



Financial Services Authority newsletter

Mission: To jointly create a conducive environment for the growth and development of the financial services industry of Seychelles, in alignment with the national economic development strategy and in strict compliance with local and international regulatory norms and best practices .

CEO's Foreword

The 1st of August 2015 commemorated the first anniversary of my appointment as the Chief Executive Officer of the Financial Services Authority. I joined the FSA after holding the post of Revenue Commissioner of the Seychelles Revenue Commission (SRC) for four years. Whilst it was difficult to leave my work and colleagues at the SRC, I was ready to embark on this next chapter in my professional career. The Staff and Board of the FSA made my transition as the Chief Executive Officer effortless due to their professionalism, openness to change and their willingness to assist me as I endeavored to understand the operations of a new organization. Today, I count on the Staff of the FSA as my strongest assets in realising the goals we have collectively established. I extend my sincere thanks and appreciation to them all.

The 2nd trimester of 2015 sees the FSA well on its way towards realising our key objective of adherence to international best practice. The launch of the peer review by the Global Forum on Transparency and Exchange of Information for Tax Purposes (OECD) peer on the 5th of June 2015 will allow the Seychelles to showcase our collective actions taken towards addressing the non-compliant rating obtained during the phase 2 review by the OECD in 2013. This rating centered on two main areas of concern - namely the availability of ownership and accounting information. Further to the OECD findings, the Authority has introduced the appropriate mechanisms to ensure that ownership and accounting information is available in Seychelles. These measures are reflected through amendments in the relevant legislation as well as increased supervision of these entities. It is hoped that these efforts will be sufficient to generate an improvement in our rating. This trimester, we welcomed the Insurance Association of Seychelles - the first of its kind in Seychelles. The Association represents the collective interest of the local insurance industry and aims to ensure that the highest standards are met through collaborations with Government. We look forward to working with the Association.

This edition of the newsletter features an article on a new FSA section - the Gambling Supervision Section. The FSA was made responsible for the regulation of the gambling sector due to the enactment of the Seychelles Gambling Act in 2014. Preparations are currently underway to ensure that the FSA is able to appropriately regulate this sector.

As can be noted, the year 2015 so far has been eventful for both the FSA and the industry. Through our collaborative efforts, much has been accomplished. Should this hard work and cooperation continue, we shall collectively achieve much this year.

Insurers' Association of Seychelles

As of 27th March 2015, the Insurers Association of Seychelles (IAS) was officially registered to the Registrar of Associations. This constituted the first of its kind in Seychelles. The chairperson of the association is Mr. Lambert Woodcock of H. Savy Insurance. Other members of the Association include representatives of MUA Seychelles, SACOS Insurance Co. Ltd and Falcon Insurance.

The purpose of the IAS is to represent the collective interest of the local insurance industry. Through collaboration with Governments, regulators and policy makers both locally and internationally, the Association aims to ensure that the highest standards are met. The association promotes accepted business ethics standards and professional integrity amongst all stakeholders.

The objectives of the association as per their constitution include:

- a) to provide a platform for insurers transacting business in Seychelles to exchange views, ideas and concerns on matters affecting the insurance industry;
- b) to secure the advancement and promote the development of the insurance industry on a sound basis;
- c) to promote a better understanding of insurance among all stakeholders;
- d) to afford opportunities for consultation and cooperation in all matters affecting the common interests of Members;
- e) to represent the insurance industry in all dealings with the Government or any other organisation on legislative and other matters of concern to the industry;
- f) to promote and maintain a high standard of ethics among its Members;
- g) to promote the prompt settlement of disputes between insurers.

Using the available expertise, the IAS will also be publishing reports and policy documents, and supporting a competitive insurance industry. Members will be provided with a range of services that will include industry data, and best-practice guidelines. The Association intends to run public awareness campaigns so as to increase knowledge and a better understanding of insurance for all stakeholders. The Association will work to improve consumer relations and general business environment, and in addition, contribute to promoting safety and prevention in society.

IAS

Insurers' Association of Seychelles

FSA's new strategic plan

The Financial Services Authority presented to the Minister of Finance, Trade and the Blue Economy its Strategic plan for 2015-2019 on the 19th May 2015. The Strategic Plan was drafted in conjunction with the FSA leadership team, and is therefore representative of the executive and non-executive management team. The strategic plan is also representative of FSA's strategic partners.

The 2015-2019 Strategic Plan encapsulates the FSA's priority areas over the next five years on the journey towards a modern, robust and high yield financial services industry in Seychelles. The strategic plan takes into consideration the global dimension of our operating environment, the more sophisticated compliance regime that our business has to subscribe to, and the level of competition between financial centers. The strategic plan aims to sharpen and refine our institutional regulatory capacity, and enhance the net value of the financial services industry.

The strategic plan is based upon four well-articulated imperatives that will guide the development of Non-Bank Financial Services Industry. The first imperative stems from the need to enhance our compliance capability, and create a robust and harmonious regulatory system as the backbone of a modern non-bank financial services industry. The second imperative stems from the necessity to reposition the brand image and equity of the Seychelles jurisdiction following the audit conducted by the Global Forum on transparency and exchange of information for tax purposes. The third imperative reflects the organisational and national demand for a great pipeline of talent, with the right mix of skills to drive and ensure business continuity of the non-bank financial services industry. The fourth imperative focuses on revenue generation to compliantly derive maximum benefit from the global financial market, which is estimated to be in excess of US\$10 trillion.

In the introduction to the strategic plan, the Chief Executive Officer, Ms. Jennifer Morel, called on the support of all stakeholders to help bring the strategic plan to life.

The Strategic plan will be reviewed and realigned periodically to ensure that it remains in synch with the global financial environment.

Annual Anti-Money Laundering & Counter Terrorist Financing Workshop

The Financial Services Authority once again welcomed Mr. Matthew Beale the Director of Comsure Group, to undertake an Anti-money laundering & Counter Terrorist Financing workshop. The workshop was held over two days, Wednesday 5th and Thursday 6th August, 2015 at the Avani Barbarons Resort & Spa. Attendees included FSA staff, representatives of banks, corporate service providers, employees of the Financial Intelligence Unit together with members of the financial services industry.

The two day seminar enabled participants to review the latest tools, leading practices and case studies in Anti- Money Laundering & Counter Terrorist Financing. Mr. Beale emphasised the need for financial institutions and other designated sectors to adopt a risk based approach and to apply their resources to higher risk areas seeing that the industry is in a state of flux. He also stressed the importance of having a dedicated, well educated and knowable compliance function that is supported by a knowledgeable Board of Directors.

The workshop was supported and endorsed by FSA, thus strengthening the commitment of government towards capacity building and training of staff in Anti- Money Laundering & Counter Terrorist Financing. It was attended by more than fifty participants.



FSA Staff with Mr. Matthew Beale the Director of Comsure Group

OECD Training in Seychelles

Seychelles, as an early adopter to the Standard for Automatic Exchange of Financial Account Information in Tax Matters, or “AEOI Standard”, recognizes the importance of ensuring that all stakeholders are well-informed. Consequently, the Seychelles Government hosted a workshop on the implementation of the new standard on Automatic Exchange of Information in Seychelles from 6-9th July 2015. The training was organised jointly by the Global Forum on Transparency and Exchange of Information for Tax Purposes and the OECD. The workshop, the 7th in a series being held across the globe, was attended by 40 delegates from 12 jurisdictions, with the majority of attendees from Africa.

The workshop was designed to assist government officials in implementing the AEOI Standard. It was held over four days at the Eden Bleu Hotel, Eden Island and was of benefit to officials who are familiar with the Common Reporting Standard (CRS) and who have begun, or are about to begin, the process in their own countries. Seychellois stakeholders taking part in the training included representatives from the Department of Legal Affairs, the Seychelles Revenue Commission (SRC), the Financial Intelligence Unit (FIU), the Financial Services Authority (FSA), the Department of Information, Communication Technology (DICT), the Central Bank of Seychelles and the Ministry of Finance, Trade and the Blue Economy.

The topics covered during the workshop included policy decisions, approach to legislation, and administrative considerations, such as organisational and information technology aspects of the new standard. Participants worked on developing implementation plans during the workshop, which could form the basis for implementing the AEOI Standard in their home jurisdictions.

The opening address was given by Mr. Jean-Paul Adam, the Minister for Finance, Trade and the Blue Economy. Minister Adam reminded delegates that the purpose of exchange of information standards is to ensure that we can do business quickly, fairly and globally without imposing unreasonable burdens on either the business person, or on the regulator. He clarified the position of Seychelles on these matters by stating that “Seychelles has a very dynamic financial services sector therefore it is very important that we are very much engaged in this process to allow that sector to develop properly. We do not want companies to be punished if they are coming to establish in Seychelles because they are not tax transparent thus the importance of being upfront and engaged in the process”.

The Global Forum is devoting considerable effort to assist its members to implement the new AEOI Standard and ensure a consistent implementation around the world as well as a level playing field. In the past 7 months, similar workshops have been held in Mexico, Germany, Turkey, the Philippines, San Marino and the British Virgin Islands. A further two workshops will be held in Colombia and Malaysia in July and August. In addition, a number of pilot projects are underway to assist developing countries that wish to implement the new standard.

Following the workshop, the Global Forum (OECD) Secretariat representatives met with the industry on Friday 10th July, 2015. The meeting provided attendees with an outline of the new international standard for Automatic Exchange of Information in tax matters. It started with a brief overview of the Common Reporting Standard (CRS) followed by a Question and Answer session



FSA regulates gambling

The Financial Services Authority was granted the responsibility of the regulation of gambling due to the enactment of the Seychelles Gambling Act in 2014. The Seychelles Gambling Act, 2014 caters for the licensing and regulation of Casinos, Gaming machines (Slot Machines) and Interactive gambling. The Act will come into force upon decision of the Minister of Finance. It is anticipated that this will occur during the last quarter of 2015.

To discharge this responsibility, the gambling section was created. The role of this section is to create a regulatory framework in accordance with the new Seychelles Gambling Act, 2014, to provide for the licensing and regulation of the gambling industry in line with international standards, to protect the reputation of Seychelles and protect the young and the vulnerable. At present, the gambling section is currently engaged in the establishment of the regulatory framework according to a working plan designed in collaboration with a consultant as well as conducting necessary research. In addition, the section is collaborating closely with the Seychelles Licensing Authority- the organisation who was previously responsible for the licensing of operators within the gambling sector.

The requirements of the newly enacted Seychelles Gambling Act are substantial in comparison to the existing regulations. Consequently, once the Act comes into force, the existing casinos and gaming machines operators would be given a nine month grace period to meet the requirements of the new legislation. All licensees will ultimately be expected to meet the specific conditions as outlined under the new Act.

Newly established internal Audit Unit of the FSA

The Internal Audit Unit of the Financial Services Authority (FSA) has been established by the Chief Executive Officer, as a key component of the Authority's Governance framework. As a cornerstone of strong governance, Internal Auditing bridges the gap between the Management and the Board of Directors, by assessing the ethical climate and efficacy of operations, and will serve as the Authority's safety net for compliance with rules, regulations, and overall best practices.

The primary role of the Internal Audit Unit is to aid the FSA in protecting its Asset, Reputation and Sustainability and will support the Authority in attaining its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Risk Management, Internal Controls, and Governance processes.

The Internal Audit Unit will assess whether all significant risks are properly identified, controlled and appropriately reported to the Board and Management. It will also evaluate the adequacy and effectiveness of the design, as well as the implementation of the Authority's policies and procedures and will continuously encourage Management to improve the economy, efficiency and effectiveness of the operations.

The Internal Audit Unit is still in the setting up phase. However, after implementation, the Unit intends to perform audits within the different Sections of the Authority. The nature, frequency and depth of the Audits to be performed will depend on the level and type of Risks identified within the respective Sections.

Seychelles joins the WTO

Seychelles joined the World Trade Organisation "WTO" as its 161st WTO member on the 26th March 2015, following 20 years of negotiation of its accession terms with the WTO.

The Director General, Mr. Roberto Azevedo, congratulated the Government of Seychelles and President James Michel on their leadership and commitment to WTO consistent domestic reform that have made Seychelles accession possible.

In 1995, the Republic of Seychelles started the initial bid to accede to the WTO. The budgetary and capacity constraints that the country faced after the deposit of the country's application in 1998 were an impediment for the Negotiating Team of the Government. Following the world crisis of 2008, President James Michel initiated a far-reaching domestic economic and regulatory reform to address the challenge of achieving a faster growth and buffering the country from external shocks; such as the global financial and economic crises. Seychelles re-launched the WTO accession process and re-submitted its Memorandum of Foreign Trade Regime.

In December 2014, the Seychelles concluded its accession negotiation with a formal approval by the WTO General Council.

With the WTO membership, Seychelles now has access to the markets of all 160 WTO Members. The WTO Membership also gives Seychelles the right to invoke the powerful Dispute Settlement Understanding (DSU) to resolve arbitrary or discriminatory barriers to trade.