheet of life insurers in the longer run. As at end of June 2020, the long-term insurance industry comprised seven life insurers operating under the domestic regime. Value of assets of life insurers witnessed a contraction of 7 percent as at 31 March 2020 compared to end of December 2019; followed by a growth of 5 percent in the next quarter ending 30 June 2020 to reach MUR 79.7 billion. This pattern characterises the outbreak and the successful handling of the COVID-19 propagation in the first and second quarters of 2020 respectively in the country.

Life insurers are required to keep a risk-based minimum capital, also referred to as solvency margin. Owing to the impact of the COVID-19 and the extent of interconnectedness of their assets and liabilities with more affected institutional sectors, life insurers have been facing enhanced market, business and credit risks which could potentially erode their solvency margin. As a prudential regulator, the FSC Mauritius undertook a stress test exercise at the onset of COVID-19 outbreak in the country with a view to identify life insurance companies which were likely to face risk of insolvency. Largest companies were found to be capable to absorb a foreseeable loss related to the COVID-19 situation without going into the insolvency zone. However, two insurers of small to medium size fell in the highest risk bucket and were subsequently subject to increased monitoring. The insolvency risks of these companies instantiated and a series of actions have been undertaken to address the issue. The measures comprise capital injection, review of pricing of their products and curtailing non- essential expenditures to restore solvency position.

The general insurance industry consisted of 15 insurers as at end June 2020. The total assets of general insurers did not incur significant adverse impact from the pandemic in the first two quarters of 2020 with a drop of 1.7 percent recorded at the end of March 2020 mostly recovered during the following quarter. Being less exposed to equity and debt investment assets, general insurers were less affected by the heightened stock market volatility at the peak of COVID-19 crisis in the country compared to life insurers. In terms of policies in force, a decrease of 6.8 percent and 5.7 percent is noted for the six months ending 30 June 2020 respectively for motor and non-motor insurance contracts. In the third quarter of 2020, both categories of policies witnessed growth likely fuelled by the pickup of economic activities in the country. Overall, the general insurance sector remains relatively resilient to the impact of the COVID-19. However, since the renewal of policies generally occurs after a period of one year, it may still be too early to measure the real impact of the pandemic.

The MIFC is used primarily as a springboard for investment towards the Asian and African regions. This is clearly displayed in the breakdown of the monetary and financial assets of GBCs by institutional sectors as at 30 June 2020. Owing to its business nature, the largest exposure of GBCs is with non-residents representing 77 percent of the total monetary and financial assets; followed by cross-holding assets between GBCs due to the presence of group structures operating in the sector. The largest exposure with residents other than GBCs is in the form of deposits placed in local banks. As at 30 June 2020, these GB deposits in foreign currency stood at USD 9 billion representing around 66 percent of the GDP. With the changes made to the India-Mauritius Double Taxation Avoidance Agreement and the recent developments regarding the blacklisting of Mauritius by the European Commission, existing GBCs may consider relocating their operations permanently to other jurisdictions. The exodus would be accompanied by potential withdrawal of deposits from the local banking system which, if substantial, could expose local banks to high liquidity risk.

With a view to have a better monitoring of this exposure, a risk map was developed by the FSC Mauritius to evaluate the likelihood of GBCs leaving the jurisdiction and another rating to measure its impact on the banking sector. The model has been amended to incorporate a component to measure the heightened risk of exits of EU-funded GBCs from the jurisdiction. Based on data as at 30 June 2020, it is noted that between 5 percent – 20 percent of the GBC deposits have been classified under the higher risk and impact categories. A risk map was computed also at the level of each local bank to gauge their respective exposures to a sudden withdrawal of deposits.

STATISTICS

FSC Mauritius Annual Statistical Bulletin 2019

Pursuant to the section 6 (j) of the FSA, the FSC Mauritius' Annual Statistical Bulletin is published, which states that 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 primary aim of the Statistical Bulletin is to provide up-to-date figures on the licensees falling under the purview of the FSC Mauritius. Statistics presented in this report are sourced mainly from the AFS, administrative data, survey results and secondary sources.

Implementation of Surveys

A number of surveys are implemented by the FSC Mauritius annually in line with international data standards namely, the IMF Special Data Dissemination Standards ('SDDS') and the SDDS Plus. These data dissemination standards are important as they assist in enhancing the availability of timely and comprehensive statistics, which results in the sound monitoring and functioning of financial markets.

During the year under review, the FSC Mauritius conducted quarterly, bi-annual and annual surveys under the powers conferred by the section 7 (2) of the FSA. The major challenge encountered during the implementation of surveys was the large population of the respondents that falls under the purview of the FSC Mauritius (around 15,000). The FSC Mauritius received around 80,000 submissions from its licensees during the reporting period and around 50 consistency checks are carried out before validation. A lot of effort is employed to ensure that the data is of highest quality, timely and complete. The surveys conducted by the FSC Mauritius have been summarised in the table below:

Survey	Details
IMF Monetary and Financial Statistics	In light of the preparation of Mauritius adherence to SDDS Plus, one of the requirements is to collect the Monetary and Financial Statistics from the Other Financial Corporations which fall under the purview of the FSC Mauritius.
External Sector Statistics and National Accounts Survey 2020	The aim of this survey is to cover the stock positions and flows of the assets and liabilities of the resident Financial Corporations sector with respect to all other resident institutional sectors and non-residents. In order to improve the quality and clarity of data significant amendments were made to the survey form to address issues highlighted from the data received in previous exercises. For the reporting period, around 30,000 submissions have been received via the ODCS.
	The External Sector Statistics and National Accounts Survey aims at collecting financial data from GBC1s for the compilation of various macro economic 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.

Survey**Details****Employment Survey 2020**

The FSC Mauritius carries out the Employment Survey on an annual basis amongst all domestic licensees under its purview. The aim of this exercise is to collect data on the number of direct employment categorised by Gender, Local/Expatriate and Job Family namely Managerial, Technical and Support. The movement within the period is also collected notably in terms of the number of new recruits, retired employees and employees who have resigned during the year 2019.

For the year 2020, the Employment Survey has been exceptionally carried out on a semi-annual basis with a view to analyse impact of the COVID-19 and other regulatory changes on the level of direct employment.

Dissemination of Statistics

Statistics obtained from the surveys administered by the FSC Mauritius are analysed in-depth in view to depict market trends, evaluate risk and to allow informed decision-making. Dissemination of data in a timely manner to relevant stakeholders is equally important. In that regard, the FSC Mauritius makes use of several media to disseminate statistics notably on its website, statistical bulletin, newsletter or workshops and seminars. In terms of external requests from external stakeholders, the FSC Mauritius attended more than a hundred requests for the period under review.



STAKEHOLDER RELATIONS

STAKEHOLDERS RELATIONS

STRENGTHENING STAKEHOLDER RELATIONS

The FSC Mauritius has an active regional and international presence. Over the past few years, the FSC Mauritius has laid much emphasis on developing strong bonds and on maximising the reach of its collaborative initiatives with international standard-setting bodies such as the IOSCO, the IAIS and the IOPS. The adoption of international best practices, norms and standards are illustrations of the FSC Mauritius' commitment to drive Mauritius towards a financial services centre of excellence.

To support this commitment, the FSC Mauritius promotes cooperation through exchange of information, attachment programmes in the form of study groups, the organisation and hosting of prominent conferences and masterclasses.

EFFECTIVE CROSS-BORDER SUPERVISION THROUGH EXCHANGE OF INFORMATION

Effective cooperation, exchange of information, as well as, robust working relationship between regulators are of a particular importance for the preservation of the financial stability of a country's jurisdiction. The FSC Mauritius has signed several MoUs with its local, regional and international counterparts which endeavour to:

- (a) strengthen the regulatory supervision of cross-border operations of financial institutions;
- (b) identify sound mechanisms for the sharing of information in conformity with international best practices and standards; and
- (c) reinforce collaboration amongst regulatory institutions in the fight against financial crime, money laundering and terrorism financing.

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

During the year under review, the FSC Mauritius has signed the following MoUs:

MoUs with Foreign Authorities

Date	Authorities	Purpose
4 Sep 2019	Capital Markets Authority, Lebanon ('CMA')	Provide mutual assistance and to facilitate the exchange of information and capacity building
28 Jan 2020	Commission de Surveillance du Secteur Financier, Luxembourg ('CSSF')	Establish a framework for mutual assistance and to facilitate the exchange of information
27 Feb 2020	Australian Prudential Regulation Authority ('APRA')	Set out a framework for cooperation between both Authorities for the effective and efficient performance of their respective financial regulation functions

- Signature of an MoU between the FSC Mauritius and the CMA

The FSC Mauritius and the CMA have signed an MoU on 4 September 2019 during the opening ceremony of the 18^{ème} Session de l'Institut Francophone de la Régulation Financière ('IFREFI'). The MoU establishes a framework of cooperation, promotes mutual assistance, enhances technical capacity building and facilitates the exchange of information between the two financial authorities in performing their respective duties according to the laws in operation in the respective jurisdictions.

- Signature of a Cooperation Agreement between the FSC Mauritius and the CSSF

The FSC Mauritius and the CSSF have signed a Cooperation Agreement on 28 January 2020 on the side-lines of the Paris Fintech Forum. The signature ceremony of the Cooperation Agreement was held at the Palais Brongniart, the historical Paris stock exchange in the presence of Mr. Rajesh Ramloll, SC. This agreement allows for the establishment of a bilateral framework to promote assistance between the two financial regulatory bodies, strengthen the expertise of both authorities and facilitate exchange of information.

- Signature of an MoU between the FSC Mauritius and the APRA

The FSC Mauritius has entered into an MoU with APRA on 27 February 2020. The MoU sets out a framework for co-operation between both Authorities for the effective and efficient performance of their respective financial regulation functions. The MoU was signed by Mr. Rajesh Ramloll, SC on behalf of the FSC Mauritius and by Ms Helen Rowell on behalf of the APRA.

Tripartite MoU with local authorities

Date	Authorities	Purpose
19 May 2020	The FSC Mauritius, BoM and the EDB	Establish a framework to promote cooperation and coordination between the parties on matters pertaining to the development of the MIFC and facilitates the exchange of information between them. The institutions shall work together on addressing challenges and tackling issues which affect the financial services sector.

- Tripartite MoU between the FSC Mauritius, the BoM, and the EDB

A tripartite MoU between the FSC Mauritius, the BoM and the EDB was signed on 19 May 2020 by Mr. D. Thakoor, Chief Executive of the FSC Mauritius, Mrs. Sadhna H. Sewraj-Gopal, Second Deputy Governor of the BoM, and Mr. Namasivayen (Ken) Poonoosamy, Ag. Chief Executive Officer of the EDB.

This MoU establishes a framework to promote cooperation and coordination between the parties on matters pertaining to the development of the Mauritius financial services centre, to facilitate the exchange of information and to address challenges and tackle issues related to the financial services sector.

ATTACHMENT PROGRAMMES/STUDY VISITS

The FSC Mauritius collaborates with its counterparts for attachment programmes and study visits within the scope of the MMoUs and MoUs signed with the international organisations. The attachment programme(s)/study visit(s) conducted by the FSC Mauritius during the year under review are as follows:

Date	Authorities	Delegation	Purpose
6 Sep 2019	Conseil Régional de l'Epargne Publique et des Marchés Financiers ('CREPMF')	4	The focus was on Capital Markets and Investment Funds and Intermediaries in Mauritius

INTERNATIONAL PRESENCE OF THE FSC MAURITIUS

Given the increase interdependence of cross-border investments and with a view to fighting global malpractices, international collaboration between financial regulators is of paramount importance in the development of effective policies for regulating and supervising financial markets.

The FSC Mauritius was actively engaged with its foreign counterparts and participated in several conferences and meetings as follows:

- 18^{ème} Session de l'Institut Francophone de la Régulation Financière ('IFREFI'), 4–5 September 2019

The FSC Mauritius hosted the 18th Annual conference and meetings of the IFREFI on the 4-5 September 2019. The main theme of the event was 'Growth and Sustainable Finance'. The IFREFI is an association regrouping members from French speaking countries and its mission is to promote training, coordination and technical cooperation among its members.

The IFREFI conference and meetings represented an opportunity for its members to express their common concerns, deepen their collaborative relationships and share their respective know-how and experiences. The Conference gathered high level officials from francophone regulatory and supervisory authorities, experts from the industry and IFREFI member jurisdictions.

During the event the FSC Mauritius has also signed on 6 September 2019, the Marrakech pledge (the 'pledge') for fostering green capital markets in Africa during the IFREFI Annual conference and meetings.

The pledge is a call to action for all African Capital Markets Regulators and Exchanges willing to act collectively in favour of sustainable development and to have an actual impact on fostering Green Capital Markets in Africa, both within the respective local markets and together as a region, to promote climate resilient investments and drive capital into the green economy.

- The Growth and Emerging Markets Committee ('GEMC') Annual Meeting 2019, 19-20 September 2019

The FSC Mauritius attended the GEMC Annual Meeting and Conference held on 19-20 September 2019 in St Petersburg, Russia. The theme of the Conference was 'Capital Markets in a Cross-Border Digital Environment'.

The GEMC seeks to promote the development and greater efficiency of emerging securities and futures markets by establishing principles and minimum standards, providing training programs and technical assistance for members and facilitating the exchange of information and transfer of technology and expertise.

Panel discussions covered the topics of cross-border regulation, Fintech, sustainable finance and investor education.

- IOPS technical committee meeting, AGM and OECD/IOPS Global Forum on Private Pensions, Tirana, Albania, 6-8 November 2019

The FSC Mauritius participated in the IOPS Technical Committee and Executive Committee Meetings, AGM and Annual OECD/IOPS Global Forum on Private Pensions held on 6 to 8 November 2019 in Albania. The theme of the meetings was 'Developing and supervising occupational pension arrangements'.

The Global Forum on Private Pensions was jointly organised by the OECD, the IOPS and the Albanian Financial Supervisory Authority.

The discussions held during the forum focused on developing funded pension systems in the South-Eastern Europe, Pension funds sustainable investments: policy and supervisory issues amongst others.

- Financial Stability Board Regional Consultative Group for Sub Saharan Africa, 12-13 December 2019

The 16th meeting of the Financial Stability Board Regional Consultative Group (“FSB RCG”) for Sub Saharan Africa to which FSC Mauritius participated was held from 12 to 13 December 2019 in Cape Town, South Africa.

The meeting focused amongst others on the assessment of global and regional financial vulnerabilities, risks to global financial stability and enhancing the effectiveness of the Regional Consultative Groups.

- The 26th International Association of Insurance Supervisors ('IAIS') Annual General Meeting and Annual Conference, 14-15 November 2019

The FSC Mauritius participated in the 26th Annual Conference of the IAIS held from 14 to 15 November 2019 in Abu Dhabi. The annual event was jointly hosted by the IAIS and the Insurance Authority of the United Arab Emirates and the theme of the conference was “Supervision in a Digital Era”.

The following themes were discussed during the five sessions:

- Supervision in a Digital Era – Are we ready?
- Towards Sustainable Cyber Resilience
- Data and Innovation – Opportunities and Challenges
- Digital Financial Inclusion – Innovation beyond Imagination
- The Impact of Technology on Market Structure and Effective Approaches to Supervision

- 7th Meeting of the Sustainable Insurance Forum ('SIF7'), 16 November 2019

The FSC Mauritius participated as an observer, on 16 November 2019, in the 7th meeting of the SIF7, held under the aegis of IAIS and the United Nations Environment Programme in Abu Dhabi. The Sustainable Insurance Forum is a leadership group of insurance supervisors and regulators working together to strengthen their understanding of and responses to sustainability issues facing the insurance sector.

- The IOPS 2020 International Conference on Private Pensions, 26-28 February 2020

The IOPS Committee Meetings, International Conference on Financial and governance issues in private pension schemes and Supervisory Technical Workshop was jointly organised by the IOPS and the FSC Mauritius from 26 to 28 February 2020 in Mauritius.

These back-to-back meetings and forums enabled the sharing of experience between pension supervisors by articulating common principles and guidelines and disseminating good practices. Current trends in global private pension systems were explored, as well as, the ways in which pension regulatory and supervisory authorities react to and manage these trends.

The events brought together high-level officials from regulatory and supervisory authorities, and leading experts from the pensions industry and research institutes from both the OECD and IOPS Member countries.

- IOSCO 43rd AMERC Annual Meeting, 29 January 2020

The FSC Mauritius attended the 43rd AMERC Annual Meeting hosted by the Qatar Financial Markets Authority (“QFMA”) on 29 January 2020 in Qatar.

The AMERC is one of four regional committees constituted by IOSCO to focus on regional issues relating to securities regulation in the African/Middle-East region.

The FSC Mauritius also attended the QFMA public conference on 30 January 2020, which aimed to highlight the IOSCO's regional role, as well as, lay the ground for constructive discussions and best practices sharing with regards to some of the Capital Markets' most challenging topics and related risks inspired by the 2019 IOSCO Board Priorities and the key issues under review for the 2020 IOSCO Risk Outlook report.

- Working Party on Private Pensions (“WPPP”)/IOPS Meeting, 15-17 June 2020

The FSC Mauritius participated in the virtual WPPP/IOPS June 2020 meeting held jointly by the OECD, WPPP and the IOPS from 15 to 17 June 2020. The three-day meeting covered the following topics amongst others:

- Roundtable on retirement savings and COVID-19
- Policy options for assessing the adequacy of pensions
- Increasing the role of funded pensions for workers in non-standard forms of work
- Policy paper on the implications of risk sharing in pension arrangements

- FSB RCG conference call on benchmarking exercise, 8 June 2020

The FSC Mauritius participated in the FSB RCG conference call on a benchmarking exercise on 8 June 2020. The discussions revolved around the draft FSB report on supervisory issues associated with benchmark transition, in particular the remaining challenges and the proposed next steps in exploring ways to address them.

- Group of International Finance Centre Supervisors (‘GIFCS’) Virtual Plenary Meeting, 29 April 2020

The FSC Mauritius participated to the GIFCS Virtual Plenary Meeting held on the 29 April 2020. The topics covered during the meetings were: COVID-19 challenges faced by GIFCS members and respective responses, developments in AML/CFT requirements and practices, and Trust and Company Service Providers evaluations.

EXCHANGE OF INFORMATION

International Stakeholders

The FSC Mauritius recognises the importance of international cooperation in furthering its regulatory and supervisory duties and functions. In this respect, the FSC Mauritius fully cooperates with international counterparts to share information. Multilateral sharing mechanisms are set out in the MMoU between member countries of IOSCO, IAIS, CISNA and GIFCS. Furthermore bilateral MoUs detail the scope and terms of information sharing among regulators and provide a cooperation framework.

Statistics on Exchange of information with International Counterparts

The FSC Mauritius attended to requests for information to and from overseas counterparts as per below:

Table 27: International Request for Information

International Request for Information	July 2019 to June 2020	July 2018 to June 2019
Request made	256	317
Request received	90	121

Source: Financial Services Commission, Mauritius

Local Stakeholders

The FSC Mauritius was engaged in the effective exchange of information with various local authorities and has entertained 211 formal requests for assistance from local authorities. The FSC Mauritius made 39 formal requests for assistance to its counterparts during the same period.

Statistics on Exchange of information with Local Authorities

Table 28: Local Request for Information

Local Request for Information	July 2019 to June 2020	July 2018 to June 2019
Request made	39	378
Request received	211	72

Source: Financial Services Commission, Mauritius

COMMITTEE OF INSURANCE, SECURITIES AND NON-BANKING FINANCIAL AUTHORITIES

CISNA was established in June 1998 in terms of Article 2 of Annexure 10 of the SADC Protocol on Finance and Investment. It is a committee of authorities responsible for the regulation and supervision of Non-bank Financial Institutions in the SADC Member States. One of the objectives of CISNA is the harmonisation of laws and regulations and regulatory and supervisory practices with the aim of preventing or reducing regulatory arbitrage. The current CISNA membership is 26 regulatory authorities from 14 SADC Member States, including the FSC Mauritius.

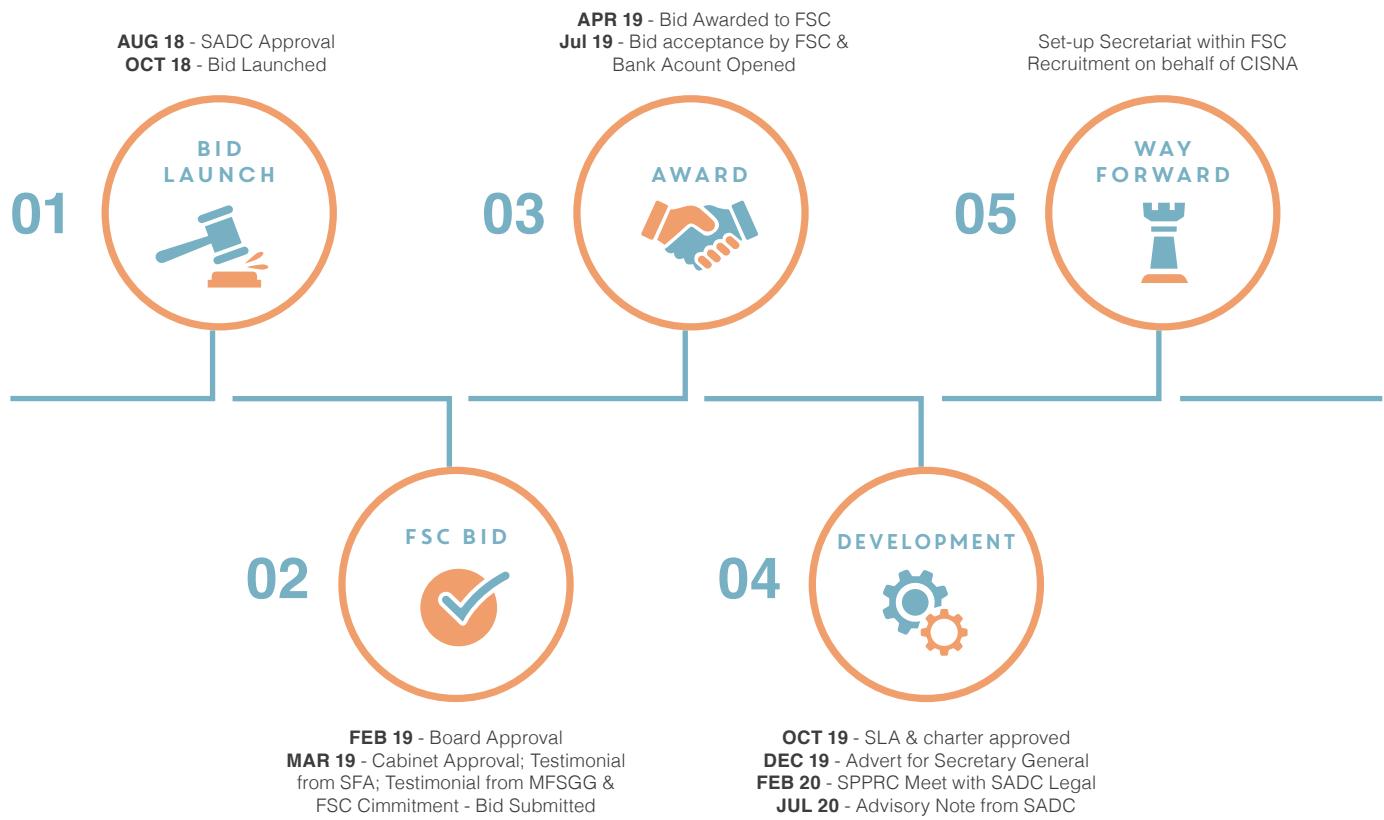
Hosting of the CISNA Permanent Secretariat

Following a bidding exercise, the FSC Mauritius was approved as the host of the CISNA permanent secretariat in April 2019. The CISNA Strategic Planning and Performance Review Committee met in February 2020 in the presence of SADC representatives to consider the structure and form of the CISNA Secretariat and the recruitment of staff. Since, CISNA, SADC and the FSC Mauritius are working towards the setting up of the secretariat in Mauritius along with the relevant Mauritian authorities.

A special unit namely CISNA Support Office has been set up within the FSC Mauritius to facilitate in the operationalization of the secretariat. The unit is also providing support to CISNA, currently housed at the Financial Sector Conduct Authority of South Africa, for the transition period.

The launching of the secretariat was initially scheduled for 2020. However, due to the impact of COVID 19 on international travel, the CISNA bi-annual meetings which are usually held in April and October, were cancelled. Consequently, the launching of the CISNA Secretariat in Mauritius has been delayed pending necessary approvals from the CISNA Plenary and SADC.

The diagram below depicts the progress made with respect to the setting up of the CISNA Secretariat to date.



DATA PROTECTION

A modern legislative framework on Data Protection is in force in Mauritius since the promulgation of the Data Protection Act ('DPA') in January 2018. The DPA aims to strengthen the personal autonomy of data subjects and the control they have over their personal data. It seeks to bring the Mauritius data protection framework in line with international standards, namely the EU General Data Protection Regulation amongst others. This is a value addition for the reputation of the Mauritian financial services sector, since Mauritius aims to attract foreign investors. The DPA is enforced by the Data Protection Office, an independent office. In line with section 22(2)(e) of the DPA, the FSC Mauritius as Data Controller has appointed a Data Protection Officer ('DPO') responsible for data protection compliance issues in February 2020.

The mandate of the DPO is *inter alia* as follows:

- Inform and advise the controller/processor and employees about their obligations to comply with the DPA and other data protection laws.
- Monitor compliance with the DPA and other data protection laws, including managing internal data protection activities, advise on data protection impact assessments, train staff and conduct internal audits.
- Be the first point of contact for the Data Protection Office and for individuals whose data are processed (licensees, suppliers, students, speakers, whistleblowers, and others).

The DPO has conducted several training sessions with the various clusters of the FSC Mauritius to sensitise the staff on the importance of safeguarding personal data on employees and non-employees, and the implications of data breaches. The FSC Mauritius' staff have also been informed of legally permissible disclosure of personal data as well as the need to comply with the other provisions of the DPA, and to seek advice from the DPO in areas of doubt.

COMMUNICATIONS

COMMUNICATIONS

The FSC Mauritius was actively engaged in the implementation of its communications plan and strategy during the year under review. Appropriate and relevant information were channelled to stakeholders in a timely manner to ensure effective communication and transparency.

The FSC Mauritius communicates with its stakeholders and the public in general through, *inter alia*, Communiqués, Circulars, Alerts, Public Notices and reports. These are posted on the website and published in newspapers, where appropriate or whenever required by Law. Appendix 5 provides a list of publications issued for the year under review. Corporate information published in local and international business directories were also updated on a regular basis to ensure a factual reporting on the FSC Mauritius.

The visibility of the FSC Mauritius was upheld through regular media coverage during the year under review. Moreover, local and international news pertaining to the financial services sector, as well as, social media platforms were closely monitored to ensure that the FSC Mauritius remains abreast of all developments.

The FSC Mauritius also maintained ongoing interaction with media representatives, and requests from the press representatives were attended promptly and effectively, within the parameters set under the Law.

Table 29: Number of Media Requests

	July 2019 to June 2020	July 2018 to June 2019	July 2017 to June 2018
Local	36	41	54
International	10	7	23

Newsletters

The FSC Mauritius reinforced its visibility through effective communication of its ongoing regulatory actions and organisational initiatives through its E-Newsletter.

Website

The FSC Mauritius is committed to maintain its online presence, and to communicate effectively with its licensees, industry stakeholders, the media and the public. In this respect, the website of the FSC Mauritius is updated in a timely manner to provide stakeholders with hands-on and precise information. During the lockdown period due to the COVID-19 pandemic, the FSC Mauritius also kept its licensees and the public abreast of regulatory actions through regular posting on its website.

Social Media

Social media is undeniably a strategic tool for corporate communication allowing organisations around the globe to reach out to a more diverse audience. The FSC Mauritius maintained its online presence on social media platforms, during the year under review including the lockdown period, through its dedicated corporate pages on LinkedIn and Twitter.



CORPORATE SERVICES

CORPORATE SERVICES

ADMINISTRATION AND ENTERPRISE RISK

The role of Administration and Enterprise Risk ("AER") is to provide a suitable working environment to the FSC's staff. It ensures that proper health and safety measures are applied. The cluster embraces a universal approach to ensure smooth conduct of business. It acts as a facilitator to ensure that daily operations such as incoming and outgoing of documents are well organised and coordinated, while ascertaining the proper use of assets across all the three premises the FSC Mauritius currently occupies including the office in Rodrigues. Proper space allocation, utilities, building efficiencies, environmental friendliness, security services for all stakeholders, fleet management (transport), fire safety, contract management and yard maintenance are also undertaken to ensure that a proper Business continuation is maintained.

The AER, through the procurement unit ensures that procurement of goods and services are conducted according to the legal framework of the Public Procurement Act 2006 as well as directives issued by Procurement Policy Office. The Procurement Unit, within the AER, is responsible to implement and administer procurement related processes (Launching of tenders, evaluation and Award), which is subject to both internal and external audit. As part of the green strategy initiative and in line with the Budget speech 2020/21 of the Government of Mauritius, all procurement proceedings from invitation to bid up to award of contract are now being electronically conducted at the FSC Mauritius.

The cluster plays a vital role to the day to day activities of all clusters by providing support services including for organisation of events and conferences.

INFORMATION TECHNOLOGY

Information Technology has been the key enabler in further empowering the FSC Mauritius towards its strategic objectives. Targeting to enhance the efficiency and effectiveness of the daily operations across the different departments, innovative technologies have been embraced and implemented. Enhancements of the current IT infrastructure and reviewed Business Continuity support and promote a common vision and direction across the organisation. Hence improving alignment of the functional units.

Business Continuity Management

As part of its Corporate Governance framework, the FSC Mauritius maintains a Business Continuity Management ("BCM") system in line with best practice guidelines issued by the International Standards Organisation (ISO 22301:2012: BCM 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. Accordingly, the FSC Mauritius issued a specific Crisis Management Plan with respect to the COVID-19 crisis to ensure business continuity during the lock down period. The BCM system provided the necessary structure to assist relevant stakeholders to define relevant protocols and policies to mitigate the impact of COVID-19.

Onsite RBS Inspection system

In line with the FSC Mauritius' strategic objectives, supervision technical teams periodically conduct offsite and onsite inspections of its licensees, whereby the inspection data are manually recorded.

To ensure efficiency, improve the quality and timeliness of the inspection process, the FSC Mauritius embarked on a tailor-made and fully web-based application, the "Onsite RBS Inspection system". This IT solution maximises on the digitisation of the inspection process with ensured efficiency and help improve the quality of deliverables. Additionally, the system allows end-users to inter alia:

- (i) Record licensee data such as company profile, stakeholders, file review, good standing and company structure;
- (ii) Input inspection findings, recommendations and deficiencies;
- (iii) Rate parameters and automatically compute the average/total score per licensee;
- (iv) Determine the level of compliance and vulnerability per inspection;
- (v) Generate a dashboard with an overview of the scores obtained per parameter; and
- (vi) Automatically display the final outcome of the inspection.

Online File Transfer Solution

The FSC Mauritius embarked on implementation of an on-premise secure file transfer solution and document workflow solution to support the bulk collection of electronic documents from licensees.

The solution facilitates secured and online electronic document collection from licensees. It supports two-factor authentication, encrypted communications, automated upload requests, notifications and workflows.

Renew and Upscale of IT Infrastructure

Components of the IT and Security infrastructure were reviewed to take into consideration the needs of the FSC Mauritius in terms of emerging business requirements, such as online services and other projects requiring intensive technology resources, increased manpower and mitigation of risks.

The key elements required with regards to the above is the provision of optimised IT resources and performance in terms of networking, computing facilities, enhanced availability of services and up to the standards security environment.

The main projects which were identified, budgeted and activated during the current reporting period at the FSC Mauritius, were:

1. Review of Next Generation firewalling solutions and network switching infrastructure;
2. Upgrade of data storage infrastructure;
3. Review of IP telephony system; and
4. Implementation of additional procedures, equipment and technology to facilitate remote work.

HUMAN RESOURCES

As a regulator, the FSC Mauritius is aware that its capacity to regulate and supervise effectively fundamentally rest on the quality of its people. The FSC Mauritius understands that the essence to becoming a great place to work is to create and foster a conducive professional work culture across the organisation whilst unleashing the potential of each and every staff.

Attracting Talent

The FSC Mauritius relies on its people's talent, enthusiasm, engagement and commitment to maintain the good repute of the MIFC.

During the year under review, the FSC Mauritius undertook a major recruitment and selection exercise to consolidate its pool of talent in order to be adequately manned to meet its statutory objectives and deliver in respect of the high level and wide ranging expectations from the various stakeholders in the financial services sector.

During the year under review, staff were promoted at different levels. The FSC Mauritius also recruited a total of 38 employees to reinforce its operations.

The workforce of the FSC Mauritius as at 30 June 2020 stood at 242 employees.

The movement of employees for the period 1 July 2019 to 30 June 2020 is provided as per the table below:

Table 30: Movement of employees

Job Family	New Recruits ¹		Leavers ¹		Number of Officers	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Executive	3	15	4	3	28	29
Technical	29	28	6	10	170	147
Administrative	-	4	-	5	18	18
Support	6	-	-	2	26	20
Total	38	47	10	20	242	214

¹ Including movement in Job Family

Performance Management System

A Performance Management System (PMS) is in place which aims at reinforcing a performance culture in order to achieve the desired results. The FSC Mauritius is currently in the process of reviewing and re-engineering the current PMS.

Building Expertise

During the year under review, the FSC Mauritius has embraced a multi-fold approach for the conduct of its training programme to enhance the development and capacity building of its staff. A summary of trainings/seminars/conferences and meetings attended by staff during the year 2019/20 and the contact hours are provided below:

Table 31: Summary of Training Sessions and Contact Hours

Types	Number of Sessions	Contact Hours
In-House	30	7,547.5
Local	31	867
Overseas	29	1,216

The FSC Mauritius has adopted various training approaches to further strengthen and enhance skills and knowledge of the FSC Mauritius officers especially in AML/CFT risk-based supervision and related topics which were a priority in terms of capacity building need for the year under review. To ensure that trainings were not hindered due to the COVID-19 outbreak, the FSC Mauritius has also adopted various e-learning approaches.

Training on FATF Standards and AML/CFT Onsite Inspections

The FSC Mauritius organised an AML/CFT capacity building programme on 'FATF standards and AML/CFT Onsite Inspections' on 04-05 July 2019 which was facilitated by McDonell-Nadeau Consultants Inc.

Toronto Centre Microfinance Training Programme on Strengthening the Supervision of Microfinance Institutions and Savings and Credit Co-operatives

The FSC Mauritius in collaboration with the CISNA and Toronto Centre organised a regional training programme on 'Strengthening the Supervision of Microfinance Institutions ('MFIs') and Savings and Credit Co-operatives ('SACCOs')', on 04-08 November 2019 at the FSC Mauritius. The course aimed at enhancing the capacity of supervisors and regulators of MFIs and SACCOs to effectively regulate and supervise the sector both offsite and onsite and promoting change to support the healthy access to a full range of services and a sustainable and inclusive economy in the long-run.

E-Learning Course on Money Laundering

Staff from AML, Enforcement and Supervision clusters followed a one-month E-Learning Course on 'Money Laundering' organised by the United Nations Office on Drugs and Crime (UNODC) via the Asset Recovery Inter-Agency Network for Southern Africa (ARINSA) website in May 2020.

Webinar on 'Managing Counter Proliferation Sanctions Risks'

Officers also attended a webinar on 'Managing Counter Proliferation Sanctions Risks' organised by Kharon and CRDF Global for African regulators and financial institutions on 23-24 June 2020. This online interactive webinar sessions was tailored specifically for risk management professionals in Africa. The aim of the training was to help participants develop an enhanced awareness of counter proliferation sanctions-related activities that can negatively impact control frameworks, correspondent relationships and brand.

Young Graduate Development Programme

The FSC Mauritius continued in its endeavour to ensure availability of qualified and trained manpower to meet the forthcoming needs of the FSC Mauritius, as well as, the sector through its Young Graduate Development Programme ('YGDP').

The aim of this training programme, which started since 2008, is to offer young graduates a unique opportunity to gain exposure, as well as, help them prepare for future employment in the financial services sector. The exercise for the enlistment of trainees under the YGDP scheme started during the year under review and a batch of 15 young graduates joined the FSC Mauritius in August 2020.

Engaging Employees – With Our People

The FSC Mauritius Annual Family Day 2019

With a view to reinforce the bonding amongst the FSC Mauritius staff and their family members, the FSC Mauritius Annual Family Day was organised in August 2019. This annual event fosters a sense of belonging among staff while ensuring the well-being of our staff.

The FSC Mauritius End of Year Staff Gathering 2019

The FSC Mauritius' end of year staff gathering 2019 was held in December 2019. During the event, employees who have completed ten years of service were awarded a shield in recognition to their long service at the FSC Mauritius.

Celebration of International Women's day 2020

To mark the International Women's day celebrated on 8 March 2020, the FSC Mauritius provided a token of recognition to all female staff for their contribution and accomplishments.

Celebration of Independence Day 2020

The 52nd anniversary of the independence of Mauritius and the 28th anniversary of the Republic of Mauritius were celebrated on 11 March 2020 at the FSC House. Several competitions were organised for staff, such as quiz competition as well as poster competition on the theme: 'Lanatir nou lavenir'.

Employee Welfare, Wellness and Work-Life Balance

In its endeavour to promote and encourage fitness and a healthy lifestyle, the FSC Mauritius continued to provide staff with a well-equipped and fully subsidised in-house gym with a qualified fitness trainer, in-house zumba sessions and football matches organised by the FSC Football Club, as well as, daily distribution of fruits.

In addition, in line with our initiative to promote wellbeing of staff members, the FSC Mauritius organised a Health & Wellness Week for staff members from 14-18 October 2019.

The activities organised were as follows:

- Health Check

A Health Check was conducted by the Ministry of Health and Quality of Life from 14-16 October 2019 for all staff members, which consisted of basic medical check-up and screening for a number of other non-communicable diseases.

- Health Talk on 'Healthy Eating Habits'

A Health Talk on 'Healthy Eating Habits' was conducted on Wednesday, 16 October 2019 by Mrs. K. Ragavoodoo, Principal Nutritionist from the Ministry of Health and Quality of Life.

- Health Talk on 'Stress Management'

A Health Talk on 'Stress Management' was conducted on Thursday, 17 October 2019 by Mrs V. Shadhu-Nunkoo, Principal Occupational Safety and Health Officer from the Ministry of Labour, Industrial Relations, Employment and Training.

Engaging Employees – With the Local Community

Corporate Social Responsibility

Corporate Social Responsibility is another aspect of our positive workplace environment which demonstrates our engagement towards the community. The FSC Mauritius organises various activities annually to demonstrate its engagement towards the community.

In this vein, the FSC Mauritius organised its Annual Blood Donation day on Friday, 18 October 2019 in collaboration with the Blood Transfusion Services of the Ministry of Health and Quality of Life and the Blood Donors Association. During this event, staff, licensees and other corporate bodies, both public and private, within the vicinity of Ebène were invited to participate actively in this life saving endeavour.



HIGHLIGHTS FOR THE YEAR 2019/20

HIGHLIGHTS FOR THE YEAR 2019/20

STATISTICS – YEAR HIGHLIGHTS

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

	2017	2018		2019 ¹		
	GVA	GR	GVA	GR	GVA	GR
Financial and insurance activities	12.0	5.5	11.7	5.4	11.6	5.2
Monetary Intermediation	7.1	6.0	7.1	5.7	7.3	5.5
Financial Leasing and other credit granting	0.7	6.5	0.7	6.5	0.7	6.3
Insurance, reinsurance and pension	2.9	4.9	2.6	4.8	2.5	4.8
Other	1.3	3.8	1.3	4.5	1.3	4.0

Source: Statistics Mauritius National Accounts June 2020 issue

¹Revised

Gross Value Added ('GVA')

Growth Rate ('GR')

The GDP in 2019 has grown by 3.0 percent, lower than the 3.8 percent growth in 2018, which is spurred by sectors such as construction, financial and insurance activities and retail trade. According to the Statistics Mauritius, the contribution of the financial and insurance activities have been steady since 2017 till June 2019, averaging around 11.8 percent with a growth rate revolving around 5.2 percent.

Table 33: Contribution and Growth of the Global Business Sector

Financial and Insurance Activities	2017	2018		2019 ¹		
	GVA	GR	GVA	GR	GVA	GR
Global Business Sector	5.7	4.3	5.7	3.9	5.8	3.7

Source: Statistical Mauritius National Accounts June 2020 issue

¹Revised

Gross Value Added ('GVA')

Growth Rate ('GR')

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.). It is observed that the contribution of the GBC sector to the GDP of Mauritius is estimated at 5.8 percent till June 2020 and has produced a year-on-year growth of 3.7 percent.

Table 34: Employment in Financial and Insurance Activities, March 2019 – March 2020

Industrial Group	March 2019 ¹			March 2020 ²		
	Male	Female	Both	Male	Female	Both
Financial and insurance activities of which	6,331	7,551	13,882	6,292	7,850	14,142
Monetary intermediation	4,205	4,627	8,832	4,080	4,655	8,735
Financial leasing and other credit granting	326	631	957	310	625	935
Insurance, reinsurance and pension funding	1,094	1,478	2,572	1,163	1,680	2,843

Source: Statistics Mauritius, Survey of Employment and Earnings in Large Establishments (March 2020)

¹Revised

²Provisional

Table 35: Direct Employment Level by FSC Mauritius Licensees

Licence Category	Direct Employment Level by FSC Licensees		As at 31 December 2018	
	As at 31 December 2019	%	As at 31 December 2018	%
DOMESTIC				
Pension Scheme Administrator	81	1%	72	1%
Registrar and Transfer Agent	54	1%	45	1%
Treasury Management	35	-	34	-
Credit Finance & Factoring	75	1%	66	1%
Leasing	942	11%	807	10%
Long Term Insurance Business	929	11%	928	11%
General Insurance Business	1,685	19%	1,522	19%
Insurance Broker	317	4%	303	4%
Investment Dealer	65	1%	78	1%
Investment Adviser	68	1%	69	1%
Custodian	118	1%	127	2%
CIS Manager	151	2%	141	2%
Payment Intermediary Services	65	1%	63	1%
Total	4,585	53%	4,255	52%
TRUST AND CORPORATE SERVICE PROVIDERS				
Management Company and Corporate Trustee	4,135	47%	3,919	48%
Overall Total	8,720	100%	8,174	100%

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 47 percent of the employment was generated by Corporate and Trust Service Providers (i.e., holder of Management Licence) while the remaining 53 percent was from domestic sector.

Table 36: Employment movement in 2019

Category	Local						Expatriate						TOTAL
	Managerial		Technical		Support		Managerial		Technical		Support		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Employment as at 1 Jan 19	740	460	1,507	2,561	942	1,523	69	16	30	17	5	5	7,875
New recruits from outside financial services sector	16	13	131	235	62	110	5	5	8	3	2	3	593
New recruits within financial service sector	71	47	302	463	102	174	10	3	3	2	-	2	1,179
New recruits who were unemployed	3	2	76	187	27	54	-	-	-	-	1	-	350
Resignation/ retirement/ termination of contract/ decease	88	59	394	570	124	190	19	3	5	10	2	-	1,464
Other / closure of company	17	21	12	81	7	36	3	5	2	2	-	1	187
Employment as at 31 Dec 19	759	484	1,634	2,957	1,016	1,707	68	26	38	14	6	11	8,720
Permanent Staff													

It is noted that a total of 2,122 persons have been recruited by licensees under the purview of the FSC Mauritius for the year 2019. Out of this number, 350 persons were previously unemployed but the remaining 1,772 relate to movement within companies of the financial services sector. The employment market in this sector, especially in MCs, therefore proves to be highly dynamic.

FINANCIAL HIGHLIGHTS

Below is an analysis of the financial performance of the FSC Mauritius for the financial year ended 30 June 2020 as compared to the previous year.

	2020	2019
	MUR m	MUR m
Income	1,343	1,228
Fees, late charges and other income	1,305	1,158
Administrative Penalties	40	101
Credit losses	(2)	(31)
Operating expenses	(516)	(461)
 Finance costs	 (11)	 (6)
Surplus of income over operating expenses	816	761
Exchange fluctuation gain	117	27
Surplus for the period	993	788
Other comprehensive income	(18)	9
Surplus and other comprehensive income for the year	975	797

During the year 2020, surplus and other comprehensive income amounted to MUR 975 million representing an increase of 22.33 percent as compared to 2019 (MUR 797 million).

In line with the requirements of the FSA, the FSC Mauritius has provided MUR 867 million for the year as contribution to the Consolidated Fund.

Income Review

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

Fees, late charges, and other income for 2020 amounted to MUR 1.31 billion, representing an increase of 12.69 percent as compared to 2019. Fees from global business increased marginally in 2020 on account of higher exchange gain, the introduction of Authorised Companies, and increase in the quantum fees of 11% for GBL and up to 25% for Activities, mitigated by a lower number of GBCs (11,710 during 2020 as compared to 11,809 in 2019). This has also been mitigated by the obvious fall in Category 2 Global Business Company from 8,677 in 2019 to 6,467 in 2020.

On the other hand, the fall in Administrative Penalties points towards improved compliance from the licensees as far as submission of Accounts and Returns are concerned.

Interest income reached MUR 58 million which is slightly higher by MUR 1.17 million mainly on account of change in mix from lower to higher yielding investments. The currency-wise mix of investment currencies is in line with the risk management policies set by the Investment Committee.

Expenses Review

Operating expenses (provision for credit losses excluded) for 2020 amounted to MUR 516 million comprising mainly of staff-related costs. Operating expenses increased by MUR 55 million compared to 2019, owing to increase in staff related costs, Board and Committee fees, and depreciation charges. This is mitigated by decrease in overseas conferences and seminars, staff training, local events, as well as legal and professional fees.

Finance Costs consist of interest on lease liabilities, which has increased by MUR 4 million due to new lease agreements entered during the year, coupled with full year lease for existing leases as compared to last year.

Re-measurement of defined benefit obligation

In line with the requirements of International Accounting Standards ('IAS') 19 for Employee Benefits, an amount of MUR 17.53 million was credited to the re-measurement of defined benefit asset for 2020 compared to MUR 9.36 million debited for 2019. The fund is presently fully funded, and is, in line with the latest actuarial valuation, recognized as an asset in the Commission's books.

Contribution to Consolidated Fund

The FSC Mauritius made a provision of MUR 867 million towards the Consolidated Fund from the year's surplus. From the opening balance payable, MUR 735 million was paid on 18 December 2019 and MUR 460 million on 4 May 2020.

Total contribution (paid and provided for) to the Consolidated Fund amounted to MUR 9,951 million from 2001 to 2020 is as follows:

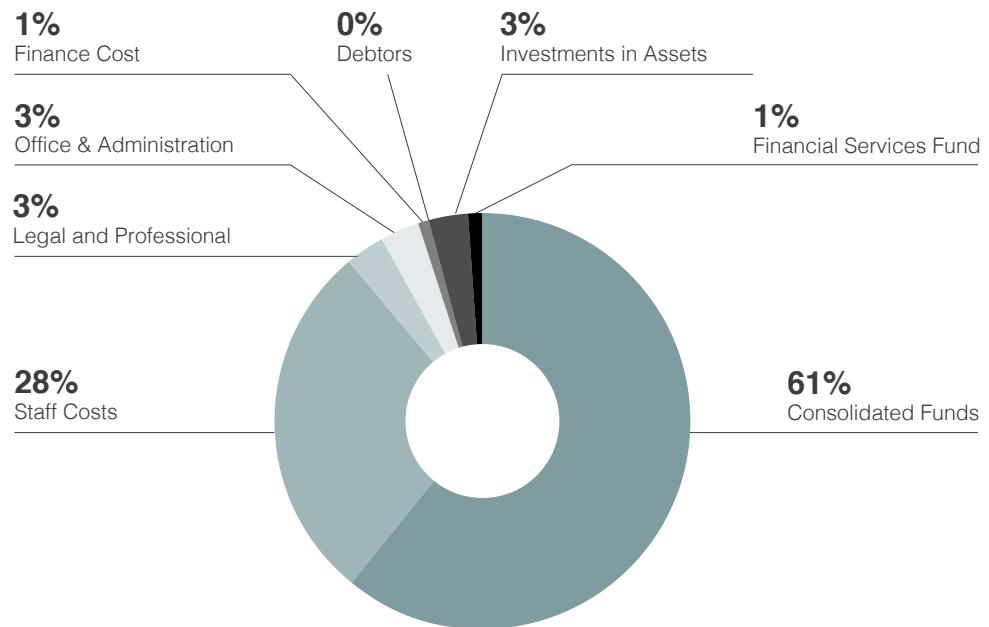
Table 37: Contribution to Consolidated Fund

Year	MUR Million
2001	N/A
2002	-
2003	100
2004	60
2005	70
2006	90
2007	90
2008	120
2009	140
2010	1,166
2011	496
2012	844
2013	979
2014	598
2015	715
2017	1,407
2018	849
2019	1,360
2020	867
TOTAL	9,951

*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.

Chart Value Added Pie chart for 2020





REPORT OF THE AUDIT AND RISK COMMITTEE

REPORT OF THE AUDIT AND RISK COMMITTEE

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 2020. 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 2020, the independent non-executive Board members who served the Committee were:

Mr. Premchand Mungar	- Chairperson
Mr. Sarwansingh Purmessur	- Member
Mr. Mahess Rawoteea	- Member

Mr. Ramaaidoo Sokappadu, Secretary to the Board, also acted as secretary to the Committee.

Terms of Reference

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

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

Meetings

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

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

ACTIVITIES OF THE AUDIT AND RISK COMMITTEE

A. Internal audit

The Audit and Risk Committee received and deliberated on 12 internal audit reports submitted by the Internal Auditor covering the following areas as per the approved internal audit plan:

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

B. Appointment of statutory auditor

Following a tender exercise, the Audit & Risk Committee recommended the appointment of Messr Chokshi & Chokshi LLP, Chartered Accountants, from India, as FSC's statutory auditor for three financial years ending 30 June 2021. The recommendation was subsequently approved by the Board.

No non-audit services were provided by the statutory auditor during the financial period 2019/20.

C. Other key activities

The Committee also considered and deliberated on the following key items during the reporting year:

- (a) the 2019 annual internal audit plan which was submitted for approval;
- (b) the FSC budget for the period 2020/21 which was submitted for consideration and recommendation to the Board for approval;
- (c) administrative penalty recovery proposal put in place by Management;
- (d) the Expected Credit Loss model developed by FSC as required under IFRS 9.

D. Subsequent events

(a) *New and revised International Financial Reporting Standards (IFRS)*

The Audit & Risk committee deliberated and recommended to the Board on the new and revised accounting standards that the FSC has applied and effective for accounting periods beginning on 1 July 2019.

(b) *Statutory reporting for the year ended 30 June 2020*

The Committee considered the external auditor's report and the audited financial statements for the year ended 30 June 2020 prepared using appropriate accounting policies, estimates and judgements in accordance with the International Financial Reporting Standards (IFRS) and relevant legal and regulatory requirements. The Committee had discussions on critical policies, judgements and estimates with the statutory auditor.

The Committee considered and deliberated on the Expected Credit Loss provided for the financial year ended 30 June 2020. No significant issues were noted in relation to the financial statements.

Following deliberation on the audited accounts for the financial year ended 30 June 2020, the Committee recommended the audited financial statements to the Board for its approval. The Board subsequently approved the audited financial statements.



Premchand Mungar
Chairperson

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

1.0 Preamble

Statutory bodies are amongst the entities designated under the National Code of Corporate Governance for Mauritius 2016 (the "Code") to apply the principles of the Code. The Code, *inter alia*, recommends that the Board of all statutory bodies considers the establishment of a Corporate Governance Committee and formally approves its terms of reference.

To the extent that the Code is not in conflict with the provisions of the law, the FSC Mauritius shall follow the Code.

Pursuant to section 4 of the FSA, the Board of the FSC Mauritius (the "Board") is responsible for the management and administration of the FSC Mauritius, and as such, has the responsibility to ensure that the FSC Mauritius meets its statutory objectives.

2.0 Composition

The Corporate Governance Committee of the FSC Mauritius (the "Committee") was first set up by the Board in 12 September 2006 and was last reconstituted on 11 October 2018. During the reporting period ending 30 June 2020, the Committee consisted of three members of the Board, namely-

- Mrs. Yotsna Lalji-Venketasawmy, as Chairperson;
- Mr. Premchand Mungar, appointed as member; and
- Mr. Hervé Lassemillante, appointed as member.

Staff from the legal cluster of the FSC Mauritius also attends and supports the meetings of the Committee.

2.1 The Secretary

The Secretary of the Board, Mr. Ramaidoo Sokappadu also acts as a Secretary to the Committee and ensures that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

2.2 Role of the Corporate Governance Committee

The role of the Committee is to ensure that the FSC Mauritius complies, as far as is applicable, with the Code. The Committee also, *inter alia*, ensures that necessary disclosures regarding conflicts of interests are made and that sound governance principles are adopted across the FSC Mauritius.

During the period under review, the Committee met on five occasions.

2.3 Committee attendance:

Members	Corporate Governance Committee
Mrs. Yotsna Lalji-Venketasawmy	5/5
Mr. Premchand Mungar	3/5
Mr. Hervé Lassemillante	5/5

3.0 Explanation on the application of the principles of the Code

Throughout the year ended 30 June 2020, to the best of the Board's knowledge, the FSC Mauritius has complied with the Code. To the extent that the Code is not in conflict with the provisions of the law, the FSC Mauritius has applied all of the principles set out in the Code and explained how these principles have been applied as illustrated below:

Principle 1: Governance structure

The FSC Mauritius is a statutory body set up under the FSA and the functions of its Board, Chairperson and Chief Executive are defined thereunder.

The Board is responsible for administering and managing the FSC Mauritius. It operates within a defined governance framework which provides for the effective delegation of some of its powers to established Board Committees and management function with clear lines of responsibilities, as illustrated in the chart below. A proper reporting mechanism is in place to ensure that matters pertaining to the affairs of the FSC Mauritius are escalated to the Board by the Chairpersons of the Board Committees. This enables the Board to discharge its duties more effectively.



The FSC Mauritius is in the process of adopting its Board Charter which will provide guidance to Board members on their functions and methods of evaluation. As the focal point of the corporate governance system, the Board is ultimately responsible and accountable for the performance and activities of the FSC Mauritius.

A Code of Ethics for the FSC Mauritius is also being developed. The FSC Mauritius has a Code of Conduct which sets out its ethical and professional standards to encourage such behaviours by all Directors and employees of the FSC Mauritius.

The organisational chart of the FSC Mauritius is publicly disclosed on its website and also in the FSC Annual Report.

Principle 2: The composition of the Board and its Committees

Pursuant to section 4 of the FSA, the Board consists 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 seven other members appointed by the Minister of Financial Services and Good Governance (the 'Minister') on such terms and conditions as determined by him.

Board Composition

Pursuant to the provisions of the Code, a Board should normally have at least two independent members. An independent member's presence on the Board should commensurate with the sophistication, scale and sector of the organisation. The Board should determine whether a member is independent in character and judgment and whether there are relationships or circumstances likely to affect, or appear to affect, the member's judgment on an annual basis.

The Code provides a list of criteria that should be considered when assessing independence. However, if the Board allows any material divergence from any of the criteria identified in the Code, it should be fully explained in the corporate governance section of the Annual Report and on the website.

An explanation should be provided if a Board has less than two independent board members. Organisations should not sacrifice knowledge and industry experience in favour of independence.

For the period under review, the Board of the FSC Mauritius consisted of a Chairperson, a Vice-Chairperson and seven independent non-executive directors, all suitably qualified and experienced in the field of business, finance or law. The independence of the directors has been assessed within the parameters of the Code. The composition of the Board was as follows:

- Dr. Renganaden Padayachy, Chairperson (Resigned on 07 October 2019)
- Mr. Mardayah Kona Yerukunondu, Chairperson (Appointed as from 12th May 2020)
- Mr. Rajeshsharma Ramloll, SC
- Mr. Hervé Lassemillante
- Mr. Premchand Mungar
- Mrs. Yotsna Lalji-Venketasawmy
- Mr. Sarwansingh Purmessur
- Mr. Mahess Rawoteea
- Ms. Gayle Mary Jane Yerriah
- Mrs. Mariam Rajabally

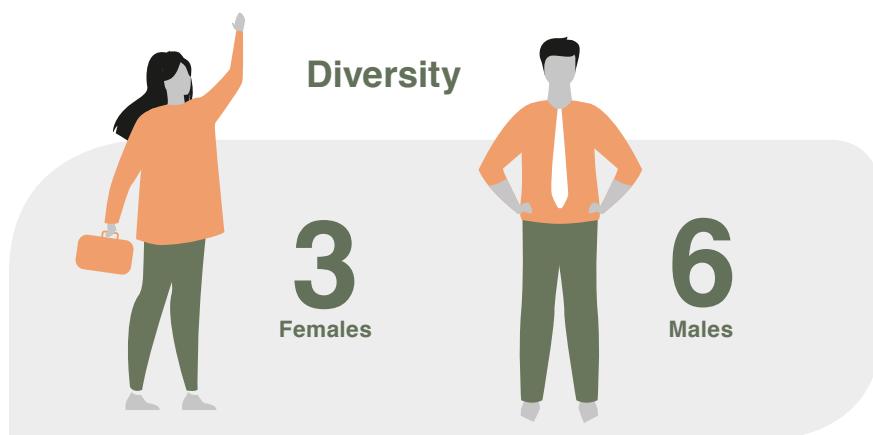
By virtue of section 9 of the FSA, the Chief Executive attends Board meetings unless otherwise directed by the Board and may take part in deliberations. However, the Chief Executive does not have the right to vote on any matter before the Board.

During the reporting period, the Chairperson and five of the Board members were independent from the parent Ministry. All Board members are residents of Mauritius.

The Secretary of the Board holds a Bachelor of Arts degree in Economics and is a senior Civil Servant who has been acting as secretary to the Board of FSC for the past 19 years.

Board Diversity

As at 30 June 2020, the FSC Mauritius comprises of 9 Board members.



The Board met 18 times for the period ending 30 June 2020 and key matters were discussed and considered.

Board Committees

The Board has established the following standing committees, namely –

- (i) The Audit & Risk Committee;
- (ii) The Corporate Governance Committee; and
- (iii) The Staff Committee.

The Board reconstituted the Audit and Risk Committee and the Corporate Governance Committee as from 11 October 2018 and during the reporting period, both Committees consisted of only Board members other than the Chairperson of the Board. The Legal Affairs Committee, the Waivers and Exemption Committee and the Application and Approval Committee were established by the Board on 24 July 2019.

Audit & Risk Committee

Composition

Mr. P. Mungar	Chairperson
Mr. M. Rawoteea	Member
Mr. S. Purmessur	Member

The main responsibilities of the Audit and Risk Committee include:

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

In compliance with the guidance of the Code, the Chief Executive is not a member of the Audit and Risk Committee.

Corporate Governance Committee

Composition

Mrs. Y. Lalji Venketasawmy	Chairperson
Mr. P. Mungur	Member
Mr. H. Lassemillante	Member

The main responsibilities of the Corporate Governance Committee include:

- recommending to the Board of Directors on the Corporate Governance provisions to be adopted so that the Board remains effective and complies, as far as applicable, with the prevailing Corporate Governance principles; and
- ensuring that the reporting requirements and disclosures made with regard to Corporate Governance, whether in the Annual Report or on an ongoing basis, are in accordance with the principles of the Code, as far as applicable.

Staff Committee

Composition

Mr. R. Ramloll	Chairperson
Mr. S. Purmessur	Chairperson as from August 2019
Mr. H. Lassemillante	Member
Ms. G. Yerriah	Member

The main responsibilities of the Staff Committee are to ensure that the human capital remains the most valuable resource that drives the achievement of the FSC Mauritius' strategic objectives and performance. In furtherance, the FSC Mauritius fosters consistent, fair and equitable employee relations in the workplace, defines and monitors 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.

The Enforcement Committee, established under section 52 of the FSA, is an internal committee set up by the Board.

Principle 3: Appointment of Board members

Pursuant to section 8 of the FSA, Board meetings are held at least once a month and pursuant to section 9 of the FSA, the Chief Executive attends all Board meetings unless otherwise directed by the Board.

All Board members are non-executive members and their profiles can be viewed at page 16 of the Annual Report and on the FSC Mauritius' website. As at 30 June 2020, there were six (including the Chairperson and Vice-Chairperson) Board members who were not attached to the Ministry of Financial Services and Good Governance.

Attendance at Board Meetings and Board Committees

The table below gives an account of the records of attendance at the Board and Committee meetings for the year under review:

	Board	Staff Committee	Audit & Risk Committee	Corporate Governance Committee	Legal Affairs Committee	Waivers & Exemption Committee	Applications & Approval Committee
Number of meetings of Board and Board Committees held during the year	18	14	8	5	5	5	4

Attendance of Directors

Mr. Padayachy (resigned on 07 Oct 2019)	4 (out of 4)	Chairperson is not a member of Board Committees					
Mr. M. Kona Yerukunondu	3 (out of 3)	Chairperson is not a member of Board Committees					
Mr. R. Ramloll	17	1 (out of 1)	-	-	5	-	-
Mr. H. Lassemillante	16	11	-	5	-	5	-
Mr. P. Mungar	15	-	8	3	-	-	-
Ms Y. Lalji Venketasawmy	15	-	-	5	-	4	-
Mr. S. Purmessur	16	14	6	-	-	-	-
Mr. M. Rawoteea	17	-	6	-	-	-	4
Ms G. Yerriah	17	13	-	-	5	-	4
Ms M. Rajabally	13	-	-	-	4	4	4

Members of the Board are appointed in accordance with section 4 of the FSA and are, inter alia, persons suitably qualified in business, finance or law. They are appointed for a period of three years and are eligible for re-appointment.

- (a) Mr. Rajeshsharma Ramloll, SC was appointed Vice- Chairperson on 26 April 2019.
- (b) Mr. Mardayah Kona Yerukunondu was appointed Chairperson on 12 May 2020.

The Board Charter referred to in Principle 1 provides for succession planning, as well as a statement regarding assumption of responsibility for succession planning. New Board members are informed of all laws which govern the FSC Mauritius and laws which it administers as well as the guidelines/codes issued by the FSC Mauritius.

The Board ensures the professional development and ongoing education of all its members and Board members attend from time to time seminars and conferences pertaining to the regulation of financial services. For the period under review, a board member attended a training on 'Incubator for Board Readiness for Women Directors' which was organised by the Financial Services Institute (FSI) in collaboration with the Ministry of Financial Services and Good Governance. The rationale of the Incubator project is to promote good governance principles and enhance effectiveness of Board members. This training was a customised session for senior executives and Board members who wish to strengthen specific board competencies, such as corporate strategy, governance, finance or corporate affairs.

Principle 4: Duties, remuneration and performance of Board members

Board members are well versed with financial and legal matters and they are conversant with the laws administered by the FSC Mauritius.

The declaration of interests of Board members (if any) as required under section 84 of the FSA are documented.

The FSC Mauritius is an independent regulator with no commercial objectives and therefore there is no mechanism for Board evaluation. However, attendance to Board meetings by Board members are published in the Corporate Governance Report.

Board Remuneration

Board members are paid a fixed monthly fee. In addition, Board members who are also members of the board committees of the FSC Mauritius, were paid specific fees as from October 2018.

The Board members' remunerations for the reporting period 30 June 2020 are provided at page 212 of the Annual Report (Note 33 of the Financial Statements).

Every Board member is paid by the FSC Mauritius such fees as the Board may, with the approval of the Minister, determine, in line with section 4(4) of the FSA.

Principle 5: Risk governance and internal control

The Board is responsible for maintaining an effective system of risk management and internal control. The FSC Mauritius' risk management system is set out in more detail on pages 159 to 160 of the FSC Annual Report. The FSC Mauritius has a risk management mechanism to identify and mitigate risks as described in paragraph 7.0 of this report. The internal audit report to the Audit and Risk Committee on the internal control process of the FSC Mauritius is available in the Annual Report (more details are available at page 149 of the Annual Report).

Whistleblowing policy

The FSC Mauritius is in the process of adopting a Whistleblowing Policy. The FSC Mauritius expects its Directors, employees and anyone associated with the FSC Mauritius, who have concerns about any aspect of malpractices encountered within the FSC Mauritius to come forward and voice those concerns within a defined process without fear of reprisals.

The whistleblowing policy ensures that the whistle-blower's identity is treated with confidentiality.

Principle 6: Reporting with integrity

After the close of every financial year, the FSC Mauritius publishes its activities together with its audited accounts in respect of the previous financial year. In addition, in compliance with section 85 of the FSA, the FSC Mauritius publishes its Annual Report 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 FSC Mauritius such as its financial and governance positions, as well as, how it has fulfilled its functions.

The social and environmental reporting of the FSC Mauritius is provided at page 158 of this report.

Principle 7: Audit

The FSC Mauritius has an internal audit unit which reports functionally to the FSC Mauritius' Audit and Risk Committee.

The Commission's Audit and Risk Committee:

- (i) monitors and reviews the integrity of the Commission's Financial Statements and accounting policies;
- (ii) makes recommendations for the approval of the Commission's financial statements;
- (iii) reviews the adequacy and compliance of internal control systems with management and the external auditors;
- (iv) monitors and reviews the internal audit function and considering regular reports from internal audit on internal financial controls, operations and risk management;
- (v) considers the appointment of external auditors, overseeing the process for their selection and making recommendations to the Board in relation to their appointment;
- (vi) monitors and reviews the external auditor's independence, objectivity and effectiveness;
- (vii) oversees the operation of the policies on conflicts of interest; and
- (viii) ensures that recommendations from external and internal audit, as approved by the Audit and Risk Committee and the Board, are followed upon and implemented.

The internal audit unit reports regularly to the Commission's Audit and Risk Committee and has full access to the records, management and staff of the FSC Mauritius. The Audit and Risk Committee Report is published at page 149 of the Annual Report.

The internal audit unit is managed by a member of the Association of Chartered Certified Accountants who also holds a master degree with specialisation in Financial Management.

Principle 8: Relations with shareholders and other key stakeholders

The FSC Mauritius is a statutory body and as such, has no shareholder. It maintains a working relationship with its parent Ministry through regular meetings chaired by the Minister or its Permanent Secretary to discuss policy and provide updates on matters relating to the financial services sector.

Monthly industry meetings are held with industry representatives namely the ATMC and the GFM to discuss about industry-related issues and initiatives. Task forces have been set up by the FSC Mauritius to ensure a quasi-permanent sharing of information and experiences on key topics of relevance to concerned stakeholders and to support the implementation of the Blueprint recommendations. Regular interactions with the Bank of Mauritius are held through the JCC.

The FSC Mauritius maintains relations with its international counterparts through membership with international standard setting bodies such as IOSCO, IAIS, IOPS, IFSB, GIFCS and CISNA. The FSC Mauritius engages with both local and international counterparts to promote cooperation for effective supervision, exchange of information and reinforce capacity building through established MoUs.

The Commission is a member of the Financial Stability Committee.

4.0 Management

Pursuant to section 9 (2) of the FSA, the Chief Executive is responsible for the execution of the policy of the Board and for the control and management of the day to-day business of the Commission.

5.0 Disclosures of interests for the reporting period

Section 84 of the FSA makes it compulsory for any member of the Board to disclose any direct or indirect interest in relation to any matter. Such disclosure must be made before the meeting convened to discuss that matter and must be recorded in the minutes of the Board or committee, as the case may be.

6.0 Integrated Sustainability Reporting

Social issues

Pursuant to section 5 of the FSA, the objects of the Commission as the regulator of the non-bank financial services sector and global business 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 2019/20 has explained the Commission's activities in view of fulfilling its objectives.

Environmental issues

The Commission promotes an eco-friendly culture which takes into consideration the environmental aspect and sustainable development practices. In this respect, the Commission has undertaken the following initiatives and measures:

- tube lights have been replaced by automatic sensor led lights;
- installation of solar water system;
- processing of new applications digitally using the OSP;
- promoting paperless office by scanning of all incoming documents;
- re-utilisation of used envelopes; and
- encouraging printing on both sides of paper.

It is to be noted that the nature of the Commission's operation has minimal negative impact on the environment.

Health & Safety issues

The Commission believes that the safety, health and welfare of its employees is of paramount importance and that a safe working environment is a prerequisite to achieving its stated goals. As a responsible employer, the Commission aims at ensuring that all employees work in an environment where there is minimum or no risk of injury or causes of ill health to the employees or damage to the property. As such, it has defined the safety and health of its employees as a priority in all its functions where safety and health comes first. The Commission ensures that it complies with the provisions of the Occupational Safety and Health Act 2005 and related legislations.

In compliance with the Occupational Safety and Health Act 2005, the Commission developed an Occupational Safety and Health manual which includes a Safety and Health Policy statement. It ensures that the work environment contributes to the health, safety and welfare of the staff. The developed Occupational Safety and Health manual is being processed and will be implemented and approved by the Board.

The Safety and Health Officer ensures that the required inspections, audit and assessment of Safety and Health standards are conducted. He also reviews, recommends, develops measures to control workplace hazards, and advises Management on matters pertaining to Safety and Health. The Safety and Health Committee meets every two months to inter alia discuss and make proposals to the Commission on matters regarding the safety, health and welfare of employees, promote cooperation between the employer and the employees in achieving and maintaining safe and healthy working conditions and follow up to ensure that health and safety issues raised are addressed.

In addition, the Commission has triggered its Business Continuity Plan in response to the COVID-19 pandemic. Necessary protocols and procedures have been put in place to ensure the safety and welfare of all employees as well as visitors.

7.0 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 assurance of risk management (including operational risks, strategic risks, financial risks, IT risks and compliance risks) is carried out through internal audit unit who reports to the Audit & Risk Committee.

7.1 Reputational risk

Key risk

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".

Reputational risk arises from failure to meet stakeholders' expectations as a result of any action, event or situation caused by the Commission or its employees that can adversely impact the Commission's reputation.

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 compliance mechanism. In addition, regular management meetings are held with various stakeholders with respect to their expectations and any complaint they may have.

7.2 Strategic risk

Key risk

Strategic risks are the risks of failing to achieve the Commission's statutory objectives. They result 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 environment regulated by the Commission.

Mitigation of risk

To mitigate the risks, the Commission has set up a strategic plan approved by the Board as well, as a Key Performance Indicators ("KPIs") system at organisational, cluster and individual levels to assess and report on achievement of key objectives. The ratings of the KPIs at all levels are used as a basis for the payment of performance bonuses.

7.3 Compliance risk

Key risk

Compliance risks are risks related to exposure to legal penalties, material financial loss or loss of reputation that the Commission may suffer by failing to act in accordance with its legal obligations. Compliance risk arises from the legal and regulatory requirements under which the Commission operates as a statutory body.

Mitigation of risk

To mitigate the risk, the Commission has a specific Legal 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 2020.

BOARD'S REPORT 2020

The Board of the Financial Services Commission presents its report and the audited financial statements of the FSC for the year ended 30 June 2020.

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/period, which gives a true and fair view of the state of affairs of the FSC, its income and expenditure, and its cash flows for the period.

In preparing those financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the FSC. The Board is also responsible for safeguarding the assets of the FSC, designing, implementing and maintaining effective internal controls relevant for the preparation and presentation of financial statements that are free from material misstatements.

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

The Board confirms that the Board has complied with the above requirements and the relevant statutes in so far as they relate to the preparation of the financial statements.



M. Kona Yerukunondu
Chairperson



Premchand Mungar
Member

Approved by the Board of the FSC on 30.12.2020

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the annual financial statements of the Financial Services Commission ("the Commission") set out on pages 167 to 212 of the Annual Report 2019-20, which comprise the statement of financial position as at 30 June 2020, the statement of financial performance, the statement of changes in funds, statement of cash flows for the year then ended, the statement of comparison of annual estimates and actual amounts and the notes, comprising a summary of significant accounting policies and other explanatory notes (hereinafter collectively referred as "financial statements").

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 30 June 2020, and its financial performance and cash flows for the year then ended, in accordance with IFRS.

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 has 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, Report of the Corporate Governance Committee 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 Report of the Corporate Governance Committee 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 statement s 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.

Commissions is Responsibilities for the financial statements

The Commission is responsible for the preparation of the financial statements in accordance with the IFRS; 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.

The Board of the Commission is also responsible for overseeing the Commission's financial reporting process.

Auditors 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 judgement 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 audit or'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.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 during the year under audit. 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 mentioned 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 have not come across 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 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 have not come across 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 Ministry of Financial Services and Good Governance during the year under audit as far as they relate to the financial statements.

Reporting on compliance with the National Code of Corporate Governance for Mauritius (2016)

The Board of the Commission is responsible for preparing the Report of Corporate Governance. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations even for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Board of the Commission has provided satisfactory explanations on the principles of the Code which have not been complied with. In our opinion, the disclosures in the annual report are consistent with the principles 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 in this regard were based on test checks as considered appropriate by us.

Based on our procedures performed and relying on Board representation and explanations to this effect in Note No.34 to the financial statements, nothing came to our attention to indicate that the provisions of Part V of the Act regarding the Bidding Process have not been compiled with.



Mitil Chokshi

Partner

M.No.47745
Chokshi & Chokshi LLP
FRN - 101872W / W100045
Licensed by the FRC
Kemps Corner, Mumbai, India
UDIN - 20047745AAAAAA1787

Date: 30 December 2020

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

NOTE	2020	2019
	Rs	Rs
ASSETS		
Non-Current Assets		
Property plant and equipment	6(a)	125,431,735
Intangible assets	6(b)	3,733,595
Right-of use assets	6(c)	134,661,255
Assets held to maturity	7	49,354,665
Retirement benefit asset	8	2,605,891
Other financial assets	9	3,920,147
		319,707,288
		413,933,595
Current Assets		
Assets held to maturity	7	376,937,793
Other financial assets	9	883,175
Receivables	10	164,005,581
Cash and bank balances	11	671,595,033
Bank deposits	12	1,411,242,559
		2,624,664,141
		2,314,945,202
TOTAL ASSETS		2,944,371,429
		2,728,878,797
LIABILITIES		
Non-Current Liabilities		
Retirement benefit obligations	8	-
Lease liabilities	15	128,018,591
		128,018,591
		141,084,814
Current Liabilities		
Payables	13	1,382,864,072
Provisions	14	134,278,995
Lease liabilities	15	16,257,095
Amount Payable to the Financial Services Fund	16	21,918,714
Amount Payable to the Consolidated Fund	17	1,031,679,864
		2,586,998,740
		2,447,937,912
TOTAL LIABILITIES		2,715,017,331
		2,589,022,726
NET ASSETS		229,354,098
REPRESENTED BY:		139,856,071
General Fund		42,862,443
General Reserve Fund	18	186,491,655
		229,354,098
		139,856,071

Approved by the Board of the Commission on 30 December 2020.
Signed on their behalf



M. Kona Yerukunondu
Chairperson



P. Mungar
Board Member



D. Thakoor
Chief Executive

The accounting policies on pages 168 to 185 and the notes on pages 186 to 208 form an integral part of these financial statements.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2020

NOTE	2020	2019
	Rs	Rs
INCOME		
Fees from licensees	19	1,226,460,688
Penalties and charges	20	58,281,630
Interest	21	58,417,942
Other income	22	1,794,467
		1,344,954,727
		1,258,645,999
OPERATING EXPENSES		
Staff related costs	23	360,114,801
Training and seminars	24	19,378,422
Legal and professional expenses	25	42,116,404
Office and administrative expenses	26	49,828,470
Depreciation & amortisation of property and equipment	6(a), 6(b)	21,251,469
Depreciation of right-of-use assets	6(c)	23,749,004
Provision for credit losses		2,092,560
		518,531,130
		491,417,541
FINANCE COSTS		
Interest on leasing		10,633,188
		815,790,409
		760,675,374
SURPLUS OF INCOME OVER OPERATING EXPENSES		
Exchange fluctuation gain		177,315,211
		993,105,620
		787,760,858
SURPLUS FOR THE YEAR		
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to surplus or deficit		
Remeasurement of defined benefit obligation	8	(17,531,495)
		9,360,564
		975,574,125
		797,121,422

Approved by the Board of the Commission on 30 December 2020.

Signed on their behalf



M. Kona Yerukunodu
Chairperson



P. Mungar
Board Member



D. Thakoor
Chief Executive

The accounting policies on pages 168 to 185 and the notes on pages 186 to 208 form an integral part of these financial statements.

STATEMENT OF CHANGES IN FUNDS AND UNREALISED RESERVES

FOR THE YEAR ENDED 30 JUNE 2020

	General Reserve Fund	General Fund	TOTAL
	Rs	Rs	Rs
At 1 July 2017	559,985,988	-	559,985,988
As restated upon adoption of IFRS 9 - Financial Instruments	-	(1,228,981)	(1,228,981)
Transitional reserve in relation to existing operating lease obligations recognised as lease under IFRS 16 - Leases	-	(361,152)	(361,152)
Transfer from General Reserve Fund to the Consolidated Fund as per Section 82A(2A) of The Financial Services Act, 2007.	(459,985,988)		(459,985,988)
Surplus for the year	-	787,760,858	787,760,858
Adjustment as per Section 82A(3) of the Financial Services Act, 2007		-	-
Other Comprehensive Income for the year	-	9,360,564	9,360,564
Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The Financial Services Act, 2007.	39,856,071	(39,856,071)	-
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.	-	(15,942,428)	(15,942,428)
Payment to the Consolidated Fund during the period	-	-	-
Amount payable to the Consolidated Fund	-	(739,732,790)	(739,732,790)
At 1 July 2019 - as stated	139,856,071	-	139,856,071
Surplus for the year	-	993,105,620	993,105,620
Other Comprehensive Income		(17,531,495)	(17,531,495)
Transfer from General Fund to the General Reserve Fund as per Section 82A(2) of The Financial Services Act, 2007.	46,635,584	(46,635,584)	-
Transfer from General Fund to the Financial Services Fund as per Section 82(6) of The Financial Services Act, 2007.	-	(18,654,234)	(18,654,234)
Amount payable to the Consolidated Fund	-	(867,421,864)	(867,421,864)
At 30 June 2020	186,491,655	42,862,443	229,354,098

(*) The balance of Rs.42.86 million lying in the General Fund pertains to outstanding administrative penalties (net) as on 30.06.2020

Approved by the Board of the Commission on 30 December 2020.

Signed on their behalf

M. Kona Yerukunodu
Chairperson

P. Mungar
Board Member

D. Thakoor
Chief Executive

The accounting policies on pages 168 to 185 and the notes on pages 186 to 208 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020	2019
		Rs	Rs
Cash generated by operations	27	1,495,109,352	824,765,151
Interest received	30.2	59,533,246	50,278,214
Payment of Retirement Benefit Obligation		-	-
Net cash generated from operating activities		1,554,642,598	875,043,365
Cash flow from investing activities			
Acquisition of property and equipment		(8,742,444)	(12,309,978)
Acquisition of intangible assets		(2,926,022)	(5,348,703)
Acquisition of Right-of-use assets		-	(222,220)
Proceeds from disposal of property and equipment		1,077,050	1,200,000
Investment in bank deposits		(2,729,411,672)	(869,434,486)
Proceeds from maturity of investments in bank deposits		2,430,028,970	630,558,125
Purchases of held-to-maturity financial assets		(451,757,360)	(50,493,500)
Proceeds from maturity of held-to-maturity financial assets		613,800,000	125,000,000
Net cash used in from investing activities		(147,931,478)	(181,050,762)
Cash flow from financing activities			
Lease repayments		(18,105,576)	(5,922,165)
Interest on lease repaid		(10,495,387)	(6,553,084)
Payment to the Financial Services Fund		(15,818,253)	(17,089,503)
Payment to the Consolidated Fund	17	(1,195,534,774)	(794,390,917)
Net cash used in financing activities		(1,239,953,990)	(823,955,669)
Net increase / (decrease) in cash and cash equivalents		166,757,130	(129,963,066)
Cash and cash equivalents at the beginning of the year		504,837,903	634,800,969
Cash and cash equivalents at end of the year		671,595,033	504,837,903

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	671,595,033	504,837,903
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Approved by the Board of the Commission on 30 December 2020.

Signed on their behalf



M. Kona Yerukunodu
Chairperson



P. Mungar
Board Member



D. Thakoor
Chief Executive

The accounting policies on pages 168 to 185 and the notes on pages 186 to 208 form an integral part of these financial statements.

COMPARISON WITH BUDGET

FOR THE YEAR ENDED 30 JUNE 2020

	ACTUAL	BUDGET	VARIANCE
	Rs	Rs	Rs
INCOME			
Fees from licensees	1,226,460,688	1,240,822,000	(14,361,312)
Penalties and charges	58,281,630	-	58,281,630
Interest	58,417,942	32,249,000	26,168,942
Other income	1,794,467	-	1,794,467
	1,344,954,727	1,273,071,000	71,883,727
OPERATING EXPENSES			
Staff related costs	360,114,801	416,836,000	(56,721,199)
Training and seminars	19,378,422	42,415,000	(23,036,578)
Legal and professional expenses	42,116,404	79,404,000	(37,287,596)
Office and administrative expenses	49,828,470	111,804,000	(61,975,530)
Depreciation & amortisation of property and equipment	21,251,469	33,392,000	(12,140,531)
Depreciation of right-of-use assets	23,749,004	-	23,749,004
Provision for credit losses	2,092,560	-	2,092,560
	518,531,130	683,851,000	(165,319,869)
FINANCE COSTS			
Interest on leasing	10,633,188	-	10,633,188
SURPLUS OF INCOME OVER OPERATING EXPENSES			
	815,790,409	589,220,000	226,570,407
Exchange fluctuation gain	177,315,211	-	177,315,211
SURPLUS FOR THE YEAR			
	993,105,620	589,220,000	403,885,618
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to surplus or deficit			
Remeasurement of defined benefit obligation	(17,531,495)	-	(17,531,495)
SURPLUS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR			
	975,574,125	589,220,000	386,354,123

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1. GENERAL INFORMATION

1.1 Corporate information

The financial statements of the FSC Mauritius for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Board on 30 December 2020. 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

FSC, being an independent regulatory authority, in terms of amendments to the Financial Services Act 2007 (FSA), is required to maintain its General Reserve Fund of stipulated amount (Rs.100 million represented by assets net of liabilities) to attain its objectives under Section 82 and Section 82A of the FSA:

- (a) FSC has created a General Fund into which all monies received by the Commission has been paid, and out of which all payments required to be made including future charges and commitments, have been adjusted.
- (b) FSC allocates 2% from the audited surplus for the year determined in accordance with Section 82(6) of the FSA, excluding any outstanding administrative penalties, from the General Fund to the Financial Services Fund (2019: 2%)
- (c) FSC allocates 5% from the audited surplus for the year determined in accordance with Section 82A(2)(a) of the FSA, from the General Fund to the General Reserve Fund (2019: 5%)
- (d) In accordance with Section 82A(3) of the FSA, FSC has, after the allocations to the Financial Services Fund and General Reserve Fund, and adjusting any related outstanding administrative penalties included in the income statement, 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, FSC has made provisions of Rs. 867,421,864 (2019: Rs 1,199,718,778) towards the Consolidated Fund of the Government of Mauritius.

2. BASIS OF PREPARATION AND NEW ACCOUNTING STANDARDS

2.1 Basis of preparation

FSC has been excluded from the First Schedule to the Statutory Bodies (Accounts and Audit) Act, by virtue of amendments in section 6A(3) of the Statutory Bodies (Accounts and Audit) Act. Therefore requirements of preparing financial statements in compliance with the International Public Sector Accounting Standards (“IPSAS”) issued by IFAC is not applicable to FSC. Accordingly, the Commission has prepared its financial statements in accordance with 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 historical cost basis, apart from 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 FSC has adopted new/revised standards and mandatory interpretations for the financial years beginning on or after 1 January, 2019. The effects of these are stated below:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in Note 3.2 provided below.

2.2 Going Concern

FSC's forecasts and projections, show that the Commission should be able to operate within their current funding levels in the foreseeable future. The directors have a reasonable expectation that the Commission has adequate resources to continue in operational existence for the foreseeable future. The financial statements therefore have been prepared on a going concern basis.

2.3 Adoption of New and Revised International Financial Reporting Standards

In the current period, the Commission has applied all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the IFRIC of the IASB that are relevant to its operations and effective for the accounting period beginning on or after 1 January 2019.

2.4 New standards and amendments

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2019 and are applicable to the Commission:

The Commission has assessed the relevance of the standards, interpretations and amendments to existing standards that have been published and mandatory for accounting periods beginning after 01 July 2019 and which the Commission has not early adopted and concluded these will not have a significant impact on the financial statements for the year ended 30 June 2020.

- **Amendments to IFRS 9: Prepayment Features with Negative Compensation**

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail the SPPI criterion.

FSC does not anticipate that the application of the amendments will have any material impact on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

• Amendment to IFRS 16 – COVID 19 related Rent Concessions

In May 2020, the IASB issued *COVID-19-Related Rent Concessions (Amendment to IFRS 16)* that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

FSC does not anticipate that the application of the amendments will have any material impact on its financial statements.

• Amendments to IAS 28: Long term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

FSC does not anticipate that the application of the amendments will have any material impact on its financial statements.

• Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement:

The amendments clarify that the past service cost (or the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the amendment of the plan (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An entity will now be required to use the updated assumptions from this re-measurement to determine the current service cost and net interest for the remainder of the reporting period after the change of the plan.

FSC does not anticipate that the application of the amendments will have any material impact on its financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- Determine whether uncertain tax positions are assessed separately; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
 - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

FSC does not anticipate that the application of the amendments will have any material impact on its financial statements.

2.5 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. The listing of standards and interpretations hereby 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.

The Conceptual Framework for Financial Reporting

The revised *Conceptual Framework for Financial Reporting* (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020, with early application permitted.

Amendments to IFRS 3 Business Combination – Reference to the Conceptual Framework, with effect from 1 January 2022

The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Amendments to IFRS 3 Business Combinations - With effect from 1 January 2020

On October 22, 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment also introduces an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The effective date for adoption of this amendment is annual periods beginning on or after 1 January 2020, although early adoption is permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Amendments to IFRS 7 and IFRS 9 – Interest Rate Benchmark Reform (Phase 1) - With effect from 1 January 2020

The amendments in Interest Rate Benchmark Reform clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which hedged cash flows and cash flows from hedging instruments are based will not be altered as a result of interest rate benchmark reform. The effective date for adoption of this amendment is annual periods beginning on or after 1 January, 2020, with earlier application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Amendments to IFRS 7 and IFRS 9 – Interest Rate Benchmark Reform (Phase 2) - With effect from 1 January 2020

The phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The effective date for adoption of this amendment is annual periods beginning on or after 1 January 2021, with earlier application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Amendments to IFRS 10 and IAS 28 Sale or contribution of Assets between an Investor and its Associate or Joint Venture- Postponed Indefinitely

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. IAS 28 and IFRS 10 amended as follows:

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognized to the extent of unrelated investors' interests in the associate or joint venture.
- Gains and losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognized in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

- Gains and losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interest in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Earlier application of these amendments is still permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

IFRS 17 Insurance Contract- With effect from 1 January 2023

IFRS 17 establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The standard is effective for annual reporting periods beginning on or after 1 January 2023.

FSC does not anticipate that the application of the Standard in the future will have any material impact on its financial statements.

Amendments to IAS 1- Presentation of the Financial Statements and IAS 8 Accounting Policies, Change in Accounting Estimates and Errors – Definition of Material- With effect from 1 January 2020

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are applied prospectively for annual period beginning on or after 1 January 2020, with earlier application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current- With effect from 1 January 2023

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The effective date for adoption of this amendment is annual periods beginning on or after 1 January 2023, with earlier application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Amendments to IAS 16 – Proceeds Before Intended Use- With effect from 1 January 2022

The amendments prohibit deducting from the cost of item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The effective date for adoption of this amendment is annual periods beginning on or after 1 January 2022, with earlier application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract- With effect from 1 January 2022

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to the contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after 1 January 2022, with earlier application permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

2.6 Improvements to IFRS-

In May 2020, the IASB (International Accounting Standards Board) issued Annual Improvements to IFRS 2018-2020 cycle.

Cycle 2018-2020 -

IFRS 1 First Time Adoption of IFRS

IFRS 9 Financial Instruments

IFRS 16 Leases

IAS 41 Agriculture

IFRS 1 First Time Adoption of IFRS

The amendments permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation difference using the amounts reported by its parent, based on the parent's date of transition to IFRS.

IFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes when it applies '10 percent' test in paragraph B3.3.6 of IFRS in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on other's behalf.

IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of biological asset using a present value technique. This will ensure consistency with requirements of IFRS 13.

All the amendments are effective for annual period beginning on or after 1 January, 2022 and generally require prospective application. Early application is permitted.

FSC does not anticipate that the application of the amendments in the future will have any material impact on its financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Significant Accounting Policies

(a) Revenue recognition

(i) Fees from licensees

Annual licensing fees are raised in terms of the Financial Services Act and FSC Rules.

Fees are earned from:

- Licenses issued to applicants for a Category 1 Global Business license or a Category 2 Global Business License or Authorized Company.
- 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 highly probable that significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with variable consideration is subsequently resolved.

Revenue arising from processing, annual license, registration fees, late charges and reinstatement fees are recognised when the performance obligation is satisfied on time or over time.

Measurement

Revenue from fees is measured at the fair value of the consideration received or receivable, taking into account terms of payment which may be defined from time to time in the FSC Rules. Waivers of late charges are offset against revenue from late charges.

(ii) Revenue from administrative penalties

Recognition

Revenues arising from administrative penalties pursuant to the issuance of the Financial Services (Administrative Penalties) Rules, 2013, effective from 1 January 2014 are recognised when a licensee fails to comply with a legal obligation specified in the said rules and accounted where there is no significant uncertainty as to its collectability. These penalties are recognised only to the extent that it is highly probable that significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with it is subsequently resolved.

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. By virtue of amendments in the Financial Services (Administrative Penalties) Rules 2013, w.e.f. 01 January 2018, the administrative penalty payable in respect of each breach of a legal obligation specified in the first column of the Schedule and committed by a licensee after 31 December 2017 has been capped at Rs.150,000 (USD 5,000).

Income	Revenue Recognition
Processing Fees	Recognised at a time of application
Annual Fees	Recognised to the extent of certainty
Re-instatement Fees	Recognised at the time of application for re-instatement
Administrative Penalties	Recognised net of uncertain revenues
Fees from Insurance Companies	Accrued quarterly based on gross premium from policies issued
Fees from Brokerage Companies	Accrued monthly based on value of the transactions undertaken

For admin & penalty fees, the Commission calculates PD rates and LGD rates based off historical behavior based off risk-homogeneous segments. The historical PD rates are adjusted through a regression framework to a PiT PD to take into consideration current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

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(iii) Interest income

For all financial instruments which are interest bearing financial assets, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Premium paid or discount received on Treasury Notes and Treasury Bills are amortised using the effective interest rate method over the duration of the instruments.

(iv) 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 to with the counterparty.

(b) Expenditure

All expenses have been accounted for 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.

Short term Employee Benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leaves and sick leaves in the period the related service is rendered at the undiscounted amount of benefits expected to be paid in exchange for that service.

(c) Pensions and other post-employment benefits

Defined Benefit Scheme

FSC 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 at 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.

Re-measurements 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.

FSC 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 entitles them to the contributions.

(d) Foreign currency transactions and balances

Items included in the financial statements are measured using the Commission's functional currency. FSC'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, plant and equipment

Property, plant and equipment comprises of motor vehicles, furniture, computer equipment, office equipment, building and fixtures & fittings.

Initial Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date.

Subsequent Measurement

All property and equipment of FSC 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.

NOTES TO THE FINANCIAL STATEMENTS

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The carrying amount of an item of property and equipment is de-recognised on disposal or when no future economic benefits are expected to arise from its use. Gains and losses on disposal or de-recognition 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 de-recognised. 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 based 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 property, plant 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, plant and equipment is determined as per the Commission's capitalisation policy.

(f) Leases

Assets held under leases are recognised as assets of FSC at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the balance amount of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Commission's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Right-of-use assets comprises of office space, building, fitting outs, furniture, parking space, and land.

Initial Measurement of the right-of-use asset

An item of right-of-use asset that qualifies for recognition as an asset is measured at its cost. The cost of an item of a right-of-use asset comprises of the following at the recognition date:

- The present value of lease payments that are not paid at that date;
- Any lease payments associated with the lease made at or before the commencement date, less any payments made by the lessor to FSC;
- The initial direct cost, that is the incremental cost of obtaining the lease; and
- An estimate of costs to be incurred by FSC in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms of the lease.

Initial Measurement of Lease Liability

At the commencement date, the lease payments included in the measurement of the lease liability comprise of the following payments for the right to use the underlying asset during the lease term that are unpaid as on the commencement date:

- Fixed payments less any lease incentives receivable
- Variable lease payments
- Amounts expected to be payable by the Commission under residual guarantees
- The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease

Subsequent Measurement of right-of-use assets

All right-of-use assets of FSC are shown at historical cost less accumulated depreciation and/or accumulated impairment losses, if any, and adjusted for any re-measurement of the corresponding lease liability resulting from revised in-substance fixed lease payments. Right-of-use assets are subject to depreciation requirements as per IAS 16: Property, Plant and Equipment and tested for impairment when there is an indicator that the asset or assets should be impaired as per IAS 36: Impairment of Assets.

Subsequent Measurement of the lease liability

After the commencement date, the lease liability is measured by:

- Increasing the carrying amount to reflect the interest on the lease liability;
- Reducing the carrying amount to reflect the lease payment made; and
- Re-measuring the carrying amount to reflect any re-assessment or lease modification specified or to reflect revised in-substance fixed lease payments.

(g) Intangible assets

Intangible assets comprise of computer software.

Initial measurement

Intangible assets acquired separately are measured on the basis of 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 of the asset and are 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 is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible assets.

Intangible assets are amortised on a straight-line basis, to their residual values as follows:

Item	Average Useful life
Computer Software	3 years

Gains and losses arising from the de-recognition 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 de-recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Financial instruments – initial recognition and subsequent measurement

(1) Financial assets

Initial recognition and measurement

FSC's financial assets include cash and cash equivalents, short-term deposits, assets held to maturity, fees and penalties receivables, staff loans and other receivables.

The Commission recognizes a financial asset or a financial liability in its statement of financial position only when the Commission becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. For financial assets measured at amortised costs, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Classification of Financial Assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- Financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

(i) Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method, of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

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.

Investments in treasury notes, treasury bills and bank fixed deposits are classified as financial assets amortised at cost. Interest income is recognized in the statement of financial performance.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impaired includes observable data about the following events:

- significant financial difficulty of the licensees/
- a breach of contract such as a default or past due event;
- the disappearance of an active market for a security because of financial difficulties; or

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Commission assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date.

(ii) Financial instruments classified at FVTOCI

The Commission does not hold any financial assets classified at fair value through other comprehensive income.

(iii) Financial instruments classified at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

FSC 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.

For Staff loans, the Commission still assigns a probability of default to account for the fact that default events may still occur, even if such events have not been observed before. This probability of default is very low for stage 1 accounts but gets higher for stage 2 accounts to account for lifetime expected losses. Loss given default percentages are assigned based on F-IRB prescriptions, again, due to lack of historical defaults observed which prevents the use of internal data.

De-recognition

FSC derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the Statement of Financial Performance.

Measurement and recognition of expected credit losses

Measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Commission in accordance with the contract and all the cash flows that the Commission expects to receive, discounted at the original effective interest rate.

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FOR THE YEAR ENDED 30 JUNE 2020

ECL are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Commission in accordance with the contract and the cash flows that the Commission expects to receive. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Commission measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are a portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if a default occurs within a period of 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

ECL are recognised using a provision for impairment losses in profit and loss.

(2) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified in accordance with the substance of the contractual arrangements.

The Commission's financial liabilities consist of accounts payable.

Subsequent measurement

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Financial liabilities measured subsequently at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

De-recognition

FSC derecognizes financial liabilities when, and only when, the Commission's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized 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 only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(4) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined with 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.

(h) Cash and cash equivalents

For the purposes of the Statement 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.

For treasury bills and Bank deposits, the Commission uses externally published information from S&P 'Annual Default and Rating Transition Study' to assign a probability of default based on the instruments' credit rating. This probability of default (PD) obtained from S&P transition matrices is a long-term average which needs to be converted to a point-in-time (PiT) PD which takes into consideration current conditions and forecasts of future economic conditions. The Commission uses Global GDP growth as latent factor to convert the long-term average into a PiT PD through Merton-like transition matrix mechanics framework.

(i) Provisions

Provisions are recognised when FSC has a present obligation (legal or constructive) as a result of a past event, and 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 FSC 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.

(j) Taxation

The Commission is exempt from payment of tax as per the provisions of the Income Tax Act 1995 (as amended).

(k) Related Parties

Parties are considered related to FSC if they have the ability, directly or indirectly, to exercise significant influence over FSC 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 the respective terms of appointment, and are expensed in the period of their service.

(l) Comparative figures have been reclassified and restated to conform to the presentation of the current period.

3.2 Significant accounting judgments, estimates and assumptions

The preparation of FSC'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.

NOTES TO THE FINANCIAL STATEMENTS

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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, have been described below. FSC bases 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 FSC. Such changes are reflected in the assumptions as and when they occur.

As judged by normal commercial practice & prudence, the Commission ensures that no expenditure is incurred of extravagant and wasteful nature. Also, resources are applied and operations are carried out in fairly and economical manner.

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 made 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. FSC maximizes the use of observable inputs when computing fair values and applies its judgment when estimating non-observable inputs.

3.2.3 Provision for credit losses/ECL

FSC makes provision for credit losses based on an assessment of the recoverability of receivables. Provisions are applied to receivables where event 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 or ECL model, whichever is more, to determine future recoverability prior to accounting revenue. Where the expectation is different from the original estimate, such differences will impact the net carrying value of receivables.

4. CONTINGENT LIABILITIES / COMMITMENTS

4.1 Contingent Liabilities

FSC has pending lawsuits with claims against it. The nature of these claims relate mostly to claims from applicants for revoking their licenses, 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 FSC's staff in the performance of their duties in good faith.

The pending lawsuits against FSC with claims are estimated at Rs. 749,937,554 excluding interests and costs (2019: Rs. 562,137,554). FSC is of the view that there is a high certainty of success in defending all of the pending lawsuits. In the unlikely event that FSC is unsuccessful, the Commission will bear these costs with no reimbursements expected from insurers, as FSC has no insurance cover for damages relating to Court cases. The amounts claimed from claimants/applicants will not necessarily be the final amounts awarded by the courts, as the amounts claimed by litigants need to be proved.

4.2 Financial Commitments

FSC has approved, in principle, plans aimed at enhancing the tangible and intangible infrastructure commensurate with the scale of operations. The total amount committed internally and externally as at 30 June 2020 is Rs. 10,231,697 (2019: Rs. 2,949,179). This will be funded out of 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, totalling to an amount of Rs. 195,796,374 (2019: Rs. 195,796,374) are held marked in favour of the Commission, and not included in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

	MOTOR VEHICLE	FURNITURE	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	BUILDING	FIXTURES & FITTINGS	TOTAL
COST	Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 1 July 2019	19,941,762	25,509,008	66,379,381	10,736,051	167,775,311	102,840,908	393,182,421
Purchases	-	373,223	4,016,006	2,245,135	-	2,108,080	8,742,444
Disposals	(1,089,050)	-	-	-	-	-	(1,089,050)
At 30 June 2020	18,852,712	25,882,231	70,395,387	12,981,186	167,775,311	104,948,988	400,835,815
DEPRECIATION							
At 1 July 2019	14,431,145	24,715,214	61,122,927	9,240,057	64,497,203	85,371,685	259,378,231
Charge for the year	1,856,879	345,677	3,751,885	1,012,893	5,441,546	3,889,231	16,298,111
Disposals	(272,262)	-	-	-	-	-	(272,262)
At 30 June 2020	16,015,762	25,060,891	64,874,812	10,252,950	69,938,749	89,260,916	275,404,080
NET BOOK VALUE							
At 30 June 2020	2,836,950	821,340	5,520,575	2,728,236	97,836,562	15,688,072	125,431,735
COST	Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 1 July 2019	18,777,596	24,939,221	62,515,649	9,623,199	167,775,311	102,170,368	385,801,344
Purchases	6,093,067	569,787	3,863,732	1,112,852	-	670,540	12,309,978
Disposals	(4,928,901)	-	-	-	-	-	(4,928,901)
At 30 June 2019	19,941,762	25,509,008	66,379,381	10,736,051	167,775,311	102,840,908	393,182,421
DEPRECIATION							
At 1 July 2018	16,959,965	24,354,566	58,633,276	8,449,048	58,721,359	83,014,599	250,132,813
Charge for the period	2,400,079	360,648	2,489,651	791,009	5,775,844	2,357,086	14,174,317
Disposals	(4,928,899)	-	-	-	-	-	(4,928,899)
At 30 June 2019	14,431,145	24,715,214	61,122,927	9,240,057	64,497,203	85,371,685	259,378,231
NET BOOK VALUE							
At 30 June 2019	5,510,617	793,794	5,256,454	1,495,994	103,278,108	17,469,223	133,804,190

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. (2018/19: Nil)

6(b) Intangible assets

	COMPUTER SOFTWARE	LEASEHOLD RIGHTS	TOTAL
COST	Rs	Rs	Rs
At 1 July 2019	73,372,819	-	73,372,819
Purchases	2,926,022	-	2,926,022
Transfer to General Fund as per IFRS 16	-	-	-
At 30 June 2020	76,298,841	-	76,298,841
AMORTISATION			
At 1 July 2019	67,611,888	-	67,611,888
Charge for the year	4,953,358	-	4,953,358
Transfer to General Fund as per IFRS 16	-	-	-
At 30 June 2020	72,565,246	-	72,565,246
NET BOOK VALUE			
At 30 June 2020	3,733,595	-	3,733,595
COST	Rs	Rs	Rs
At 1 July 2018	68,024,116	5,500,000	73,524,116
Purchases	5,348,703	-	5,348,703
Transfer to General Fund as per IFRS 16	-	(5,500,000)	(5,500,000)
At 30 June 2019	73,372,819	-	73,372,819
AMORTISATION			
At 1 July 2018	62,757,156	1,925,000	64,682,156
Charge for the year	4,854,732	-	4,854,732
Transfer to General Fund as per IFRS 16	-	(1,925,000)	(1,925,000)
At 30 June 2019	67,611,888	-	67,611,888
NET BOOK VALUE			
At 30 June 2019	5,760,931	-	5,760,931

There have been no impairments of intangible assets during the current and prior periods. There are no intangible assets pledged as security.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

	LAND	OFFICE SPACE		BUILDING		FURNITURE		FITTINGS		PARKING SPACE		TOTAL
		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	
COST												
At 1 July 2019	6,410,125	90,935,958	1,119,182	18,722,400	40,208,600	5,662,320	163,058,585					
Purchases	-	2,417,270	948,706	171,141	1,047,107	4,096,686	8,680,910					
At 30 June 2020	6,410,125	93,353,228	2,067,888	18,893,541	41,255,707	9,759,006	171,739,495					
DEPRECIATION												
At 1 July 2019	337,375	7,577,996	31,088	1,560,200	3,350,717	471,860	13,329,236					
Charge for the year	337,375	11,784,813	689,296	2,361,693	5,206,531	3,369,296	23,749,004					
At 30 June 2020	674,750	19,362,809	720,384	3,921,893	8,557,248	3,841,156	37,078,240					
NET BOOK VALUE												
At 30 June 2020	5,735,375	73,990,419	1,347,504	14,971,648	32,698,459	5,917,850	134,661,255					
COST												
At 1 July 2018	6,410,125	-	-	-	-	-	-					6,410,125
Purchases	-	90,935,958	1,119,182	18,722,400	40,208,600	5,662,320	156,648,460					
At 30 June 2019	6,410,125	90,935,958	1,119,182	18,722,400	40,208,600	5,662,320	163,058,585					
DEPRECIATION												
At 1 July 2018	337,375	7,577,996	31,088	1,560,200	3,350,717	471,860	13,329,236					
Charge for the year	337,375	7,577,996	31,088	1,560,200	3,350,717	471,860	13,329,236					
At 30 June 2019	6,072,750	83,357,962	1,088,094	17,162,200	36,857,883	5,190,460	149,729,349					

The cost relating to variable lease payments that do not depend on an index or a rate, amounted to nil for the year ended 30 June 2020. There were no leases with residual value guarantees.

The Commission had, in July 2019, entered into a lease agreement for car parking space, for an initial period of 12 months, with an option to extend it to a further 12 months. At that time, the Commission had both the right, and was reasonably certain to renew the lease agreement for a further 12 months, and thus classified this transaction as a lease under IFRS 16, based on a lease period of 24 months. In the year 2020, due to changes in circumstances, there was a change in management decision, and the lease was renewed for a period of 3 months ending 30 September 2020. The Commission is certain not to renew the agreement any further, and thus adjustments have been made to the carrying value of the corresponding Right-of-use asset and the corresponding lease liability, based on a lease period of 15 months. The resulting gain on the change of the lease agreement has been recognised under Other Comprehensive Income.

7 ASSETS HELD TO MATURITY	2020	2019
Within 1 year		
Treasury Notes / Bonds	378,000,000	485,800,000
Premium on Treasury Notes / Bonds	(920,781)	166,724
Expected Credit Loss	(141,426)	(65,092)
	376,937,793	485,901,632
More than 1 year		
Treasury Notes / Bonds	48,400,000	98,400,000
Premium on Treasury Notes / Bonds	988,283	1,501,709
Expected Credit Loss	(33,618)	(33,718)
	49,354,665	99,867,991
	426,292,458	585,769,623

Reconciliation of assets held to maturity	2020	2019
	Rs	Rs
Opening balance	585,868,433	662,901,462
Purchases of held-to-maturity financial assets	451,757,360	50,493,500
Proceeds from maturity of held-to-maturity financial assets	(613,800,000)	(125,000,000)
Interest adjustment	2,641,708	(2,526,529)
Closing balance at face value	426,467,501	585,868,433
Expected Credit Loss	(175,043)	(98,810)
Closing balance at fair value	426,292,458	585,769,623

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

8. RETIREMENT BENEFITS ASSET

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 Rs17.50 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.

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.

	2020	2019
	Rs	Rs
The amounts recognised in Statement of Financial Performance are as follows:		
Current Service Cost	16,348,592	14,431,264
Employee Contributions	(6,690,464)	(6,539,219)
Fund Expenses	347,130	408,266
Interest income	(828,768)	(691,511)
Total included in staff costs	9,176,490	7,608,800
Actual return on plan assets/liability	27,378,147	15,798,274
Movements in asset/liability recognised in statement of financial position as determined by the actuarial valuation		
Opening balance	(19,278,837)	(7,969,728)
Total staff costs (as above)	9,176,490	7,608,800
Contributions paid by the Commission	(10,035,039)	(9,557,345)
Amount Recognised in Other Comprehensive Income	17,531,495	(9,360,564)
Asset/liability as at the close of the period	(2,605,891)	(19,278,837)
Reconciliation of the present value of the defined benefit obligation		
Present value of obligation at start of period	319,930,642	308,163,850
Current service cost	16,348,592	14,431,264
Interest Cost	12,317,330	20,030,650
Benefits paid	(11,883,131)	(10,350,511)
Liability loss / (gain)	31,786,933	(12,344,611)
Present value of obligation at end of period	368,500,366	319,930,642
Reconciliation of fair value of the plan assets		
At start of the period	339,209,479	316,133,578
Expected return on plan assets	13,146,098	20,722,161
Asset gain / (loss)	14,255,438	(2,984,047)
Contributions from the employer	10,035,039	9,557,345
Contributions from the employees	6,690,464	6,539,219
Benefits paid and other outgo	(12,230,261)	(10,758,777)
At close of the period	371,106,257	339,209,479

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:

	2020	2019
	%	%
Government Securities and Cash	61.70	58.70
Loans	3.00	3.40
Local Equities	10.10	13.10
Overseas bonds and equities	24.60	24.20
Property	0.60	0.60
	100.00	100.00

Components of the amount recognised in Other Comprehensive Income

	2020	2019
	Rs	Rs
Assets experience loss during the year	14,255,438	(2,984,047)
Liability experience gain during the year	(31,786,933)	12,344,611
	(17,531,495)	9,360,564

Remeasurement

Liability experience gain / (loss)	10,590,964	(4,355,713)
Liability gain due to change in demographic assumptions	-	16,700,324
Liability loss due to change in financial assumptions	(42,377,897)	-
Asset loss	14,255,438	(2,984,047)
	(17,531,495)	9,360,564

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:

	2020	2019
	%	%
<i>Discount Rate</i>	3.85	6.50
<i>Expected return on plan assets</i>	3.85	6.50
<i>Future Salary increases</i>	2.40	5.00
<i>Future Pension increases</i>	1.40	3.50

The assumptions for mortality before retirement and mortality in retirement are based on A 6770 Ultimate Tables (2019 - A 6770 Ultimate Tables).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

At 30 June 2020

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount Rate	100 basis points	Decrease by Rs90.4m	Increase by Rs67.8m
Future Salary increases	100 basis points	Increase by Rs52.0m	Decrease by Rs42.3m
Life expectancy	1 year	Increase by Rs10.6m	Decrease by Rs10.6m

At 30 June 2019

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount Rate	100 basis points	Decrease by Rs57.1m	Increase by Rs76.1m
Future Salary increases	100 basis points	Increase by Rs43.7m	Decrease by Rs35.5m
Life expectancy	1 year	Increase by Rs8.7m	Decrease by Rs8.7m

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depend to a certain extent on expected inflation rates. The analysis above abstracts from this interdependence between the assumptions.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The average age of the active members as at 30 June 2020 is 41 years while that of pensioners is 64 years.

Defined Contribution Scheme

	2020		2019	
	Rs	Rs	Rs	Rs
Contributions		3,120,094		2,902,684

9. OTHER FINANCIAL ASSETS

Other financial assets comprise of staff loans

Staff loans at fair value

	2020	2019
	Rs	Rs
Within 1 year	883,175	853,684
More than 1 year	3,920,147	5,492,298
	4,803,322	6,345,982
Total staff loans at amortised cost	5,201,888	7,354,449
Fair value adjustment	(398,566)	(1,008,467)
Balance at fair value	4,803,322	6,345,982

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 2020, 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 were discontinued with effect from 1 July 2014.

	2020	2019
	Rs	Rs
Balances of loans are as follows:		
<u>Secured</u>		
Total secured staff loans at face value	5,201,888	7,354,449
Fair value adjustment	(398,566)	(1,008,467)
Balance at fair value	4,803,322	6,345,982
<u>Unsecured</u>		
Total Unsecured Staff Loans at face value	-	-
Fair value adjustment	-	-
Balance at fair value	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

10. RECEIVABLES

	2020	2019
	Rs	Rs
Fees and penalties receivable	638,956,642	639,382,346
Other receivables	8,384,944	9,467,137
Accrued interest	33,146,029	34,871,234
Prepayments	20,647,390	21,641,260
Provision for credit losses	(537,129,424)	(495,318,243)
	164,005,581	210,043,734

11. CASH AND BANK BALANCES

	2020	2019
	Rs	Rs
Cash on hand	24,061	21,818
Bank balances	671,570,972	504,816,085
	671,595,033	504,837,903

12. BANK DEPOSITS

	2020	2019
	Rs	Rs
US Dollar	1,332,752,469	1,033,369,767
Mauritian Rupee	80,765,000	80,765,000
Expected Credit Loss	(2,274,910)	(826,518)
	1,411,242,559	1,113,308,249

13. PAYABLES

	2020	2019
	Rs	Rs
Other creditors and accruals	24,290,309	23,107,808
Deposit from Management Companies	925,872,094	726,482,621
Prepaid licence fees	432,701,669	211,575,519
	1,382,864,072	961,165,948

14. PROVISIONS

	2020	2019
	Rs	Rs
Sick Leave	31,890,040	25,073,772
Passage Benefits	16,004,843	14,785,203
Gratuity	8,208,870	4,826,139
Annual Leave	30,062,394	23,434,149
Bonus	48,112,848	27,161,657
	134,278,995	95,280,920

	Sick Leave	Passage Benefits	Gratuity	Annual Leave	Bonus	Total
	Rs	Rs	Rs	Rs	Rs	Rs
At 30 June 2020						
Balance at 01 July 2019	25,073,772	14,785,203	4,826,139	23,434,149	27,161,657	95,280,920
Charged to the Statement of Financial Performance	11,002,579	7,575,283	10,274,215	8,096,564	38,643,154	75,591,795
Exchange differences	-	-	38,421	-	-	38,421
Paid during the year	(4,186,311)	(6,355,643)	(6,929,906)	(1,468,318)	(17,691,963)	(36,632,141)
Balance at 30 June 2020	31,890,040	16,004,843	8,208,869	30,062,395	48,112,848	134,278,995
At 30 June 2019						
Balance at 01 July 2018	23,112,403	12,515,453	1,887,032	288,848	23,815,260	61,618,996
Charged to the Statement of Financial Performance	5,875,523	7,648,161	5,092,600	23,432,053	35,838,716	77,887,053
Exchange differences	-	-	(11,389)	-	-	(11,389)
Paid during the year	(3,914,154)	(5,378,411)	(2,142,104)	(286,752)	(32,492,319)	(44,213,740)
Balance at 30 June 2019	25,073,772	14,785,203	4,826,139	23,434,149	27,161,657	95,280,920

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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

15 LEASE LIABILITIES

The Commission has entered into various lease agreements as a lessee in relation to office spaces, land and parking spaces, and has classified them as leases under IFRS 16.

Moreover, the Commission had, in July 2019, entered into a lease agreement for car parking space, for an initial period of 12 months, with an option to extend it to a further 12 months. At that time, the Commission had both the right, and was reasonably certain to renew the lease agreement for a further 12 months, and thus classified this transaction as a lease under IFRS 16, based on a lease period of 24 months. In the year 2020, due to changes in circumstances, there was a change in management decision, and the lease was renewed for a period of 3 months ending 30 September 2020. The Commission is certain not to renew the agreement any further, and thus adjustments have been made to the carrying value of the corresponding right-of-use asset and the corresponding lease liability, based on a lease period of 15 months. The resulting gain on the change of the lease agreement has been recognised under Other Comprehensive Income. There has been no change in the Discount Rate since the date of the initial lease agreement.

	2020	2019
	Rs	Rs
Opening balance	153,700,351	-
Lease liabilities recognised during the year	8,680,910	160,521,356
Lease rental payments made during the year	(28,600,962)	(13,374,089)
Interest expense charged to the Income Statement	10,495,387	6,553,084
Closing balance	144,275,686	153,700,351
Lease liabilities		
Short Term	16,257,095	12,615,537
Long Term	128,018,591	141,084,814
	144,275,686	153,700,351

16 AMOUNT PAYABLE TO THE FINANCIAL SERVICES FUND

	2020	2019
	Rs	Rs
Opening balance	19,082,733	20,229,808
Transfer from General Fund as per Section 82(6) of the Financial Services Act, 2007.	18,654,234	15,942,428
Payment to the Financial Services Fund	(15,818,253)	(17,089,503)
Closing balance	21,918,714	19,082,733

17 AMOUNT PAYABLE TO THE CONSOLIDATED FUND

	2020	2019
	Rs	Rs
Opening balance	1,359,792,774	954,464,913
Transfer from General Fund as per Sections 82A(2A) and 82A(3) of the Financial Services Act, 2007.	867,421,864	1,199,718,778
Payment to the Consolidated Fund during the period	(1,195,534,774)	(794,390,917)
Closing balance	1,031,679,864	1,359,792,774

18 GENERAL RESERVE FUND

	2020	2019
	Rs	Rs
Opening balance	139,856,071	559,985,988
Transfer from General Reserve Fund to the Consolidated Fund as per Section 82A(2A) of The Financial Services Act, 2007.	-	(459,985,988)
Transfer from General Fund as per Section 82A(2) of the Financial Services Act, 2007.	46,635,584	39,856,071
Closing balance	186,491,655	139,856,071

	2020		2019	
	Rs		Rs	
19 FEES FROM LICENSEES				
Global business and Authorised Companies	1,150,369,298		994,335,452	
Non-banking financial institutions	62,421,505		71,280,686	
Brokerage	13,669,885		14,466,601	
	1,226,460,688		1,080,082,739	
20 PENALTIES AND CHARGES				
Administrative penalties	39,678,064		100,651,460	
Late charges	18,603,566		16,889,527	
	58,281,630		117,540,987	
For the financial year 2019-20, the Administrative Penalties have been recognised in the Financial Statements to the extent that a significant reversal in the amount of revenue therefrom will not occur at the time of related uncertainty is resolved. The Administrative Penalties are thus being recognised net of uncertain revenues.				
21 INTEREST				
Treasury Notes	9,302,563		25,816,929	
Amortisation of premium on Treasury Notes	(334,307)		(1,952,472)	
Bank deposits	48,322,283		33,065,975	
Other financing income	263,948		296,370	
Staff loans	863,455		17,349	
	58,417,942		57,244,151	
22 OTHER INCOME				
Gain on property and equipment scrapped / disposed	260,262		1,199,998	
Administration fee from the Insurance Industry Compensation Fund	500,000		26,462	
Others	896,404		2,248,008	
Reversal of Expected Credit Loss on investments	-		303,654	
	137,801		-	
	1,794,467		3,778,122	
23 STAFF RELATED COSTS				
Staff salaries and allowances	284,398,590		258,548,368	
Fair value adjustment to staff loans	(609,901)		356,107	
Retirement benefits	18,939,428		16,940,600	
Family Protection Scheme	5,195,676		4,935,325	
National Savings Fund	3,207,908		1,862,017	
Passage benefits	7,575,283		7,648,161	
Board and committee fees	7,833,516		5,116,360	
Travelling allowances	22,422,218		21,135,647	
Staff welfare	11,152,083		7,563,034	
	360,114,801		324,105,619	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

24 TRAINING AND SEMINARS

Overseas conferences and seminars
Local events
Staff training

	2020	2019
	Rs	Rs
Overseas conferences and seminars	11,527,442	14,756,999
Local events	7,174,236	13,267,617
Staff training	676,744	3,287,705
	19,378,422	31,312,321

25 LEGAL AND PROFESSIONAL EXPENSES

Auditors' fees
Legal Fees
Professional advisory fees
National Regulatory Sandbox Licence Committee costs*

	2020	2019
	Rs	Rs
Auditors' fees	3,677,923	3,144,445
Legal Fees	7,673,597	11,450,304
Professional advisory fees	29,433,309	7,645,530
National Regulatory Sandbox Licence Committee costs*	1,331,575	1,619,799
	42,116,404	23,860,078

*Being an independent committee to coordinate the processing of all RSL applications made to the Economic Development Board in relation to fintech.

26 OFFICE AND ADMINISTRATIVE EXPENSES

Maintenance of office premises
Rental expenses
Insurance of office premises
Post, telephone, internet and fax charges
Electricity and water
Stationery
Subscription**
General office expenses
Vehicle expenses
Advertising and publication

	2020	2019
	Rs	Rs
Maintenance of office premises	8,262,981	10,344,790
Rental expenses	1,879,803	1,275,946
Insurance of office premises	740,051	637,534
Post, telephone, internet and fax charges	9,894,478	8,497,022
Electricity and water	3,843,748	4,008,160
Stationery	1,669,346	2,059,036
Subscription**	12,101,584	11,764,617
General office expenses	7,702,616	6,372,251
Vehicle expenses	1,529,593	1,926,698
Advertising and publication	2,204,270	2,285,919
	49,828,470	49,171,973

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

27 CASH FLOW FROM OPERATING ACTIVITIES

Surplus for the year
Adjustments for:
Staff loans fair value adjustment
Gain on disposal of property and equipment

Interest income
Retirement Benefits Obligation
Interest on lease
Amortisation of premium on Treasury Notes
Other non-cash adjustments
Depreciation and amortisation
Provision for credit losses

	2020	2019
	Rs	Rs
Surplus for the year	993,105,620	787,760,858
Adjustments for:		
Staff loans fair value adjustment	(609,901)	356,107
Gain on disposal of property and equipment	(260,262)	(1,199,998)
	(137,801)	-
Interest income	(58,417,942)	(57,244,151)
Retirement Benefits Obligation	(858,549)	(1,948,545)
Interest on lease	10,633,188	6,553,084
Amortisation of premium on Treasury Notes	334,307	1,952,472
Other non-cash adjustments	(2,366,116)	688,262
Depreciation and amortisation	45,000,473	32,358,285
Provision for credit losses	2,092,560	30,609,265
Cash flow from operating activities, before working capital changes	988,515,577	799,885,639

Increase in fees receivable
Decrease in staff loans
Decrease / (increase) in other receivables
Decrease in prepayments
Increase in accrued expenses and other payables

41,668,951	(36,818,014)
2,152,561	1,022,862
1,082,193	(1,733,438)
993,870	3,477,180
460,696,199	58,930,922
1,495,109,351	824,765,151

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 2020	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	376,937,793	49,354,665	426,292,458	426,467,501	426,292,458
Other financial assets	883,175	3,920,147	4,803,322	5,201,888	4,803,322
Receivables	143,358,190	-	143,358,190	143,358,190	143,358,190
Cash and bank balances	671,595,033	-	671,595,033	671,595,033	671,595,033
Bank deposits	1,194,461,342	216,781,217	1,411,242,559	1,413,517,469	1,411,242,559
	2,387,235,533	270,056,029	2,657,291,562	2,660,140,081	2,657,291,562
Financial liabilities					
Payables	950,162,401	-	950,162,401	950,162,401	950,162,401
Lease liability	16,257,095	128,018,591	144,275,686	144,275,686	144,275,686
	966,419,496	128,018,591	1,094,438,087	1,094,438,087	1,094,438,087
At 30 June 2019					
Financial assets					
Assets held to maturity	485,901,632	99,867,991	585,769,623	585,868,433	585,769,623
Other financial assets	853,684	5,492,298	6,345,982	7,354,449	6,345,982
Receivables	188,402,475	-	188,402,475	188,402,475	188,402,475
Cash and bank balances	504,837,903	-	504,837,903	504,837,903	504,837,903
Bank deposits	897,353,551	216,781,217	1,114,134,768	1,114,134,767	1,113,308,249
	2,077,349,245	322,141,506	2,399,490,751	2,400,598,027	2,398,664,232
Financial liabilities					
Payables	749,590,429	-	749,590,429	749,590,429	749,590,429
Lease liability	12,615,537	141,084,814	153,700,351	153,700,351	153,700,351
	762,205,966	141,084,814	903,290,780	903,290,780	903,290,780

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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 2020

	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial assets					
Other financial assets	-	4,803,322	-	4,803,322	4,803,322

Fair Value hierarchy as at 30 June 2019

	Level 1	Level 2	Level 3	Total Carrying Amount	Total Fair Value
Financial assets					
Other financial assets	-	6,345,982	-	6,345,982	6,345,982

There have been no transfers during the period between levels 1 and 2.

Valuation techniques used

For those investments where there is no active market, these are stated at cost less impairment. However, for the other financial instruments, the Commission determines fair values using the valuation technique as per table below:

Description	Valuation technique	Sensitivity analysis
Staff Loans	Discounted Cash Flow at a discount rate that reflects market prime lending rate at end of the reporting period.	The estimated fair value would increase if the discount rate decreases

The basis of inputs have not changed from prior period.

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:-

- (a) 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.
- (b) 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 including ECL model.
- (c) 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.
- (d) for transactions with banking institutions, it holds bank balances and short term deposits with the SBM Bank (Mauritius) Ltd, Barclays Bank Mauritius Ltd, MauBank Ltd, The Mauritius Commercial Bank 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
- (e) for held to maturity investments, the Commission invests in the Government of Mauritius and Bank of Mauritius T Bills, T Notes and Bonds.

	Past due but not impaired	Past due and impaired	2020	2019
	Rs	Rs	Rs	Rs
Within 1 year	60,365,194	208,782,737	269,147,931	204,052,578
More than 1 year	49,691,833	320,116,878	369,808,711	435,329,766
	110,057,027	528,899,615	638,956,642	639,382,344

30.1 Fees and administrative penalties receivable

Within 1 year	60,365,194	208,782,737	269,147,931	204,052,578
More than 1 year	49,691,833	320,116,878	369,808,711	435,329,766
	110,057,027	528,899,615	638,956,642	639,382,344

30.2 Accrued interest

Balance at the beginning of the year	34,871,234	27,905,297
Interest income	58,417,941	57,244,151
Interest received	(59,533,246)	(50,278,214)
Balance at the end of the year	33,146,029	34,871,234

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	883,175	853,684
More than 1 year	3,920,147	5,492,298
	4,803,322	6,345,982

30.4 Bank Balances

Bank balances	671,570,972	504,816,085
Bank deposits	1,411,242,559	1,113,308,249
	2,082,813,531	1,618,124,334

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FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	Rs	Rs
30.5 Assets Held to Maturity		
Within 1 year	376,937,793	485,901,632
More than 1 year	49,354,665	99,867,991
	426,292,458	585,769,623

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)

30.6 The following tables explain the changes in the loss allowances between the beginning and the end of the year.

30.6.1 Fees and Administrative Penalties receivables

	Stage 1	Stage 2	Stage 3	Total
	Rs	Rs	Rs	Rs
Administrative Penalties	-	9,630,303	611,823,588	621,453,891
Fees Debtors	51,371,850	-	-	51,371,850
Other Debtors	-	-	7,661,875	7,661,875
Total Gross Carrying amount	51,371,850	9,630,303	619,485,463	680,487,616

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

Gross carrying amount as at 01 July 2019

New assets originated or purchased	-	-	-	-
Payments and assets derecognised (excluding write offs)	(3,085,216)	-	(147,885)	(3,233,101)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	124,315,105	124,315,105
Transfers to Stage 3	-	(124,315,105)	-	(124,315,105)
At 30 June 2020	51,371,850	9,630,303	619,485,463	680,487,616

ECL allowance as at 01 July 2019

New assets originated or purchased	-	-	495,318,243	495,318,243
Payments and assets derecognised (excluding write offs)	-	-	-	-
Transfers to Stage 1	567,934	-	-	567,934
Transfers to Stage 2	-	7,098,040	-	7,098,040
Transfers to Stage 3	-	-	34,145,207	34,145,207
At 30 June 2020	567,934	7,098,040	529,463,450	537,129,424

30.6.2 Assets held to maturity

	Stage 1	Stage 2	Stage 3	Total
	Rs	Rs	Rs	Rs
Treasury Bills	426,467,502	-	-	426,467,502
Total Gross Carrying amount	426,467,502	-	-	426,467,502

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

Gross carrying amount as at 01 July 2019

New assets originated or purchased	-	-	-	-
Payments and assets derecognised (excluding write offs)	(159,400,931)	-	-	(159,400,931)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2020	426,467,502	-	-	426,467,502

ECL allowance as at 01 July 2019

New assets originated or purchased	-	-	-	-
Payments and assets derecognised (excluding write offs)	76,233	-	-	76,233
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2020	175,043	-	-	175,043

30.6.3 Bank Deposits

	Stage 1	Stage 2	Stage 3	Total
	Rs	Rs	Rs	Rs
Bank deposits	1,413,517,469	-	-	1,413,517,469
Total Gross Carrying amount	1,413,517,469	-	-	1,413,517,469

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

Gross carrying amount as at 01 July 2019

New assets originated or purchased	299,382,702	-	-	299,382,702
Payments and assets derecognised (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2020	1,413,517,469	-	-	1,413,517,469

ECL allowance as at 01 July 2019

New assets originated or purchased	1,448,392	-	-	1,448,392
Payments and assets derecognised (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2020	2,274,910	-	-	2,274,910

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FOR THE YEAR ENDED 30 JUNE 2020

30.6.4 <u>Other financial assets</u>	Stage 1	Stage 2	Stage 3	Total
	Rs	Rs	Rs	Rs
Staff Loans	5,201,888	-	-	5,201,888
Total Gross Carrying amount	5,201,888	-	-	5,201,888
An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:				
Gross carrying amount as at 01 July 2019	7,354,449	-	-	7,354,449
New assets originated or purchased	-	-	-	-
Payments and assets derecognised (excluding write offs)	(2,152,561)	-	-	(2,152,561)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2020	5,201,888	-	-	5,201,888
ECL allowance as at 01 July 2019				
	Stage 1	Stage 2	Stage 3	Total
	Rs	Rs	Rs	Rs
New assets originated or purchased	1,008,467	-	-	1,008,467
Payments and assets derecognised (excluding write offs)	(609,901)	-	-	(609,901)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 30 June 2020	398,566	-	-	398,566

31 CATEGORIES OF FINANCIAL INSTRUMENTS

	Receivables and Other financial assets	Financial liabilities at amortised cost	Assets held to Maturity	Financial assets at fair value through P&L	Total
	Rs	Rs	Rs	Rs	Rs
Categories of financial instruments - 2020					
Non-current assets					
Assets held to maturity	-	-	49,354,665	-	49,354,665
Other financial assets	-	-	-	3,920,147	3,920,147
Current assets					
Assets held to maturity	-	-	376,937,793	-	376,937,793
Receivables	143,358,190	-	-	-	143,358,190
Cash and bank balances	671,595,033	-	-	-	671,595,033
Other financial assets	-	-	-	883,175	883,175
Bank deposits	1,411,242,559	-	-	-	1,411,242,559
Total Assets	2,226,195,782	-	426,292,458	4,803,322	2,657,291,562
Non-Current Liabilities					
Lease liability	-	128,018,591	-	-	128,018,591
Current Liabilities					
Payables	-	950,162,401	-	-	950,162,401
Lease liability	-	16,257,095	-	-	16,257,095
Total Liabilities	-	1,094,438,087	-	-	1,094,438,087

	Receivables and Other financial assets	Financial liabilities at amortised cost	Assets held to Maturity	Financial assets at fair value through P&L	Total
	Rs	Rs	Rs	Rs	Rs
Categories of financial instruments - 2019					
Non-current assets					
Assets held to maturity	-	-	99,867,991	-	99,867,991
Other financial assets	-	-	-	5,492,298	5,492,298
Current assets					
Assets held to maturity	-	-	485,901,632	-	485,901,632
Receivables	188,402,475	-	-	-	188,402,475
Cash and bank balances	504,837,903	-	-	-	504,837,903
Other financial assets	-	-	-	853,684	853,684
Bank deposits	1,113,308,249	-	-	-	1,113,308,249
Total Assets	1,806,548,627	-	585,769,623	6,345,982	2,398,664,232
Non-Current Liabilities					
Lease liability	-	141,084,814	-	-	141,084,814
Current Liabilities					
Payables	-	749,590,429	-	-	749,590,429
Lease liability	-	12,615,537	-	-	12,615,537
Total Liabilities	-	903,290,780	-	-	903,290,780

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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 177,315,295 (2019: gain of Rs 27,085,484) has occurred mainly due to translation of USD. During the period USD appreciated against MUR by 448 basis points. (2019: appreciated by 87 basis points).

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

	Assets		Liabilities	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Euro				
Bank Deposits	-	-	-	-
Receivables	745	745	-	-
Other creditors and accruals	-	-	-	-
US Dollars				
Bank Deposits	1,332,752,469	1,033,369,767	-	-
Cash and Bank balances	591,374,380	461,015,880	-	-
Receivables	154,038,702	154,038,702	-	-
Deposit from Management Companies	-	-	928,886,339	729,098,615

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	
		2020	2019
Bank balances		Rs	Rs
	+50	1,901,292	1,813,810
	-50	(1,451,662)	(1,708,426)

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	
		2020	2019
Financial assets and liabilities		Rs	Rs
	+1 MUR	25,057,836	22,652,227
	-1 MUR	(25,057,836)	(22,652,227)

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 94% (2019:91%) of its regular income (exclusive of administrative penalties and late charges) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

33 RELATED PARTY TRANSACTIONS DISCLOSURE

Board fees, salaries and allowances to Key Managerial Persons

Name of Key Management Personnel	Designation	2020		2019	
		Rs	Rs	Rs	Rs
Dr. Renganaden Padayachy (16 January 2018 to 07 October 2019)	Former Chairperson	Board Fees	225,806	778,065	
Mr Mardayah Kona Yerukunondu	Chairperson	Board Fees	115,161	-	
Mr Rajeshsharma Ramloll (Vice-Chairperson as from 26 April 2018)	Vice Chairperson	Board and sub-Committee fees	1,100,290	416,397	
Mr Hervé Lassemillante (late) (As from 11 July 2017)	Member	Board and sub-Committee fees	1,021,290	498,709	
Mr Premchand Mungar (As from 28 December 2017)	Member	Board and sub-Committee fees	720,000	568,000	
Mrs Yotsna Lalji-Venketasawmy (As from 03 April 2018)	Member	Board and sub-Committee fees	708,871	461,793	
Mr Sarwansingh Purmessur (As from 24 May 2018)	Member	Board and sub-Committee fees	720,000	596,612	
Mr Visvanaden Soondram (Up to 09 October 2018)	Former Member	Board fees	-	65,161	
Mr. Mahess Rawoteea (From 9 October 2018)	Member	Board and sub-Committee fees	705,161	355,161	
Ms. Gayle Mary-Jane Yerriah (From 26 April 2019)	Member	Board and sub-Committee fees	694,032	54,167	
Ms. Mariam Rajabally (From 26 April 2019)	Member	Board and sub-Committee fees	694,032	54,167	
Mr Harvesh Kumar Seegolam (14 July 2017 to 29 February 2020)	Chief Executive	Salaries Allowances	4,876,907 120,000	6,195,345 180,000	
Mr Prakash Seewoosunkur (01 March 2020 to 17 May 2020)	Officer-in-charge	Salaries Allowances	709,481 119,979	- -	
TOTAL			12,531,010	10,223,577	

In regard to disclosure of significant financial interest of the Board/Key Management Personnel with respect to their interested entities/immediate family members, a full scope of compliance (*inter alia* including declaration/information/disclosures) mechanism is being developed for future periods within the Board Charter.

34 PROCUREMENT

In regard to procurements, the Commission strictly follows the procedures for compliance with the Public Procurement Act, 2006. In case of matters impacting the State of Mauritius and being sensitive to financial services sector, the Commission has undertaken during the year one direct procurement in terms of Section 25(e) of the Public Procurement Act, 2006. The referred procurement has been for a consultancy services requiring unique qualifications (ex FATF consultants) for matters impacting the financial services sector of the State of Mauritius which was duly approved by the Board as the Board of FSC believes that such procurement is in full compliance with the conditions of the direct procurement method under the Public Procurement Act, 2006.

35 COVID-19 PANDEMIC

The World Health Organization declared on March 11, 2020 the outbreak of a strain of the COVID-19 virus as a pandemic, which has affected the world economy, including Mauritius, leading to volatility in financial markets. The Commission has evaluated impact of this pandemic on its operations. Based on internal and external sources of information, at the time of finalisation of accounts for the financial year 2019-20 and based thereon and keeping in view current indicators of future economic conditions, there is no significant impact on the financial statements for 2019-20 and accordingly accounts have been prepared on a going concern basis. The actual impact of COVID-19 may differ from the estimated amount as at the date of approval of the financial statements. The Commission will continue to closely monitor any material changes to economic conditions in future.

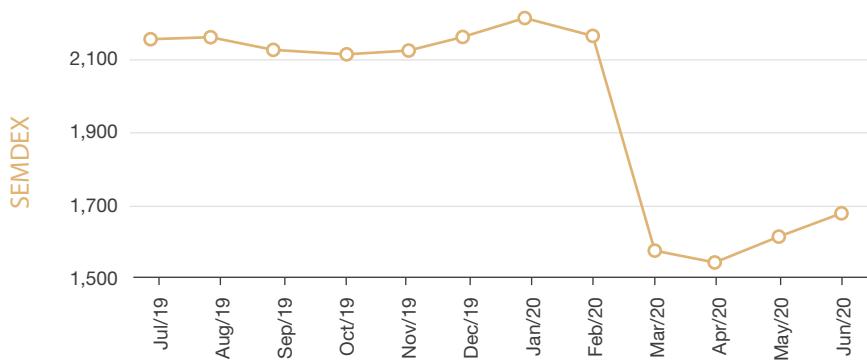
APPENDICES

APPENDICES

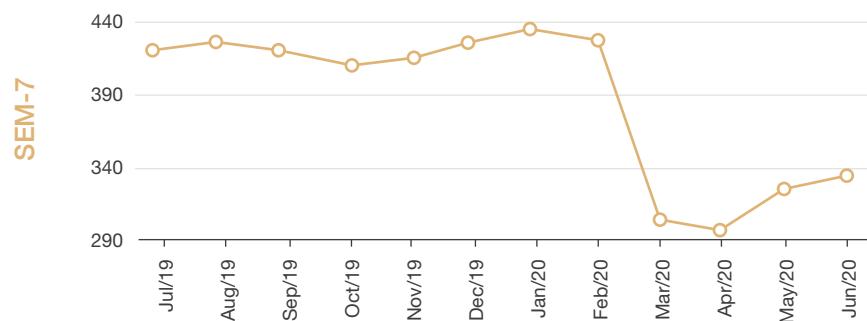
APPENDIX 1: MARKETS TRENDS IN SECURITIES

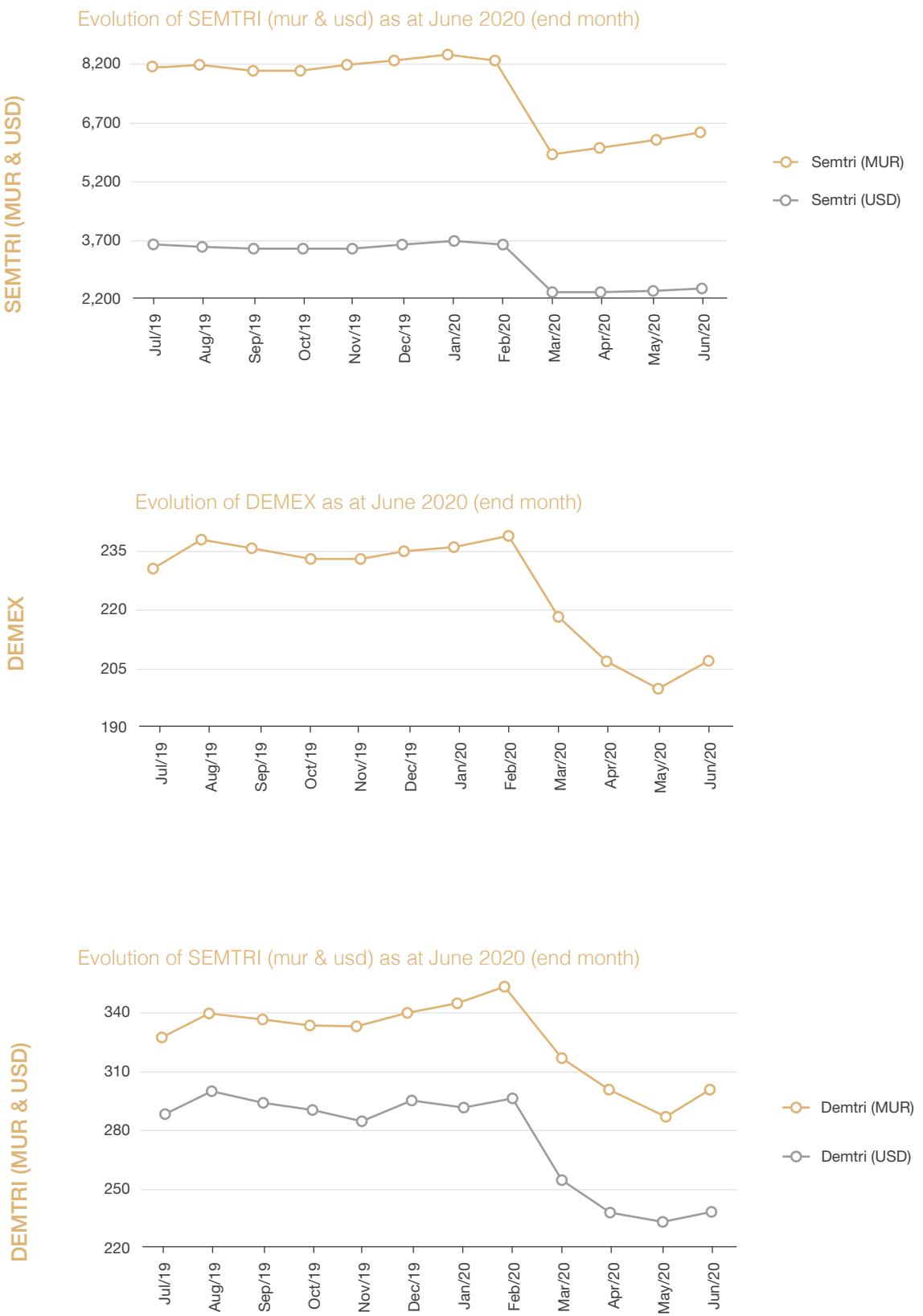
Year 2019/2020	SEMDEX	SEM-10	Semtri (MUR)	Semtri (USD)	SEMSI
Jul 2019	2,160.26	421.71	8,118.68	3,538.08	121.77
Aug 2019	2,161.98	422.63	8,142.26	3,540.50	123.39
Sep 2019	2,126.42	421.70	8,010.03	3,454.06	122.13
Oct 2019	2,118.84	417.54	7,985.90	3,462.75	121.34
Nov 2019	2,126.62	417.03	8,101.21	3,476.21	121.22
Dec 2019	2,177.09	429.86	8,309.75	3,580.45	124.30
Jan 2020	2,212.59	436.44	8,461.31	3,616.91	126.87
Feb 2020	2,177.25	429.37	8,330.89	3,502.49	124.38
Mar 2020	1,571.04	297.75	6,011.36	2,414.43	86.1
Apr 2020	1,572.75	292.17	6,026.83	2,360.52	84.58
May 2020	1,622.12	310.47	6,219.67	2,445.25	89.73
Jun 2020	1,662.61	313.84	6,390.70	2,505.53	91.49

Evolution of Semdex as at June 2020 (end month)



Evolution of SEM-10 as at June 2020 (end month)





Evolution of SEMSI as at June 2020 (end month)



International Stock Exchanges Indices (Monthly End) Jul 2018 - Oct 2020

	US Dow Jones Industrial Average	US Nasdaq Composite	Bombay Stock Exchange (BSE) SENSEX	London's FTSE 100 Index	France's CAC 40 Index	Hong Kong's Hang Seng Index
Jul 2018	25,415.19	7,671.79	37,606.58	7,748.76	5,511.30	28,583.01
Aug 2018	25,964.82	8,109.54	38,645.07	7,432.42	5,406.85	27,888.55
Sep 2018	26,458.31	8,046.35	36,227.14	7,510.20	5,493.49	27,788.52
Oct 2018	25,115.76	7,305.90	34,442.05	7,128.10	5,093.44	24,979.69
Nov 2018	25,538.46	7,330.54	36,194.30	6,980.24	5,003.92	26,506.75
Dec 2018	23,327.46	6,635.28	36,068.33	6,728.15	4,730.69	25,845.70
Jan 2019	24,999.67	7,281.74	36,256.69	6,968.85	4,992.72	27,942.47
Feb 2019	25,916.00	7,532.53	35,867.44	7,074.73	5,240.53	28,633.18
Mar 2019	25,928.68	7,729.32	38,672.91	7,279.19	5,350.53	29,051.36
Apr 2019	26,592.91	8,095.39	39,031.55	7,418.22	5,586.41	29,699.11
May 2019	24,815.04	7,453.15	39,714.20	7,161.71	5,207.63	26,901.09
Jun 2019	26,599.96	8,006.24	39,394.64	7,425.63	5,538.97	28,542.62
Jul 2019	26,864.27	8,175.42	37,481.12	7,586.78	5,518.90	27,777.75
Aug 2019	26,403.28	7,962.88	37,332.79	7,207.18	5,480.48	25,724.73
Sep 2019	26,916.83	7,999.33	38,667.33	7,408.21	5,677.79	26,092.27
Oct 2019	27,046.23	8,292.36	40,051.87	7,248.38	5,729.86	26,906.72
Nov 2019	28,051.41	8,665.47	40,793.81	7,346.53	5,905.17	26,346.49
Dec 2019	28,538.44	8,972.60	41,253.74	7,542.44	5,978.06	28,189.75
Jan 2020	28,256.03	9,150.94	40,723.49	7,286.01	5,806.34	26,312.63
Feb 2020	25,409.36	8,567.37	38,297.29	6,580.61	5,309.90	26,129.93
Mar 2020	21,917.16	7,700.10	29,468.49	5,671.96	4,396.12	23,603.48

	US Dow Jones Industrial Average	US Nasdaq Composite	Bombay Stock Exchange (BSE) SENSEX	London's FTSE 100 Index	France's CAC 40 Index	Hong Kong's Hang Seng Index
Apr 2020	24,345.72	8,889.55	33,717.62	5,901.21	4,572.18	24,643.59
May 2020	25,383.11	9,489.87	32,424.10	6,076.60	4,695.44	22,961.47
Jun 2020	25,812.88	10,058.76	34,915.80	6,169.74	4,935.99	24,427.19
Jul 2020	26,428.32	10,745.28	37,606.89	5,897.76	4,783.69	24,595.35
Aug 2020	28,430.05	11,775.46	38,628.29	5,963.57	4,947.22	25,177.05
Sep 2020	27,781.70	11,167.51	38,067.93	5,866.10	4,803.44	23,459.05
Oct 2020	26,501.60	10,911.59	39,614.07	5,577.27	4,594.24	24,107.42

APPENDIX 2: TRENDS IN INSURANCE

LONG TERM INSURANCE BUSINESS

Long Term Insurance Business Figures

	2016	2017	2018	2019
Number of institutions				
Long Term	6	6	6	6
Number of insurance policies				
Long Term	300,600	320,662	343,486	343,558
Assets				
Assets (MUR million)	63,261	70,842	74,115	81,184
% Δ in Assets	4%	12%	5%	10%
Technical reserves				
Life Fund (MUR million)	53,935	61,527	63,684	70,393
% Δ in Life Fund	4%	14%	3%	10%
Capital and reserves				
Capital and Reserves (MUR million)	6,419	6,965	7,950	7,973
% Δ in C & R	7%	9%	14%	0.29%
Long term				
Assets (MUR million)	63,261	70,842	74,115	81,184
Life Fund (MUR million)	53,935	61,527	63,684	70,393
Capital and Reserves (MUR million)	6,419	6,965	7,950	7,973
Other Liabilities** (MUR million)	2,907	2,350	2,481	1,069
% of C&R to Life Fund	12%	11%	12%	11%
Net Premiums (MUR million)	6,783	7,155	8,034	8,665
Reinsurance (MUR million)	403	385	463	465
Gross Premiums (MUR million)	7,187	7,539	8,497	9,129
% Δ in Gross Premiums	4%	5%	13%	7%
Net Claims (MUR million)	7,937	8,089	8,730	6,732
Reinsurance (MUR million)	133	100	177	123
Gross Claims (MUR million)	8,069	8,189	8,907	6,855
% Δ in Gross Claims	9%	1%	9%	-23%

Note: the figures have been revised to exclude assets and liabilities which pertained to private pension schemes under management of Life Insurers

General Insurance Business

General Insurance Business Figures

	2016	2017	2018	2019
Number of institutions				
General	15	15	15	15
Number of insurance policies				
General	554,460	580,783	555,713	563,019
Assets				
Assets (MUR million)	16,099	17,720	18,837	20,099
% Δ in Assets	-3%	10%	6%	7%
Asset Mix				
Equities (MUR million)	2,204	2,462	2,339	2,685
% Δ in Equities	2.27%	11.71%	-5%	15%
% of Total Assets	14%	14%	12%	13%
Cash equivalents (MUR million)	3,178	3,109	2,967	2,773
% Δ in Cash Equivalents	-4%	-2%	-5%	-7%
% of Total Assets	20%	18%	16%	14%
Government bonds (MUR million)	1,234	1,696	1,874	2,718
% Δ in Government bonds	22%	37%	10%	45%
% of Total Assets	8%	10%	10%	14%
Other bonds (MUR million)	357	328	333	172
% Δ in Other Bonds	1%	-8%	2%	-48%
% of Total Assets	2%	2%	2%	1%
Property (MUR million)	782	831	893	1,032
% Δ in Property	7%	6%	7%	16%
% of Total Assets	5%	5%	5%	5%
Other assets (MUR million)	8,344	9,294	10,431	10,720
% Δ in Other Assets	22%	1%	12%	3%
% of Total Assets	52%	52%	55%	53%
Liabilities				
Capital & Reserves (MUR million)	7,501	7,828	8,120	7,889
% Δ	-0.77%	4%	4%	-3%
% of Total Liabilities	47%	44%	43%	39%
Technical Reserves (MUR million)	6,796	7,428	7,816	8,598

	2016	2017	2018	2019
% Δ	-10%	9%	5%	10%
% of Total Liabilities	42%	42%	41%	43%
Other Liabilities (MUR million)	1,802	2,464	2,901	3,612
% Δ	13%	37%	18%	25%
% of Total Liabilities	11%	14%	15%	18%
Total Premiums				
Net (MUR million)	5,307	5,899	6,100	6,697
Reinsurance (MUR million)	2,825	3,045	3,277	3,595
Gross (MUR million)	8,132	8,943	9,378	10,293
% Δ in Gross Premiums	7%	10%	5%	10%
Premiums – Motor				
Net (MUR million)	2,959	3,217	3,372	3,632
Reinsurance (MUR million)	119	124	135	178
Gross (MUR million)	3,078	3,340	3,508	3,810
% Δ in Gross Premiums	6%	9%	5%	9%
Premiums – Non-motor				
Net (MUR million)	2,348	2,682	2,728	3,065
Reinsurance (MUR million)	2,706	2,921	3,142	3,417
Gross (MUR million)	5,054	5,603	5,870	6,483
% Δ in Gross Premiums	9%	11%	5%	10%
Total Claims				
Net (MUR million)	3,055	3,480	4,012	3,913
Reinsurance (MUR million)	1,501	1,180	1,195	1,840
Gross (MUR million)	4,556	4,660	5,207	5,754
% Δ in Gross Claims	14%	2%	12%	11%
Claims – Motor				
Net (MUR million)	1,916	2,136	2,403	2,419
Reinsurance (MUR million)	252	287	76	284
Gross (MUR million)	2,168	2,424	2,479	2,704
% Δ in Gross Claims	10%	12%	2%	9%
Claims – Non-motor				
Net (MUR million)	1,139	1,344	1,609	1,494

	2016	2017	2018	2019
Reinsurance (MUR million)	1,249	893	1,119	1,556
Gross (MUR million)	2,388	2,236	2,728	3,050
% Δ in Gross Claims	18%	-6%	22%	12%
<hr/>				
Underwriting profit				
Uw profit (MUR million)	240	187	206	187
% Δ in Uw profit	-11%	-22%	10%	-20%
Investment (MUR million)	517	445	480	542
Operating profit (MUR million)	757	632	686	729
% Δ in Operating profit	5%	-17%	9%	3%
<hr/>				
Number of Policies				
Motor	373,626	404,000	408,693	411,112
% Δ	6%	8%	1%	1%
% of Total	67%	70%	74%	73%
Non-Motor	180,834	176,782	147,020	151,907
% Δ	6%	-2%	-17%	3%
% of Total	33%	30%	26%	27%
<hr/>				
Number of Claims				
Motor	51,625	57,846	63,772	73,140
% Δ	8%	12%	10%	15%
% of Total	18%	20%	19%	20%
Non-Motor	239,233	233,757	270,908	301,103
% Δ	41%	-2%	16%	11%
% of Total	82%	80%	81%	80%
Total	290,858	291,603	334,680	374,243
% Δ	34%	0.3%	15%	12%

APPENDIX 3: MEMORANDUM OF UNDERSTANDING

1. Multilateral Memorandum of Understanding (MMoU)

SN	Institutions / Standard Setting Body	Secretariat	Date of Signature
1	International Association of Insurance Supervisors (IAIS)	Bank for International Settlements, CH-4002 Basel, Switzerland	23 Dec 2013
2	International Organization of Securities Commissions (IOSCO)	Madrid, Spain	16 May 2012
3	Southern African Development Community Committee of Insurance, Securities and Non-Banking Financial Authorities (SADC CISNA)	Financial Sector Conduct Authority, South Africa	3 Apr 2003

2. Regional Memorandum of Understanding

SN	Institutions / Standard Setting Body	Secretariat	Date of Signature
1	IOSCO Africa Middle East Regional Committee	Qatar Financial Markets Authority P.O. Box 25552, QFC Tower (2) Doha, Qatar	18 Sep 2013
2	South Asian Securities Regulators Forum	Islamabad, Pakistan	13 May 2005

3. Memorandum of Understanding with Foreign Authorities

SN	Authority	Country	Date of Signature
1	Securities and Exchange Board of India	India	12 Dec 2002
2	Financial Services Board	South Africa	30 Oct 2003
3	Financial Services Authority - Amendment to the MoU between the FSC Mauritius and the Financial Services Authority, Malta for cooperation in Fintech related activities	Malta	13 Jan 2004
4	Securities and Exchange Commission	Zambia	1 Apr 2004
5	Insurance Supervisory Department	Tanzania	1 Apr 2004
6	Namibia Financial Institutions Supervisory Authority	Namibia	1 Apr 2004
7	Capital Markets Authority	Uganda	1 Apr 2004
8	Pensions and Insurance Authority	Zambia	1 Apr 2004
9	Financial Services Authority	Isle of Man	18 Nov 2004
10	Reserve Bank of Malawi	Malawi	15 Apr 2005
11	Central Bank of Lesotho	Lesotho	13 Oct 2005
12	Financial Services Commission	Jersey	26 Dec 2005
13	Financial Services Commission	Guernsey	11 Nov 2009
14	Financial Services Authority	Labuan	23 Apr 2010
15	Capital Markets Authority	Kenya	23 Feb 2012
16	Non-Bank Financial Institutions Regulatory Authority	Botswana	19 Apr 2012
17	Securities and Exchange Commission	Nigeria	19 May 2012
18	Cyprus Securities and Exchange Commission (CySEC)	Cyprus	4 Sep 2012
19	Capital Market Development Authority	Maldives	16 Jan 2013
20	Comissão do Mercado de Capitais (CMC)	Angola	29 Sep 2014
21	The National Stock Exchange of India Limited	India	3 Sep 2015

SN	Authority	Country	Date of Signature
22	Financial Services Authority	Dubai	1 Oct 2015
23	Financial Services Authority	Seychelles	3 Mar 2016
24	Financial Services Regulatory Authority	Swaziland	31 Mar 2016
25	Capital Markets & Securities Authority	Tanzania	16 Jun 2016
26	Financial Services Regulatory Authority	Abu Dhabi	19 Dec 2016
27	Financial Conduct Authority	UK	10 Apr 2018
28	Central Bank of the Russian Federation	Russia	8 Jun 2018
29	Insurance Regulatory Authority of Uganda	Uganda	18 Jul 2018
30	Securities and Exchange Commission of Ghana	Ghana	15 Mar 2019
31	Capital Markets Authority	Lebanon	4 Sep 2019
32	Commission de Surveillance du Secteur Financier (CSSF)	Luxembourg	28 Jan 2020
33	Australian Prudential Regulation Authority (APRA)	Australia	27 Feb 2020

4. Memorandum of Understanding with Foreign Institutions

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

5. Fintech Cooperation Agreement

SN	Authority	Country	Date of Signature
1	Autorité des Marchés Financiers	France	5 Sep 2018

6. Letter of Cooperation in Technical Exchanges

SN	Authority	Country	Date of Signature
1	Autorité des Marchés Financiers	France	5 Sep 2018

7. Bilateral MoUs with Local Authorities

SN	Authority	Date of Signature
1	Bank of Mauritius	5 Dec 2002
2	Financial Intelligence Unit	18 Jun 2004
3	Mauritius Revenue Authority	3 Jun 2010
4	Competition Commission Mauritius	11 Nov 2011
5	Financial Reporting Council	10 Apr 2012
6	Statistics Mauritius	9 Feb 2012
7	Corporate And Business Registration Department	1 Dec 2016
8	Attorney General's Office	7 Aug 2017

8. Tripartite MoUs with Local Authorities

SN	Authority	Date of Signature
1	Bank of Mauritius and Financial Intelligence Unit	19 Sep 2018
2	Independent Commission Against Corruption and Financial Intelligence Unit	19 Sep 2018
3	Bank of Mauritius and Economic Development Board	19 May 2020

9. 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 Jul 2013
2	Financial Supervision Commission	Bulgaria	22 Jul 2013
3	Cyprus Securities and Exchange Commission	Cyprus	22 Jul 2013
4	Czech National Bank	Czech Republic	22 Jul 2013
5	Finanstilsynet	Denmark	22 Jul 2013
6	Estonian Financial Supervision Authority	Estonia	22 Jul 2013
7	Hellenic Capital Market Commission	Greece	22 Jul 2013
8	Pénzügyi Szervezetek Állami Felügyelete	Hungary	22 Jul 2013
9	Central Bank of Ireland	Ireland	22 Jul 2013
10	Finanšu un kapitala tirgus komisija	Latvia	22 Jul 2013
11	Bank of Lithuania	Lithuania	22 Jul 2013
12	Commission de Surveillance du Secteur Financier	Luxembourg	22 Jul 2013
13	Malta Financial Services Authority	Malta	22 Jul 2013
14	Authoriteit Financiële Markten	The Netherlands	22 Jul 2013

SN	Authority	Country	Date of Signature
15	Polish Financial Supervision Authority	Poland	22 Jul 2013
16	Comissão do Mercado de Valores Mobiliários	Portugal	22 Jul 2013
17	Romanian Financial Supervisory Authority	Romania	22 Jul 2013
18	Národná banka Slovenska	Slovak Republic	22 Jul 2013
19	Finansinspektionen	Sweden	22 Jul 2013
20	Financial Conduct Authority	United Kingdom	22 Jul 2013
21	Autorité des Marchés Financiers	France	19 Sep 2014

10. 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 Jul 2013
2	Finanzmarktaufsicht	Liechtenstein	22 Jul 2013
3	Finanstilsynet	Norway	22 Jul 2013

11. MoUs (relating to the supervision of AIFMD entities) with other Securities Regulators

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

APPENDIX 4: CAPACITY BUILDING

OVERSEAS TRAININGS, CONFERENCES, SEMINARS AND WORKSHOPS

SN	Overseas Missions	Officer	Date	Country
1	Afro-Asian Fintech Festival	SEEWOOSUNKUR Prakash	15 - 16 Jul 2019	Nairobi
2	Southern African Development Community (SADC) Financial Inclusion Forum	BURUN Kamal	24 - 25 Jul 2019	South Africa
3	Meeting - Australian Securities and Investments Commission (ASIC) and Australian Prudential Regulation Authority (APRA)	JOSEPH Loretta	17 - 23 Aug 2019	Australia
4	Training course on 'Investigation of White Collar Crime'	MEAH MEWA Navashina MUTHOORA Melanie	29 Jul - 9 Aug 2019	India
5	38th Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Task Force Meetings and Council of Ministers Meeting	SAHYE Yonesha HARTE Francesca	1 - 6 Sep 2019	Eswatini
6	Meeting for l'Institut Francophone de la Régulation Financière (IFREFI) conference	NEETOO Shaminah CHARAZAC Pauline	4 - 6 Sep 2019	Paris
7	Workshop on 'Crypto Asset'	KHADAROO Jamsheed AUDIT Renu	9 - 11 Sep 2019	Malta
8	2019 Insurance Supervisory Colleges hosted by the Prudential Authority of South Africa	MATTAPULLUT Gaitree	7 - 11 Oct 2019	Pretoria
9	11th Global Policy Forum	HARJAN Brinda	11 - 13 Sep 2019	Kigali
10	IOSCO Growth and Emerging Markets Committee Annual Meeting and Conference	BURUN Kamal RAMASAWMY Vyasha	19 - 20 Sep 2019	St Petersburg
11	Overseas Mission to India	COOPOOSAMY Deven	18 - 21 Sep 2019	India
12	3rd FinTech Abu Dhabi Festival	NEMCHAND Avinash ARLANDA-LAROY Carine	21 - 23 Oct 2019	Abu Dhabi
13	International Organisation of Pension Supervisors (IOPS) Committee meetings, AGM and OECD/IOPS Global Forum on Private Pensions	DULLOO Trisha SEEWOOSUNKUR Prakash	6 - 8 Nov 2019	Albania
14	International Organization of Securities Commissions (IOSCO) MMoU / EMMoU Training Workshop	PEERALLY Iqshaan PATHER Dana	12 - 14 Nov 2019	Malaysia
15	14th Islamic Financial Services Board (IFSB) Summit	BOOLAKY Saoud	12 - 14 Nov 2019	Indonesia
16	Commodity Future Trading Commission (CFTC) International Regulators Symposium	JANKEE Ghanish AUDIT Renu	21 - 25 Oct 2019	Washington
17	23rd Annual International Institute for Securities Enforcement and Market Oversight	JANKEE Ghanish HARTE Francesca	28 Oct - 1 Nov 2019	Washington

SN	Overseas Missions	Officer	Date	Country
18	43rd Bi-Annual Committee of Insurance, Securities and Non-Bank Financial Authorities (CISNA) Meeting	SEEWOOSUNKUR Prakash HARJAN Brinda	29 Oct - 1 Nov 2019	Cape Town, SA
19	Group of International Finance Centre Supervisors (GIFCS) Plenary meeting	HARTE Francesca	5 - 6 Nov 2019	Washington
20	26th International Association of Insurance Supervisors (IAIS) Annual Conference	MISHRA Aakash	14 - 15 Nov 2019	Abu Dhabi
21	10th Annual AMF France International Seminar	ASKURN Nitin	25 - 28 Nov 2019	Paris
22	Meeting of the Financial Stability Board (FSB) Regional Consultative Group (RCG) Sub-Saharan Africa (SSA)	RAMASAWMY Deerajen	12 - 13 Dec 2019	Cape Town
23	Financial Action Task Force (FATF) Joint Group Africa Middle- East Meeting	SAHYE Yonesha HARTE Francesca	15 - 17 Jan 2020	Morocco
24	Paris Fintech Forum 2020	CHARAZAC Pauline RAMROOP Dooshant JOSEPH Loretta	28 - 29 Jan 2020	Paris
25	Africa / Middle-East Regional Committee (AMERC) Meeting and Annual Public Conference	NEETOO Shaminah	29 - 30 Jan 2020	Qatar
26	Regional Meeting for Insurance Supervisors from Sub Saharan Meeting	POYROO Dhav	3 - 4 Feb 2020	South Africa
27	Regional Meeting for Insurance Supervisors from Sub Saharan Meeting	JEELALL Lovenia	3 - 4 Feb 2020	South Africa
28	CFA Institute 2020 Financial Industry and Regulatory Symposium	APPAVOO Rinasha	25 Feb 2020	Madrid
29	CISNA Strategic Planning and Performance Review Committee (SPPRC) Meeting	RAMSURRUN Kawshik	17 - 19 Feb 2020	Botswana

LOCAL CONFERENCES, TRAININGS, SEMINARS, WORKSHOPS AND TALKS

SN	Local Trainings	Date	No of Pax
1	Workshop on the ACfA Label Framework	22 Jul 2019	3
2	Seminar on 'Health and Safety'	16 - 17 Jul 2019	1
3	Workshop on 'Whistleblowing'	26 Aug 2019	3
4	Fund Administration Training	30 - 31 Aug 2019	2
5	Workshops on 'SheTrades Outlook and the African Trade Observatory'	12 Sep 2019	1
6	CPD Course on 'Revisiting the Code of Ethics for attorneys'	14 Aug 2019	1
7	Training on 'Blockchain 101: The Fundamentals'	1 Oct 2019	2
8	Conference 'Competition Law and Policy: 10 years of competition law enforcement in Mauritius'	10 Oct 2019	1
9	Workshop on International Financial Reporting Standards (IFRS) 17	8 Oct 2019	2
10	CPD Course on 'Reassessing the ethical principles of the legal profession: the case for updating the Code of Ethics for Attorneys'	24 Oct 2019	4
11	Dissemination Workshop on Secured Transactions	18 Oct 2019	1
12	Seminar on 'Leading Innovation in Business and Government Services through Artificial Intelligence Seminar'	13 Nov 2019	1
13	UK Fintech, Blockchain and AI Mission to Mauritius	18 - 20 Oct 2019	1
14	Workshop on 'The recent changes brought in by the Finance Act 2019'	30 Oct 2019	1
15	Talk on 'Risk Awareness'	5 Nov 2019	1
16	Workshop on 'Real Estate Fund'	28 Nov 2019	2
17	1st African Exchange Forum on Corporate Governance	27 - 29 Nov 2019	2
18	Workshop for Law Enforcement Officers	7 Jan 2020	4
19	Role and Responsibilities of Accountants in the fight against Money Laundering	16 Jan 2020	3
20	AFRITAC/BOM Risk -Based Approach to Anti Money Laundering / Combatting Financing of Terrorism (AML/CFT) Supervision	21 - 24 Jan 2020	12
21	Workshop on 'Data Protection Today – Breaking the Iceberg'	16 Jan 2020	1
22	AfCFTA workshop on 'Building on the opportunities of the African Continental Free Trade Area for sustained and inclusive Growth in Mauritius'	10 - 11 Feb 2020	1
23	Workshop on 'Strengthening Financial Management in the Public Sector'	29 Jan 2020	1
24	Seminar on Occupational Safety and Health	28 - 29 Jan 2020	1
25	Mauritius Institute of Professional Accountants (MIPA) Awareness event - Red Card to Rogue Accountants	6 Feb 2020	1
26	Young Insurance Professional Programme	Feb 2020	5
27	Training session for new E-Judiciary	11 Feb 2020	1
28	Cyber-security Strategy Seminar	3 - 4 Mar 2020	1
29	Training on 'Go AML' platform	4 Mar 2020	15
30	Defensive Driving Course	1 Mar 2020	7
31	Training on 'Companies and Businesses Registration Integrated System (CBRIS) online platform'	10 Jun 2020	5

IN-HOUSE TRAINING, SEMINARS, WORKSHOPS, TALKS AND WEBINARS

SN	In House Trainings	Date	No of Pax
1	Training on 'Financial Action Task Force (FAFT) Standards and Anti-Money Laundering / Combatting the Financing of Terrorism (AML/CFT) Onsite Inspections'	4 - 5 Jul 2019	35
2	Workshop on 'Financial Action Task Force (FAFT) Standards related to Anti-Money Laundering / Combatting the Financing of Terrorism (AML/CFT) Regulation and Supervision of Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions'	10 Jul 2019	7
3	Sixth Financial Stability Institute (FSI) / International Association of Insurance Supervisors (IAIS) Regulatory and Supervisory training	21 Aug - 26 Nov 2019	6
4	National Risk Assessment (NRA)- Dissemination workshop	22 Aug 2019	37
5	18th Session of the IFREFI (L'Institut Francophone de la Régulation Financière)	4 Sep 2019	25
6	Workshop on 'Anti-Money Laundering / Combatting the Financing of Terrorism (AML/CFT) Compliance & Risk-Based Approach'	8 Oct 2019	10
7	Health Talk on 'Stress Management'	17 Oct 2019	150
8	Health Talk on 'Healthy Eating Habit'	18 Oct 2019	100
9	Talk on 'Cryptocurrency'	23 Oct 2019	60
10	Induction Training Programme on Soft and Technical Skills	17 - 18 Sep 2019 29 - 31 Oct 2019	30
11	Toronto Centre Microfinance Training Programme on 'Strengthening the Supervision of Microfinance Institutions (MFIs) and SACCOs'	4 - 8 Nov 2019	15
12	Training Session on 'General Taxation Principles'	26 Nov 2019	39
13	Training Session on 'Public Relations Strategies'	28 Nov 2019	38
14	Training on 'Procurement'	12, 14, 19, 21 Nov 2019	40
15	Presentation on 'Digital Assets-Past, Present and Future'	4 Dec 2019	34
16	Presentation on 'IT/Cyber Security'	9 Dec 2019	6
17	Presentation on the Impact of Amendments to the Mauritius-India Double Taxation Avoidance Agreement on the GB Sector	21 Jan 2020	60
18	Presentation of the National Risk Assessment (NRA) results	24 Jan 2020	81
19	Training on Workers' Right Act	5 - 7 Feb 2020	11
20	Presentation on the development in International Taxation	6 Feb 2020	40
21	International Organisation of Pension Supervisors (IOPS) Supervisory Training Workshop	26 Feb 2020	8
22	International Organisation of Pension Supervisors (IOPS) Meeting and Conference on 'Financial and Governance issues in Private Pension Schemes'	27 Feb 2020	14
23	AML/CFT Capacity Building Programme on 'AML/CFT Onsite Inspections'	9 - 10 Mar 2020	96
24	United Nations Office on Drugs and Crime (UNODC) E-learning course on Money Laundering	May 2020	70
25	Second virtual conference on 'The Availability of Beneficial Ownership Information in Africa'	27 - 29 May 2020	5

SN	In House Trainings	Date	No of Pax
26	Toronto International Securities Programme 2020	10, 16 - 18 May 2020	1
27	Webinar on 'EU List of High Risk Third Countries & Impact on Mauritius'	9 Jun 2020	15
28	Webinar on 'Managing Counter Proliferation Sanctions-Related Risk Management'	23 - 24 Jun 2020	23
29	Financial Stability Institute (FSI) / International Association of Insurance Supervisors (IAIS) Webcast on 'Business Interruption Insurance in light of COVID-19'	26 Jun 2020	2
30	International Pension Research Association (IPRA) virtual conference on 'Pension Challenges and Opportunities'	26 Jun 2020	4

APPENDIX 5: COMMUNIQUÉS & PRESS RELEASES

Press Releases & Communiqués issued for the period 01 July 2019 to 30 June 2020

No.	Title	Date of Signature
1	Joint Communiqué by the Ministry of Finance and Economic Development, Ministry of Financial Services and Good Governance, the Financial Services Commission, and the Economic Development Board of Mauritius on the “Mauritius Leaks”	25 Jul 2019
2	Annual Report 2017/18	9 Aug 2019
3	Press Release: Mauritius A key driver of quality investments into Africa	11 Aug 2019
4	Communiqué de Presse: La FSC accueillera, pour la première fois à Maurice, la session annuelle de l’Institut Francophone de la Régulation Financière du 4 au 6 septembre 2019	14 Aug 2019
5	Press Release: Opening of FSC's Office in Rodrigues	19 Aug 2019
6	Communiqué on Administrative Penalties Regulatory Framework	19 Aug 2019
7	Administrative Penalties Regulatory Framework	19 Aug 2019
8	The FSC Mauritius joins the Global Financial Innovation Network	20 Aug 2019
9	Communiqué: Appointment of Mr. Mohammad Reaz Emambucus as Liquidator of Nirvi Management Ltd (In Liquidation) and Lotus Fund Ltd (In Liquidation)	28 Aug 2019
10	Communiqué de Presse: Ouverture de la 18 ^{ème} session annuelle de l’Institut Francophone de la Régulation Financière (IFREFI)	4 Sep 2019
11	Communiqué de Presse: Création de synergies et signature d'un protocole d'accord - la 18 ^{ème} session annuelle de l'IFREFI à Maurice marquée par de réelles avancées	6 Sep 2019
12	Communiqué de Presse: La Financial Services Commission devient signataire du Marrakech Pledge	18 Sep 2019
13	Communiqué: Mauritius compliant with EU Tax Good Governance Principles	10 Oct 2019
14	Communiqué: Mauritius compliant with FATF recommendations	31 Oct 2019
15	Press Release: FSC Mauritius releases its Annual Statistical Bulletin 2019	29 Nov 2019
16	Communiqué de Presse: La FSC et son homologue luxembourgeois, la CSSF, posent les bases d'une étroite collaboration à travers la signature d'un accord de coopération	5 Feb 2020
17	Press Release: FSC to host IOPS international conference in Mauritius	13 Feb 2020
18	Press Release: FSC Mauritius hosts high level IOPS international conference on “Financial and governance issues in private pension schemes”	27 Feb 2020
19	Communiqué: FATF – List of Jurisdictions under Increased Monitoring	4 Mar 2020
20	Communiqué: Statement on COVID-19	20 Mar 2020
21	Communiqué: Statement on the temporary cessation of the operations of the Stock Exchange of Mauritius Ltd.	27 Mar 2020
22	Communiqué: Scam Activities- Unlawful transactions	28 Mar 2020
23	Communiqué: Filing and reporting obligations during the COVID-19 curfew period	30 Mar 2020
24	Communiqué: Revocation of the Order of the temporary cessation of operations of the Stock Exchange of Mauritius Ltd	3 Apr 2020
25	Communiqué: Mauritius based funds eligible for registration as Category I Foreign Portfolio Investor (FPI) with Securities and Exchange Board of India (SEBI)	13 Apr 2020
26	Communiqué: Filing and reporting obligations impacted by the COVID-19 curfew period	16 Apr 2020

No.	Title	Date of Signature
27	Communiqué: Ministry of Financial Services and Good Governance: European Commission List of High Risk Third Countries	9 May 2020
28	Communiqué: Appointment of Mr. Dhanesswurnath Thakoor as Chief Executive	18 May 2020
29	Budget Measures for 2020/2021	8 Jun 2020
30	Communiqué: Regulatory relief on filing and reporting obligations	12 Jun 2020
31	Communiqué : Enforcement Manual	12 Jun 2020
32	Enforcement Manual	12 Jun 2020

Handbook and Guidance Notes issued for the period 01 July 2019 to 30 June 2020

No.	Title	Date of Signature
1	AML/CFT Handbook	13 Jan 2020
2	Guidance Notes with respect to Security Token Trading Systems	15 Jun 2020

Consultation Paper and draft Guidelines issued for the period 01 July 2019 to 30 June 2020

No.	Title	Date of Signature
1	Consultation Paper on Regulatory Framework of Special Purpose Fund	6 Dec 2019
2	Draft Guidelines for mortgage underwriting practices and procedures for public consultation	14 Feb 2020
3	Draft Guidelines for the conversion or shift of defined benefit pension schemes to defined contribution pension schemes for public consultation	27 Feb 2020

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LIST OF ACRONYMS AND ABBREVIATIONS

AER	Administration and Enterprise Risk
AFRITAC	Africa Regional Technical Assistance Center
AFS	Audited Financial Statements
AI	Artificial Intelligence
AIFMD	Alternative Investment Fund Managers Directive
AMERC	Africa / Middle-East Regional Committee
AML/CFT	Anti-Money Laundering and Combatting the Financing of Terrorism
APRA	Australian Prudential Regulation Authority
AR	Actuarial Report
ATMC	Association of Trusts and Management Companies
ATS	Automatic Trading System
BCM	Business Continuity Management
BEPS	Base Erosion and Profit Shifting
BoM	Bank of Mauritius
CDS	Central Depository & Settlement Co. Ltd
CEF	Closed-end Funds
CIS	Collective Investment Schemes
CISNA	Committee of Insurance, Securities and Non-banking Financial Authorities
CMA	Capital Markets Authority, Lebanon
COMESA	Common Market for Eastern and Southern Africa
CSSF	Commission de Surveillance du Secteur Financier, Luxembourg
CTs	Corporate Trustees
DEM	Development & Enterprise Market
DPA	Data Protection Act
DPO	Data Protection Officer
EC	Enforcement Committee
EDB	Economic Development Board
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
EU	European Union
FATF	Financial Action Task Force
FIAML Regulations	Financial Intelligence and Anti-Money Laundering Regulations 2018
FIAMLA	Financial Intelligence and Anti-Money Laundering Act 2002
FIU	Financial Intelligence Unit
FPI	Foreign Portfolio Investor
FRC	Financial Reporting Council
FSA	Financial Services Act 2007
FSB	Financial Stability Board
FSB RCG	Financial Stability Board Regional Consultative Group

FSC MAURITIUS or The Commission	Financial Services Commission, Mauritius
FSF	Financial Services Fund
FSR	Financial Stability Report
GB	Global Business
GBC	Global Business Corporation
GBC1	Category 1 Global Business Company
GDP	Gross Domestic Product
GEMC	Growth and Emerging Markets Committee
GFIN	Global Financial Innovation Network
GFM	Global Finance Mauritius
GIFCS	Group of International Finance Centre Supervisors
GR	Growth Rate
GVA	Gross Value Added
IA	Insurance Act 2005
IAIS	International Association of Insurance Supervisors
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICAC	Independent Commission Against Corruption Mauritius
ICIJ	International Consortium of Investigative Journalists
IFC	International Financial Centre
IFREFI	Institut Francophone de la Régulation Financière
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IFS	Interim Financial Statements
IFSB	Islamic Financial Services Board
IMF	International Monetary Fund
IOPS	International Organisation of Pension Supervisors
IOSCO	International Organization of Securities Commissions
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
JCC	Joint Coordination Committee
KPI	Key Performance Indicator
MCIB	Mauritius Credit Information Bureau
MCs	Management Companies
MFI	Microfinance Institutions
MIFC	Mauritius International Financial Centre
MLRO	Money Laundering Reporting Officer
MMoU	Multilateral Memorandum of Understanding
MoU	Memorandum of Understanding

MRA	Mauritius Revenue Authority
MUR	Mauritian Rupees
NPCC	National Productivity and Competitiveness Council
NRA	National Risk Assessment
NSC	National Sanctions Committee
ODCS	Online Data Capture System
OECD	Organisation for Economic Co-operation and Development
OSP	Online Submission Platform
PIS	Payment Intermediary Services
PMO	Prime Minister's Office
PMS	Performance Management System
PPSA	Private Pension Schemes Act 2012
PRGF	Portable Retirement Gratuity Fund
QFMA	The Qatar Financial Markets Authority
RBS	Risk-Based Supervision
RCE	Regional Centre of Excellence
REIT	Real Estate Investment Trust
RFI	Request for Information
RIs	Reporting Issuers
RSL	Regulatory Sandbox Licence
SA	Securities Act 2005
SACCOs	Savings and Credit Co-operatives
SADC	Southern African Development Community
SDDS	Special Data Dissemination Standard
SEBI	Securities Exchange Board of India
SEM	Stock Exchange of Mauritius Ltd.
SIF7	Sustainable Insurance Forum
SPF	Special Purpose Fund
SSC	Surveillance Sub-Committee
STO	Securities Token Offering
TRC	Tax Residence Certificate
UNODC	United Nations Office on Drugs and Crime
UNSA	United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019
UNSCR	United Nations Security Council Resolution
USD	United States Dollars
WPPP	Working Party on Private Pensions
YGDP	Young Graduate Development Programme
YTC	Young Talent Competition

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