

Financial Services Authority Newsletter

2nd Edition / August 2021



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.



Message from the CEO

Welcome to the 2nd Edition of the FSA's Newsletter for the year 2021.

In May this year, I was appointed as the new Chief Executive Officer of the Financial Services Authority (FSA). I am not necessarily new to the organisation as I have worked closely with the FSA over the past three years in my previous role, as the Principal Secretary for Finance, engaged mostly on policy related matters. Nonetheless this marks a new beginning and a new challenge for me, as I now engage myself to specialise specifically in this sector and I am pleased to bring my expertise and contribution to the FSA, where together with the strong devoted team we can continue to contribute towards the development and success of the non-bank financial services industry (NBFS).

My objective for the FSA is to primarily reinforce its regulatory and compliance mandate with the ultimate aim of improving the Seychelles' reputation as well as to locally institutionalise our own principles of governance in this sector, whilst also recognising the need to formulate policies to ensure that this sector maintains a competitive thrive through the support of the industry and our promotion partners. We must be seen as a relevant contributor in terms of employment, human resource development, tax contribution and revenue generation, in a more positive and definitive manner, as for too many years with the hesitation to bring about transparent and compliant reforms is now contributing to the persisting negative perception that Seychelles is a tax haven.

Particular emphasis must also be given to extensive research in the development of new products that will be relevant for the industry, so that this sector can continue to contribute its fair share in our economy. Therefore, we must ensure that all sectors in the NBFS industry is given adequate attention so that we can maximise the returns and potentials of each of the respective sectors.

Since coming into office, several strategic decisions for the organisation have been made with the approval of the Board, which mainly include the closure of our representative office in China in terms of our operational review and most importantly the restructuring of the organisation, to make it more aligned with the strategy of the organisation to be able to deliver ahead.

Over the past months, the leadership team has also been focusing on a new vision, mission and strategic priorities for the organisation which will soon be announced in our strategic plan 2021-2025. In this process, we are also engaged in a series of continuous discussion and consultation with our relevant stakeholders, which is pivotal as part of our sensitisation process in liaising with our partners, licensees and regulated entities on our reformed approach.

Recently, several amendments to the current legal framework have been approved by the National Assembly, all of which are essential to ensure that we meet our commitments and compliance to international standards and regulation. We call on the practitioners to also change their game and to also see to the development and introduction of new services and businesses they can possibly be engaged in to also ensure that they remain competitive.

On a final note, I wish to thank the management and staff of FSA for the warm welcome and support extended to me since my appointment. I have had the opportunity to also meet with leading and experienced practitioners in this sector who have shared their views and put forth proposals so as to ensure that the appropriate focus is placed in the NBFS industry. These discussions have allowed myself to understand the challenges of the industry as well as share insights into the required work that needs to be done going ahead.

Mr. Damien Thesée
Chief Executive Officer

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Appointment of the new CEO of FSA

On the 1st May, 2021, Mr. Damien Thesée was appointed as CEO of the FSA by the President of the Republic, Mr. Wavel Ramkalawan.

Born on the 8th July 1980, Mr. Thesée grew up in a small family and is currently residing at Union Vale. Mr. Thesée who is the successor of the previous CEO, Dr. Steve Fanny, has dedicated most of his life's priorities to his career. His education started at the Plaisance School, whereby he completed both his Primary and Secondary education. This was followed by attending 1 year at the National Youth Service (NYS). From 1999 to 2000, he attended the School of Polytechnic where he followed the Humanities and Sciences course, of which he was awarded the Best Performer in Management of Business. After the completion of his course, he obtained a scholarship with the University of Manchester in June 2001, to pursue a Degree in Accounting & Finance (Honors). In December 2013, he obtained his Master of Arts in Leadership and Strategy. In his years of service, he has attended numerous training and seminars with the International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (OECD), amongst others.

Mr. Thesée, spent most of his career primarily at the Ministry of Finance. He first started as a Finance Officer in 2004, whereby with determination and perseverance he moved up the ranks to several substantial roles, as Senior Finance Officer, Chief Finance Officer, Deputy Comptroller General, Comptroller General, Principal Secretary for Finance and recently as the CEO of the FSA. Mr. Thesée has also served on various boards during his tenure, such as the Seychelles Revenue Commission, Seychelles Civil Aviation Authority, Nouvobanq, L'Union Estate, NISA, ANHRD.

Mr. Thesée, was part of the team at the Ministry that worked on the macro economic reforms of 2008, when he re-joined the Finance Ministry in 2009, as well as several public administrative reforms. He has been extensively engaged in promoting good public financial management principles and formulating relevant policies to ensure the efficient use of the public funds. The challenges in the public sector have allowed him along with the Finance team to develop policies to facilitate the planning and execution of the budget formulation process.

Mr. Thesée firmly believes that as an organisation, the staff of FSA should stand by ethical principles rather than by favour and need to please, and to deliver their work diligently and effectively. He is confident that with this mindset, the FSA staff has the ability to unify to achieve the organisation's vision.

The staff of the FSA wishes Mr. Thesée success in his new post.

FSA meets with representative of SIFSA



The newly appointed Chief Executive Officer of the FSA, Mr. Damien Thesée, the Deputy CEO, Ms. Zenabe Daman and other representatives of the FSA held a virtual meeting with the vice-chairperson of the Seychelles International Financial Services Association (SIFSA), Mrs. Tatiana Balabanova on the 13th May, 2021. The invitation was extended to Mrs. Balabanova to be introduced and to give her the opportunity to raise and discuss, with the new management, the key challenges currently being faced by the CSPs. SIFSA is an independent organization representing voluntary members of Corporate Service Providers and Trustees (CSPs) operating in the Seychelles.

Mr. Thesée expressed the need to transform the authority to ensure it places focus on its primary role as a regulator, whilst also ensuring that the sector continues to thrive. Whilst the Authority has been more reactive previously in regards to its regulatory mandate, it is now important that we ensure we mitigate such risks that is associated with the financial sector.

In addition, the new CEO advised that the Authority is currently engaged in reviewing certain of its financial services products, as well as working on its strategic plan, which it will engage with the Industry to share their contributions.

Some of the pertinent issues raised were in regards to the industry's effective compliance with the ever-ending changes in the legal landscape such as amendments under the Beneficial Ownership Act and the Anti-Money Laundering and Countering the Financing of Terrorism Act. It was highlighted that members of the industry, especially the smaller CSPs, have expressed major concerns as a result of not having the adequate resources to keep up with the ever-changing requirements. This is especially important now in view that the most efficient system requires IT intervention and there is a lack of human capacity in that area.



Mrs. Tatiana Balabanova

Concerns regarding the introduction of new products was raised by Mrs. Balabanova. It was pointed out that, despite having a work plan put in place 3 years back by the FSA Products and Legislation Committee (a committee set up by the FSA comprising of private sector representatives to assist in the development of the financial services industry in the Seychelles), which included the development of new products, the Authority had been preoccupied with other priority matters such as those concerning the OECD standards, EU standard and FATF standard. The Authority acknowledged that although it is of paramount importance to change existing laws it is equally important to develop new products, and therefore agreed to allocate more resources in that regard.

Mrs. Balabanova also stated that the industry welcomes the consultation process set forth by the Authority but that it needs to be improved in terms of putting in place a more formal structure and clear processes to make it more efficient and effective for quality results.

Another area where the industry feels that the Authority can improve its efficiency is in providing timely responses to licensees regarding its position on certain legal matters.

Overall, the matters raised were well received and the new CEO reassured Mrs. Balabanova of the Authority's continued support and engagement with the industry as they work towards the most effective solutions to meet the industry's needs.

Closure of Representative Office in China



The FSA has taken a decision to close its Representative Office in China effective 1st July, 2021. The decision has been taken following a review of the performance and operation of the office and also forms part of the Authority's plans to make better use of its resources and to put in place a more cost-effective structure.

As one of Seychelles' main market for the non-bank financial services sector, the FSA Representative Office in China was set up in July 2019, with the intention of increasing Seychelles' presence in China and to establish and maintain strong relationships with Chinese clients. The office which was based in the Seychelles Embassy in Beijing, China was being managed by an Attaché, Mr. William Gao, who will now be returning to Seychelles.

The Board of Directors and the Management of the FSA have thanked Ambassador Vivienne Fock-Tave and the Embassy of the Seychelles in China for the support and hospitality extended to Mr. Gao during his tenure.

In case of any query, clients are welcome to contact the FSA Headquarters by email on enquiries@fsaseychelles.sc or by telephone on +248 4380800 during office hours.

The FSA restructures

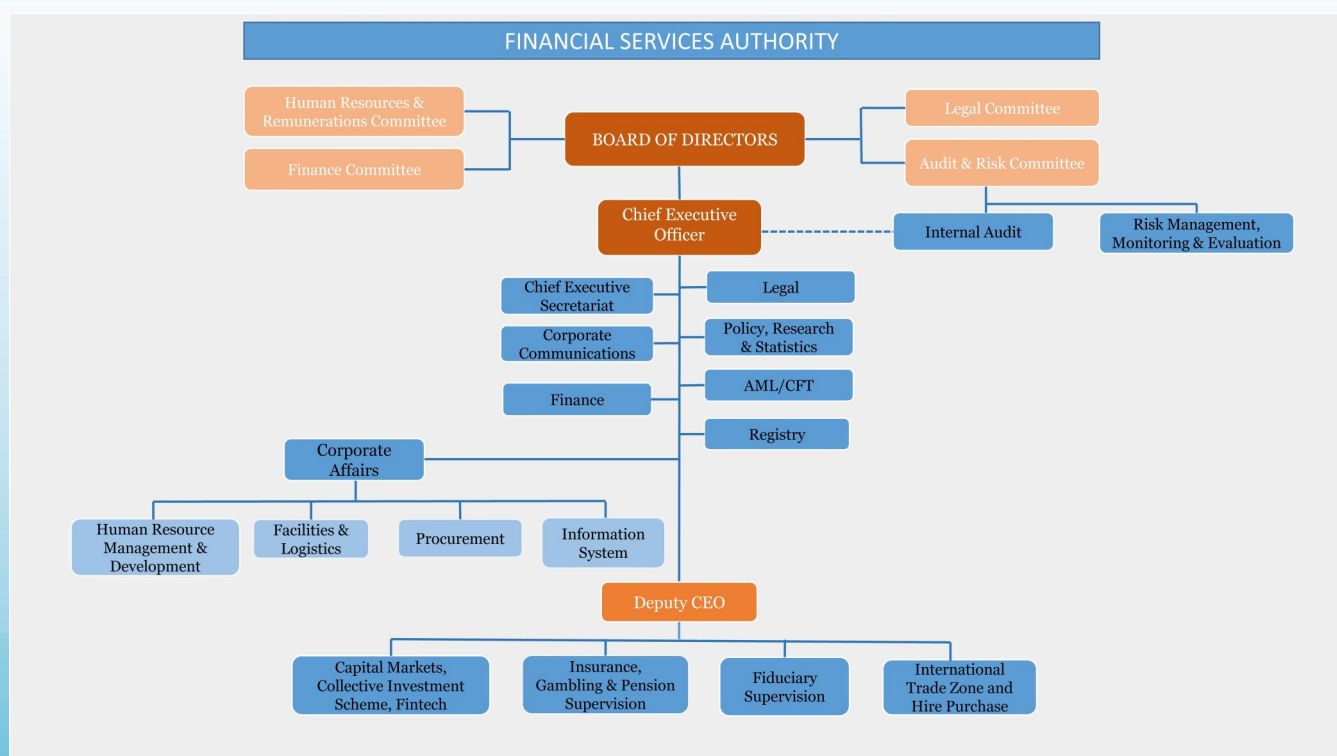
Effective 1st August, 2021, the FSA was restructured to enable it to adapt with the on-going changes in the regulatory landscape and the envisioned long-term growth of the organisation, and the non-bank financial services sector as well. The reorganisation aims to improve FSA's operating efficiency, facilitate decision making and enable better communication both internally and externally.

The restructuring which consist of re-classifications and re-organisation of existing roles and also the creation of new roles and functions, forms part of the organisation's strategic realignment to create a modern and well-structured organisation. This will result in a more effective arrangement of functions to allow it to attend more effectively to the Authority's mandate.

The following changes to the organisation have been implemented:

- Converting the 'Legal Unit' and 'Communications Unit' into independent Units away from the Policy Unit. This will allow the two units to provide a more coherent support to the overall organisation.
- Restructuring of the Policy and Legal Section into the 'Policy, Research and Statistics Section' and catering for two responsibilities in the newly restructured section; a 'Product Development Unit' and a 'Policy and Statistics Unit'. Emphasis is to be given to carrying out extensive research into development of new products that would be relevant to the Seychelles financial services for the industry to potentially adopt. Existing enabling laws are also under review to bring them at par to international standards to meet the respective industry's current operating environment and enforce supervision.
- The AML/CFT as a stand-alone unit from the Fiduciary Supervision will ensure that the Authority's supervisory purview can be better administered through sectorial risk assessments and enforcing mitigating measures to address the identified risks in the relevant sectors.
- Creation of a new Risk Management Unit to mitigate potential threats to the financial stability of the authority, operational efficiency, reputation so as to ensure compliance with local and international financial services legislations.
- The Insurance and Pension Supervision have been merged with the Gambling Supervision to enrich and enlarge the responsibilities of these functions, in order to also maximize the resources of the authority.

Following the closure of the China's representation Office on 1st July 2021 following a review of the office operations, the restructuring will be followed by the launch of the FSA's Strategic Plan 2021 – 2025, in the coming months. The new structure aims to align the organization with the transformation and vision that is expected to be brought by the new manage-



Appointment in post of leadership team

In line with the organisation's strategic realignment to create a modern and well-structured organization, the following appointments were made in the FSA leadership team effective 1st August, 2021;

- Mr. Paul Robert – Director Policy, Research & Statistics
- Mr. Randolph Samson – Director, AML/CFT
- Mr. Garry Jupiter – Director, Insurance, Gambling & Pension
- Ms. Hazel Lafortune - Director, Fiduciary Supervision
- Ms. Taryn Auguste – Director, Legal
- Ms. Maryline Joseph – Director, Risk Management and Monitoring & Evaluation
- Ms. Lissa Bristol - Director, Corporate Communications
- Mrs. Esther Boniface – Head of Corporate Affairs
- Ms. Vithya Naidoo – Manager Human Resources

The following posts remain unchanged;

- Mr. Leo Alexander – Director, Capital Markets & Collective Investment Schemes
- Mr. Karl Herminie – Director, International Trade Zone & Hire Purchase
- Ms. Lisa Lautoy – Director, Registry
- Ms. Elizabeth Bodwell – Director, Finance
- Ms. Ammu Chetty – Internal Auditor
- Mr. Jean-Claude Thelermont – Director Information System
- Mr. Pascal Marie – Director Facilities & Logistic

In carrying out its regulatory and supervisory function, it is imperative for the Authority to adopt new strategies to ensure the effective running of its internal operations. It is with this principle in mind that the FSA remains committed in its quest to maintain a high level of service standard within the organisation. We will continue to fulfil our responsibility to safeguard the future of the financial services in Seychelles.



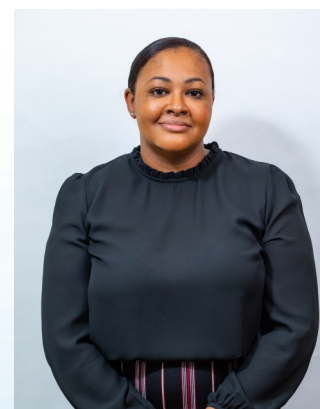
Mr. Paul Robert



Ms. Lisa Lautoy



Mr. Jean-Claude
Thelermont



Ms. Taryn Auguste



Ms. Lissa Bristol



Mr. Karl Herminie



Ms. Hazel Lafortune



Mr. Leo Alexander



Mr. Randolph Samson



Mrs. Esther Boniface



Mr. Pascal Marie



Ms. Ammu Chetty



Ms. Maryline Joseph



Mr. Garry Jupiter



Ms. Elizabeth Bodwell

Exemption notice for appointment of compliance officer

The FSA has recently proposed a new regulation that will exempt low-risk companies and licensees under its jurisdiction to appoint a compliance officer. This will be feasible as per the FSA Act, 2013 section 35; which stipulates “unless otherwise provided by this Act or any Financial Services legislation, the Authority may (b) exempt specified persons or specified classes from requirements under this Act or other financial service legislation.”

The decision was endorsed by the cabinet of ministers recently and the regulation was published in the official gazette on the 21st July, 2021.

The FSA will now exempt 5 categories of licensees from having to designate a compliance officer and they are the following;

- International Trade Zone Act
- Hire Purchase and Credit Sales Act
- Companies (Special License) Act
- Mutual fund and Hedge Fund Act
- Individual holding license under the Securities Act to carry on business as Investment Advisor Representative and Securities Representative.

This exemption will also be applicable in the case of registered person that is non-licensees and licensees who operates as sole traders. It is to be noted that the FSA were already exempting those types of businesses off the requirements under section 23(2) of the Act and the regulations will only serve to legitimize the existing practice.

By removing this obligation, it brings no risk since these businesses are categorized as low risk and their nature of business does not require them to appoint a compliance officer.

New amendments to Financial Services Legislations

Following the approval of the National Assembly to the proposed amendments to several legislations related to the Financial Services, the President of the Republic, Mr. Wavel Ramkalawan assented to the amendments earlier this month, which were gazetted on the 6th August 2021.

Several amendments were proposed pertaining to the International Corporate Service Providers (ICSP) Act, which governs businesses known as Corporate Service Providers, which have been licensed to provide services to businesses operating in the offshore sector. Particularly, new amendments introduce the Private Trust Companies, which comes as a consequential amendment to the new Trusts Act and amendments to the International Business Companies Act. Another amendment gives the Financial Services Authority (FSA), the power to pro-rate or give a reduction to the license fee which a CSP pays to get its first licence, this is to ensure that the CSP is not at a disadvantage depending on the time of the year the application is made; for instance, the CSP will pay the full fee in January, but will get the pro-rated fee if they apply in July or December.

The new Trust Act, replaces the old International Trusts Act 1994, which was one of the first Act to be enacted along with the International Business Companies Act 1994 and the International Trade Zone Act 1995 to launch the Seychelles offshore sector. During the past 25 years there has not been any substantial amendments made to this particular law, hence there was a real necessity to bring forth a new Act to modernise the product and therefore enabling Seychelles to retain its competitive advantage over other jurisdictions offering the same product. Other prominent amendments included that of the Trust's Protectors, Power of a settlor, financial records to be kept in Seychelles, the preservation of information, etc.

Amendments to the Companies (Special Licenses) Act (CSL Act) comes in an effort to improve the supervision of the FSA towards these companies and also to improve the business environment which these companies are operating in. In the past the Authority could not oblige these companies to pay their license fees as there were no sanctions. Additionally, the industry felt that certain provisions was not practical for them to meet, for example the 3 months' period to submit their annual report and financial statements was too short. Other new amendments gear towards the application for a special licence and validity of the special license, the procedures to cancel or surrender the special license and so on.

The Foundations Act, permits Foundations to be registered with the FSA. A foundation in this context is similar to a hybrid company and trust. A foundation is a separate legal entity, which is created when a person known as a "founder" transfers his assets to a foundation for the benefits of his beneficiaries. The amendments follow the Report Global Forum (OECD) which was published in April 2020, whereby Seychelles went from "Largely Compliant" to "Partially Compliant". These standards pertain to the transparency and exchange of tax related information. Amendments included making it an obligation for the Foundations to maintain their accounting records in Seychelles, alongside record of their councilors, agents and beneficiaries. The Foundations will also face a penalty of maximum \$10,000 for failing to meet their obligations.

Many amendments have also been made to the International Business Companies Act (IBC Act). One such amendment is the obligation for the service providers to preserve information of all IBCs under their administration for a minimum period of 7 years. The information includes the registers which the companies is required to keep as well as their accounting records. The information is also extended to companies which have been dissolved and "struck off". The information will then be handed over to FSA when the services providers ceases to operate. This will ensure that information being requested by Foreign Authorities are always accessible. Their financial record will also be kept in Seychelles. In order to ensure that struck-off companies restored by the Court and the FSA remedy any previous contravention to record keeping obligations, new amendments requires the Court and the FSA to only restore a company if it is satisfied that the company is in compliance with its obligations relating to accounting records, register of members, register of directors and register of beneficial owners. Similar amendments have also been made under the Foundations Act and Limited Partnerships Act.

Lastly, there were a couple of amendments made to the Limited Partnerships Act, 2003. Similarly, to the provisions under the IBC Act and Foundations Act, a new obligation has been introduced for the Registered Office of the Limited Partnership to be the principal address of their agents or CSP in Seychelles. It is also now a legal obligation for the Limited Partnership to appoint a licensed CSP as their registered agent here in Seychelles.

The amendments make the necessary provision for Seychelles to be in compliance with the international standards for exchange of information on tax matters relating to financial products. The amendments are also in line with the good conduct and best international practices which has been adopted by other financial services jurisdictions.

Appointment of New Members on the Capital Markets & Collective Investment Schemes Working Group Committee

New members have recently been appointed on the Capital Markets & Collective Investment Schemes Working Group Committee ("the Committee"). The Committee was set up to further develop the capital markets and collective investment schemes industry in Seychelles and foster collaboration between the regulator and the industry.

The Committee's main objectives among others, are to consider and assess the introduction of new products to the market, propose policy decisions with respect to product development and training and review and recommend changes to the current regulatory regime that governs the sector. The first meeting of the committee was held on the 22nd July, 2021.

Chaired by the CEO of the FSA, Mr. Damien Thesee, the Committee is composed of FSA's technical staff and the following 8 members from the industry:

- Mr. Bobby Brantley
- Mr. Charbel Raffoul
- Mr. Nico Ackermann
- Mr. Sudhanshu Agarwal
- Mrs. Nicole Chang-Sam
- Mrs. Michelle L. Brantley
- Ms. Tira Simeon
- Ms. Malika Jivan

The appointed members shall serve on the Committee for a period of 2 years and they shall endeavor to meet at least once every 3 months.

This is a step forward and these initiatives will ensure that the Authority and the industry practitioners remains engaged in an effort to collectively grow this industry. This comes at a time, where the need for diversification of products are essential and evident. Other committees of similar nature will be set up in the coming months for the other products, whereby product development and issues affecting their businesses will be discussed and new strategies can be formed for the betterment of the industry as a whole.

Creation of the Financial Services Reform Committee in Seychelles

In the 2021 budget speech delivered by the Minister for Finance, Economic Planning & Trade, Mr. Naadir Hassan called for reforms in the financial services.

"By reforming the sector, which is dynamic and keeps moving, we need to adopt in order to stay relevant to new circumstances. The reforms will enable Seychelles' financial sector to survive and thrive and contribute to the wealth of the country."

Following the speech, the Financial Services Reform Committee was formed with the aim of serving as an advisory body to encourage all stakeholders to work collaboratively to provide advice to the Ministry for Finance on matters relating to the financial sector reform. This initiative shall enable the modernisation of Seychelles and allow the jurisdiction to become more reputable and transparent offering valued financial services products.

“A lot of work has been done already to ensure compliance, but more needs to be done as the country’s reputation has to be always taken into consideration. But with your work, I am convinced that the financial services sector can become a real pillar of the economy,” pointed out Minister Hassan.

In order to meet and adhere to international standards, the committee is tasked to develop a financial sector strategy for Seychelles and develop new products while assessing its impact on such standards.

During the first meeting, members of the Committee had discussions on various issues listed hereunder:

1. Financial Sector Strategy for Seychelles;
2. AML/CFT, EU and OECD Reforms and
3. New product development

The Committee at present consists of 10 members, comprising of a representative from the below institutions:

- Ministry of Finance
- Financial Services Authority (FSA)
- Seychelles Revenue Commission (SRC)
- Central Bank Seychelles (CBS)
- Seychelles International Financial Services Association (SIFSA)
- Seychelles Bankers Association
- Seychelles Chamber of Commerce and Industry (SCCI)
- Securities Exchange and Insurers Association of Seychelles.



Members of the committee during their first

FSA welcomes new employees

The FSA is pleased to announce the appointment of the following members to its team:

Capital Markets and Collective Investment Schemes Supervision Section

- Ms. Thea Marie, Supervision Officer
- Ms. Ella Auguste, Supervision Officer
- Mr. Aaron Hoareau, Supervision Officer
- Ms. Claudia Jeremie, Supervision Officer

Registry Section

- Ms. Annie Benoit, Registry Clerk
- Ms. Aisha Mousbe, Registry Clerk

The management and staff of the FSA wish them all the best in their new responsibilities.



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