



INTERCONTINENTAL TRUST NEWSLETTER

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INTERCONTINENTAL TRUST

Impeccable Service Intelligent Solutions

Competency Standards

In October 2014, the Financial Services Commission (FSC) issued the Competency Standards (the “Standards”) as part of the implementation of its Fair Market Conduct Programme and also in line with section 20 of the Financial Services Act 2007, which provides that the FSC may, inter alia, consider the relevant education, qualifications and experience of an individual, in their assessment of whether an individual is fit and proper.

The Standards are effective as from **1 January 2015**.

Objectives

The objectives of the Standards are:

- To ensure fair treatment of consumers of financial services;
- To ensure sound conduct of business in the financial services sector;
- To instill confidence in the financial services sector and encourage better consumer participation;
- To establish standards in order to preserve and maintain the good repute of Mauritius as an international financial centre.

Minimum technical competencies

The Standards set out the minimum technical skills and know-how expected from licensees and any of their officers and/or their employees involved in the provision of advice, the provision of intermediary services and the management and control function. In addition, the Standards also provide an indication as to how the minimum technical proficiencies can be demonstrated through the establishment of minimum competencies for each type of licensees.

In the event that an individual does not hold the required minimum qualification, the FSC may assess if the individual will still meet this requirement based on his/her experience. However this will be done on a case-by-case basis.

Structured CPD / Ongoing training

The FSC also expects that licensees will maintain their minimum technical competencies through ongoing training/structured CPD which is of relevance to the role of the licensees and to the industry in which they operate. To that effect, the Standards establish the minimum number of hours of structured CPD per year for each licensee.



It is the licensees' responsibility to maintain the record of the minimum competency level, including copies of certificates of qualifications, appropriate training records, CPD records, for a period of at least 7 years and these must be made available to the FSC upon request.

For more details on the ongoing CPD requirements, see **Annex 1**

Grandfather provisions

All persons/entities who have been licensed prior to 1 January 2015 or have lodged applications with the FSC before that date but are yet to be licensed, have been grandfathered from the requirement of demonstrating competence **except** for the following:

- Insurance Brokers
- Re-insurance Brokers
- CIS Managers

The above mentioned licensees must appoint a **Designated Officer** (see below) who will have to comply with the requirements of the Standards.

However any grandfathered licensees will still be required to adhere to the ongoing CPD requirements.

For more details on the Grandfather provisions, see **Annex 1**

Designated Officer

With effect from 1 January 2015, all new Insurance Brokers, Re-insurance Brokers, CIS Managers and Insurance Agents (Company) must seek the FSC's approval for the appointment of **at least** one designated officer.

All Insurance Brokers, Re-insurance Brokers and CIS Managers licensed prior to 1 January 2015 must seek the FSC's approval for the appointment of **at least** one designated officer by 1 January 2016.

Exemption for CIS Managers solely engaged in the management of a Professional CIS and/or Expert Fund

The FSC has communicated in a Circular letter dated 25 March 2015 (CL250315), that a CIS Manager solely engaged in the management of a Professional CIS and/or Expert Fund may apply for an **exemption** to comply with the requirements of the Standards. Nonetheless, the CIS Managers will be required to demonstrate how the expert and/or sophisticated investors of the fund have ascertained the competence of the officers of the CIS Managers.

The exemption will **not** be applicable to CIS Managers managing other types of Collective Investment Schemes or Closed-End Funds targeting retail investors.

The Circular Letter CL250315 is appended in **Annex 2**.

FAQs issued in relation to the Standards

The FSC has also combined a list of Frequently Asked Questions (FAQs) following several queries received from various stakeholders and this has been reproduced in **Annex 3**.



Annex 1

The table below summarises the minimum number of hours of structured CPD requirements for licensees and the grandfather provisions, if any, applicable to each of them:

Insurance Sector

Licensees	Applicable to	Structured CPD per year (Minimum Hours)	Grandfathered from requirement of demonstrating competence only
Insurance Salesperson	All Insurance Salespersons	10 Hours	<ul style="list-style-type: none"> Insurance Persons registered prior to 1 January 2015 Proposed Insurance Persons who have lodged application with the FSC before 1 January 2015 but are yet to be licensed/registered as at that date Grandfathered Insurance Salespersons described above who have changed insurer or insurance agent after 1 January 2015
Insurance Agent	At least one designated officer (approved by FSC)	10 Hours	<ul style="list-style-type: none"> Insurance Agents registered prior to 1 January 2015 Proposed Insurance Persons who have lodged application with the FSC before 1 January 2015 but are yet to be licensed/registered as at that date Grandfathered Insurance Agents described above who have changed insurer after 1 January 2015
Insurance Broker	At least one designated officer (approved by FSC)	10 Hours	N/A
Re-insurance Broker	At least one designated officer (approved by FSC)	10 Hours	N/A
Broking Staff of Insurance Broker	All Broking Staff	10 Hours	<ul style="list-style-type: none"> Broking Staff appointed by Insurance broker prior to 1 January 2015
Broking Staff of Re-insurance Broker	All Broking Staff	10 Hours	<ul style="list-style-type: none"> Broking Staff appointed by Re-insurance broker prior to 1 January 2015



Annex 1 (continued)

Securities Sector

Licensees	Applicable to	Structured CPD per year (Minimum Hours)	Grandfathered from requirement of demonstrating competence only
Investment Dealer – Full Service Dealer Type 1	Appointed Representative	15 Hours	<ul style="list-style-type: none"> • All existing representatives of the licensee registered prior to 1 January 2015 • Proposed representative of the licensee who have lodged application with the FSC before 1 January 2015 but are yet to be licensed/registered as at that date
Investment Dealer – Full Service Dealer Type 2	Appointed Representative	15 Hours	<ul style="list-style-type: none"> • All existing representatives of the licensee registered prior to 1 January 2015 • Proposed representative of the licensee who have lodged application with the FSC before 1 January 2015 but are yet to be licensed/registered as at that date
Investment Dealer – Full Service Dealer Type 3	Appointed Representative	15 Hours	<ul style="list-style-type: none"> • All existing representatives of the licensee registered prior to 1 January 2015 • Proposed representative of the licensee who have lodged application with the FSC before 1 January 2015 but are yet to be licensed/registered as at that date
Investment Dealer – Broker Type 1	Appointed Representative	15 Hours	<ul style="list-style-type: none"> • All existing representatives of the licensee registered prior to 1 January 2015 • Proposed representative of the licensee who have lodged application with the FSC before 1 January 2015 but are yet to be licensed/registered as at that date
Investment Dealer – Broker Type 2	Appointed Representative	15 Hours	<ul style="list-style-type: none"> • All existing representatives of the licensee registered prior to 1 January 2015 • Proposed representative of the licensee who have lodged application with the FSC before 1 January 2015 but are yet to be licensed/registered as at that date



Annex 1 (continued)

Securities Sector (continued)

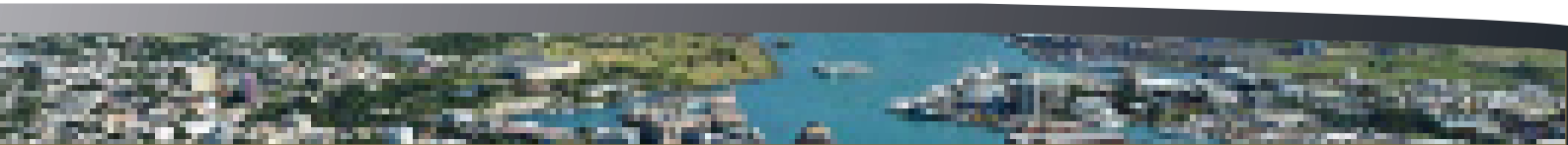
Licensees	Applicable to	Structured CPD per year (Minimum Hours)	Grandfathered from requirement of demonstrating competence only
Investment Dealer – Discount Broker Type 1	Appointed Representative	15 Hours	<ul style="list-style-type: none"> • All existing representatives of the licensee registered prior to 1 January 2015 • Proposed representative of the licensee who have lodged application with the FSC before 1 January 2015 but are yet to be licensed/registered as at that date
Investment Adviser (unrestricted)	Appointed Representative	15 Hours	<ul style="list-style-type: none"> • All existing representatives of the licensee registered prior to 1 January 2015 • Proposed representative of the licensee who have lodged application with the FSC before 1 January 2015 but are yet to be licensed/registered as at that date
Investment Adviser (restricted)	Appointed Representative	15 Hours	<ul style="list-style-type: none"> • All existing representatives of the licensee registered prior to 1 January 2015 • Proposed representative of the licensee who have lodged application with the FSC before 1 January 2015 but are yet to be licensed/registered as at that date
CIS Manager	At least one designated officer (approved by FSC)	15 Hours	N/A



Annex 1 (continued)

Management and control function

Licensees	Applicable to	Structured CPD per year (Minimum Hours)	Grandfathered from requirement of demonstrating competence only
Money Laundering Reporting Officer (MLRO)	All MLRO and Alternate MLRO	10 Hours	<ul style="list-style-type: none"> All MLRO and Alternate MLRO registered prior to 1 January 2015



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ISAE 3402 COMPLETED TYPE II AUDIT

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Financial Services Commission Mauritius

CIRCULAR LETTER CL250315

25 March 2015

To: CIS Managers
Management Companies

Dear Sir/Madam

Competency Standards – CIS Manager

1. Following the issue of the Competency Standards, the Financial Services Commission, Mauritius (the “FSC Mauritius” or the “Commission”) has considered representations made by industry stakeholders in relation to the applicability of the Competency Standards for a CIS Manager engaged in the management of a Collective Investment Scheme or a Closed-End Fund targeting expert and/or sophisticated investors.
2. A CIS Manager, engaged solely in the management of a Professional Collective Investment Scheme and/or an Expert Fund and wishing to be exempted from compliance with the requirements as set out in the Competency Standards, may apply to the Commission for such an exemption.
3. In relation to such a request for exemption, the CIS Manager should demonstrate to the Commission how the expert and/or sophisticated investors of the fund are able to form their own view of the competence of the officers of the CIS Manager.
4. Where the Commission is satisfied with the justification provided by the CIS Manager, it may exempt the CIS Manager from compliance with the requirements as set out in the Competency Standards, subject to such terms and conditions as the FSC Mauritius deems fit.
5. A CIS Manager, engaged in the management of other types of Collective Investment Schemes or Closed-End Funds targeting retail investors, must still comply with the Competency Standards.
6. The term “officer” has the same meaning as in the relevant Acts.

A handwritten signature in blue ink, located in the bottom right corner of the page.



7. The terms “sophisticated investor”, “expert investor”, “Professional Collective Investment Scheme” and “Expert Fund” have the same meaning as in the Securities Act 2005 and regulations made under the Securities Act 2005.

For further information, please contact the Surveillance Investment Funds and Intermediaries Cluster on 403 7000.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'C. Ah-Hen', is written over a light blue horizontal line.

C. Ah-Hen
Chief Executive



Financial Services Commission
Mauritius

FREQUENTLY ASKED QUESTIONS ('FAQs') COMPETENCY STANDARDS

1. (a) When should an Investment Dealer or an Investment Adviser holding a global business licence appoint a representative?

An Investment Dealer or an Investment Adviser holding a global business licence must appoint a representative when conducting securities transactions in Mauritius.

An Investment Dealer or an Investment Adviser holding a global business licence is not required to appoint a representative in relation to securities transactions conducted outside of Mauritius. The Investment Dealer or the Investment Adviser shall contact the country regulator where the securities transactions are intended to take place to find out the requirements to be met in that country. For example, if an Investment Dealer or Investment Adviser holding a global business licence decides to carry out securities transactions in South Africa, the Investment Dealer or the Investment Adviser will need to find out with the concerned relevant South African regulator whether any licence is required to carry out such activities and the process for the appointment of any officers or key persons or representatives, depending on how such appointments are termed by the country regulator.

The terms "representative" and "securities transactions" have the same meaning as in the Securities Act 2005.

1. (b) Are the Competency Standards applicable to a representative of an Investment Dealer or an Investment Adviser holding a global business licence??

Yes. The representative of the Investment Dealer or the Investment Adviser holding a global business licence must comply with the Competency Standards.

2. Who is a Designated Officer for the purpose of the Competency Standards?

A Designated Officer is an **officer** of a licensee who is expected to have the minimum technical competencies prescribed under the Competency Standards. The term "officer" has the same meaning as in the relevant Acts.

For ease of reference in the Competency Standards, this **officer** has been termed as the "Designated Officer".

3. Can the same Designated Officer be appointed by more than one licensee?

Yes. The Designated Officer must ensure that sufficient time and attention is given to the affairs of each licensee in which he or she is appointed to serve.

4. Can a director of the licensee be appointed as a Designated Officer and in the affirmative, should another approval be sought from the FSC Mauritius in this respect?

A director, who is an **officer** of the licensee, can be appointed as a Designated Officer. Please refer to the information given in question 2.

If prior approval has already been sought from the FSC Mauritius for the appointment of the director as officer of the licensee, the licensee needs only to notify the FSC Mauritius that this officer will be the "Designated Officer" for the purpose of the Competency Standards.

Notwithstanding the above, each proposal will be assessed on a **case-to-case** basis and on its own merits inter-alia depending on the proposed Designated Officer's competence and taking into consideration the functions that he or she carries out or proposes to carry out.

5. (a) Can a CIS Manager, engaged solely in the management of a Collective Investment Scheme or a Closed-End Fund targeting expert and/or sophisticated investors, apply to the FSC Mauritius for an exemption from compliance with the requirements as set out in the Competency Standards?

Yes. A CIS Manager, engaged solely in the management of a Professional Collective Investment Scheme and/or an Expert Fund and wishing to be exempted from compliance with the requirements as set out in the Competency Standards, may apply to the FSC Mauritius for such an exemption.

In relation to such a request for exemption, the CIS Manager should demonstrate to the FSC Mauritius how the expert and/or sophisticated investors of the fund are able to form their own view of the competence of the officers of the CIS Manager.

A CIS Manager, engaged in the management of other types of Collective Investment Schemes or Closed-End Funds targeting retail investors, must still comply with the Competency Standards.

Please refer to the Circular Letter [reference number: CL250315] issued by the FSC Mauritius for more information.

5. (b) Are the Competency Standards applicable to a CIS Manager holding a global business licence?

Yes. A CIS Manager holding a global business licence must comply with the Competency Standards.

Please refer to the Circular Letter [reference number: CL250315] issued by the FSC Mauritius for any applicable exemption.

6. **If a MLRO or Alternate MLRO was already appointed by a licensee prior to 01 January 2015 and this MLRO or Alternate MLRO is being appointed in the same position by new licensees after 01 January 2015, is the MLRO or the Alternate MLRO grandfathered from the requirement of demonstrating competence?**

A MLRO or Alternate MLRO, appointed by licensees prior to 01 January 2015, is grandfathered from demonstrating competence. The grandfathered MLRO is still required to comply with the CPD requirements as set out in the Competency Standards.

If a new licensee proposes to appoint a grandfathered MLRO or Alternate MLRO after 01 January 2015, the new licensee should submit to the FSC Mauritius the details of the existing licensee(s) (such as name of licensee and licence number), which had already appointed the MLRO or the Alternate MLRO.

7. **What are the expectations of the FSC Mauritius with respect to Continuous Professional Development ('CPD') requirements?**

The technical competencies as well as the minimum structured CPD hours for each role are set out in the Competency Standards.

Presently, it is not the intention of the FSC Mauritius to be prescriptive in the content of the CPD activity. It is up to the licensee to ensure and be able to demonstrate that the CPD training covers the appropriate competencies required to carry out the relevant role(s). The CPD training must be relevant to the industry in which the licensee operates and it must take into account new developments such as new products as well as the latest relevant legislative and regulatory changes.

The licensee must keep a record of the CPD activity as proof of completion. Such CPD records must be made available for inspection by the FSC Mauritius, at any time, upon request.

Financial Services Commission, Mauritius
25 March 2015

Disclaimer:

While all care has been taken in the preparation of the FAQs, the FSC Mauritius shall not be liable for any loss or damage (including, without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise suffered by any person/ entity relying on the information contained in the FAQs or arising from any shortcoming, defect or inaccuracy, through inadvertence or otherwise. The FAQs are intended for information purposes only and should not be considered as providing financial, legal and professional advice.

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