



Lessons learnt - On-site Supervisory Cycle
2020-2021

Red Flags/Recommendations

25 NOVEMBER 2020

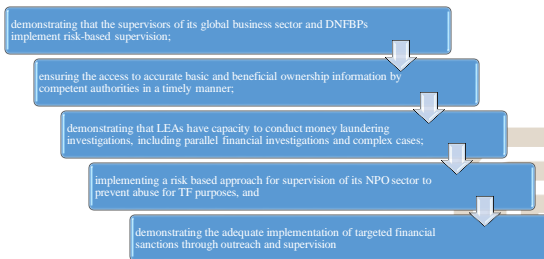
Ms Vijee Dusoruth

FSC House, 54 Ebene, Cybercity, Mauritius
Tel: +230 403 7000 | Fax: +230 467 7172
Email: www.fscmauritius.org



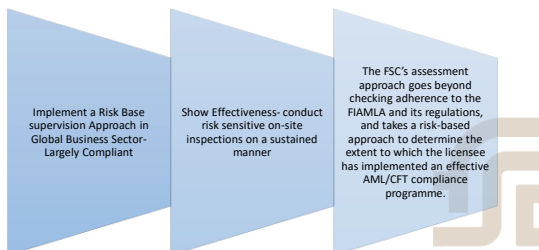


Mauritius was listed on the FATF Grey List in February 2020. The following deficiencies were identified:



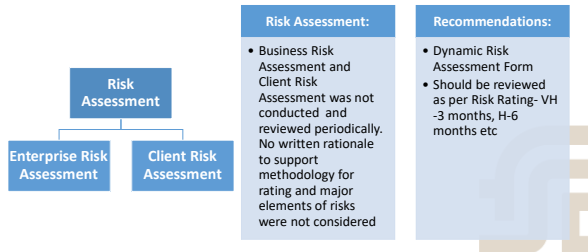


Demonstrating that the supervisors of its global business sector and DNFBPs implement risk-based supervision;



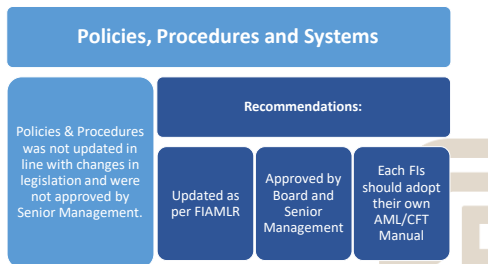


Compliance Factors of AML/CFT On-site Inspection



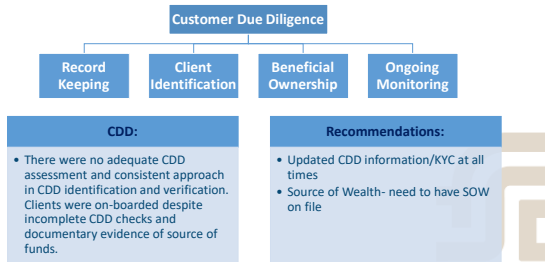


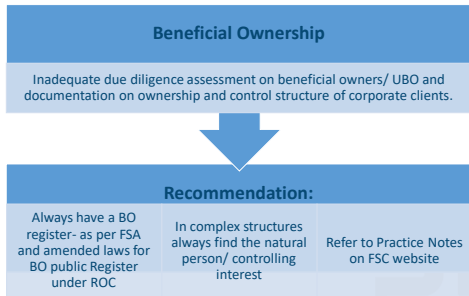
Compliance Factors of AML/CFT On-site Inspection





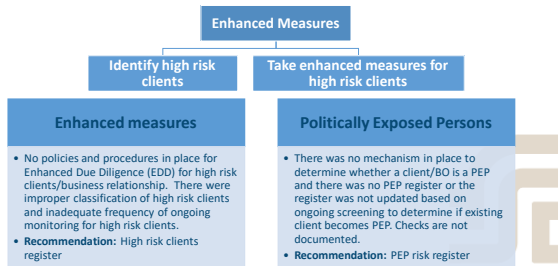
AML FINDINGS





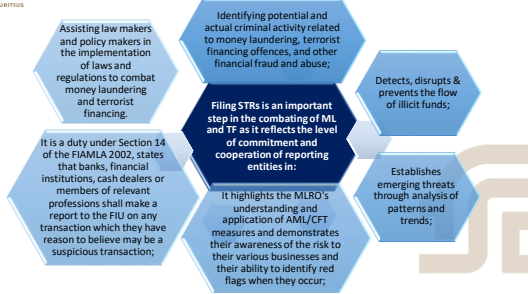


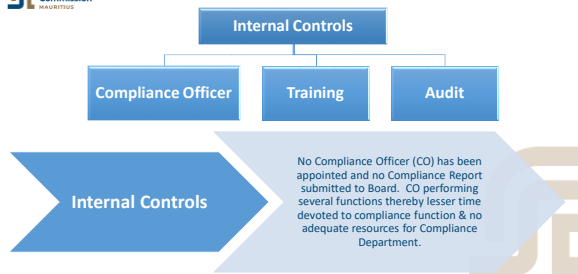
AML FINDINGS





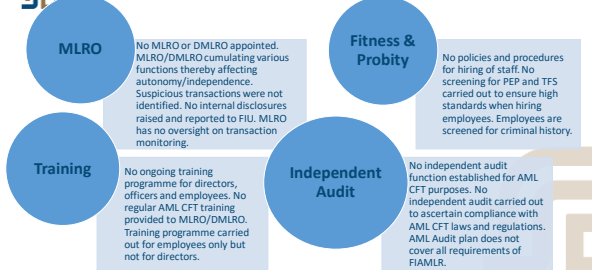
Suspicious Transactions Reporting (STRs) Obligations







Internal Controls



Recommendation: Compliance is not only the task of the CO/MLRO, it is the job of everyone in the organisation.

Transaction Monitoring and STR Questionnaire

- FSC launched a Transaction Monitoring and Suspicious Transaction Report Thematic Questionnaire in October
- Purpose: additional information to the FSC on the effectiveness of the STR function sector-wide
- Targeted licensees: 280

Sub- Sector	Number of targeted entities
Management Companies	116
CIS managers	51
Funds	79
Investment Advisors	17
Long Term Insurance Companies	5
Payment Intermediary Services	12



Main Findings on Survey on STR

251 Respondents

Factors	Percentage
Systematic monitoring done by the licensee / MLRO	88%
Policies and procedures in place that govern transaction monitoring	88%
Rules to indicate suspicious transactions	86%
The first line of defence of the licensee have transaction monitoring responsibilities	82%
All transactions are reviewed by the second line of defense / MLRO	30%
Impacted by Remote Working	76%
The MLRO reported to the Board about STRs	67%
The effectiveness of transaction monitoring and STR reporting processes reviewed by licensee	38%



Suspicious Transaction Monitoring and Reporting – AML Findings

➤ Suspicious Transaction Monitoring and Reporting –

- No policies and procedures for handling complex, unusual or large transactions
- MLRO / Staff are not properly trained to detect suspicious transactions
- Inadequate resources for monitoring of transactions
- Inadequate transaction monitoring for potentially risky clients
- Staffs not aware of procedures to make internal disclosure to MLRO





Suspicious Transactions Reporting - Statistics

Reporting person type	2017	2018	2019	2020 (up to 18 November 2020)
Bank	474	534	579	703
Corporate Trustees	1	-	-	-
Foreign Exchange Dealer	22	38	19	37
Funds (including CIS and CEF)	1	1	3	5
Insurance Companies	2	13	15	22
Investment Advisers	-	1	-	4
Investment Dealers	-	1	2	8
Lending companies	-	3	3	3
Management Companies	56	54	82	126
Payment Intermediary Services	-	-	-	15
CIS Managers	-	-	-	1
Treasury Management	-	-	-	1
Credit Finance	-	-	-	2
Grand Total	556	645	703	927



Targeted Financial Sanctions – National Framework

The United Nations Security Council (UNSC) imposes targeted financial sanctions to maintain or restore international peace and security	<ul style="list-style-type: none"> FATF Recommendations 6 and 7 integrate United Nations Security Council Resolutions into the FATF Standards "Designated Persons" listed under these resolutions may be individuals or entities
National Sanctions Committee	<ul style="list-style-type: none"> The Guidelines on the Implementation of Targeted Financial Sanctions under the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019 has been approved by the National Sanctions Committee on 21 August 2020
National Sanctions Secretariat	<ul style="list-style-type: none"> Supports the work of the National Sanctions Committee and is the focal point for UN sanctions related matters in Mauritius
Financial Services Commission	<ul style="list-style-type: none"> The FSC also updated and published a proliferation financing guidance in line with the National Guidelines on Proliferation Financing. The FSC posted the guidelines on its website on 29 August 2020.



Targeted Financial Sanctions – AML Findings

Targeted Financial Sanctions:

- There were no policies and procedures for screening or for dealing with designated persons. There was no screening of clients or where screening done it is not documented. The screening is not done on an ongoing basis.

TFS Obligations of the Private Sector:

- When licensees identify a positive match, they must freeze the assets and make a report to the National Sanctions Secretariat and the FSC.

Licensees should ensure that:

- all relevant sanction lists are being searched (including any domestic designations that are not included on the mass market software),
- the correct settings are being used on the software,
- searches are being run when the lists are updated and on a frequent periodic basis and at client on-boarding,
- all clients and their beneficial owners are being screened, and
- appropriate due diligence is applied in the case of a partial match and that records are kept of this due diligence and screening results.



NPO- RISK ASSESSMENT

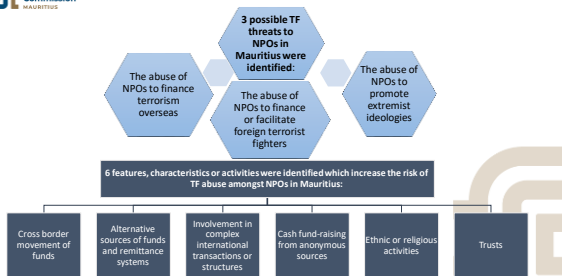
Recommendation 8 and Immediate Outcome 10 states that countries should:

- Identify which subset of organizations fall within the FATF definition of NPO
- Identify the features and types of NPOs which by virtue of their activities or characteristics, are likely to be at risk of terrorist financing abuse
- Identify the nature of threats posed by terrorist entities to the NPOs which are at risk as well as how terrorist actors abuse those NPOs



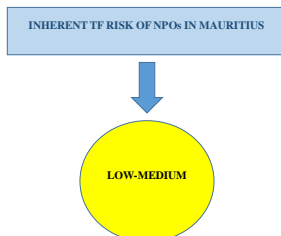


NPO- RISK ASSESSMENT





NPO- RISK ASSESSMENT CONCLUSION





THANK YOU
FOR YOUR KIND ATTENTION

Vision

*"To be an internationally recognised Financial Supervisor
committed to the national development of Mauritius as a
sound and competitive Financial Services Centre"*