



Newsletter

OCTOBER 2020

Vision

Our Vision is to make Mauritius a clean and transparent jurisdiction of substance and repute offering high standard financial services at the national, regional and international level.

Mission

To transform Mauritius into a Financial Centre of Excellence anchored on principles of good governance, global best practices and high ethical standards.

Launching of Security Token Offering by the FSC



The Ministry of Financial Services and Good Governance in collaboration with the Financial Services Commission (FSC) and the Financial Services Fund (FSF) organized an awareness session on the framework for Security Token Offering (STO) on 29 October 2020 at the seat of the FSC for the benefit of the global finance industry.

The Hon. Minister, Mahen Kumar Seeruttun stated that the FSC has launched this framework at the most opportune time. The STO fits perfectly in a period where frontiers are closed, people are relying heavily on digitalization process. He is convinced that such an innovative fintech product can foster development and reboot the different sectors such as tourism or

manufacturing by enabling foreign investors to invest in a simpler, secure, quick and transparent manner. The Ministry will leave no stone unturned to meet the requirements to ensure that Mauritius is a jurisdiction of choice for issue of STOs. A Technical Committee

“Financial products are becoming more sophisticated and complex, which undoubtedly require the local authorities to inform and educate consumers in order to facilitate their penetration into a traditional market.”

has been set up under the aegis of the Ministry to work on the development of the fintech sector and come up with a dedicated piece of legislation which will enable the fintech sector to thrive

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and effectively position Mauritius as the fintech hub of the region. On the occasion, Hon. Mahen Seeruttun launched an informative clip on STOs. STO is a token that offers to the public certain rights or obligations over something tangible. STO is a security backed by “REAL” assets. Security tokens have similar characteristics to traditional securities and are thus considered financial instruments and are subject to existing securities laws and regulations. *(continued pg 5)*

Mauritius commemorates 75th Anniversary of the United Nations



The year 2020 marks a special anniversary for the United Nations (UN): 75 years from the signing of the UN Charter in San Francisco.

For this special occasion, the Ministry of Foreign Affairs, Regional Integration and International Trade and the United Nations (Mauritius) in collaboration with the Ministry of Arts and Cultural Heritage organised the commemoration of the 75th Anniversary of the UN on 28 October 2020 at the Trianon Convention Centre. The event was graced by the presence of the Prime Minister, Hon. Pravind Kumar Jugnauth, the Hon. Minister Nandcoomar Bodha and H.E. Ms Christine Umutoni, UN Resident Coordinator. The choice of this year's theme is indeed very appropriate in light of the Covid-19 pandemic.

"The future we want, the United Nations we need: reaffirming our collective commitment to multilateralism – confronting COVID-19 through effective multilateral action".

It is noteworthy that this year, Mauritius was the sole country to celebrate the 75th Anniversary of the UN pompously, being a COVID-safe nation. The ceremony was launched by the display of the Video Message of the UN Secretary-General expressing how the UN Charter brought rules and hope to a world in ruins after the Second World War. It remains our touchstone for a world mired in a pandemic, torn by discrimination, endangered by climate change and scarred by poverty, inequality and war.

Video messages from several Heads of State were projected on the 75th anniversary of UN, followed by a Prize Giving Ceremony to acknowledge the efforts of the students of Non-Formal Education Network who participated in the project on the UN @75 themed – *"The future We Want"*.

Cultural programmes were also performed by various artistic bands such as Mo'zar Espace Artistic, Lois Iagesse Trust Fund, ABAIM, Conservatoire National de Musique Francois Mitterand and Swing & Dance Group.

The artists dedicated their performance to several UN Sustainable Development Goals (SDGs) – Zero Hunger, No Poverty, Reduced Inequalities, Climate Action, among others.



In 1945, soon after the end of the Second World War, the UN was officially established whereby nations worldwide decided to unite and took the commitment to work together for peace and avoid abuses for war.

In the last decades, Mauritius and the UN have been working hand in hand for peace, dialogue, and cooperation. Whether individually or together, they both promote Human Rights, the rule of law, sustainable development, and fighting climate change. Mauritius is committed to preserving and strengthening multilateral relations with its partners across the globe, with the United Nations at its core.

This year, for the first time in the history of the United Nations, due to the ongoing coronavirus pandemic, the United Nations General Assembly took place virtually. Despite this particular context, the program of the 75th session was dense, around events in which Heads of State and Ministers participated via Video Teleconferencing and pre-recorded videos which took place between 22 and 29 September 2020.

"Covid-19 pandemic is once again showing how global challenges can be tackled and overcome only through global, coordinated action" affirmed the Prime Minister Hon. Pravind Kumar Jugnauth.

A forum on “Ethics in time of crisis - A human perspective”



The Hon. Minister, Mahen Kumar Seeruttun, was invited to a forum of around 200 participants on 13th October 2020 organised by the ACCA Mauritius and the Insurers' Association of Mauritius (IIA) to share thoughts on ethics during this global pandemic Covid-19 and the human issues that have emerged.

He thanked the ACCA, IIA and the Financial Services Institute (FSI) in their continued efforts to creating a forum amongst the accountancy professionals on such a compelling topic. He thanked the associations for the exceptional work they were carrying out in promoting this noble profession by providing platforms for better understanding of the impacts of the global pandemic from economic, social, ethical and governance perspectives.

In his speech, the Minister highlighted that Covid-19 has issued a clarion call across the globe for higher ethical standards and greater humanity. This pandemic has placed the accountancy profession across the world in unprecedented ethical predicaments.

The Minister stated that the job of the accountant becomes more of a moral and social act, diving deep into values and convictions and bringing out the best possible action or inaction. This profession is equipped with a moral compass to guide our acts and doings. The ACCA binds the accountants to a very robust Code that beckons ethical conduct which makes accountants accountable. He also mentioned that the commitment of this profession to the public interest is an explicit responsibility and professionalism cannot stand without ethics. Being ethical means behaviour that is trustworthy, judgment that is independent and impartial, all sealed with the promise of integrity.

He also added that accountants' are *inter alia* duty bound not to make any false or misleading statements, to disclose all material facts discovered that have a bearing on a client's financial position, to report any mis-statement or departure from generally accepted accounting standards and procedures, not to have any interest in the affairs of a company on the reported financial statements.

He further highlighted that the sanitary crisis will bring back a stronger awareness, if together we take care of one another, have a broader vision and a more inclusive mindset. However, we should not be oblivious to the fact that many will still take advantage of a crisis to defraud existing systems. He mentioned the recent news on the UK's tax authority which is currently looking into 27,000 potential cases of fraud possibly involving over GBP 3.0 billion relating to the government's furlough scheme.

According to press reports, Her Majesty's Revenue and Customs (HMRC) has detained an accountant in one of the very first furlough fraud cases, highlighting that times of crisis will bring opportunities to the opportunists. However, the Covid-19 also sheds light on the goodness of our people to be generous, compassionate and innovative. The pandemic is giving us the chance to do so much from learning to transforming our future for the better. We owe it to ourselves and to future generations to come out of this for a better community.



Incubator for Board Readiness



The “**Incubator for Board Readiness**” training intervention was designed to impart training to existing Board Members as well as to future potential Board Members. The first training programme was conducted in collaboration with the Financial Services Institute Ltd (FSI) and attracted participants from the public sector. Board training programmes through the incubator convey relevant knowledge and basic principles needed by Board Members in order to effectively carry out their roles as Board of Directors. The first batch of training was conducted from 22 to 26 June 2020 and was dedicated to women only. About 29 women who are current Board Members in the public sector, participated in the training.

In light of the positive feedback received from the first training session, this Ministry together with the FSI organised a second session of incubator programme. The Incubator sessions were conducted over a period of 5 days from Monday 26 October to Friday 30 October 2020. The second batch attracted 56 participants, potential and existing Board Members. Bearing in mind that the objective is to promote a balanced board membership, the Ministry decided to initiate the course to both men and women.

The five-day training sessions comprised lectures and case studies to enable all participants to have a better understanding about the responsibilities as well as the accountability of Board Members. The training goes beyond a planned agenda of good governance, duties and roles of a Board Member. Being able to listen to different views from individuals with different backgrounds, experiences and perspectives resulted in having a better grasp of corporate decision-making.

The main topics of discussions, *inter alia*, during the training interventions were:

1. *Overview of the principles of corporate governance within the Mauritian context.*
2. *Composition and diversity on Boards and the liabilities of Board Members*
3. *Relationship with stakeholders and the relevance of ethical leadership in times of crisis.*
4. *Dual role of Chief Executive Officer (CEO) and the Chairman of the Board.*
5. *The Board’s role in relation to HR Matters : Board Composition and Remuneration*
6. *Governance, Risk & Compliance and Reporting with Integrity*

The training demonstrated to the participants that every Board needs to have a diversity not only in gender but also diversity in age, skills, experience and relevant competencies. The lectures also provided valuable and important know-how to the participants to be better Board Members. Many officers are often appointed on boards without any prior guidance on their duties and responsibilities. During the training, the liabilities of Board Members were explicitly explained and how wrong decisions or reporting can be very risky for the business.

Ethics for Sustainable Society

A Forum on “Conscience and Choice - Ethics for a Sustainable Society” was organised by the Mauritius Institute of Professional Accountants (MIPA) and the Academy for Integrated and Sustainable Development (AISD) at the seat of AISD at Wooton on 16 October 2020.

The Hon. Minister of Financial Services and Good Governance, Mahen Kumar Seeruttun intervened on matters revolving around governance and ethics as well as on the necessity for enhanced ethical frameworks and governance for business. Ethics represent today the critical success factors of a thriving business and a successful life well lived.

The AISD favours an inside-out approach which means turning inwards to our inner voice in order to better evaluate situations such that we can come out to the outer world and act ethically. The Minister strongly believes that **“acting ethically is not only about being right or wrong because being right depends on people, it depends on perspectives, it depends on situations, it depends on time. The base line is about not doing to others what we don’t want others to do to us.”**

Human nature is essentially inclusive but in the daily rat race of life where one tends to run after material comforts, one tends to lose one’s sense of humanity and inclusiveness. It is important that we have such a conscience where we have full awareness that every choice of ours has a direct bearing on others. Business through an ethical lens has never been more crucial. Making ethical choices is about being responsible which also means being sustainable. A responsible business is essentially one that creates not only profits but also benefits society, people and planet. This generates greater value over time and in the longer term has a multiplier effect on the

Launching of STO at FSC *(Cont’d from pg 1)*

Mr. Dhanesswurnath Thakoor, Chief Executive of the FSC highlighted in his address that “The new framework for STOs aims at creating the proper environment to attract issuers but also to safeguard the interests of investors and the reputation of the jurisdiction in line with international standards”.

A panel discussion moderated by Mr Sunil Benimadhu was also held. The panellists consisted of Mrs Renu Audit - Director of Authorisation and Supervision at the FSC, Ms Loretta Joseph - Fintech and Regulatory Consultant at the FSC, Ms Jessica Naga - Managing Director of Digital Associates and Mr Suyash Soomaroo – Blockchain digital asset expert and Director at Codevigor. The panel members discussed about the potentials of STOs, the scope for Mauritius as a jurisdiction to emerge as one of the leading platforms for Africa and the region as well as the challenges which the STO market is facing.



bottom line. The Minister added that current business environments are being severely disrupted by the pandemic and thus increasing pressure for accountants and auditors to deliver on truthful financial reporting and ethical performance. There are more and more opportunities for accounting professionals to take on a more strategic role which goes beyond financials towards greater transparency and accountability. Accounting for sustainability and integrated reporting are becoming more relevant. The safeguard of high ethical standards is such a crucial factor in maintaining public trust. The Honourable Minister ended by saying that “it is the ethical choices that we consciously make today that will place our people and our planet on course for a better future.”



African Financial Market Indices



Market capitalization is one of the most important characteristics that abets the investor determine the returns and the risk in the share. Similarly, it helps the investors to select accordingly the stock that can meet their risk and diversification criterion.

The Absa Africa Financial Markets Index 2020 edition assesses financial market development in 23 countries. The survey was conducted from June-August 2020 and the Official Monetary and Financial Institutions Forum (OMFIF) prepared the report, Absa acting in an advisory capacity. The Index records the openness and attractiveness of countries across the continent to foreign investment. The indexed countries are scored on a scale of 10-100 based on six fundamental pillars namely, Market depth, access to foreign exchange, market transparency, tax and regulatory environment, capacity of local investors, macroeconomic opportunity, legality and enforceability of standard financial markets master agreements.

As revealed by the ABSA Africa Financial Markets index (AFMI) 2020, Mauritius retains the 2nd position and has improved by 4 points in its score, i.e to 79/100 in comparison with its score of 75/100 in 2019. In fact, such an improvement exhibits the following:

- ◆ *positive developments relating to the adoption by the banking sector of the Global FX Code of Conduct;*
- ◆ *electronic payment platform launched by BOM;*
- ◆ *amended trading rules by the Stock Exchange of Mauritius to unwrap the stock market and empower ties with International Central Securities Depositories (e.g., Euroclear).*

Similarly, Mauritius has retained the third position in Pillar 1, that is, Market Depth. In order to unfold the international central securities depositories such as Euroclear and Clearstream, the Stock Exchange of Mauritius has revised the trading rules early 2020. Undoubtedly, foreign investors may now invest in debt securities, Eurobonds and exchange-traded funds on the exchange to pass on these securities directly via the International Central Securities Depository (ICSD) to other investors. Undoubtedly, international investors will be more attracted to the market. Notably, Mauritius and South Africa are the only markets in the index with such links to ICSD.



In addition, with regard to access to foreign exchange, Mauritius maintained the first place. Mauritius has a high net portfolio investment but is less vulnerable to foreign exchange fluctuations despite the high ratio to reserves. The significant inward flow is due to its position as a favourable domicile for investment funds, often comprised of international money invested globally.

The quality of financial reporting in Mauritius and Tanzania were also commended. It was mentioned in the report that the regulators may now consider financial reporting using Extensible Business Reporting Language (XBRL), the globally recognised format for digital accounts filing. Lastly, the World Bank mentioned that Mauritius and Kenya have the highest resolving insolvency scores in the index.



Financial Services Commission (FSC) Briefs

Registration of Reporting Persons by the Financial Intelligence Unit

The FSC, in a communiqué issued on 28 October 2020, informed all of its licensees falling under the category of Reporting persons as defined under the Financial Intelligence and Anti Money laundering ACT (FIAMLA) that they have to register with the Financial Intelligence Unit (FIU) within the prescribed deadline.

Consultation Paper on Robotic and Artificial Intelligence Enabled Advisory Services

The National Budget 2019/2020 has provided for the establishment of a regime for Robotic and Artificial Intelligence Enabled Financial Advisory Services. In line with the above and to position Mauritius as a reputable FinTech hub, the FSC has issued a Consultation Paper on 29 October 2020, on the introduction of a regulatory framework for Robotic and Artificial Intelligence Enabled Advisory Services.

Consultation Paper on the establishment of a Rule on Real Estate Investment Trust

The 2019/2020 National Budget announced the setting up of a new regulatory framework to promote the development of Real Estate Investment Trusts (REITs). In line with the above and its objectives to enhance the reputation of Mauritius as an International Financial Centre and to ensure sound conduct of business in the financial services sector and in the global business sector, the FSC is proposing a licensing regime for REITs in Mauritius. The FSC is considering, to this effect, the issue of a set of rules containing all requirements specific to REITs. A consultation paper was issued to this effect on 15 October 2020.

FSC signs the GIFCS Multilateral Memorandum of Understanding

The FSC has become signatory to the Group of International Finance Centre Supervisors (GIFCS) Multilateral Memorandum of Understanding (MMoU). This MMoU provides a framework to facilitate exchange of information among authorities and promote integrity, efficiency and financial soundness by improving regulation and enhancing supervision of cross-border transactions. The MMoU was signed by the Chief Executive of the FSC, Mr. Dhanesswurnath Thakoor on Tuesday 20 October 2020.

Consultation Paper on the Regulatory Framework for Crowd-funding

As announced in the National Budget 2019-2020 and in line with its strategy to sustain the growth of the FinTech ecosystem in Mauritius, the FSC has issued on 29 October 2020 a Consultation Paper establishing a comprehensive regulatory framework for investment-based crowd-funding. The FSC is in view that a regulatory framework on crowd-funding will contribute to shape and improve access to finance for individuals and entrepreneurs alike.

Circular Letter CL021020 - Guidelines on Fitness and Propriety

The FSC has issued pursuant to section 7(1)(a) of the Financial Services Act 2007 its revised "Guidelines on Fitness and Propriety" ("Guidelines") in line with the Commission's objective to ensure the sound conduct of business in the financial services sector and global business.

These Guidelines aim at clarifying the criteria taken into consideration by the Commission when assessing the "fitness and propriety" of an applicant/licensee. The effective date of the Guidelines shall be 01 November 2020 and regulated entities are reminded of their obligations set out in the Guidelines. It entails a revision of all relevant internal policies, procedures and controls.

Significant growth of High Net Worth Individuals in Mauritius

The 3rd edition of the Global Wealth Migration Review (GWMR) 2020 was released in September 2020. It analyses the global wealth migration trends, including a spotlight on the impact of COVID-19.

According to this Review, Mauritius has attracted a steady number of High Net Worth Individuals (HNWIs) over the past decade, perhaps due to the ease of doing business in the country. Notably, Mauritius ranked 1st in Africa and 13th worldwide in the World Bank's 2020 Doing Business Report. Mauritius is also known for its safety and fast-growing financial services sector. The country is now home to around 4,000 HNWIs (as at June 2020), compared to 2,500 HNWIs a decade ago.



The following regions namely Monaco, Malta, Mauritius and Caribbean Islands and Bermuda also experienced significant (100+ HNWIs) wealth inflows during the past year.

Other key highlights of GWMR 2020 are:

- The most popular countries for migrating HNWIs over the past year (2019) included: Australia, USA, Switzerland, Canada, Singapore, Israel, New Zealand, UAE, Portugal and Greece. Other popular destinations for them included: Monaco, Mauritius, Malta, Bermuda and the Caribbean Islands.
- Top destination cities included: Sydney, Geneva, Melbourne, Singapore and Dubai.
- With the Covid-19 outbreak, the resilience of several economies worldwide has been tested and provisional estimates show a drop in inward and outward HNWI migration for the current year (2020).
- Australia, the United States and Switzerland are expected to remain the preferred HNWI destinations globally over the next decade. New Zealand is expected to emerge as a major HNWI destination in the future.

The Report also describes some common reasons why HNWIs move:

- Safety –woman and child safety especially.
- Lifestyle: climate, pollution, space, nature and scenery.
- Financial concerns.
- Schooling and education opportunities for their children.
- Work and business opportunities.
- Taxes.
- Health care system.
- Standard of living.
- Oppressive government.

