

INTERCONTINENTAL TRUST NEWSLETTER

July 2021



Intercontinental Trust Ltd

Financial Services (Robotic and Artificial Intelligence Enabled Advisory Services) Rules 2021

In an effort to encourage licensed service providers in Mauritius to adopt new and emerging technologies, the Financial Services Commission (FSC) has taken the initiative to introduce a regulatory framework, reinforced by the issue of the Financial Services (Robotic and Artificial Intelligence Enabled Advisory Services) Rules 2021 (the “Rules”).

As per the Rules, the holder of a Robotic and Artificial Intelligence Enabled Advisory Services licence will be entitled to provide advisory services (including discretionary and non-discretionary investment and portfolio management services) through expert systems and/or computer programs using artificial intelligence enabled algorithms, with limited human intervention. As such, the following set of Rules have been introduced and amended to cater for this licence:

- The Financial Services (Robotic and Artificial Intelligence Enabled Advisory Services) Rules 2021;
- The Securities (Investment Advice) Rules 2021;
- The Securities (Solicitation) (Amendment) Rules 2021; and
- The Financial Services (Consolidated Licensing and Fees) (Amendment No. 3) Rules 2021.

The salient obligations for a licensee under the Financial Services (Robotic and Artificial Intelligence Enabled Advisory Services) Rules 2021 are as follows:

Requirement	Yes/No	Remarks
FSC Licence fees	Yes	One-off Processing fee: USD 500 Annual licence fee: USD 1,900
Bank Account: - Principal bank account in Mauritius - Segregated bank account	Yes Yes	The licensee should ensure that client funds are maintained separately from its own in segregated bank account(s)
Office and relevant infrastructure	Yes	
Adequate internal controls & risk management	Yes	These should cover cyber risk management
Business continuity and disaster recovery plan	Yes	
Abide by the applicable Data Protection laws of Mauritius	Yes	
Minimum number of directors	Yes	3 directors required including 1 resident director <i>For licensees holding a GBL, they will be required to have at least 2 resident directors</i>
Employ an adequate number of officers	Yes	They should demonstrate adequate competence, experience and proficiency commensurate with the size, nature & complexity of services
Implement code of conduct and ethics	Yes	
Minimum stated unimpaired capital	Yes	At least MUR 600,000 or in any equivalent currency
Professional indemnity insurance	Yes	At least MUR 2 million or, higher as may be determined by the FSC
Due Diligence	Yes	<ul style="list-style-type: none"> - The licensee must conduct due diligence on its clients in line with the relevant laws and regulations - The licensee must ensure that any investment advice given to the clients is suitable depending on the client's needs, objectives, financial situation and also, to the extent relevant, the risk tolerance, knowledge, experience and understanding of the risks involved and any other relevant requirements and circumstances of the client of which the licensee is, or ought reasonably to be, aware.
Computer program, artificial intelligence enabled algorithms and client facing tools: - Requirement for the above	Yes	The board of directors must ensure at all times that: <ul style="list-style-type: none"> - adequate policies, processes and controls to ensure that the algorithms continue to perform as intended - a robust framework for the design, monitoring and testing of the algorithms through periodic and random reviews - competent officers for developing and reviewing the methodologies of the algorithms, even if such functions are outsourced
- Can the key processes and management of client-facing tools be outsourced?	No	No licensee shall outsource the key processes and management of their client-facing tools
Reporting Obligations: - Audited Financial Statements	Yes	These must be filed with the FSC within 6 months of its financial year end
- Independent evaluation report	Yes	Independent evaluation report, carried out by independent persons or experts approved by the FSC, with regards to the licensee's algorithms and software system must be filed with the FSC at least once every 2 years since the issue of its licence or following any material change

The above is not an exhaustive list and the FSC may impose other conditions upon the issue of the licence.

Access the FSC communique [here](#) for more information.

If you have any questions or you require more information on the Financial Services (Robotic and Artificial Intelligence Enabled Advisory Services) Rules 2021, please get in touch with your usual contact person at ITL or write to us on info@intercontinentaltrust.com

For any additional information please contact us.

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