



# Newsletter

January/ February  
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## 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 Scorecard on Corporate Governance



The signing ceremony of the Research Collaborative Agreement between the National Committee on Corporate Governance (NCCG) and the University of Mauritius (UoM) was held at the seat of the Financial Services Institute on 09 February 2021.

The Scorecard project comes as a logical sequence after the implementation of the Code on Corporate Governance to ensure effective application of the principles which it endorses.

The NCCG and the UoM have forged a productive partnership. They have conceptualised and developed an excellent barometer to test the state of health of corporate governance in Mauritius and provide insights into how companies are progressing in their pursuit of excellence in corporate governance.

This project will be invaluable for the Ministry of Financial Services and Good Governance in promoting the study, research and development of corporate governance in Mauritius. For instance, the assessments of participating companies will act as a

*“Corporate Governance has attracted an extraordinary degree of public attention and awareness cutting across sectors of the economy.”*

reference threshold and represent an invaluable guide for Regulators and Policymakers to identify strengths and weaknesses in corporate governance practices and accordingly, design new policies and reform existing ones in order to improve the efficiency of Mauritius’ corporate governance framework. It will definitely

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supplement the arsenal of measures being taken by Government to egress from the unfavourable listings of the Financial Action Task Force and the European Union. It will also be beneficial for institutional and individual investors. Governance and transparency standards are key strategic priorities for companies to maintain the confidence of their investors and stakeholders. With enhanced corporate transparency and additional disclosures, investors can more easily analyse the risk profiles and investment potential of companies, monitor their progress and performance. *(Continued pg 3)*

## ATMC and GFM merge to become Mauritius Finance

The launch of Mauritius Finance took place at Le Meridien Hotel with an impressive gathering of captains of industry, policymakers and regulators. Mauritius Finance carries forward an extremely rich heritage and collective experience from two fused entities namely the Global Finance Mauritius (GFM) which was founded in 2010 and the Association of Trusts and Management Companies (ATMC) set up in 1997.

On this occasion, the Minister of Financial Services and Good Governance, Hon. Mahen Seeruttun, stated that *“with the new possibilities and new opportunities, Mauritius Finance holds the promise of tremendous value to its membership, to employees of the sector and their families, to the Mauritius International Financial Centre and to economic development of the country.”*

He further added that the integrated Association with a membership base of over 100 industry players will more effectively serve the needs of the sector by harnessing complementary strengths and bringing together immense synergies. There has been genuine interest from operators to join the new entity and there has been a number of new entrants.

The Minister further commended the collaboration of the stakeholders and said that since he joined the Ministry, and particularly at meetings of the Financial Services Consultative Council (FSCC) and other Taskforces, he has



observed that industry associations add tremendous value in consolidating fragmented views of the industry on important issues, and this, greatly assists in formulating public policy. The current challenges in the global arena and at home, compounded by a sanitary crisis of unprecedented proportions, have hastened the need to transform, change, and reinvent ourselves so that we can emerge stronger in the future. These challenges present unique opportunities to reset and reboot the perspectives, the priorities, and the approaches.



## Launching of Scorecard on Corporate Governance *(continued from page 1)*



*The signature ceremony of the Research Collaborative Agreement by the Professor Dhanjay JHURRY, and Mrs Aruna Radhakesoon, Chairperson of National Committee on Corporate Governance in the presence of Minister for Financial Services and Good Governance, Hon. Mahen Kumar Seeruttun*

Accordingly, investors will use scorecard ratings as an important tool to complement their investment decisions. In a world driven by technology, information flow, and a more empowered investor base, strong corporate governance is more than just a sensible business practice. Those companies which invest time and energy in adopting sound Governance principles will ultimately see their efforts reflected in financial performance.

The ultimate beneficiaries of the scorecard project are companies. Firms are increasingly aware that the adoption of sound corporate governance practices helps to improve performance through better strategy, decision-making, risk management and control. It is expected that more and more Boards of Directors will embrace

the scorecard project and make it a regular agenda item so that Directors may discuss in a more structured and regular manner how well the companies' system of direction and control is performing. Among the many benefits, banks and finance institutions, whether local or international, will be able to consult the Scorecard Yearly Report as a basis to support requests to finance expansion projects.

Hon. Mahen Seeruttun seized the opportunity to thank all those who share the commitment and efforts in raising the level of corporate governance in Mauritius and look forward to their continued support. He also anticipated the long and enduring success of the collaboration between the UoM and the Ministry, through the NCCG.

## African Continental Free Trade Area

The African Continental Free Trade Area (AfCFTA) is a flagship project of the African Union's Agenda 2063, a blueprint for attaining inclusive and sustainable development across the continent over the next 50 years. It aims to boost intra-African trade by providing a comprehensive and mutually beneficial trade Agreement among the member states, covering trade in goods and services, investment, intellectual property rights and competition policy. The AfCFTA also aims at accelerating intra-African trade and boosting Africa's trading position in the global market by strengthening Africa's common voice and policy space in global trade negotiations.

The trade Agreement, which will cover a market consisting of 1.2 billion people and a combined GDP of \$3 trillion, has been signed by 54 of the 55 African Union member states; Eritrea has not yet joined.

As at 3 December 2020, 36 countries have ratified the AfCFTA Agreement. The Agreement entered into force on 30 May 2019 and trading started on 1 January 2021. Was it not for the COVID-19 pandemic, trading would have started six months earlier i.e in July 2020.

AfCFTA will create a single market for goods and services, in hopes of boosting trade among its nations. Africa has historically had low internal trade. In 2017, intra-African exports were 16.6% of total exports, compared with 68% in Europe, and 59% in Asia.

The Agreement will work towards a continental customs union; eliminate tariffs on 90% of intra-Africa goods; aid in the movement of capital and people between countries; facilitate external investment; and reduce non-tariff barriers, like the time it takes goods to pass through customs.

AfCFTA has the potential to increase intra-African trade by over 50%, according to the UN Economic Commission for Africa, while the World Bank suggests the Agreement could mean an added \$76 billion in income for the rest of the world.

Despite the clear benefits and historic accomplishment, experts say the Agreement will face a number of hurdles in practice, like a lack of modern and efficient infrastructure, unclear information about processes, and barriers for women-led businesses, and the economic destruction brought on by COVID-19 that could reverse years of progress in the region. Some also fear that large economic gains made in the diverse economies will be unequally distributed.

*The general objectives of the AfCFTA are to:*

- *create a single market for goods and services, facilitated by movement of persons in order to deepen the economic integration of the African continent and in accordance with the Pan African Vision of "An integrated, prosperous and peaceful Africa" enshrined in Agenda 2063;*
- *create a liberalised market for goods and services through successive rounds of negotiations;*
- *contribute to the movement of capital and natural persons and facilitate investments building on the initiatives and developments in the State Parties ;*
- *lay the foundation for the establishment of a Continental Customs Union at a later stage;*
- *promote and attain sustainable and inclusive socio-economic development, gender equality and structural transformation of the State Parties;*
- *enhance the competitiveness of the economies of State Parties within the continent and the global market;*
- *promote industrial development through diversification and regional value chain development, agricultural development and food security; and*

*Regarding the Financial Services sector, the specific objectives of the Protocol on Trade in Services are to:*

- *enhance competitiveness of services through: economies of scale, reduced business costs, enhanced continental market access, and an improved allocation of resources including the development of trade-related infrastructure;*
- *promote sustainable development in accordance with the Sustainable Development Goals (SDGs);*
- *progressively liberalise trade in services across the African continent on the basis of equity, balance and mutual benefit, by eliminating barriers to trade in services; and*
- *ensure consistency and complementarity between liberalisation of trade in services and services sectors.*

## Corruption Perception Index

The Corruption Perceptions Index (CPI), introduced in 1995 is used internationally as a benchmark to measure corruption in a country. The CPI is an index published annually by Transparency International. Though the CPI of Mauritius fluctuated substantially in recent years, it tends to increase through 2001-2020. Mauritius has maintained the 52<sup>nd</sup> position out of 180 countries, with a score of 53.

**Ranking : 1 least corrupted  
: 180 most corrupted**

**Score : 0 clean  
: 100 highly corrupted**

Year	Ranking	Score
2018	56	51
2019	56	52
2020	52	53

The CPI score for Mauritius in most sub-indicators is similar as in 2019 except indicator Varieties of Democracy Project (V-Dem) where Mauritius has improved by 9 points. With regard to the World Justice Project Rule Forum indicator, Mauritius has dropped by 1 point.

### List of Sub-indicators for Corruption Perception Index 2019

Six sources have been used to calculate the CPI rating for Mauritius. They are:

1. Bertelsmann Stiftung Transformation Index
2. Economist Intelligence Unit Country Risk Service
3. Global Insights Business Conditions and Risk Indicators
4. World Economic Forum Executive Opinion Survey
5. World Justice Project Rule of Law Index
6. Varieties of Democracy Project

### Sources of CPI and its corresponding features :

Sources	Features
Bertelsmann Stiftung Transformation Index	Working for better education, a just and efficient economic system, a preventive health system, a dynamic civil society and a strengthened mutual understanding between countries.
Economist Intelligence Unit Country Risk Service	Detecting possible financial abuses in the public sector, such as transparency in the allocation of public funds or the judiciary in a case of prosecution against a member of the government or an official for any abuse.
Global Insights Business Conditions and Risk Indicators	Covering macroeconomic analysis, country risk analysis and specific industry analysis. It focuses on six factors namely; politics, economy, institutions, taxation, operations and security.
Varieties of Democracy Project	Collecting data to measure the following principles, namely electoral, liberal, participatory, deliberative, egalitarian, majority and consensual principles.
World Economic Forum Executive Opinion Survey	Capturing new data essential for the Global Competitiveness Index and other indices.
World Justice Project Rule of Law Index 2019	Asking on the extent to which government officials use public office for private gain. These questions touch on a variety of sectors within government including the public health system, regulatory agencies, the police, and the courts.

Year	CPI Score over 100	Rank	Sources					
			Bertelsmann Foundation Transformation Index (BTI)	Economist Intelligence Unit Country Ratings (EIU)	Global Insight Country Risk Ratings	Varieties of Democracy Project (VDEM)	World Economic Forum EOS	World Justice Project Rule of Law Index 2019
2019	52	56	49	55	59	38	58	51
2020	53	52	49	55	59	47	58	52

Launching of Mauritius Finance (Photos)



## Financial Services Commission (Briefs)

### Face-To-Face Meeting with FATF Joint Group

The Face-to-Face Meeting with the FATF Africa/Middle East Joint Group (JG) was held on Friday 22 January 2021. The Virtual Face-to-Face Meeting provided Mauritius with the opportunity to address issues raised by JG relating to the 2<sup>nd</sup> Progress Report on the implementation of FATF Action Plan. During the virtual meeting, the competent authorities namely the Financial Services Commission (FSC), Bank of Mauritius (BoM), Financial Intelligence Unit (FIU), Registrar of Companies (ROC), Independent Commission against Corruption (ICAC), Mauritius Police Force (MPF), Attorney General's Office (AGO), Gambling Regulatory Authority (GRA), Mauritius Institute of Professional Accountants (MIPA), Mauritius Revenue Authority (MRA), Office of the DPP replied to the queries from members of the JG and provided necessary clarifications sought.



### Guidelines on stress test requirement for long term insurers

The FSC has issued Circular Letter CL150121 in relation to the publication of updated Guidelines on stress test requirement for long term insurers. The objective of the Guidelines is to assist long term insurers in calculating the stress test requirement, as required by the Insurance (Long Term Insurance Business Solvency) Rules 2007.

The Guidelines are meant to provide the minimum standards. It is not intended to replace or override any provisions under the law. The Guidelines should be read in conjunction with the provisions of the Insurance Act 2005, regulations made thereunder and any other rules, guidelines, circulars and notices that the Commission may issue from time to time.

More information on:

<https://www.fscmauritius.org/media/94314/circular-letter-cl150121.pdf>

### Revised Procedures for Online Application of Tax Residence Certificate

In view of easing the issuance of Tax Residence Certificate (TRC), the Mauritius Revenue Authority in close collaboration with the FSC, has implemented an electronic platform for application of TRCs in a more structured, user-friendly, efficient and organised manner through secured login credentials.

Accordingly as from 02 February 2021, Procedures for Recommendation of Tax Residence Certificate have being revised.

More information on :

<https://www.fscmauritius.org/media/94348/revised-procedures-for-online-application-of-trc.pdf 2>



## Updates on International Financial Centres

### SINGAPORE

#### *Way for Special Purpose Acquisition Companies (SPACs)*

SPACs, normally known as blank check companies, are shell companies that raise funds through an initial public offering (IPO) to acquire an existing company. After raising funds, SPACs sponsors are usually given two years to 'de-SPAC' to find a target company and complete an acquisition. If no suitable deal secured, the SPAC is liquidated, and the funds returned to shareholders.

The CEO of Singapore Exchange Regulation is of the view that Singapore Exchange (SGX) has noticed the popularity of SPACs listings in other markets and started to consider allowing them to list. According to Business Times, having SPACs to list in Singapore would attract investors and sponsors, but market participants said that success will depend on how the listing rules are set. Fund managers have set up sub-funds under a Variable Capital Company (VCC), Singapore's new investment fund vehicle launched last year, to invest in New York Stock Exchange-listed SPACs. Having SPACs in Singapore would add to the vibrancy of the investment and wealth management ecosystem.



### LUXEMBOURG

#### *Cybersecurity Scaleups accelerate access to booming regional Fintech Ecosystem*

With COVID-19 impacting cybersecurity risk globally, R3i Ventures' House of DeepTech has launched its inaugural 100% digital 9-month Luxembourg Calling program, with the mission to accelerate cybersecurity companies looking to export to the European Union. After a benchmarking study, R3i selected the Grand Duchy of Luxembourg as the soft landing pad for the House of DeepTech's first international cybersecurity cohort.

Luxembourg is a hub for cross-border finance within the EU single market, which has the world's third-largest population after China and India. The Luxembourg Calling program offers growth-stage, export-focused cybersecurity founders, a soft landing program, delivered in English, for developing and executing targeted market access and capital raising strategies to expand into Europe. Through the program, founders will secure accelerated access to Luxembourg's fintech ecosystem along with guidance from R3i's expert Navigators, who include seasoned international DeepTech Venture Capital (VCs) and experts in Intellectual Property (IP), brand protection, anti-counterfeit, and Research & Development (R&D) in cybersecurity.

### DUBAI

#### *Dubai Planning Digital Asset Framework*

The Dubai Financial Services Authority (DFSA) is planning to develop a regulatory framework for digital assets. The DFSA is committed to remain open for businesses with respect to innovation in the financial services sector and continue to explore how the regulatory regime can accommodate new and innovative business models. In the business plan, the DFSA informed that the framework must support the nation's digital transformation, while improving its "cyber-resilience." The DFSA intends to consider a regulatory approach that facilitates innovation while requiring strict adherence to the DFSA's licensing, prudential and conduct requirements.

