

- Compliance
- Senior Management Support
- Training
- Technology
- Due Diligence
- Government Services

**The Comsure Group**  
No 1 Bond Street Chambers,  
St Helier, Jersey,  
Channel Islands, JE2 3NP

**T:** +44 (0) 1534 626841  
**M:** + 44 (0) 7797 747 490  
**F:** +44 (0) 1534 626842

info@comsuregroup.com  
www.comsuregroup.com

## **Welcome and introduction**

Good morning ladies and gentlemen,

For those that do not know me, my name is Mathew Beale, Comsure's managing director and your master of ceremonies for the next two days. I am sure we will get to know each other further during the conference.

What I want to say at this time is it is a pleasure to welcome you all to Comsure's first Compliance Risk and Economic Crime conference. As you will have seen in the conference programme with have a packed agenda of subject matter experts, I for one cannot wait.

However, to start today, I wish to start with a few words of appreciation to you all as I know that many of you have given up a significant amount of time to attend this conference; particularly those who've travelled from outside Mauritius.

So, thank you all – in advance – for your support, attendance and contributions, now, over the next two days and the future.

At this time I would also like to thank CLBS for their exceptional administration leading up today as well the support I have had over the years that has allowed me to meet thousands of Mauritians in many training workshops and consultations.

I hope that this event will provide a platform for discussion and discourse today and the future. Also, please do use our guest speakers knowledge by asking questions and at our break-times network and talk to others and let's make sure we maintain an ongoing dialogue.

---

## **15 years and counting**

For many in this room, I first came to Mauritius to share my experiences when they were still at school!!!

In fact, I'm now in my 15<sup>th</sup> year of having the pleasure of coming to Mauritius, year in and year out.

Looking back over these years to my very first AML conference (2003/04), I remember it was to a group from the bankers' association.

- Compliance
- Senior Management Support
- Training
- Technology
- Due Diligence
- Government Services

**The Comsure Group**  
No 1 Bond Street Chambers,  
St Helier, Jersey,  
Channel Islands, JE2 3NP

**T:** +44 (0) 1534 626841  
**M:** + 44 (0) 7797 747 490  
**F:** +44 (0) 1534 626842

info@comsuregroup.com  
www.comsuregroup.com

The stand out feedback from this event was from a delegate who after the event approached me to apologise for the silence of the group when being asked questions; he suggested that the group were used to “elderly professors with beards” lecturing them on financial services matters rather than a young, fresh-faced chap from Jersey!!!

---

### **Mauritius as a leading International Financial Centre (IFC)**

Over these 15 years of visiting Mauritius, the transformations I have witnessed are genuinely startling. Whether it is the development of Ebene’s Cyber City, the expansion of the SSR international airport, the improvement of the infrastructure and improved roads and the forthcoming metro; it is clear Mauritius is a dynamic and forward-looking jurisdiction.

However, as a leading IFC, Mauritius like others, such as my home Jersey, has in recent years been facing a wide range of challenges, spurred mainly by the explosion of new global financial regulation, information sharing between national governments and their authorities, as well as tighter day to day supervision by our home state regulatory bodies.

Further, data breaches and media disclosures such as the infamous Panama and Paradise Papers revelations have put all IFCs and the wealth management structures they facilitate in the spotlight.

---

### **Global Regulatory Proliferation**

The new era of global regulatory proliferation combined with a more all-encompassing, digitally-enabled global compliance structures means that reputational excellence for Mauritius as well as operational correctness and transparency are of paramount importance.

To meet this challenge, the new watchwords for the Mauritian wealth management community and your clients is transparency, simplification, efficiency, reputation and quality.

In meeting these challenges, there are risks to be managed, and we must take them head-on rather than ignore them or bury them.

---

### **Regulation a look back and let’s learn from history**

- Compliance
- Senior Management Support
- Training
- Technology
- Due Diligence
- Government Services

I don't have time in this introduction to delve into history, but it seems to me, and there is enough empirical evidence to back me up, that significant financial innovation had tended to precipitate a financial crisis and other problems such as financial crime.

By way of example, a global event that changed global regulation was the credit default swap innovation by staff at JP Morgan, which made risks tradeable, and this helped lead to the 2007/2008 financial crisis.

If the past is anything to go by, a significant innovation in markets and products can spell trouble ahead.

---

### **Significant innovation, Fintech and regulation**

We can all see there one area of rapid, wide-ranging change is technology, more specifically fintech. Fintech is the application of digital technology to financial markets, its services and products. For the most of us, the most prominent fintech innovation is the blockchain, the foundation technology of cryptocurrencies, although there are many others.

Technology and the manifest uncertainties of FinTech have regulators around the world very worried.

For example, Blockchain brings the likelihood of super-speed transactions, anonymity and massive institutional disruption. A total regulatory nightmare.

No wonder central bankers have been unanimous in their denunciation of cryptocurrencies.

With this in mind, and dealing with FinTech and all the benefits it can bring, Mauritius is right in exploring what benefits technology can bring but in doing so should not (cannot) relax its regulatory muscles – that would not only increase the risk. However, the market and the innovators need guidance so they can accurately assess any regulatory response.

In anticipation of this innovation, it is good to see that Mauritius has started to provide an environment in which creativity can thrive in a realistic legal environment. For example, the Regulatory Sandbox License (RSL) was proclaimed on 20th October 2016 by an amendment to the Investment Promotion Act 2000 through the Finance Act 2016.

#### **The Comsure Group**

No 1 Bond Street Chambers,  
St Helier, Jersey,  
Channel Islands, JE2 3NP

**T:** +44 (0) 1534 626841  
**M:** + 44 (0) 7797 747 490  
**F:** +44 (0) 1534 626842

info@comsuregroup.com  
www.comsuregroup.com

- Compliance
- Senior Management Support
- Training
- Technology
- Due Diligence
- Government Services

However, Mauritius needs to start looking beyond the RSL. What the market needs, however, is legislation for what is happening today, think Digital [Crypto] Currencies, Initial Coin Offerings [ICOs], etc., along with more guidance and certainty, and this needs your regulators, government and you the industry to press ahead in unison in this fast-moving market.

---

### **The top risk equals [=] reputational risk**

Obviously, fintech is not the only risk; we must take account of many risk matters, some being those we are debating today and tomorrow. However, I would suggest that reputational risk is the biggest fear that keeps the Mauritian regulators and other relevant bodies awake at night [more nightmares!!].

Just look at the current risk list, which I am sure is not exhaustive, that they are dealing with:-

- Álvaro Sobrinho, the resignation of the Mauritius President and the Quantum Global fund.
- The threat of Blacklisting of Mauritius by Securities & Exchange Board India (SEBI) and
- The Eastern and Southern African Anti - Money Laundering Group (ESAAMLG) report.

One price of your successes' is that Mauritius is now one of those jurisdictions where one major issue causes enormous noise and international attention. All it will take is a major scandal, significant money-laundering case or terrorist financing connection for the world to say *"told you so, they are just another dodgy offshore country, and we should blacklist them"!!*

Also do not say what about you, what the larger nations get away with is not what an IFC can – it is not a level playing field.

---

### **Don't just talk the talk; you must walk the walk**

Regarding people behaving poorly, it may only be a tiny minority, but one "bad actor" can tarnish all your reputations.

It must be remembered, as facilitators of wealth management; bad behaviour is not always "the sin of commissioning an act, it can be the sin of omission and negligence".

#### **The Comsure Group**

No 1 Bond Street Chambers,  
St Helier, Jersey,  
Channel Islands, JE2 3NP

**T:** +44 (0) 1534 626841

**M:** + 44 (0) 7797 747 490

**F:** +44 (0) 1534 626842

info@comsuregroup.com  
www.comsuregroup.com

- Compliance
- Senior Management Support
- Training
- Technology
- Due Diligence
- Government Services

There are today firms and their employees who still do not pay due attention to controls, on such matters as; commercial rationale, who they are doing business and why; verifying the source of wealth and source of funds and the correlation of transactions taking place and making certain those are in keeping with what they expect to see.

It's no longer ticking a box and collecting passports and utility bills (only), its **Understanding Your Client absolutely** or UYC[A].

UYC[A] is not always going to be easy, but you must do it.

### **Meeting the current regulatory standards.**

As many here today have heard from me, one on my criticisms of Mauritius is not keeping its legal and regulatory standards in line with international expectations. For example look at the 5<sup>th</sup> EU directive and the considerations for the 6<sup>th</sup> already being debated. This warning seems to have come home to roost, if not in total but at least partially with the Mauritian Finance Bill. If like me you have read this substantial upgrade on many matters will have noticed that it has some 64 pieces of applicable updates on current compliance and AML/CTF laws.

With these legal developments and taking account the ever developing and fast-moving borderless, 24 hours, 365 days marketplaces you all operate it's all about making sure that what you do (I mean you and all your employees) is understood fully, carefully supervised and reviewed at all times. For example not delving below structures sufficiently to identify who is the real owner and beneficiary of funds (and or assets) is a mistake not worth taking.

It is clear that reputational risk is significant, and those who do misbehave both clients and or facilitators, are endangering the standard of living on the Island. So it is up to the cornerstones of Mauritian financial services to collaborate to make sure Mauritius maintains its progress, this means ;

- **Government** providing a legislative framework that is up-to-date and relevant to the risks and international expectations;
- **Regulators** providing proper guidance to allow all market participants to navigate its expectations and offer a level playing field. Furthermore, ensuring appropriate deterrence is used against those "bad actors" participating in the Mauritian market by enforcing its laws and rules. And;

#### **The Comsure Group**

No 1 Bond Street Chambers,  
St Helier, Jersey,  
Channel Islands, JE2 3NP

T: +44 (0) 1534 626841

M: + 44 (0) 7797 747 490

F: +44 (0) 1534 626842

info@comsuregroup.com  
www.comsuregroup.com

- Compliance
- Senior Management Support
- Training
- Technology
- Due Diligence
- Government Services

- **You**, all Mauritian business should aim to be good global corporate citizens who want not only to enrich their clients, themselves and fellow Mauritians but ensure the aim is also to help make the world a safer and better place for all of us to live.

---

### Closing thoughts

But I will close this Comsure welcome by stating that a forward-thinking, risk-conscious Mauritius can face a bright future. From my viewpoint, Mauritius has already fulfilled a vital role in the global financial world for many years. It has adapted to the new world by developing products, services, people skills, and digital expertise. In meeting these challenges Mauritius will not only survive but, given the immense expansion of the world's wealth and the globalisation of wealth, will prosper you for many years to come.

However, now is not the time to “sit on your laurels” - reputational risk pressure will continue to grow, and one or more “bad-actor[s]” can bring your successes to a sudden halt.

Mauritius has to prove today and every other day to the international community that what it does is helpful to their economies and facilitates investment and doesn't detract from investment and take money out of their economies, nor is it a haven for criminality.

What Mauritius needs to do is ensure it provides an environment for quality clients in which your regulators, industry and government are all aligned and involved by creating a successful innovative, unified and prosperous financial services industry for now and the future.

**It can be a win, win, win, win situation.**

**And with these closing thoughts let me welcome our first speaker from the FSC. In doing so, I am disappointed to advise that Mr. Harvesh Seegoolam, the CEO of the FSC is in India dealing with one of his sleepless nights and has asked Mr. Premchand Mungar, a board member of the FSC, to step in and provide our conference opener that sets the regulatory view for you all and our speakers.**

#### The Comsure Group

No 1 Bond Street Chambers,  
St Helier, Jersey,  
Channel Islands, JE2 3NP

T: +44 (0) 1534 626841

M: + 44 (0) 7797 747 490

F: +44 (0) 1534 626842

info@comsuregroup.com

www.comsuregroup.com