

E-BOOK



Q3 Regulatory updates

# Mauritius



## 1. GLOBAL BUSINESS AND FINANCIAL SERVICES

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### 1.1 Financial Services Commission: Updates to the Competency Standards

On Thursday, 9 June 2022, the Financial Services Commission ("FSC") communicated several updates brought to its Competency Standards Board. Aligned with international best practices, the Competency Standards - initially published in 2014 - aim at providing the minimum technical competencies required by licensees, its officers and employees engaged in the provision of advice, intermediaries' services, as well as businesses involved in management and control functions.

The recent amendments brought to the Competency Standards updates the competency requirements for the appointment of a Money Laundering Reporting Officer ("MLRO") and/or a Deputy MLRO and sets out the requirements for a Compliance Officer (together referred to as "Officers").

The salient competency requirements are as follows:

- The Officers shall hold relevant experience of at least 5 years in the industry
- Alternately, the FSC may consider relevant experience of at least 3 years in the industry, subject to the submission of relevant and valid AML/CFT professional certification<sup>1</sup>
- Notwithstanding the above, for the purpose of Section 4.6 of the Competency Standards, the Officers shall demonstrate a minimum of 10 years of relevant experience in the industry
- They must achieve a minimum of 10 hours as structured CPD every year.

These amendments have taken effect on Wednesday, 1 June 2022 and are applicable for all new MLROs, Deputy MLROs and Compliance Officers.

### 1.2 Introduction of the Variable Capital Companies Act 2022

First announced in April 2021, the introduction of the Variable Capital Company ("VCC") aimed to deliver on the increasing demands for innovation in the fund market space. With the need to ensure that there is a legislative framework - in compliance with the requirements of the Anti-Money Laundering/ Combatting the Financing of Terrorism - regulating this structure, the Variable Capital Companies Act 2022 (the "Act") was enacted in April 2022.

<sup>1</sup> Valid Certifications: the Financial Services Institute (FSI), the Certified Anti-Money Laundering Specialist (ACAMS), the International Compliance Association (ICA) or any other certifications meeting the global AML/CFT requirement standards may be considered by the FSC.

### 1.3 Introduction of the Virtual Assets and Initial Token Offering Services Act 2021

In an effort to widen the service offerings of Mauritius' financial services sector, the Government has introduced the Virtual Asset and Initial Token Offering Services Act 2021 (hereinafter referred to as the "Act") on 7 February 2021.

The Act lays the groundwork for the regulation and supervision of business activities of Virtual Assets Services Providers ("VASPs") and Issuers of Initial Token Offerings ("IITOs") in Mauritius.

### 1.4 Promulgation of the Economic Development Board (Real Estate Development Scheme) Regulations 2022

The Economic Development Board ("EDB") (Real Estate Development Scheme) Regulations 2022 (the "Regulations") were enacted on 12 April 2022 in an effort to encourage the sale of remaining Integrated Resort Scheme ("IRS")/ Real Estate Scheme ("RES") properties by reinstating the following provisions governing IRS/RES:

- The process for the acquisition or resale of residential property in an IRS/RES project
- The persons/entities eligible to acquire residential property under the IRS/RES
- A minimum selling price of USD 500,000 in respect of residential property in an IRS
- Payment of a social contribution by an IRS company for an additional residential property developed in an existing project

Excluding the percentage of serviced land allowed to be sold in an IRS project - for which the threshold of land area planned for construction of residential properties is being increased from 25 percent to 33 percent - the other main conditions relating to the implementation of an IRS/RES project are also being reinstated.

## 2. BANKING AND FINANCE

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### 2.1 Bank of Mauritius: Key Repo Rate raised to 2.25% per annum

On 3 June 2022, the Monetary Policy Committee ("MPC") of the Bank of Mauritius ("BoM") announced its decision to raise the Key Repo Rate ("KRR") by 25 basis points to 2.25% per annum. We recall the increase of



the KRR by 15 basis points to 2.00% per annum earlier this year, in March 2022.

The reopening of the Mauritian borders combined with the adoption of appropriate policy actions have maintained Mauritius on a steady path to recovery, and the BoM is forecasting real GDP growth between 7 – 8% for 2022 depending, among others, on the number of tourist arrivals.

On the other hand, the war between Russia and Ukraine has sent a wave of inflation across the world, and Mauritius was not spared from the consequences with rising fuel and commodity prices. This has led the BoM to further revise its inflation projection to around 6.7% for 2022.

Faced with increased risk of inflation, and with a view of implementing the appropriate macroeconomic conditions for recovery, the MPC has deemed raising the KRR to 2.25% per annum appropriate for our economy. It continues to monitor the situation closely.

### 3. TRAVEL AND TOURISM

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#### 3.1 Streamlined procedures for Occupation Permits and Young Professional Occupation Permits

Mauritius presents various opportunities, in the form of Operational Permits (“Ops”) and Young Professional Occupation Permits (“YPOPs”), for foreigners looking to work and live on the island. In an effort to make the procedures regarding applications made for OPs and YPOPs more efficient, the following measures have recently been adopted:

##### a) With regard to OPs:

1. Henceforth, OPs which were so far only granted to applicants arriving in Mauritius on Business visa would also be extended to foreigners on tourist visa
2. Applications for OPs from students would only be considered after completion of their studies. However, employment should be related to their field of studies

##### b) With regard to YPOPs, a holder of this category of permit would be allowed to:

1. Switch to the OPs category with another company, only after termination of his current contract of employment and not during his running contract
2. Switch to the OPs category within the same company during the validity of his contract of employment

### 3.2 Why make the switch from YPOP to OP?

Young professionals can benefit from greater advantages when applying for an OP:

- While the YPOP provides a residency validity of three years, certain categories of OPs allow foreigners to remain on the island for a period of up to 10 years or for the duration of their contract of employment
- OP holders further have the possibility to work across broader fields unlike YPOP holders who are restricted to working in companies having business activities as follows: Artificial Intelligence, Biotechnology, Fintech, Robotics, Financial Services, Information Technology

## 4. INTERNATIONAL BENCHMARKS

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### 4.1 Global Peace Index 2022: Mauritius remains the most peaceful country in the Sub-Saharan region

On 15 June 2022, the Institute for Economics & Peace (“IEP”) came out with the Global Peace Index (“GPI”) 2022. Titled ‘Measuring peace in a complex world’, this 16th edition unveils that the world is considerably less peaceful now than it was in 2008; indeed, the GPI records a deterioration in the average level of global peacefulness by 0.3% in 2021.

Despite a slight fall in peacefulness in the Sub-Saharan region, Mauritius has once again taken the top spot in the Sub-Saharan region (Global Ranking: 28th). With a GPI score of 1.57, the country shows slight improvement, owing to a notable upswing in its Militarisation domain and UN peacekeeping funding.

The GPI 2022 ranks 163 independent states and territories according to their level of peacefulness across three domains:

- The level of societal Safety and Security
- The extent of Ongoing Domestic and International Conflict
- The degree of Militarisation

### 4.2 World Happiness Report 2022: Mauritius remains the happiest country in Africa

The latest World Happiness Report (the “Report”), released on 18 March 2022, marks the tenth anniversary of this series, and has, this year, directed its focus on the far-ranging effects of COVID-19.

At the core, the Report aims to extract meaningful subjective data on happiness levels across the World and transform it into an objective analysis which can help guide individuals and societies towards better lives.

With an improved score of 6.071 (2021: 6.049), Mauritius takes the 52nd spot on the World Ranking, and has subsequently retained its position as the happiest country in Africa.

The analysis which demonstrates how the COVID-19 pandemic starting in 2020 has led to a 2021 pandemic of benevolence with equally global spread - takes into account the following variables:

- GDP per capita;
- social support;
- health life expectancy;
- freedom to make life choices;
- generosity and;
- perceptions of corruption.

#### **4.3 Democracy Index 2021: Mauritius ranks 1st in Africa and 19th worldwide**

The Democracy Index (the "Index"), published annually by the Economic Intelligence Unit ("EIU"), is a report that provides a broad overview of the state of democracy across 167 countries and territories. Bound in its drive to bring forth deep insight into World economic and political developments, this year's index, released on 10 February 2022, shows declining resilience across most regions, and sets the record for the worst global score since the index was first produced in 2006 (2021: 5.28).

This global score is reflective of the adverse effects of the ongoing pandemic, where civil liberties across democracies and authoritarian regimes alike are being continuously threatened. Indeed, the imposition of lockdowns and travel restrictions, as well as increasingly common obligation to show proof of vaccination to participate in public life have led to a subtle shift in power in favour of states across the World.

Despite the less than favourable findings, Mauritius has fared well in the Index with an improved ranking at the 19th spot (2020: 20th) and a score of 8.08. The country thus maintains its position as the only Full Democracy on the African continent.

The Index takes into consideration five essential criteria to analyse the democracy level across the countries and territories - electoral process and pluralism, functioning of the government, political participation, political culture and civil liberties – and we note that Mauritius has done particularly well for the electoral process section, where it scored 9.17 out of 10.

#### **4.4 Retraite sans Frontières: Mauritius named sixth best country for retirement**

For a decade now, France-based website Retraite sans Frontières has been publishing its ranking for the best overseas retirement destinations through an analysis of twelve criteria such as cost of living, value of real estate, medical care, cultural heritage and gastronomy, amongst others.

Mauritius was found to be the sixth most coveted country for French retirees, owing to its economic and political stability as well as the French-speaking advantage of its inhabitants.

While the ranking itself does not seem to come as a surprise, Paul Delahoutre, founder of Retraite sans Frontières, notes that since the onset of the Covid-19 pandemic, French retirees have favoured European countries – clearly denoted in the Top 3 ranking (Greece, Portugal and Spain). He attributes the above to the ease of travel between within Europe and the high healthcare standards of these countries.

#### **4.5 Global Terrorism Index 2022: Mauritius remains unaffected by terrorism attacks**

At a time where Russia is waging war on Ukraine, the Institute for Economics and Peace ("IEP") came up with the notion that despite increasing attacks across the World, the impact of terrorism continues to decline in its 2022 Global Terrorism Index ("GTI"), released on 1 March 2022.

Indeed, this report which analysed a comprehensive set of data over a five-year period – from 2007 to 2021 – has covered the global trends in terrorism through a thorough analysis of not only deaths, incidents, hostages, and injuries caused by terrorism attacks, but also the advent of advanced technologies behind these attacks. While the latter have been found to becoming less and less lethal, they are however likely to be more concentrated in regions and countries already suffering from political instability and conflicts.

## 4.6

Despite Sub-Saharan Africa accounting for 48% of total global deaths from terrorism, Mauritius remains one of the 22 countries across this region to have recorded no terrorist incidents in the past five years, ranking at the 93rd spot with a score of zero owing to its political stability and appropriate policies and measures guarding the rights of its civilians. **Mauritius fares well on latest Henley & Partners reports**

Henley & Partners - the world's leading agency in residence and citizenship by investment – unveiled its latest findings on residence by investment, real estate-linked investment migration & wealth management:

### 4.6.1 Global Residence Program Index 2022

The 2022 Global Residence Program Index depicts the top 25 most reputable residence by investment programs around the World, and Mauritius, as the only African country in the list, has shown the remarkable strength of its Residence Investment Program by ranking 14th globally (score: 56).

The country attributes this achievement to the prospective schemes in place that allow foreign nationals who invest into one of four main real estate projects - Integrated Resort Scheme (“IRS”), Real Estate Scheme (“RES”), Property Development Scheme (“PDS”) or Smart City Scheme (“SCS”) - full residence rights including the right to live, work, and retire in Mauritius within two to six months. The local Residence Program further has the ability to be extended to the dependents of the applicants, and a reasonable timeframe for the application process has played in our favour.

### 4.6.2 Best Investment Migration Real Estate Index 2022

In parallel, Henley & Partners has also come out with its Best Investment Migration Real Estate Index 2022, the first of its kind that aims to act as a comprehensive tool assessing real estate - linked investment migration options - through an assessment of 12 key criteria - vis-à-vis international real-estate investors who are looking to acquire alternative residences and citizenships.

Totalling a score of 66.4, Mauritius lands a place among the top 16 countries that were considered for this index (14th).

With a minimum real estate acquisition of USD 375,000, the country ranks high in the ‘Investment Amount’ category, alongside Residence Requirements, Property Costs and Rental Income.

### 4.6.3 Africa Wealth Report 2022

The Africa Wealth Report, published in partnership with South African wealth intelligence firm, New World Wealth, provides an in-depth analysis of the wealth sector in Africa, and highlights the trends among high-net-worth individuals (“HNWIs”), the luxury market, and the wealth management sector on the continent.

Released on 26 April 2022, the latest edition names Mauritius as “an Indian Ocean powerhouse”, owing to the country having the highest wealth per capita (average wealth per person) in Africa, at USD 34,500, therefore pulling ahead of South Africa and Namibia. Mauritius is further deemed to be the fastest growing wealth market in Africa, with projected growth of 80% over the next decade.

This strong performance is attributed to the high quality of its services sector as well as its technology-driven approach to projecting itself as an investment hub of choice to foreign parties.

### 4.6.4 Global Mobility Report (Q2 2022)

Mauritius has once again proven the strength of its passports by ranking 31st in Henley & Partners Global Mobility Report Q2.

Released on 8 April 2022, this quarterly report puts forward the differences in travel surety between developed and developing countries, explaining further how vulnerability to climate change can affect travel prospects.

Mauritius provides visa-free/visa-on arrival access to 152 and 146 destinations respectively, certifying the status of their passports as being the most travel-friendly ones on the African continent.

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