

# Financial Services Authority Newsletter

1st Edition / April 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 Deputy CEO

Welcome to the 1st Edition of the FSA's Newsletter for the year 2021.

It is with deep sorrow that I write this message, as the FSA continues to mourn and grieve the sudden and untimely passing of its Chief Executive Officer, Dr. Steve Fanny. Despite our heavy hearts, the FSA will continue to work hard and persevere as a team to push forward Dr. Fanny's vision for the industry and honour the legacy he has left behind.

I would like to take this opportunity to thank you all for your kind words of comfort and support which have been well appreciated during this difficult time.

On the 21st January, 2021, a new board of the FSA was appointed by the President of the Republic. We wish to once again congratulate and welcome to the Board our new chairman, Mr. Patrick Payet and three new members, namely Ms. Samantha Esparon, Mrs. Wendy Pierre and Mr. Richard Rampal. We are grateful for their addition to the Board and we look forward to their positive contributions and expertise to the work of the FSA in order to further our vision in positioning the Seychelles jurisdiction as a competitive Financial Centre through a sound regulatory regime. On that note, I would also like to thank the outgoing chairman and members for their contributions and dedication over the past years.

In our efforts to enable the removal of Seychelles from the European Union (EU) list of non-cooperative jurisdictions later this year, progress has been made to address concerns of the EU and the Global Forum on Transparency and Exchange of Information for Tax Purposes. On that same line, amendments have been made to the Business Tax Act and a number of other amendments are being proposed to better align Seychelles' legal frameworks to international norms.

In the spirit of collaboration, the FSA has entered into MoUs with several local partners including the Seychelles Revenue Commission (SRC), the Anti-Corruption Commission Seychelles (ACCS) and the Seychelles Investment Board (SIB).

On the occasion of Labour Day on the 1st of May, let us celebrate our achievements both individual and collective ones. I wish to thank you all for your efforts, commitment and hard work. Despite the challenging times, we will continue to persevere.

Have a safe and happy Labour Day!

*Ms. Zenabe Daman*  
Deputy Chief Executive Officer

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## Tribute to the late CEO of FSA

### Dr. Steve Fanny



Dr. Steve Dave Carl Fanny, was born on 2nd February, 1971 and raised in Plaisance. He was the eldest in a family of three children and he was a proud and loving dad of two daughters.

Besides his passion for teaching and sharing knowledge, Dr. Fanny has held several executive roles throughout his professional career whereby he made invaluable contributions to the economic development of Seychelles. At the time of his passing, he was the CEO of the FSA, a post which he also held from 2007 to 2012 when the FSA was then the Seychelles International Business Authority (SIBA). Prior to his appointment as CEO of the FSA in 2017, Dr. Fanny held the post of Principal Secretary at the Ministry of Finance, Trade and Investment and also at the Ministry of Investment, Entrepreneurship Development and Business Innovation.

Throughout his career, Dr. Fanny sat on various boards including the Central Bank of Seychelles (CBS), the Indian Ocean Tuna Ltd (IOT), the Seychelles Trading Company (STC), the Seychelles Public Transport Corporation (SPTC), the Financial Services Authority (FSA), the Seychelles Mercantile Bank (Nouvobanq), the Seychelles Petroleum Company (Seypec) and the Seychelles Investment Board (SIB).

To say that Dr. Fanny was an erudite and perceptive person is an understatement. His learning and education journey was a remarkable and impactful one. After completing his studies at the Seychelles Polytechnic, Dr. Fanny worked at the Seychelles Bureau of Standard then left for England to pursue a Diploma in Business Administration with the Association of Business Executives. He later on went to study Chartered Accountancy and completed an Advanced Diploma in Management Accounting from the Chartered Institute of Management Accountant (CIMA). All while working and holding demanding positions, Dr. Fanny went on to complete many more qualifications to broaden his knowledge and develop his skills. He was the holder of a Bachelor of Laws (LLM) from the University of London, a Master of Science in Audit Management and Consultancy from the University of Central England in Birmingham, a Master's Degree in International Business Law with the Sorbonne University in Paris and lastly a Doctorate in Finance, specialising in Islamic Finance from the Swiss Management Centre.

Dr. Fanny was also a Fellow Member of the Association of Business Executives in UK, an Associate Member of Certified Fraud Examiner in USA and a Member of the Institute of Financial Accountants in UK.



When Dr. Fanny was appointed as the CEO of SIBA in 2007, he started the expansion of the organization through the recruitment of younger staff to complement existing staff members and setting up new sections. As the industry was also coming up with new legislation, he pushed staff to become more competent by studying to gain knowledge and insight about the industry. Under his stewardship, SIBA became an organization renowned locally for having an excellent staff professional development system and welfare.

Upon his return to the FSA in 2017, he continued to advocate the importance of learning and development and championed the involvement and leadership of the FSA in the training of the industry. He would always encourage people from all walks of life to undertake courses in financial services and to work in the industry. During his tenure, he pushed for the FSA to become a member of several international and regional bodies, he initiated a number of MoU signings with both local and international partners, he was instrumental in the FSA setting up its structures to assume sectoral AML-CFT supervision of its sectors and he represented FSA and Seychelles in many international conferences. In April 2018, with Dr. Fanny as the CEO, the FSA successfully hosted the CISNA Bi-Annual Meeting in Seychelles, the biggest international event ever hosted by the FSA.

Dr. Fanny's vision for the FSA and the Seychelles as a financial centre was greater than himself. He was determined to making the Seychelles a premier jurisdiction and a financial centre of choice. He would seize every opportunity to promote and increase Seychelles' visibility as an attractive and strong jurisdiction with many potential. Furthermore, he would always go to great lengths to defend the country's position in international forums. Dr. Fanny strongly believed in having a good relationship with the industry and he did his best to meet licensees' demands while ensuring compliance.

An experienced and accomplished professional, Dr. Fanny was also a kind and generous person. He had a 'joie de vivre', a good sense of humour and always a smile on his face. He would always go out of his way to help and find solutions for all who approached him with their issues. Accordingly, he would always fight for his staff as he believed in giving them the best welfare possible and creating a conducive work environment.

Dr. Fanny will be remembered as a dedicated public servant, an inspirational leader and mentor and above all a pioneer in the financial services industry of Seychelles.

His passing is a great loss to the FSA, the financial services industry and the country.



## Appointment of new FSA Board

Effective 21st January, 2021, a new Board of the FSA was appointed as part of the first phase of Government restructuring announced by the President Wavel Ramkalawan. The Secretary of State, Mr. Patrick Payet has been appointed as the new chairperson and the new board members include Ms. Samantha Esparon, Mrs. Wendy Pierre and Mr. Richard Rampal.

Both Mrs. Pierre and Mr. Rampal are former employees of the FSA and have played a key role in the development of the non-bank financial services sector. Mrs. Pierre who is currently the Registrar General, joined the FSA (formerly SIBA) in 2004 and held various positions before being appointed as the CEO in 2012. Mr. Rampal who has completed over 10 years in the financial services sector, used to occupy the post of Director of Fiduciary Supervision at the FSA before he was appointed as the Director of the Financial Intelligence Unit (FIU) in 2019.

The new appointees join existing board members Ms. Seylina Verghese, Mr. David Esparon, Mr. Robert Stravens and Mr. Philip Moustache .

The FSA thanks the outgoing chairperson and members for their commitment and contributions during the time they have served on the FSA Board.



**Mr. Patrick Payet**  
*Chairman*

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**Ms. Samantha Esparon**  
*Member*

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**Mr. Richard Rampal**  
*Member*

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**Mrs. Wendy Pierre**  
*Member*

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# Seychelles legislates key provisions to enable removal from the European Union list of non-cooperative jurisdictions



*Source: The Ministry of Finance, Economic Planning and Trade*

The Seychelles has taken the key steps in reforming its territorial tax regime to address concerns of the European Union (EU). Together with addressing the concerns of the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum), these changes are intended to ensure that the Seychelles is removed from the EU's list of non-cooperative jurisdictions (the "EU blacklist") later this year.

## **A. Refining the territorial regime to deliver on the needs of the Seychelles whilst allaying EU concerns**

On the 28th December 2020, following months of engagement with both the EU and the private sector, President Wavel Ramkalawan gave his assent to the Business Tax (Amendment) Act, 2020, which will come into force when a notice is published in the Gazette. The Act refines the Seychelles territorial tax system, so that the exemption from tax for foreign income is suitably targeted. The Business Tax (Amendment) Act, 2020, will amend the Business Tax Act to ensure the following applies for large companies:

1. Activities performed abroad by a permanent establishment of a Seychelles company will be exempt from tax in the Seychelles, with income from activities that are not sufficient to qualify as a permanent establishment remaining taxable.
2. Foreign income received on Seychelles' based intellectual property will be taxable in the Seychelles, with a territorial exemption for income from patents (and equivalent rights) related to the level of research and development undertaken in the Seychelles connected to the creation of that patent.
3. Foreign passive income will be exempt under the territorial regime where the Seychelles company receiving the passive income has adequate economic substance in the Seychelles.

Any foreign income that is subject to tax in the Seychelles, such as companies with insufficient economic substance or on non-patent intellectual property, will be taxed in the Seychelles, with a credit for foreign taxes incurred. The new conditions apply only to those companies which (with their affiliates) exceed a size threshold. The purpose of this size threshold is to exclude small companies which do not have an impact on the EU market. However, the Seychelles is reviewing the threshold as it currently does not satisfy the EU.

In addition, the Amendment Act updates the definition of "permanent establishment" to align with the latest model definitions of the Organisation for Economic Cooperation and Development (OECD) and the United Nations.

## **B. Progress towards meeting Global Forum Standards**

A further criterion for being removed from the non-cooperative jurisdiction list is a rating of "Largely Compliant" or higher by the Global Forum. Although rated "Largely Compliant" in 2015, the Global Forum delivered a "Partially Compliant" overall rating for Seychelles in 2020. Work has continued to strengthen availability, access, and exchange of information for tax purposes, particularly around the following concerns which contributed to the new rating:

- Beneficial Ownership Reporting
- Access to accounting information to exchange upon request
- Supervision and enforcement of the above.



To address these concerns, the Seychelles has undertaken a three-pronged reform approach: amend legislation as needed to set out the legal foundations of change, issue guidance and work with stakeholders to understand the new requirements, and build government capacity to facilitate practical implementation.

The legislative changes include:

- The Beneficial Ownership Act, 2020 came into operation on the 28th August 2020 and has ensured that the definition of beneficial owners satisfies the Financial Action Task Force (FATF) and Global Forum requirement;
- The laws which govern the availability of, and access to, accounting information for international business companies, trusts, limited partnerships and foundations operating in the international financial sector are being reviewed in order to ensure the availability of accounting information. These requirements will also apply to entities which are struck-off or dissolved. All such data need to be kept up to date and must be kept for at least seven years; and
- Changes to the rules for supervision and enforcement.

The proposed amendments to accounting information has gone through consultation phase and Government will be submitting the proposed amendments to the National Assembly over the coming weeks. Guidance on how to comply with the new requirements is being circulated to the industry for consultation before finalisation.

The above steps mark a critical point in the work on tax policy reform and the revised regime is now the subject of discussion with the EU's Code of Conduct Group and the Global Forum. Once the new rules on availability of accounting information have been passed, the Seychelles authorities will test the effective of the revised legal framework. Following the success of such testing, the Seychelles will be reviewed by the Global Forum, with the view to achieving a rating of "Largely Compliant" or above.

## Amendments to the AML/CFT Act, Beneficial Ownership Act and International Trusts Act

The President of the Republic, Mr. Wavel Ramkalawan, assented to the enactment of the Anti-Money Laundering and Countering the Financing of Terrorism (Amendment) Act 2021, the Beneficial Ownership (Amendment) Act 2021 and International Trusts (Amendment) Act 2021, in March this year.

- Anti-Money Laundering and Countering the Financing of Terrorism (Amendment) Act, 2021

The new AML/CFT Act, that came into operation on 28th August, 2020, was enacted to address the deficiencies identified in the Seychelles Mutual Evaluation Report (MER) in 2018 and to improve the AML/CFT legislative framework.

While implementing the provisions of the new AML/CFT Act after its coming into force, a review of the Act was conducted. The AML/CFT (Amendment) Act 2021 addresses the inconsistencies discovered in applying the provisions of the Act, to better align it with the Financial Action Task Force (FATF) Recommendations and to rectify typographical errors identified therein.

- Beneficial Ownership (Amendment) Act, 2021

The Beneficial Ownership Act that was introduced in 2020, was enacted to provide for the identification and verification of beneficial ownership of legal persons and legal arrangements and to establish and maintain up to date registers of beneficial owners and a centralised database and for matters connected therewith or incidental thereto.

Amendments were also made to the Beneficial Ownership in March which repeals section 18 of the Act and substituting it with a new section to empower the Minister to specify the date for compliance with the provisions of the Act.

The previous section granted licensees with a transition period to comply with the provisions of the new Act. However, with the aforementioned amendment, the timeframe for the transition period has been removed and the new transition period will be as published by the Minister in the Gazette.

- International Trusts (Amendment) Act, 2021

The shortcomings identified by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) on the issue of 'trusts and trustees', meant Seychelles was rated 'partially Compliant', for recommendation 25 of the FATF, thus amendments were necessary to meet the international standards.

The International Trusts (Amendment) Act, 2021 imposes new obligation on trustees to disclose their status as a trustee to a financial institution or a designated non-financial business or profession when forming a business relationship or carrying out an occasional transaction in an amount equal to or above to the amount prescribed under Third Schedule of the AML-CFT Act. Secondly, the content of the International Trusts Register has been expanded to include the identity of regulated agents and service providers of the trust including, but not limited to, investment advisors, investment managers, accountants and tax advisors of the trust. Existing trustees have a period of 3 months to comply with the new obligations.

The amendments are meant to address concerns raised by international organisations so that the local laws are on par with international standards and for Seychelles to improve its international ranking.

## Seychelles submits report to ESAAMLG for re-rating

*Source: The Ministry of Finance, Economic Planning and Trade*

Seychelles has submitted its report to the Eastern and Southern Africa Anti-Money Laundering Group, (ESAAMLG), for re-ratings concerning its Mutual Evaluation Report adopted in 2018 for consideration at the ESAAMLG Plenary in September 2021.

In March, as a result of hard work and tremendous domestic coordination, amendments to six bills were presented and approved by the National Assembly to ensure Seychelles' compliance with international standards, established by the Financial Action Task Force (FATF).

ESAAMLG, as the FATF-style regional body tasked with ensuring compliance and implementation of the FATF Recommendations, adopted Seychelles' Mutual Evaluation Report in 2018, and it was determined that Seychelles was 'compliant' or 'largely compliant' to only 20 of the 40 FATF Recommendations. Seychelles was determined 'partially compliant' on 16 Recommendations and 'non-compliant' on 4 Recommendations.

The deficiencies identified related to the 20 Recommendations determined 'partially' or 'non-compliant' had to be positively addressed. Under agreement with ESAAMLG, Seychelles has three years since the publication of its report to demonstrate significant progress in addressing the deficiencies.

The aforementioned amendments to laws have addressed many of the deficiencies by better aligning Seychelles' legal frameworks to international standards and by promoting improved consistencies in legal terms, standards and procedures.

The six bills which were approved by the National Assembly are as follows:

1. The Mutual Legal Assistance in Criminal Matters (Amendment) Act, 2021
2. The Extradition (Amendment) Act, 2021
3. The Anti-Money Laundering and Countering the Financing of Terrorism (Amendment) Act, 2021
4. The Beneficial Ownership (Amendment) Act, 2021
5. The International Trust (Amendment) Act, 2021
6. The Prevention of Terrorism (Amendment) Act, 2021

The re-ratings request for consideration in September 2021, concern 14 Recommendations. Previously, in December 2020, ESAAMLG adopted re-ratings for 3 Recommendations moving Seychelles to more compliant with international standards.

Beyond the 14 Recommendations up for re-ratings, there are still 3 outstanding areas that Seychelles needs to address to fully comply with the FATF Recommendations, namely:

1. Review of the Registration of Association Act
2. Review of the licensing structure of the Designated Non-Financial Businesses and Professions, and introducing a licensing secretary regime for the domestic companies.

3. A new framework for Virtual Asset Service Providers
4. A new Asset Management Regime in support of asset recovery efforts

Aligning and amending Seychelles' legal framework in line with the FATF Recommendations, demonstrates Seychelles' commitment to meeting international standards, protecting its reputation and reflects a country committed to safeguarding the integrity of the global financial system.

## Survey on the impact of COVID-19 on the Insurance Sector

The FSA is currently undertaking a survey to assess the impact of COVID-19 on the insurance sector in Seychelles. The survey started in April this year and is targeting local insurance companies, intermediaries and customers alike.

The COVID-19 pandemic continues to unfold and to have significant impact on individuals, society, businesses and the wider economy across Seychelles. The spread of the virus has had devastating effect and resulted in lockdowns of many borders, bans on travel, restriction of movements and temporary closures of businesses and offices and inevitably loss of jobs and lives. Although insurers have experienced natural catastrophes and viral outbreaks in the past, the sheer scale of the COVID-19 crisis has been challenging to both insurers and its customers. More than ever, insurers need to determine how best to meet the needs of their customers, agents, and staff with products, financing, sales and service that are more suited as a result of the pandemic.

Has the pandemic weakened our local insurance companies? How has the pandemic affected their operation and fiscal performance? What are the new innovative approaches that they have implemented?

Indeed, these are some of the questions that need to be asked and assessed. Consequently, the FSA has found it of utmost importance to have a better understanding of the effect that the pandemic is having on the insurance industry and gain a better insight of insurance customers' experience and expectations in this trying time through a survey. The survey is in the form of a questionnaire which was released through several media platforms including our own FSA's Facebook and Instagram page.

The FSA would like to invite policyholders to complete the survey at the following link: <https://www.questionpro.com/t/ASL9VZIKjl>.

## The FSA & ACCS sign Memorandum of Understanding



In light of the growing demand to reduce the abuse of government resources and accountability, a Memorandum of Understanding ("MoU") between the FSA and the Anti-Corruption Commission Seychelles ("ACCS") was signed on the 23rd December, 2020.

The MoU establishes a framework for mutual collaboration and cooperation in matters relating to the exchange of information between the FSA, the regulator for the non-bank financial services sector and the ACCS, being the body responsible for the investigation, detection and prevention of crimes relating to corruption. With the intention to prevent corruption, as well as money-laundering offences committed in furtherance to corrupt practices, the FSA, through the MOU intends to co-operate with the ACCS within a reasonable timeframe in order to aid the Commission to investigate, detect and prevent corruptive practices.



In accordance to the full extent permitted by the laws, regulations and rules under the respective responsibility of the two institutions, the parties will use their best endeavors to:

- Promote the ease of access and exchange of information
- Facilitate the fulfilment of their regulatory responsibilities
- Take necessary actions against persons in breach of the applicable laws, and
- Address any areas of mutual concern

that they deemed essential or incidental for the effective regulation and monitoring of the non-bank financial services industry as per the purpose of the MoU and the fulfilment of both the domestic and international obligations. Furthermore, the scope of the MoU requires that officers and relevant stakeholders receives training and workshops organized by the parties in an attempt to enhance their capacity on the respective legal framework and other matters of mutual interest.

That being the case, the functions and effectiveness of the mutual assistance between the two institutions will be periodically reviewed to alter or expand the scope of the MoU if deemed necessary.



## The FSA & SRC sign Memorandum of Understanding



The FSA and Seychelles Revenue Commission (SRC) have taken a step further to increase greater collaboration and coordination in the discharge of their regulatory and supervisory functions between both parties by signing a new Memorandum of Understanding (MoU).

The MoU has been built based on the mutual concern that both authorities have in relation to non-banking financial services in Seychelles and this will enable them to consult regularly regarding their supervisory requirements and issues of relevance to the interest of both authorities.

The MoU also sets forth the intent of both parties to establish a framework to the full extent on cooperation permitted by regulations and rules under each authority's mandate, principally for:

- i. the exchange of information pertaining to tax matters;
- ii. the exchange of information and data in line with the monitoring of substantial activity as per the Forum on Harmful Tax Practices (FHTP) requirements for licensees that falls under the Securities Act and the Mutual Fund and Hedge Fund Act;
- iii. the exchange of information and data in relation to European Union Code of Conduct Group requirements for the monitoring of substantial activity that would be coming into force in the near future.

In a nutshell, all the above would ensure compliance by collaborating and conducting risk-based supervision through onsite inspections and exchange of relevant information and findings.

## The FSA & SIB sign Memorandum of Understanding



The FSA and Seychelles Investment Board (SIB) have taken a step further to increase the collaboration between both parties by signing a new Memorandum of Understanding (MoU). The MoU hereby repeals and replaces, in its entirety, the MoU previously entered into on 3rd March 2014 by the FSA and SIB for the implementation of promotional activities by SIB.

The MoU has been built on a statement of intent of the parties, whereby SIB shall principally be responsible for the promotion of non-banking financial services and act as coordinator and facilitator for these promotional activities.

The MoU also sets forth the intent of both parties to establish a framework, with the intention of mutual assistance and coordination to the full extent permitted by the laws, regulations and rules under the parties' respective responsibility, including:

- i. To organise roadshows and participate in international conferences and events in key emerging markets in order to maintain the visibility of the jurisdiction
- ii. To promote Seychelles internationally as a premier jurisdiction for non-bank financial services
- iii. To maintain a strong relationship through close collaboration between the government and the private sector through the Financial Service Marketing Committee (FSMC)
- iv. To ensure a strategic approach to the promotion of the non-bank financial services industry
- v. To enhance knowledge on training initiatives relating to the promotion of the industry

The intent is to ensure harmonisation and collaboration between both parties so as to promote the non-banking financial services in Seychelles. This will bring further economic prosperity, international visibility and heighten Seychelles' competitive advantage internationally.