

Financial Services Authority

NEWSLETTER

1st Edition, April 2019

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 .



INSIDE THIS ISSUE

- CEO's Message (Page 1)
- Seychelles Preferential Tax Regimes—NOT HARMFUL (Page 2-3)
- Mauritius STEP Conference (Page 3)
- FSA hosts its first Stakeholder's Cocktail (Page 4)
- Seychelles attends the 37th ESAAMLG Task Force of Senior Officials meeting (Page 5)
- Signature of MoU between the FSA and the University of Seychelles (Page 6)
- Capacity Building for Insurance Supervisors - Leveraging Actuarial Skills - Sub Saharan Africa Training (Page 6)
- The 42nd IOSCO Africa Middle-East Regional Committee (AMERC) Meeting (Page 7)

CEO's Message

Welcome to the First Edition of the FSA's Newsletter for the year 2019.

It is my pleasure to announce that this year has started on a good note whereby Seychelles has met all the BEPS requirements of the OECD which makes Seychelles one of the most attractive jurisdictions for business. This stems from our hard work and perseverance to ensure that we meet our commitments and compliance to international standards and regulations.

During the first quarter of the year, the FSA held a presentation with the industry on recent developments in the sector, including new tax matters relating to IBC whereby representatives from the Seychelles Revenue Commission ("SRC") were also present to provide clarifications on the new legal taxation landscape. We also informed the industry of FSA's plan to set up a representative office in China and Indonesia.

To recognize the work of our partners who have contributed to the extensive growth of the industry, the FSA hosted a Stakeholder's Cocktail in April under the theme "Partners in Progress" at the Savoy Resort & Spa. The highlight of the evening was our address to our partners to reaffirm our commitment to the development of the industry and to appeal to them to stay united and focused to overcome the challenging situations affecting the financial services sector.

In our efforts to ensure continuous capacity building and professional development for individuals within the sector and establish set standards for all financial institutions to abide to, the FSA once again collaborated with the International Compliance Association (ICA), to organize the ICA Advanced Certificate in Compliance which follows the successful completion of the Certificate level last year. The candidates benefited from a face-to-face workshop in Seychelles led by Mrs. Sharon Ward from the International Compliance Training (ICT), UK.

Having the mechanics and foundation tools in place, the non-banking financial services industry has a promising year ahead. The focus now is on increasing Seychelles' visibility as a desirable jurisdiction and ensure the continued sustainability and development of the sector.

As we celebrate Labour Day, I would like to take a moment to recognize the employees of the FSA and express my gratitude to all of you for your hard work and contribution to our collective success.

Happy Labour Day!

Dr. Steve Fanny

Chief Executive Officer



Seychelles Preferential Tax Regimes – NOT HARMFUL

Continued from page 2

VII. The Securities Act and Mutual Fund & Hedge Fund Act have been amended to require licensees to meet the minimum substance requirements in order to benefit from the concessionary tax rate afforded under these legislations. The Regulations provides that the substantial activity requirements shall be met if a licensee under the Securities Act and fund administrator undertakes its core income generating activities in Seychelles by employing, a reasonably adequate number of suitably qualified persons to carry out the core activities. The licensees are also expected to incur an adequate amount of operating expenditures for such activities.

It is also important to note that, in March 2019, the European Union (EU) reviewed its list of non-cooperative jurisdictions for tax purposes and Seychelles is not featured on the revised list. As per the previous practice, the EU Code of Conduct Group takes into account the results of the FHTP to the extent that the criteria are the same, including the outcomes of the January FHTP meeting. However, it is to be noted that the EU Code of Conduct Group makes their own assessments for regimes which were not reviewed by the FHTP.

The BEPS project is an international obligation, which Seychelles committed itself to at the request of OECD in 2016 to conform to international standards on tax matters in relation to the implementation of measures against tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations.

“...Seychelles is not featured on the revised list.”

The project includes fifteen (15) Actions, four of which are minimum standards and should be implemented by all countries within a set time. These are:

1. Action 5 countering harmful tax practices more effectively,
2. Action 6 Preventing Tax treaty abuses,
3. Action 13 Country by Country Reporting and
4. Action 14 Mutual Agreement Procedures in relation to disputes on bilateral Double Taxation Avoidance Agreements.

The full OECD report can be accessed on the following link: https://community.oecd.org/community/beps/action_5

Mauritius STEP Conference

The STEP conference was held at Hilton Resort in Mauritius from April 4th to 5th, 2019. The conference welcomed STEP and non-STEP members from across the globe. Seychelles was represented by 4 FSA staffs, one of which is a STEP member.

The theme for this year’s conference was “Stepping Up in a World of Unprecedented Change”. The aim of the conference was to discuss the pertinent issues affecting trust and global estate planning.

Over the two days, a panel of experts shared their knowledge on the recent transformation of the global business sector in Mauritius and its far reaching implications on High Net Worth and emerging family businesses. These changes are considered to be indispensable as these will allow Mauritius to remain a competitive jurisdiction.

Frameworks that have a key bearing on wealth planning from an international perspective were also discussed. To facilitate these discussions, the conference welcomed guest speakers from different businesses across the globe. One of the guest speaker, the Managing Director of Saffery Champness (Suisse) SA facilitated the discussion on ‘Family business and family offices: Leadership and Succession’.

The conference also included a gala dinner on Thursday 4th April, 2019 at the Hilton Hotel, on the Flic en Flac beach.



FSA Delegates

FSA hosts its first Stakeholder’s Cocktail

The FSA hosted its first FSA Stakeholder’s Cocktail on the 12th April, 2019 at the Savoy Resort and Spa, Beau Vallon.

The main aim of the FSA was to use the cocktail as an opportunity for networking amongst industry players and the public sector representatives and to ensure that all players are at par with the common goal and vision of the organization. It was also an opportunity for the FSA to thank their stakeholders for their immense contribution towards the growth of the non-banking financial services industry.

In his address to the audience at the cocktail, Mr. Suketu Patel, the Chairperson of the FSA Board of Directors, pointed out that the FSA is striving to consolidate its vision of being a dynamic financial service provider, contributing to the development of the Seychelles economy. He also stressed out that the “Financial Services is diverse and dynamic. The FSA has an immense responsibility to protect and preserve its economic edge within this fast moving industry. We believe however that with perseverance, innovation and working in sync and in close collaboration with our stakeholders and our clients, we can bridge the profitability gap and convert financial services as one of the most important pillars of our industry.”



The Chairman delivering his speech

Dr. Fanny, the Chief Executive Officer of the FSA, also delivered a speech in which he declared the theme of the event; “PARTNERS IN PROGRESS”. He emphasized on the need for a spirit of unity and being focused; “Within this dynamic and fast evolving industry whereby to stay afloat we need to focus on innovations and preserving of our competitive edge and in this period of time whereby all regulators across the world are having to deal with increasingly challenging situations with respect to financial services and markets, it is imperative that here in Seychelles we stay united and focus. We have to become Partners with a clear vision to grow and develop the non-banking financial services industry for the benefit of all of us here today.”



The CEO addressing the audience

During the event, invitees got the opportunity to preview the FSA’s revamped website that will be launched soon. Four FSA staff were also presented with their certificates for completing the Oxford Fintech Programme with the Saïd Business School in collaboration with the Oxford College. These are indicative of FSA’s move towards the use of technological innovation to ensure efficiency of service being provided.

The cocktail saw the participation of representatives from the different Governmental bodies, the National Assembly, the private sector (i.e. mainly FSA licensees) and a few staff of the FSA.



Seychelles attends the 37th Eastern and Southern Africa Anti-Money Laundering Group Task Force of Senior Officials meeting in Tanzania

The FSA formed part of the Seychelles delegation of 18 officials from relevant agencies and institutions to attend the 37th Eastern and Southern Africa Anti-Money Laundering Group (“ESAAMLG”) Task Force of Senior Officials Meeting held in Arusha, Tanzania from April 7th to 12th, 2019.

The delegation was headed by the Secretary of State for Finance, Trade, Investment and Economic Planning, Mr. Patrick Payet who is also the Chairperson of the National Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Committee. The delegation also comprised of representatives from the Financial Intelligence Unit, Central Bank of Seychelles, the Seychelles Police and other relevant organisations that have significant roles in respect to Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT).

Throughout the six-day meeting, delegates participated in various group forums whereby Seychelles was commended for the work already done and steps being undertaken to strengthen the country’s AML/CFT framework which includes, amongst other things:

Reviewing the existing AML/CFT legal framework

Ensuring that the National AML/CFT Committee is dynamic and actively engaged in the fight against Money Laundering and Terrorist Financing

Creating a dynamic and effective Technical Committee to facilitate domestic coordination

Adopting a sectoral approach to AML/CFT through the establishment of Regulatory Authorities as AML/ CFT supervisors among the different sectors

Ensuring that preventive and awareness programmes on AML/CFT are disseminated to all relevant institutions, reporting entities and the general public

During the meeting, Seychelles reaffirmed its commitment to strengthen its AML/ CFT regime and actively increase the country’s efforts against Money Laundering and Terrorist Financing. As such, Seychelles will be required to convey progress updates through the submission of a second progress report at the 38th ESAAMLG Senior Task Force Meeting and 19th Council of Minister’s Meeting to be held in Eswatini in September 2019.

“... Seychelles was commended for the work already done and steps being undertaken to strengthen the country’s AML/ CFT framework”



Seychelles Delegates

Signature of MoU between the FSA and the University of Seychelles

The FSA and the University of Seychelles (UniSeY), entered into a Memorandum of Understanding (MoU) on the 12th February, 2019. The MoU was signed by Dr. Steve Fanny, Chief Executive Officer of the FSA and Dr. Justin Valentin, Vice Chancellor of the University of Seychelles.

This MoU established a framework for mutual collaboration in matters relating to financial education programmes, with the aim to develop financial capacity in Seychelles by providing relevant academic training for the financial services industry.

Dr. Valentin stated that the University welcomes this initiative which formalizes and strengthens the existing relationship between the FSA and UniSeY. He stated that work to build capacity development in areas of Actuarial Science and Insurance has already begun and that will continue to build on this constructive partnership in the interest of enhancing financial education within the financial services industry.

Dr. Fanny further stated that this MoU signifies that more focus can now be placed on specialised courses for the financial services industry. This collaboration will create the foundation needed and support to ensure that professionals within the industry and also those interested in joining the industry have ready access to an array of development training and professional qualifications which will contribute in boosting the successful growth of our sector.

The FSA, as a regulatory authority, remains committed in its quest to maintain a high level of service standard within the field of financial services and gives its commitment to continuously invest its efforts to support and enable such professional development for the country.



Dr. Fanny and Dr. Valentin exchanging documents

Capacity Building for Insurance Supervisors – Leveraging Actuarial Skills – Sub Saharan Africa Training

The primary objective of the training held in Mauritius from February 11th to 15th 2019 was to increase the actuarial capacity of insurance supervisory authorities by strengthening their understanding and application of the actuarial concepts and tools needed to support effective risk based insurance supervision. The course targeted middle-to-senior level officials from regulatory and supervisory authorities.

The intensive 5-day training looked at the 5 key Insurance Core Principles (ICPs) related to Prudential Supervision, including their key objectives and features and the role of an Actuary within them. The 5 key ICPs are ICP 8-Risk Management, ICP 13-Reinsurance, ICP 14-Valuation, ICP 16-ERM for Solvency Purposes and ICP 17-Capital Adequacy. Other areas covered in the training were Enterprise Risk Management (ERM), Risk Based Supervision (RBS), Solvency Regimes and Proportionality and Risk Based Capital.



Group photo of the participants

The 42nd IOSCO Africa Middle-East Regional Committee (AMERC) Meeting

The AMERC is one of four regional committees constituted by IOSCO to focus on regional issues relating to securities regulation in the African/Middle-East region. The functions of the IOSCO may be outlined as follows:

- to cooperate in developing, implementing, and promoting adherence to internationally recognized and consistent standards of regulation, oversight and enforcement in order to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks
- to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries, and
- to exchange information at both global and regional levels on their respective experiences in order to assist the development of markets, strengthen market infrastructure, and implement appropriate regulation.



Panel discussion

The AMERC also pursues the foregoing aims. However, AMERC specifically aims to identify comparative lessons on promoting new listings on the region's stock exchanges and the continued enhancement of the regulatory capacity of its members. AMERC also provides a regional perspective to IOSCO work in areas such as market resilience and development, data management and the exchange of information, investor protection, and financial innovation.

The 42nd IOSCO AMERC Meeting was held in Kuwait, from the 22nd to 23rd January, 2019. The theme of the meeting was "Capital Market Reforms Through Regional Initiatives". The meeting provided a platform for the Financial Market Regulators of the region to discuss issues hindering or attributing to the development of the industry. Particularly, the challenges and opportunities to build sustainable Financial Markets. The Moroccan representatives shared the specific experiences of the Moroccan Capital Market Authority.

"... a platform for the Financial Market Regulators to discuss...the challenges and opportunities to build sustainable Financial Markets."

AMERC members also discussed the controversial issues with respect to Fintech, which led to the creation of a panel for the discussion of "Regional Responses to Emerging FinTech Risks". This panel discussed the emergence of encrypted assets, automated learning and artificial intelligence and the efforts of regulators to keep up with such developments.

Accordingly, a Bloomberg representative presented a clear vision of the trends, growth, and development prospects of financial technology. Subsequently, the representatives from other regulators presented their accomplishments in regard to FinTech, that is, keeping pace with the developments of financial technology, either through the passing of new legislation or the development of innovation hubs or sandboxes, or other initiatives that have been implemented within this framework.

The Committee also took note of the final conclusions of the report of the Working Group on Listings. Discussions comprised of recommendations on improving the number of listings and an overview of the respective local achievements.

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