



INTERCONTINENTAL TRUST

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MAURITIUS SIGNS IOSCO MMoU

The Mauritius Financial Services Commission (“FSC”) has become a signatory of the International Organisation of Securities Commission (“IOSCO”) Multilateral Memorandum of Understanding (“MMoU”). The MMoU was signed by the Chief Executive of the FSC, Ms Clairette Ah-Hen in May 2012.

“Being a signatory to the MMoU is a statement of commitment with regard to mutual assistance and the exchange of information for the purpose of enforcing and securing compliance with the laws and regulations of the relevant jurisdictions”

What is IOSCO?

The IOSCO is considered as a global organization and standard setter for Securities Regulation worldwide and it regroups 194 members.

The three core objectives of IOSCO are:

- Investors protection
- Ensuring markets fairness, efficiency and transparency
- Systemic risk reduction

The organization’s membership which regulates more than 95% of the world’s securities markets in over 100 jurisdictions, aims at establishing and maintaining worldwide standards for efficient, orderly and fair markets.

What is the IOSCO MMoU?

The MMoU, represents a common understanding amongst its signatories on how they will consult, cooperate, and exchange information for securities regulatory enforcement purposes.

The MMoU itself sets out the specific requirements on what information can be exchanged and how it is to be exchanged: legal ability to compel information; types of information that can be compelled; legal ability to share information; and permissible uses of information.

It also sets out specific requirements regarding the confidentiality of the information exchanged, and ensures that no domestic banking secrecy, blocking laws or regulations prevents securities regulators from sharing this information with their counterparts in other jurisdictions.



The MMoU impact?

Before the introduction of the MMoU, IOSCO members had to rely on bilateral agreements to obtain cross-border information and technical assistance. These agreements, limited in scope and hampered by legal impediments limited, acted as a barrier to the free flow of information. Throughout its 10 years existence, the MMoU has enabled an increase in cross-border cooperation, enabling regulators to investigate a growing number of cases relating to insider trading, frauds and other criminal offences.

The MMoU has also provided securities regulators with tools to fight against cross-border fraud and transgression that can weaken global markets and undermine investor confidence. Specific examples of successful enforcement can be found in the May 12 IOSCO Media Release¹. The significant increase of information requests under the MMoU from 56 in 2003 to 1,624 in 2010 clearly demonstrates the paramount importance of the MMoU as a standard for international cooperation and sharing of information.

What does it bring to Mauritius as a platform for cross-border transactions?

The FSC is on the list of signatories in Appendix A of the MMoU meaning that it can begin sending and receiving request for cooperation under the MMoU. This further contributes in enhancing Mauritius a transparent and competitive jurisdiction for setting up of funds and listing and at the same time promoting the protection of investors.

Following the signature, the FSC Chief Executive Ms Clairette Ah-Hen stated that:

“The signature of the IOSCO MMoU testifies the fact that the FSC meets the international standards expected of a Securities regulator and that Mauritius is a sound, stable, transparent and reputable financial services centre internationally recognised by its counterparts. The FSC has spared no efforts in this direction and will continue to work in favour of effective exchange of information and to uphold the standards set by international bodies. Now that we are on Appendix A, we look forward to greater development of our Securities Exchanges and more international market participants starting operations in Mauritius”

The IOSCO has the support of the G20 and the organization is committed to eliminate any potential safe havens for wrongdoers by ensuring that those of its members who are yet to become signatories to the MMoU do so as quickly as possible. One of the initiatives of the IOSCO is to publish on its website a *watch list* of those members who have not become MMoU signatories.





Additional Information

Which activities fall under the scope of the MMoU?

Information requests can be made when authorities are in the process of investigating offences relating to the following activities under the various jurisdictions relevant laws and regulations:

- Insider dealing and market manipulation;
- Misrepresentation of material information and other fraudulent or manipulative practices relating to securities and derivatives;
- Solicitation and handling of investor funds, and customer orders;
- The registration, issuance, offer, or sale of securities and derivatives;
- The activities of market intermediaries, including investment and trading advisers who are required to be licensed or registered, collective investment schemes, brokers, dealers, and transfer agents; and
- Markets, exchanges, and clearing and settlement entities.

The specific types of offences for which information requests can be made are set out in Paragraph 4 of the MMoU.



Which type of assistance is available under the MMoU?

The securities regulators can, under the terms of the MMoU, provide information and assistance including providing records:

- To enable reconstruction all securities and derivatives transactions, including records of all funds and assets transferred into and out of bank and brokerage accounts relating to these transactions;
- That identify: the beneficial owner and controller of an account;
- For transactions: the amount purchased or sold; the time of the transaction; the price of the transaction; and the individual and the bank or broker and brokerage house that handled the transaction; and
- Providing information identifying persons who beneficially own or control companies;
- Taking or compelling a person's statement, or, where permissible, testimony under oath, regarding the potential offence.

The scope of assistance to be made to members is set out under Paragraph 7 of the MMoU.



Sources: • <http://www.iosco.org> • <http://www.fscmauritius.org/> • IOSCO Media Release

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