

**Speech by**  
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**Vice Prime Minister**  
**Minister of Finance and Economic Empowerment**  
**Positioning the SEM as a Listing Venue for**  
**Global and Specialised Funds**  
**Informative Meeting**  
**16 February 2010 at 09h30**  
**Kestrel Room**  
**Swami Vivekananda International Convention Centre**  
**Les Pailles**

**Ladies and gentlemen**

It is indeed a great pleasure to be with all of you at this meeting to communicate the listing of funds from the Global Business Sector. Let me at the very outset congratulate the SEM for this initiative and for making the required changes to the listing rules. This is in line with Government policy to diversify and deepen the financial services sector, promote transparency in the conduct of global business and secure the reputation of Mauritius as a jurisdiction of substance. In fact, in our very first budget speech in 2006, we announced that Government will encourage the listing of global business companies. We set out to create the right environment and we are pleased to see that the SEM is stepping up its efforts to make it happen.

Clearly, the listing of funds from global companies is a concrete way of adding more substance to the activities of entities operating in that sector. It will also

enhance the operational transparency of these investment entities as they comply with the disclosure requirements and standards of the Stock Exchange.

Moreover having more international funds listed on the SEM will boost Mauritius' image as a financial centre, increase product offerings and attract more foreign investor presence.

For the past four and a half years, Government has implemented a number of policies to consolidate the financial sector. Our actions have been mainly on five fronts:

- Maintaining financial stability
- Ensuring a strong and effective regulatory framework,
- Improving the infrastructure required for Mauritius to develop into a world class regional financial centre.
- Further developing the financial markets, and
- Enhancing the reputation of Mauritius as a transparent, clean and safe jurisdiction for global business.

To achieve these goals we have taken a number of crucial actions. We have

- i. promoted private banking,
- ii. created the framework for Islamic finance
- iii. opened the banking sector to new players
- iv. ushered in a wide new legislative framework for the financial services sector, that includes a new Financial Services Legislation, an Insurance (Amendment) Act and a Securities (Amendment) Act.

- v. passed a new Insolvency Legislation that incorporates provisions to facilitate the deployment of new financial instruments and modernise the process for restructuring firms and dealing with insolvency. And,
- vi. created a comprehensive framework for Collective Investment Schemes to encourage the setting up of more funds, both domestic and global.

As regards the global business sector,

- i. We have enabled Management Companies to provide fund administration services to funds established in other recognised financial centres.
- ii. I announced in the 2010 Budget that Government will pass an innovative and competitive law on Private Foundation. This will allow the setting up of foundations in our Global Business Sector to further promote Mauritius as a platform for wealth management, services, succession and estate planning as well as pension funds.
- iii. We are also undertaking a study on the appropriate fiscal regime to improve the competitiveness of Mauritius as a business centre for Funds whilst staying in line with responsible international norms.
- iv. We have also taken several initiatives to ensure that the Global Business Sector generates substance and value added and to uphold its positive reputation. Some OECD countries were holding the offshore centres as being partly responsible for the financial crisis. This could have resulted in a new list of tax havens. We made our case, with actions on all fronts, including strengthening the legal and regulatory framework and also using economic diplomacy. We have amended the Income Tax Act to allow for an exchange of information on persons who are not tax residents and to keep money launderers off

our jurisdiction. I am confident that the Financial Services Commission (FSC) is enhancing its processes for securing proper and adequate information on those who do business in our jurisdiction and that it is creating better capacity to exchange information with foreign authorities when required. With right policy responses and economic diplomacy, we have averted what could have been a severe blow to our global business center – the blacklisting of Mauritius as a tax haven by the OECD. Instead, we have graduated to the white list of clean, transparent, cooperative and compliant jurisdictions.

These are but some of the policy actions to consolidate the financial sector and the results and outcomes have been noticeably positive.

Over the past four years, the financial sector grew by an annual average rate of 7.6 percent. It was one of the fastest growth sectors, accounting for more than 15 percent of GDP growth during that period. It has also been the most resistant to the global financial crisis and economic recession. But this great resilience should not lead to complacency.

Going forward, the financial system will have an increasingly crucial role to achieve our development goals. And to fully play that role the financial sector will have to make substantial investment in creating the human resources capacity. This is going to be the biggest challenge of the financial sector in the coming years. We are already seeing a severe dearth of skills in other industries, namely construction and ICT. Such lack of skills does two things. It jacks up costs and affects competitiveness of that industry. It also constrains investment and sets a limit to growth and development. We cannot afford to see this happen to the financial industry. The industry will have to widen the

spectrum of products. It will have to adapt fast to an economy that is changing in many ways and in transition to higher value added production. We will need to maintain dynamic domestic financial institutions that are capable of adapting fast to technological advances as they occur. To these ends, a thorough mapping of the sector's human resource requirements is vital. And it is absolutely important that one of the main thrusts of strategic planning in the financial sector is to secure the skills it will need at all levels to maintain the high and rapid pace of growth of recent years.

Let me end by wishing the SEM a successful communication campaign on the listing of funds from global business companies.

I thank you for your attention.

**R.S**