



SEVENTH NATIONAL ASSEMBLY

PARLIAMENTARY

DEBATES

(HANSARD)

FIRST SESSION

FRIDAY 10 DECEMBER 2021

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Hon. Pravind Kumar Jugnauth	Prime Minister, Minister of Defence, Home Affairs and External Communications, Minister for Rodrigues, Outer Islands and Territorial Integrity
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Dr. the Hon. Kailesh Kumar Singh Jagutpal	Minister of Health and Wellness
Hon. Sudheer Maudhoo	Minister of Blue Economy, Marine Resources, Fisheries and Shipping
Hon. Mrs Kalpana Devi Koonjoo-Shah	Minister of Gender Equality and Family Welfare
Hon. Avinash Teeluck	Minister of Arts and Cultural Heritage
Hon. Teeruthraj Hurdoyal	Minister of Public Service, Administrative and Institutional Reforms

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MAURITIUS

Seventh National Assembly

FIRST SESSION

Debate No. 38 of 2021

Sitting of Friday 10 December 2021

The Assembly met in the Assembly House, Port Louis, at 3.00 p.m.

The National Anthem was played

(Mr Speaker in the Chair)

PAPERS LAID

The Prime Minister: Mr Speaker, Sir, the Papers have been laid on the Table.

A. Ministry of Social Integration, Social Security and National Solidarity

- (a) The Annual Report of the Residential Care Homes Board for the financial year 2019/2020.
- (b) The Annual Report of the National Solidarity Fund for the Financial Year ended 30 June 2020.

B. Ministry of Arts and Cultural Heritage

The Annual Reports of the President's Fund for Creative Writing for the period:

- (i) 01 January to 31 December 2015;
- (ii) 01 January 2016 to 30 June 2017; and
- (iii) 01 July 2017 to 30 June 2018.

ORAL ANSWERS TO QUESTIONS

COVID-19 PANDEMIC – PASSENGERS – SEQUENCING TESTS & RONAPREVE AND MOLNUPIRAVIR - STOCK

The Leader of the Opposition (Mr X. L. Duval) (*by Private Notice*) asked the Minister of Health and Wellness whether, in regard to the COVID-19 pandemic, he will state the –

- (a) number of sequencing tests performed on positive tested passengers arriving in Mauritius since Saturday 27 November 2021 to date, indicating whether the Omicron Variant has been detected and, if so, in how many cases, and
- (b) quantities of Ronapreve and Molnupiravir presently in stock at his Ministry, giving details of orders placed and delivery dates thereof.

Dr. Jagutpal: Mr Speaker, Sir, at the outset, I wish to join the hon. Prime Minister who, during his address to the nation yesterday, conveyed his sincere condolences to all bereaved families of our frontliners and all other families who have lost their dear ones. I hereby also express my heartfelt sympathies to these families and I reassure the population at large that my Ministry is taking all necessary measures and action to preserve the health and wellness of its population.

The month of November has indeed been a difficult one. In fact, we have had several public holidays which have contributed to a “*relachement*” with regard to sanitary precautions and measures, which has led to an upsurge of cases.

Subsequently, the High-Level Committee chaired by the hon. Prime Minister and the Cabinet agreed to strengthen the preventive measures in order to curb the transmission of the virus which took effect on 12 November 2021.

Mr Speaker, Sir, I wish to point out that in this very difficult situation where the number of positive cases and deaths were increasing, there has been absolutely no constructive criticism on any front from the other side of the House and some sections of the media. They have neither uttered a single word of encouragement for people to get vaccinated nor have they encouraged vaccinated people to have their booster dose.

On the contrary, they have focused and capitalized only on the figures of deceased persons, for a specific period of time, making irrational comparisons in an attempt to derive maximum political mileage *sur les cas de décès*, which is highly deplorable.

Mr Speaker, Sir, they have created a lot of apprehension amongst the public and even tarnished our image on the international front by their constant insinuation that my Ministry is hiding the real figures pertaining to positive cases, number of deaths due to COVID-19, percentage of vaccinated people, efficacy of vaccines, stock of vaccines, COVID-19 drugs and oxygen, amongst others.

Mr Speaker, Sir, as a consequence of this unpatriotic attitude and irresponsible behaviour of these persons, the *prise en charge* of several COVID-19 patients has been delayed due to the apprehension of patients to attend hospitals for timely treatment and care.

As a further consequence, the United Kingdom requested numerous information on the health situation and sanitary measures prevailing in Mauritius and finally concluded that Mauritius is not in a chaotic situation as depicted.

It is felt that such erroneous information circulated by some may have contributed towards Mauritius being placed on the '*rouge écarlate*' list of France.

A comprehensive document was immediately worked out by my Ministry and other relevant Ministries/Departments confirming actual facts and figures, supported by statistical and documentary evidence, all coordinated by the hon. Prime Minister. After submission of this document and consultation between the French and Mauritian authorities, Mauritius has been removed on the list of countries categorised as "*rouge écarlate*" and placed only on the red list.

This being said, Mr Speaker, Sir, we hope that those people will now show more patriotism, especially at a time where the economy has started to pick up. I hope that they will no longer indulge in '*démagogie*', thus preventing the economic and social situation to be jeopardized.

Mr Speaker, Sir, the hon. Prime Minister, yesterday, highlighted the fact that with the sanitary measures put in place since 12 November 2021, the situation has improved considerably, but we need to maintain utmost vigilance and continue on this path. Accordingly, these restrictions have been extended to 15 January 2022.

Mr Speaker, Sir, as the House is aware, since the start of COVID-19 pandemic, a number of sanitary protocols has been put in place for all passengers arriving in Mauritius.

As per established protocol, prior to embarkation, all passengers are required to undergo a PCR test 72 hours before boarding and show proof that the test has been negative. Upon arrival, all passengers are required to undergo a COVID-19 test and thereafter to comply with the established sanitary protocols.

Mr Speaker, Sir, as the House is aware, a new variant was detected in South Africa on 24 November 2021, with the first sample collected on 09 November 2021. This strain has since been denoted as the Omicron variant (B.1.1.529). The rapid assessment of the variant by the Technical Advisory Group on SARS-CoV-2 virus evolution and classification of Omicron as a variant of concern by the WHO within 48 hours has facilitated timely epidemiological surveillance. Since the initial discovery of Omicron, the variant has already been detected in over 47 countries across six continents.

In this context, due to the high transmissibility of Omicron variant, Mauritius, on 01 December 2021, has decided to close its borders to South Africa and several neighbouring African countries, namely Botswana, Namibia, Zimbabwe, Lesotho, Angola, Malawi, Mozambique, Eswatini and Zambia.

Travellers from above countries have to be quarantined for 7 days if they are fully vaccinated, followed by 7 days in self-isolation. PCR test is carried out on day 7, at the end of the quarantine and on day 14 prior to the end of self-isolation.

If travellers are not fully vaccinated, they have to be...

(Interruptions)

Mr Speaker: Point of order!

Mr X. L. Duval: We have now gone into 10 minutes of PNQ time and the Minister has not even started to reply to the PNQ. I would like to get your help in having the Minister answer the questions that have been put to him.

Mr Speaker: Minister, please, come nearer to the reply to the question.

Dr. Jagutpal: Yes, Mr Speaker, Sir. Travellers found to be positive at the airport are quarantined. Another PCR test is carried out on day 10. If test is still positive...

Mr X. L. Duval: Again, Mr Speaker, Sir, he is not listening to your ruling. You told him to come to the point. The point is how many Omicron variants have been discovered in Mauritius. That is the point! You have asked him to come to the point.

Mr Speaker: So, please!

Dr. Jagutpal: If the test is still positive, passengers will be tested every 3 days. Persons identified through contact tracing with regard to passengers from South Africa are placed in quarantine centre for 7 days...

(Interruptions)

Mr X. L. Duval: Mr Speaker, Sir...

Dr. Jagutpal: ... followed by an additional 7 days in self-isolation...

(Interruptions)

Mr Speaker: So, you made your point of order.

Dr. Jagutpal: ...similar to the protocol in place.

(Interruptions)

Mr Speaker: Please! You made your point of order on two occasions, and this is the third time.

(Interruptions)

I have listened to you. I have already given my ruling...

Mr X. L. Duval: He is listening to your ruling!

Mr Speaker: ...and I have no other power.

Mr X. L. Duval: No other?

Mr Speaker: No other power.

Mr X. L. Duval: No power!

Mr Speaker: No power.

(Interruptions)

Please!

Dr. Jagutpal: Mr Speaker, Sir, with regard to part (a) of the question, I am informed that from 27 November 2021 till 09 December 2021, 23,380 passengers arrived in Mauritius. Out of these, 24 passengers have been tested PCR positive. As per established protocol, sequencing test on two passengers who arrived on 27 November 2021 from South Africa has been completed today. One of the passengers showed an S-gene target failure and on further sequencing was confirmed for Omicron variant, and the other was confirmed for Delta variant. The sequencing results for nine other passengers from South Africa (7), Congo (1) and Nigeria (1) who have shown S-gene target failure are awaited.

I wish to inform the House that a local case of Omicron variant linked to the passenger detected positive for Omicron has also been confirmed. Both patients detected with Omicron were fully vaccinated, have been asymptomatic during the quarantine period, have undergone exit PCR tests and have been discharged.

Sequencing is a process by which the genetic constitution of an organism is determined. The turnaround time depends on the types of platforms used, manpower and the number of tests being run.

At the Central Health Laboratory, two platforms are being used, namely the Ion Torrent S5 Gene Studio and the Nanopore Technology. Based on the logistics available currently, we can process from 8 to 32 samples on the Ion Torrent with a turnaround time of 7-14 days. For Nanopore platform, maximum number of samples that can be run at one time varies from 48 to 92 and turnaround time is 10-14 days.

When RT PCR tests are done for diagnosis of SARS-CoV-2, most assays target different genes such as N, E, Rd, Rp, ORF, etc.

Assays used by Central Health Laboratory target N and E gene. The S gene of SARS-CoV-2 encodes for S-protein of the virus. Most mutations occur in this region and in case of Omicron, 32 mutations have been detected on spike protein region. S-gene target failure or S-gene dropout is a proxy indicator for Omicron variant.

Central Health Laboratory has started screening all RT PCR positive samples for S-Gene as from 29 November 2021 and patients showing S-Gene target failure are then subjected to sequencing. I hope that the House will appreciate the hard work being undertaken by the staff of the Central Health Laboratory though I must admit that, up to now, this colossal hard work has not been given due recognition.

Mr Speaker, Sir, I wish to convey my condolences to the family of late Mr Harris Ramuth, Clinical Scientist at the Central Health Laboratory who, unfortunately, passed away last Sunday due to COVID-19.

Mr Speaker, Sir, with regard to part (b) of the question, I wish to inform the House that my Ministry has initiated necessary action to ensure the availability of all new introduced COVID-19 drugs available on the international market. Remdesivir and Fabipiravir were being initially used for the treatment of COVID-19 patients and are now being complemented by Molnupiravir capsules. Dexamethasone and Tocilizumab are also being administered to

COVID-19 patients who are in need of oxygen. I wish to inform the House that Molnupiravir is the first drug having a significant impact on the reduction of hospitalisation and death of COVID-19 patients by 30%.

Mr Speaker, Sir, I am informed that Ronapreve is a drug which has recently been developed by F. Hoffman-La Roche Ltd, commonly known as Roche, and is still under licence by the manufacturer. The WHO has recommended the use of Ronapreve in COVID-19 patients in specific conditions. Mauritius is one of the first countries to have also approved Ronapreve under Emergency Utilisation Authorisation by the Pharmacy Board.

Ronapreve has been approved for use in the European Union, Japan and in the United Kingdom, and is authorised for emergency or temporary pandemic use in more than 50 countries, including the United States and Canada.

The Manufacturer has a system in place globally as part of its commitment and partnership with WHO Anatomical Therapeutic Chemical classification system (WHO/ATC-A) to support worldwide equitable access to Ronapreve.

The pricing of Ronapreve is based on an international pricing guidance in accordance with the World Bank classification of a particular country.

Mr Speaker, Sir, as part of the various measures being implemented to deal with the COVID-19 pandemic, the Trade and Therapeutic Committee of my Ministry recommended the emergency use of the pharmaceutical product Ronapreve for the treatment of COVID-19 positive patients. Subsequently, the recommendation was approved by the Pharmacy Board, which is mandated under the Pharmacy Act 1983 to, *inter alia*, exercise control over the manufacture, importation, distribution, sale and possession of any drug, poison, dangerous drug and psychotropic substance.

Mr Speaker, Sir, the product specialist for Roche for Mauritius and Seychelles informed my Ministry that as part of its policy to ensure equitable access ...

Mr X. L. Duval: May I remind you, Sir, and the Minister that the question relates to the present stock of these two drugs. Now, we are nearly 20 minutes into the PNQ.

Mr Speaker: No, 15 minutes!

Mr X. L. Duval: 15 minutes into the PNQ and we have not got a word yet on two simple questions that I asked.

Mr Speaker: So, if you want my help, again, I will tell the Minister to come nearer to the answer, and my power is here; finished! Please!

Dr. Jagutpal: So, access to this drug and to curb any counterfeit production, Roche will deal only with Governments for the supply of this medicine for use in both public and private health institutions.

Mr Speaker, Sir, I believe these are important information that I have to inform the House.

The Technical Committee on Procurement of Pharmaceutical Products discussed on the quantity of Ronapreve to be procured.

It was highlighted that this drug is recommended in view of the following –

- (a) it can be administered to children of 12 years and above;
- (b) it is broad based and has no restriction except for pregnant women on whom clinical trial has not yet been effected, and
- (c) its administration will reduce the severity of the disease, thus saving on hospitalisation, oxygen support, bed occupancy, clinical care and costs of other drugs.

The Technical Committee agreed that the estimated quantity required for the Public Sector stands at 3,000 doses.

My Ministry also had consultations with the representative of the Private Health Institutions and they estimated their requirement for Ronapreve at 150 doses.

Accordingly, my Ministry entered into a Purchase Agreement and Non-Disclosure Agreement with Roche on 01 December 2021 for the supply of 1,575 packs (equivalent to 3,150 doses) of Ronapreve to cater for both Public Health Institutions as well as the Private Clinics.

A first consignment of around 500 doses is expected to be delivered before the end of this year.

Mr Speaker, Sir, with regard to Molnupiravir capsules, following a correspondence dated 25 October 2021 from Dr. Reddy's Manufacturing Company, to the effect that it had been granted the licence by MERCK to manufacture Molnupiravir, a first order of 1,200,000 capsules (for treatment of 30,000 patients) was made to the company. We were informed that the expected time of delivery was 2nd to 3rd week of December 2021. However, a request has been made with the supplier to expedite delivery and the consignment is expected today.

In anticipation of a probable increase in COVID-19 patients, as from 24 November 2021 my Ministry sought quotations for the immediate supply of 800,000 capsules for 20,000 patients from all 5 Registered Suppliers in India, namely Hetero, Sun Pharma, CIPLA, Dr. Reddy's and EMCURE, having the license to produce generic Molnupiravir by MERCK.

Consequently, new orders were placed and, on 07 December 2021, my Ministry received a consignment of 1 million Molnupiravir capsules from CPN Distributors Ltd in Mauritius. Another consignment of 800,000 capsules from *Pharmacie* Seegobin Ltd is awaited by 15 December 2021.

Mr Speaker, Sir, I wish to inform the House of a Pharmaceutical Product to be introduced soon by Pfizer. On 15 November 2021, my Ministry was informed by representatives of Pfizer of a new antiviral drug.

In this respect, they proposed to schedule a briefing session in relation to this new drug and requested that a Confidential Disclosure Agreement be signed prior to the meeting.

Mr Speaker, Sir, I thank the Leader of the Opposition for, again, giving me the opportunity to once again inform the House and the population of the proactiveness of my Ministry in taking measures to cope with this unprecedented pandemic.

In addition to ensuring a constant supply of vaccines, medicines and oxygen, dedicated equipment and reagents needed to carry out sequencing have been procured.

The sequencing of PCR samples have been performed as early as May 2021 by Laboratory staff of my Ministry who were expressly trained in carrying out same.

Mr Speaker, Sir, our fellow countrymen and partners with whom we joined hands to take our country out of the '*rouge écarlate*' list established by France only 2 days' back bears yet another testimony of the hard work and efforts of one and all, including the private sector, under the leadership of the hon. Prime Minister.

We, on this side of the House, we endeavour to continue to strive hard to uphold the health and wellness of the citizens.

We will remain focused on our mission and duty in spite of the relentless demagoguery, and uphold the reputation and dignity of our Motherland.

Thank you, Mr Speaker, Sir.

Mr X. L. Duval: Mr Speaker, Sir, I hope you will give me the usual 15 minutes.

Mr Speaker: Of course, you know my heart!

Mr X. L. Duval: Thank you. Now, I will go directly to the purchase of Molnupiravir because believe it or not, the Minister has not given the information to the House. I start, though, by giving my sincere condolences to all the bereaved families.

Mr Speaker, Sir, on 06 December, following a restricted bidding - and I will table the letter of award - the Ministry of Health buys 800,000 pills of Molnupiravir for Rs9.30, coming to Rs7 m. On the next day, Mr Speaker, Sir, the Ministry receives an unsolicited bid offer from a new company called CPN Distributors Ltd for one million, nearly, Molnupiravir tablets; the same. This time, Mr Speaker, Sir, instead of Rs9.30, the price is Rs79.90. Rs70 more ...

(Interruptions)

... for one million tablets, Mr Speaker, Sir! Multiply! Rs70 m. straight in the pocket! Mr Speaker, Sir, unsolicited bid, on the same day, the Ministry acknowledges and accepts that offer from CPN Distributors Ltd. I want to ask the hon. Minister why, within 24 hours, he buys substantial –

- (i) under restricted bidding, which we accept, for Rs9, and
- (ii) under direct procurement for Rs70 more per pill for 1 million pills?

That is my question.

Dr. Jagutpal: Mr Speaker, Sir, with regard to the number of medication that has been supplied to the Ministry, we should also look at the time. Mr Speaker, Sir, is it that we should wait for the medication to be received in Mauritius ...

(Interruptions)

Mr Speaker: Order!

Dr. Jagutpal: ... at a later time, when we know ...

Mr Speaker: Let the Minister reply!

Dr. Jagutpal: ... that there are so many persons being tested positive? Mr Speaker, Sir, if this medication would not have been made available to the Mauritian patients, to the public, the Leader of the Opposition would have come with the question, telling me: ‘Since this medication has already been made available in Mauritius, there are companies which are supplying the medication, why has the Ministry not procured the medication immediately, knowing that the number of deaths are increasing?’ There is no answer for ...

(Interruptions)

Mr Speaker: Order!

Mr Mohamed: Resign!

Mr Speaker: Order! What ‘resign’?

Mr Mohamed: Not you!

Mr Speaker: Not you!

Mr Mohamed: Not me, no!

Mr Speaker: Yes, nobody else!

Mr Mohamed: Okay, thank you.

Mr Speaker: Quiet! You don’t have the floor!

Mr Mohamed: Not yet.

Mr Speaker: Please continue!

Dr. Jagutpal: The same has happened for the other drug called Tocilizumab. Mr Speaker, Sir, at this point, be it for vaccines, be it for medication, be it for this medication also, it is a question of availability in a timely manner. Now, the Leader of Opposition’s question is also Omicron. It is of an Omicron nature because he sees everything negative in whatever we are doing. This medication...

(Interruptions)

Mr Speaker: You are interrupting the proceedings of the House. This is the last warning! Continue!

Mr Mohamed: Am I? I do apologise, Sir. I apologise.

Mr Speaker: You apologise?

Mr Mohamed: Yes.

Mr Speaker: Thank you.

Dr. Jagutpal: Mr Speaker, Sir, can you imagine if those companies which have already given their approval that they will supply the Ministry do not supply the Ministry on time, what he would have said? That we have not purchased the medication and we are not providing the medication to the patients. He has been using the same argument for the vaccine.

(Interruptions)

Dr. Jagutpal: Mr Speaker, Sir, it is the same argument because...

Mr Speaker: Just wait! I will give my ruling and it should be final. If you are asking for a point of order, the permission of the House, through the Speaker, you should say: “Mr Speaker, Sir, on a point of order.” Okay? Not Mr Speaker! Mr Speaker! Mr Speaker!

(Interruptions)

Continue!

Dr. Jagutpal: Mr Speaker, Sir, does he know how much we are paying for the sequencing tests? If ever the sequencing tests...

(Interruptions)

Mr Speaker, Sir, it's hard to hear.

(Interruptions)

Mr Speaker: You don't have the floor!

Dr. Jagutpal: It's hard to hear because all the...

(Interruptions)

An hon. Member: You have the floor!

Mr Speaker: Of course! This is the first time I hear something interesting from you! I have the floor; you don't have the floor!

Please!

Dr. Jagutpal: Mr Speaker, Sir, it is the same argument. Be it for the vaccines, be it for the procurement of the PCR tests, be it for the procurement of the reagents, it is the same argument. At one time...

(Interruptions)

Mr Speaker, Sir, at one time...

Mr Speaker: Please, wait! Apologise for that!

Mr X. L. Duval: My mouth moved?

Mr Speaker: Yes!

Mr X. L. Duval: You saw?

Mr Speaker: Yes!

Mr X. L. Duval: I apologise for that.

Mr Speaker: Yes!

(Interruptions)

Mr Speaker: Forget about me! You have no floor!

Mr X. L. Duval: I apologise to you, Mr Speaker, Sir.

Mr Speaker: Hon. Bérenger, don't talk to me!

Mr X. L. Duval: It's done.

(Interruptions)

Mr Speaker: *Asize twa!*

Mr X. L. Duval: It's done. I apologise.

(Interruptions)

Mr Speaker: Yes! Yes!

Mr X. L. Duval: I apologise; third time.

Mr Speaker: I am telling you, on two occasions, I saw you say '*to pas honte?*' So, I am telling you the words. You withdraw the words.

Mr X. L. Duval: I am telling you that I apologised three times already.

Mr Speaker: Ah, thank you!

Mr X. L. Duval: My God!

Mr Speaker: Ah!

Mr Bérenger: *Met serye do!*

Mr Speaker: Don't do that again with me!

(Interruptions)

I am ordering you out! I am ordering you out!

Mr Bérenger: Shame on you!

Mr Speaker: I am ordering you out!

(Interruptions)

An hon. Member: *Dehors!*

(Interruptions)

Mr Bérenger: *Pren lord ar...*

Mr Speaker: Out! I am ordering you out!

Mr Bérenger: *Imbécile! Bachara!*

(Interruptions)

Mr Speaker: I am naming you!

Mr Bérenger: Name me!

Mr Speaker: Yes, I am naming you. Sergeant at arms!

(Interruptions)

You continue with your reply.

Dr. Jagutpal: Mr Speaker, Sir, I will just complete my reply by saying: on the basis of immediate delivery, for lifesaving reasons, we have procured this medication and this medication is to save life. That is all I have to say. We have to remind the House that what the Leader of Opposition is saying is that we should not have given this medication in a timely manner. *C'est tout.*

Mr X. L. Duval: Mr Speaker, Sir, I will refer now to the Public Procurement (Agreement on Government Procurement) (Amendment) Regulations 2021, which was just approved by Cabinet a few weeks ago, and this is what it says for direct procurement, Section 5(c): that, in the following order of hierarchy, this is what the Minister should have done -

“Firstly extend or modify an ongoing contract.”

There was an ongoing contract for Rs9 from Mauritius Pharmacy for this product. He did not do so, Mr Speaker, Sir. Instead, he went to the last in the order of hierarchy and bought direct award due to extreme urgency. So, he flouted completely and illegally.

Mr Speaker: Put your question! Ask him the question!

Mr X.L. Duval: I am going to ask, Mr Speaker, Sir.

Mr Speaker: Please!

Mr X. L. Duval: But I have to quote from this.

Mr Speaker: I am worried about the time. You have so many...

Mr X. L. Duval: You do what you want about the time. I am going to tell you now, Mr Speaker, Sir, that Section 5(3) (c) also says that only suppliers should have a track record. And this is a brand new company which just recently received its wholesale licence. So, how is it, why is it that he himself, his SCE, his Ministry have completely flouted their own regulations which he himself approved in Cabinet two or three weeks ago?

Dr. Jagutpal: Mr Speaker, Sir, for all the irregularities that the Leader of the Opposition is pointing out, he has to go to the authorities...

(Interruptions)

I am inviting him. Mr Speaker Sir, whatever he said, based on Procurement Act and all, he has to go to the authorities. He did the same in the past. He has to go and tell them that this has been irregular. Please, I am inviting you. You have to do it. In fact, you are going to help me by doing this.

(Interruptions)

Mr Speaker: This is harassment!

Mr X. L. Duval: Mr Speaker, Sir,...

Mr Speaker: Wait! This is harassment. You don't have the right to do that again!

You finished?

Dr. Jagutpal: Yes, finished.

Mr X. L. Duval: Mr Speaker, Sir, I am going to ask the hon. Minister; given that the day before, he had awarded for 800,000 at Rs9, why, the next day, 24 hours later, he did not contact the same Mauritius Pharmacy to ask them to supply at Rs9 or Rs11 instead of Rs70 more? Why did he not contact Mauritius Pharmacy the next day or any of the other suppliers? Because the price that has been quoted by CPN - and we know who CPN is; we know who CPN distributors are. Now, these people...

(Interruptions)

Mr Speaker: Hon. Juman!

Mr X. L. Duval: I will submit the bidding, Mr Speaker, Sir. The price that he has paid is far higher than any of the 5 bids that were received. So, why did none of these companies get to supply the one million?

Mr Speaker: Okay, you made your point. Please!

Dr. Jagutpal: Mr Speaker, Sir, he should have listened to my reply properly. The different companies which have been awarded the medication to be supplied to the Ministry, I have already stated it in my reply and at the same time, it was a question of time. The other companies have not been able to supply it immediately. It is, I think, this company only which has given its approval. The award of 800,000 could not be supplied earlier. Those companies have already informed the Ministry and we did not want to delay supply. So, that is why this company has been given the award.

Mr X. L. Duval: Mr Speaker, Sir, I will inform the House that, tomorrow, you can go to any pharmacy and buy this pill at Rs50. So, he has just bought it at Rs79. Now, I ask the Minister this question: who gives the permit to buy Molnupiravir except his Ministry itself? So, no other supplier in Mauritius was given a permit to import sufficient amounts. It is only CPN, a new company of Montagne Longue, which happened to have one million in stock, very proudly announced, I think, by the Prime Minister, a few days ago.

Mr Speaker: The question is clear.

Dr. Jagutpal: Mr Speaker, Sir, I have to remind the House that the Mauritius Pharmacy will supply only by 15 December. So, the drug has not been supplied yet in Mauritius whereas CPN has already supplied the drug, which is already being used to save patients' lives.

Mr X. L. Duval: As I mentioned, Mr Speaker, Sir, they were the only people allowed to import the drugs in such quantity, and he will have to answer why nobody else was allowed to import. And by luck, the next day - how can he explain this - he received an unsolicited bid after just having bought 800,000 which is coming. And I mentioned, Mr Speaker, Sir, that, tomorrow - this drug is widely on sale.

Mr Speaker: No. Put question. You have the time to put questions and you are giving statement and statement. You are the loser!

Mr X. L. Duval: I am?

Mr Speaker: Put question!

Mr X. L. Duval: Well, maybe we will lose together. The whole of Mauritius will lose together. We are going to lose at least Rs70 m. in this transaction, Mr Speaker, Sir. And this smells bad, Mr Speaker, Sir. This stinks from here to Emmanuel Anquetil Building. So, I am going to ask the hon. Minister why only CPN got the permission to import 1 million whereas other reputable companies had their imports severely curtailed?

Dr. Jagutpal: Mr Speaker, Sir, I will again refer to my reply, that on 24 November, my Ministry sought quotations for immediate supply of these medications from all five registered suppliers in India. The order was placed.

Mr Speaker, Sir, for all companies that have been approached, the Ministry has given them authorisation. The authorisation was given to all the companies.

Mr X. L. Duval: No, that is not true!

Mr Speaker: Wait for the reply!

Dr. Jagutpal: Mr Speaker, Sir, all companies have been given the authorisation. Again, I repeat it. So, all these companies have been given the authorisation to import the drugs.

Mr X. L. Duval: Mr Speaker, Sir, I will ask the Minister to table the authorisation given and the quantities because they are for quantities and he should not play around with the quantities.

Mr Speaker: Sure! Last question!

Mr X. L. Duval: Last question already?

Mr Speaker: Yes, sure! Five minutes gone...

Mr X. L. Duval: Only?

Mr Speaker: I told you; use your time for questions!

Mr X. L. Duval: Mr Speaker, Sir, yesterday was the International Day for Anti-Corruption. I want to ask the Minister if he has taken note of this poster which says '*zordi koripsion, demin prizon.*' I will ask the hon. Minister, and through him to the Prime Minister, to grant a Select Committee of MPs to look at the whole dirty process of procurement by the Ministry of Health and Wellness and Government since last year, where billions of rupees of public funds have been siphoned off!

Mr Speaker: No, you have already talked! No! You are going outside your time. You asked for a Select Committee; this is a question. I order that. But if there is any reply, you give your reply.

Dr. Jagutpal: Mr Speaker, Sir, firstly, I will give my reply. Whatever allegations he is making now, he should go outside and make his allegations, be it to the Police, be it to ICAC. Do it in transparency so that a proper investigation will be done. I am inviting him! I wish to know! What he has done, last year, same was done. I am also expecting to know what is happening. I will be proud to know what is happening.

Secondly, the National Audit Office and Public Accounts Committee are there for that.

(Interruptions)

Mr Speaker: Wait!

Dr. Jagutpal: He was the Chairperson of the Public Accounts Committee. He had ample time to ask all questions and whatever procurement was being done at the Ministry. It is the same lecture that the Leader of the Opposition is trying to deliver.

Mr Speaker, Sir, the Public Accounts Committee is there to have all the answers. Whatever you wish to ask me through PQs, PNQs, I am ready to table and to give the answers. Even the documents that you asked to table, I will table it shortly.

Mr Speaker: Time over by seven minutes!

MOTION

SUSPENSION OF S. O. 10(2)

The Prime Minister: Mr Speaker, Sir, I beg to move that all the business on today's Order Paper be exempted from the provisions of paragraph (2) of Standing Order 10.

Mr Seeruttun seconded.

Question put and agreed to.

Second Reading

THE VIRTUAL ASSET AND INITIAL TOKEN OFFERING SERVICES BILL

(No. XXI of 2021)

Order for Second Reading read.

(3.40 p.m.)

The Minister of Financial Services and Good Governance (Mr M. Seeruttun): Mr Speaker, Sir, I beg to move that the Virtual Asset and Initial Token Offering Services Bill (No. XXI of 2021) be read a second time.

Mr Speaker, Sir, in my statement to this august Assembly on 26 October 2021, I informed the House that I would be shortly introducing a new Bill that would address the technical deficiencies identified by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) with regard to the new standards set by the Financial Action Task Force (FATF) for Recommendation 15 which concerns New Technologies.

I am today introducing this new Bill which makes provisions for, *inter-alia*, managing, mitigating and preventing money laundering and financing of terrorism and proliferation risk associated with the Virtual Asset and Initial Token Offering Services.

Mr Speaker, Sir, at the very outset, I wish to inform the House that Mauritius is amongst the first countries in the Eastern and Southern African Region which is in the process of adopting a comprehensive legislation on Virtual Asset and Initial Token Offering Services.

Mr Speaker, Sir, over the past years, FinTech activities in particularly virtual asset activities have grown exponentially. As at November 2021, the crypto currency global market sold to an all-time high reaching market cap of USD 3 trillion. This upward trend will continue with the increasing adoption of virtual assets and ongoing technological developments.

With these numerous underlying growth opportunities, Mauritius is keen to harness the benefits of the new and developing business activities of virtual assets and initial token offerings and to become a regional FinTech Hub for Africa.

In this context, a range of new initiatives which are aimed to propel the Fintech sector in Mauritius, were announced in our national Budget for financial year 2021-2022.

Mr Speaker, Sir, the virtual assets are, however, a double-edged sword. Despite virtual asset transactions being faster and more efficient, it has also fueled illegalities such as money laundering and terrorism financing.

Hence, a new regulatory framework has become necessary, not only to tap and benefit from future growth in this industry, but also to protect the rights of our citizens dealing in virtual assets and virtual tokens so as to safeguard their interest against the risk of money laundering and terrorism financing.

Mr Speaker, Sir, in addition, our AML/CFT framework had to be upgraded to be in line with the revised international standards to curb the risk of money laundering with new technologies.

In October 2018, the FATF revised its standards to include an amendment to the FATF recommendations and glossary to clarify to which businesses and activities the FATF requirements apply in the case of virtual assets.

The adopted amendments to the FATF standards were to respond to the increasing use of virtual assets for money laundering and terrorist financing and at the request of the G20 Ministers Meeting.

Exchanges and wallet providers are required to implement AML/CFT controls and to be licensed or registered and supervised or monitored by national authorities.

In October 2019, revisions were made to the FATF methodology for assessing technical compliance with FATF recommendations and the effectiveness of AML/CFT systems.

In this respect, Recommendation 15 and Immediate Outcomes 1 to 4 and 6 to 11 were revised to reflect amendments to the FATF standards incorporating virtual assets and virtual asset service providers.

It is to be recalled that Mauritius was re-rated as ‘Compliant’ with Recommendation 15 in September 2019 as Mauritius had addressed all the deficiencies identified against Recommendation 15 in its Mutual Evaluation Report.

However, the ESAAMLG has, during its Plenary meeting held in November 2020, downgraded Mauritius from a ‘Compliant’ rating to a ‘Partially Compliant’ rating following the new requirements of this Recommendation which were adopted by the FATF.

The shortcomings identified in our legal system were as follows –

1. There was an absence of a legal framework to regulate and supervise Virtual Asset Service Providers (VASPs) for AML/CFT purposes;
2. Mauritius did not identify and assess Money Laundering/Terrorist Financing risks arising from business activities that were associated to virtual asset and virtual asset service providers respectively, and
3. Virtual Asset Service Providers were not appropriately licensed or registered by any relevant competent authority.

Mr Speaker, Sir, to address these shortcomings and also, given the highly complex nature of these business activities, my Ministry immediately approached the World Bank for technical assistance to carry out a risk assessment for Virtual Assets and Virtual Asset Service Providers and provide its support on the formulation of an enabling regulatory framework that would meet the Standards, as set forth in FATF Recommendation 15. In addition, the ESAAMLG Secretariat has extended its support in reviewing the provision of this Bill.

Mr Speaker, Sir, I would like to stress on the fact that both the World Bank and ESAAMLG Secretariat have been voluntarily assisting Mauritius in this endeavour.

Mr Speaker, Sir, before going into the detailed provisions of the Bill, I would like to elaborate on the process adopted in the development of this new piece of legislation.

In January 2021, a Risk Assessment on Virtual Assets and Virtual Asset Service Providers was launched. This exercise was the first of its kind ever carried out in Mauritius. This assessment has enabled us to identify, assess and understand the money laundering and terrorist financing risks faced by Mauritius in the context of Virtual Asset. The exercise was carried out

using the National Money Laundering and Terrorist Financing Risk Assessment tool developed and provided by the World Bank.

In line with the World Bank model which covers both the threat and vulnerability aspects of our virtual assets eco-system, my Ministry established a Risk Assessment Working Group composed of all AML/CFT related stakeholders in Mauritius including the Bank of Mauritius, the Financial Services Commission, the Attorney General's Office and the Office of the Director of Public Prosecutions. Furthermore, the Private sector institutions were also invited to participate in this exercise.

Mr Speaker, Sir, the Risk Assessment has effectively enabled us to identify the gaps in our Country's virtual asset ecosystem. Accordingly, the Risk Assessment Working Group with the assistance of the World Bank, have formulated a comprehensive Action Plan with the objective of ensuring that the identified risks are properly addressed, monitored and mitigated from a short, medium and long-term perspective.

Subsequently, the findings of the Risk Assessment exercise were used for drafting of this legislation with the assistance again of the World Bank.

The feedback of ESAAMLG Secretariat was also equally sought prior to the finalisation of the Bill, in order to ensure that its provisions were adequately meeting the requirements of FATF Recommendation 15. This was deemed as essential, especially in view of the application that Mauritius will submit for an eventual upgrading of its compliance rating.

Mr Speaker, Sir, the Bill, which I am presenting today, will address the shortcomings in our virtual asset ecosystem. It provides a comprehensive legislative framework that is aligned with international standards and best practices, for the benefits of prospective virtual asset service providers and issuers of initial token offerings to organise their business activities in or from Mauritius.

The Bill will, *inter alia*, address several fundamental aspects, such as, the technical requirements, governance structures, risk management and disclosure of information for virtual asset service providers. The Bill further provides for timely, accurate and transparent disclosures by issuers of initial token offerings.

Mr Speaker, Sir, I would also like to inform the House that consultations were held with industry stakeholders on the proposals contained in the draft Bill. The inputs provided by the industry stakeholders have been duly considered and incorporated in the draft Bill, where appropriate.

Let me now, Mr Speaker, Sir, elaborate on the key features of the Bill. Clause 3 of the Bill provides that all virtual asset service providers and issuers of initial token offerings, while carrying out their business activities in or from Mauritius shall abide to the provisions of the Bill. The Financial Services Commission (FSC) is, in this connection, being empowered by the Bill to regulate and supervise Virtual Asset Service providers and issuers of initial token offerings.

Clause 6, in fact, elaborates on the Functions and Powers of the FSC to, amongst others, licence virtual asset service providers, register issuers of initial token offerings, monitor and oversee the business activities of virtual asset service providers and issuers of initial token offerings.

Mr Speaker, Sir, Clauses 7 to 22 of the Bill specifically address the regulatory requirements for virtual asset service providers. Accordingly, Clauses 7 and 8 of the Bill provide that the business activities of virtual asset service providers shall be carried out only by “companies” which hold a virtual asset service provider licence issued by the FSC. It further provides for instances whereby a bank or its subsidiary may apply for a VASP licence, subject to the written approval from the Central Bank. Any person contravening these provisions of the Bill, will, on conviction, be liable to a maximum fine of Rs5 m. and a term of imprisonment not exceeding 10 years. Furthermore, all the virtual asset service providers will be required to have a physical office in Mauritius and ensure that their business activities are directed and managed from Mauritius.

Under this Bill, the FSC will have the obligation to publish on its website a Register of Virtual Asset Service Providers which must, *inter alia*, provide information about their names and addresses, as well as the issuance dates of their licences.

Appointment of officers by virtual asset service providers shall be effected with the prior approval of the FSC. The latter also has the power to terminate the appointment of any officer, if he/she is not assessed to be fit and proper anymore for a particular position.

With regard to the transfer of virtual assets, on which I would now like to stress, the originating virtual asset service provider shall be required to obtain and hold accurate information on the virtual assets being transferred including information on the beneficial owner. Such information shall be immediately and securely submitted to the beneficiary of virtual asset service provider upon any transaction. Such information shall also be made available to the FSC and other competent authorities upon request. Such information shall also be available to the FSC and other competent authorities upon request. A risk-based approach should be adopted to determine whether the required information is complete and whether to execute, reject or suspend the transfer of virtual assets.

Mr Speaker, Sir, this provision on the transfer of virtual assets is commonly referred as crypto travel rule. The House may wish to note that Mauritius is amongst the few countries in the world which have adopted a 'Stringent Travel Rule Requirements' in its legislation on virtual assets.

Mr Speaker, Sir, the Bill also provides for similar provisions to an Issuer of Initial Token Offerings which are elaborated in clauses 23 to 31.

In addition, the Bill makes provision for an Issuer of Initial Token Offerings to publish a white paper providing accurate disclosure of information that would allow its potential investors to make an informed decision. The Bill also contains some specific protection clauses (namely clauses 32 and 33) which, *inter alia*, provide that the purchaser of a virtual token is allowed to withdraw his purchase within 72 hours after the date of the purchase agreement.

Mr Speaker, Sir, now, let me focus on Parts V and VI of the Bill which are related to Professional Conduct, Exchange of Information and Inspection.

Virtual asset service providers and issuers of initial token offerings are, by virtue of the Bill, required to carry out business activities with honesty, fairness and due diligence as well as ensuring that appropriate measures are taken to safeguard the client's assets and money. They are further required to maintain the confidentiality of information of clients unless otherwise required by legislations.

Part VI of the Bill specifically empowers the FSC to carry out onsite inspection into the business activities of the virtual asset service providers and issuers of initial token offerings to

ascertain whether they are complying with the legislation and the conditions of their licence or registration.

Part VI also empowers the FSC to exchange with a supervisory body or any other public sector agency any information relevant to the enforcement of this Bill and for the purpose of discharging its functions.

Furthermore, in order to preserve the integrity of the financial system and to protect the interest of the clients of virtual assets or tokens, Part VII empowers the FSC to suspend the licence of a Virtual Asset Service Provider and revoke the registration of an issuer of initial token offering. The Bill also provides for the FSC to make such FSC Rules and for my Ministry to make such provision to supplement the provisions of this Bill.

Mr Speaker, Sir, the last part of the Bill provides for –

- (i) the transitional provisions for a person who is already carrying out the business activities of a virtual asset service provider or is an issuer of initial token offerings to make an application for a licence or registration not later than 3 months after the commencement of this legislation, and
- (ii) the commencement of the Bill to be fixed by Proclamation. However, different dates may be fixed for the coming into operation of different sections of this Bill.

Mr Speaker, Sir, let me conclude my intervention by reiterating that this Bill will further strengthen the fintech eco-system in Mauritius as well as consolidate the image of Mauritius as a thriving international financial centre of repute.

Mr Speaker, Sir, with these remarks, I commend the Bill to the House.

Mr Gobin seconded.

(4.02 p.m.)

Dr A. Boolell (First Member for Belle Rose & Quatre Bornes): Mr Speaker, Sir, I do not intend to pick a quarrel with the Minister over the Virtual Asset and Initial Token Offerings Service Bill. I know the Minister has been clear, and he has highlighted in very succinct terms that there was discussion with all stakeholders and that this Bill has been prepared with the assistance of the World Bank and the ESAAMLG Secretariat. But like any piece of legislation,

there is always room for increasing future learning, sophistication and institutional building in regulation. I think there is a rallying call to go for smart legislation, and to a large extent this Bill is smart.

Now, some may argue that it is an early harvest. As for the bumper crop, time will tell. But what the Bill ushers, and you know, we won't sense it at the beginning, but it ushers in a new financial ecosystem that will empower users, eventually, over bank CEO. It is an opportunity for an individual to own a piece of a network.

Mr Speaker, Sir, cryptocurrencies are booming in values and the Minister, as he has rightly pointed out, the country as a clean or seemingly – of course, there is always room for improvement; the country has no choice but to comply with international standards set by the Financial Action Task Force. For us, it is a question of adapt or perish, and it should not, under any circumstance, be a pathway for money-laundering and financing of terrorism. We have to strive towards zero tolerance and nothing less; otherwise, it is our reputation which will suffer a setback.

Mr Speaker, Sir, why is there a sudden boom in cryptocurrencies? And the Central Bank certainly has the answers. They have been holding too much liquidity as a consequence of the global financial crisis. One of the outcomes, of course, is inflation, and inflation being an uncalled tax, as a result of which people will go elsewhere and seek elsewhere. They will invest in gold, in commodities, real assets, etc. Now, they are looking at cryptocurrency. And it is coming in a big way and it is bound to be part of a collective financing called decentralised financing or DeFi. In the early 2020s, its transaction was worth 116 billion and boomed to 2.5 trillion in the second quarter of 2021. So, it is an opportunity which is knocking, subject, of course, that the merits far outdo the demerits and we strive to ensure that there will be no demerits.

Now, there is, as I have said, room for virtual asset, but it has to be regulated and the provision of legislations certainly go a long way to provide the regulatory framework. But we all know that cryptocurrency, as of now, is not backed by any sovereign and, therefore, hence, the provisions of the legislation, and there is also uncertainty and no firm promise to cash, as found in sovereign notes. The original bitcoin had, of course, a different narrative. It was limited in

supply, but innovation has created a variety of cryptocurrencies with different attributes and functions.

Mr Speaker, Sir, the problem is that virtual assets, be it bitcoin, Ethereum or any other alternative coin are traded globally and across borders. Let me give you an example. You have an account, Mr Speaker, Sir, with Bitstamp where you buy your own crypto and also an exchange called Newton. You then stake your crypto at Celsius which is somewhere else. A QR code is provided and you can move your money around, use different services based on your investment needs from anywhere. But the question that begs an answer: how will Mauritius ever be able to regulate complex cross-border transaction which transcends Mauritian laws? Virtual service producers like exchange or the big ones in the USA, UK, etc. Mr Speaker, Sir, you can get access to a crypto advisor from abroad and pay him and he has an obligation to be licenced here.

Now, let me look at issues which have to be addressed. Exchange – I am sure the Minister, at a later stage, will expand on this issue –, volatility and governance. Why is cryptocurrency so volatile? No one is responsible for stabilisation of value as of now, which reminds me of an article which was written by a member of the Committee of the Reserve Bank of India on the issue of having a cup of tea being paid with crypto and by the time, Mr Speaker, Sir, you empty your cup, the cost of the value could change drastically because it is not a unit of account.

Mr Speaker, Sir, cryptocurrency as of now, as the Minister has stated, is an asset of uncertainty; the certainty will come with the provisions of the legislation and we have to make sure that it does not fall short of governance standard, which reminds me again of the Tulip Mania of the past characterised by rapid rise and rapid fall in price. Has time changed because of the digital world? I have stated earlier, yes, the merits far outweigh the demerits if the legislation is well encompassed, and I say legislation has to be smart.

We all know that the currency remains a non-fungible product, but, of course, opportunities are knocking and the circle has to be wider. But we have to draw the attention of ill-informed investors because they can be potential victims. The danger is for unsophisticated investors to lose their shirt, and this is why we should be clear about sophisticated and update the definition and ensure that all adverts have disclaimers about risks. A virtual service provider

offering investment advisory services will want to be domiciled, of course, in the least regulated jurisdiction, which Mauritius to a large extent is.

Mr Speaker, Sir, in the digital world, they could be even domiciled in what we call the metaverse or the virtual reality space in which users can interact with a computer-generated environment and other users.

Mr Speaker, Sir, Mauritius and the FSC should have the ability to enforce. You may come with the best legislation, then tension can be better, but if there is no enforcement, the whole purpose is defeated. Some logic, if you are operating, of course, in another country where Mauritian laws do not apply. The Bill talks about a service provider optionally, being someone that offers custody services which is essentially centralised finance while the whole point of crypto, I have stated earlier, is DeFi, that is, decentralised finance. I am not too sure what the whole deal is with custodial. I am sure, at a later stage, the Minister will highlight the relevance and importance of custodian because there is nothing wrong if you want to put your crypto with a custodian because a well-capitalised custodian gives us some security, but, at the end of the day, all these things are designed not to depend on custodians.

Mr Speaker, Sir, the way they treat a utility token is backwards. Right now trend, as I say, is towards metaverse, that is, virtual reality, when it comes to gaming. People live and work on the metaverse and play. This is an area where money can be made. Gaming is the future and a lot of platforms pay you with crypto. Hard to regulate gaming and no basis to do so since it is not an investment product. As of now, I have not seen any provision in the legislation in relation to this specific matter.

Mr Speaker, Sir, the Minister has said that the risk-based supervision on the service providers is the FSC. And FSC has broad shoulders; they have the competence, but they need to get the act together. To do so, they must not be subservient also to Government or to any pressure being borne upon them. It is time for FSC to stand on its own and to be seen and perceived to be an organisation which can deliver because the world is global and we are only a village or should I say a tiny hamlet in the global village. So, we have to deliver because these days, no one owes us a living; either we live up to expectations and to the provisions of the legislation or we let go.

Mr Speaker, Sir, let me say a few words on exchanges. Now, from information which has been related to me, we talk of Binance, Coinbase, Bitstamp, largest ones to buy and trade crypto. We doubt that they are coming to Mauritius, and I hope the Minister will tell us. And you have to attract those exchanges; you have to attract Binance, which is looking at Switzerland. Large exchanges want low regulation. Yes, but they want to be large jurisdiction or of repute because they are trying to show that they are top-tier. So, the Minister, together with the FSC has a prominent role to play. It is a question of lobbying and we have to make sure that everybody is onboard and sell a product which is attractive, but, above all, first and foremost, we need to have a clean, neat jurisdiction. Clean and neat but which can expedite matters because we have to stay ahead of the curve; otherwise, we will be laggards.

Mr Speaker, Sir, let me come to investment advisor. You can get them across borders and they can provide you the advice and you can trade your crypto, no problem. But a regulator can enforce anything on you because it is all ditched to one across jurisdiction and that money can move from A to B within split seconds.

Mr Speaker, Sir, everybody is keen to make a big win, but, at the same time, as the Minister has said, you have to make sure that nobody is trying to rinse, spin dry money. The rush to crypto gold will be largely due, as I said, to inflation and mismanagement of the economy. People do not like to take risks, more so when Government is not managing the economy properly, and investors will look for a safe haven. But, as I said, we have to tread cautiously, err on the principle of caution because it can be used for illicit financing if there is a vacuum in the legislation. Hence, the provisions for Anti-Money Laundering and Combating the Financing of Terrorism, and this is not by sheer coincidence.

Mr Speaker, Sir, since digitalisation is the future and offers a set of advantages like lower transaction costs, ease of cross-border transaction, therefore, it is obvious that Central Bank digital currencies need to offer these facilities, pre-empting lock-in of users into payment services and of large global players like Facebook. In India, there is a strong support for intelligent or smart regulation because technology is overriding and bans do not work. I am glad that the legislation takes good care of this and I expect that, as I say, enforcement matters more than anything else because according to experts, the legislation is well justified because it bans. When there is a ban and you do not create the enabling environment through provisions of

legislations in respect of specific clauses, what can happen, they can drive crypto into dark nets, increasing use in criminal activities.

Mr Speaker, Sir, legal players will protect the realm and help to track those who are misusing and breaking the law. So, that is why it is very important that there is a sensitisation campaign on the merits of the legislation, making sure that everybody is onboard because we have to close the net on those who are willing or will try to break the law. I think we have suffered enough setback; whether we were on the grey or black list, I think it is time that our reputation, which has been restored, we'll have to make sure that the reputation is here today and here to stay.

Mr Speaker, Sir, how to make things happen? I have stated earlier, exchanges must meet standards of governance, transparency and audit. Advertising must be responsible and the merits and risks have to be highlighted. Investors' awareness is important.

Let me conclude on a cautiously optimistic note. Time to ban crypto as a medium of exchange and regulate it as an asset; use tech base to make KYC relatively easy. Suspicious related transaction should not go unheeded. Macro-prudential relations could reduce volatility. It should not be difficult to tax capital gains as well as transaction.

Mr Speaker, Sir, crypto virtual asset and initial token offering should no longer have the attraction of Wild Wild West. But the freedom is coupled with risk. It will be a fair competitor to domestic currency and will encourage innovation and more stability in the currency. It will be indomitable in our fight against inflation. An eye-opener for Central Bank, the FSC has to enforce the provisions as we are under the constant gaze of Financial Action Task Force. I would advise all to view the Crypto Congressional Hearing to have an understanding of crypto in decentralisation financing.

Thank you very much. I welcome this legislation.

(4.19 p.m.)

The Minister of Industrial Development, SMEs and Cooperatives (Mr S. Bholah):
Mr Speaker, Sir, let me first congratulate my colleague, the Minister of Financial Services and Good Governance, as well as all the institutions which have been instrumental in getting the Mauritian jurisdiction out of the Financial Action Task Force (FATF)'s list of jurisdiction under

increased monitoring. Decision which was taken at the plenary session held from 19 to 21 October last.

This decision bears testimony to the battery of bold and effective policies and measures undertaken by the Mauritian authorities, in adherence with the highest international standards in circumventing Money Laundering and Combating the Financing of Terrorism matters.

It is encouraging to know that the European Commission will be reviewing available information from the FATF. And if confirmed, Mauritius will be delisted from the EU/AML list of high-risk third countries when a delegated act will be adopted.

It should be noted that Mauritius was listed as ‘Compliant’ or ‘Largely Complaint’ with 39 out of the 40 FATF Recommendations.

Now, in line with Government's vision of making Mauritius a modern international financial centre, it is of utmost importance to abide by the highest international standards and follow all best practices with regard to financial services.

Hence, Mr Speaker, Sir, the Virtual Asset and Initial Token Offerings Services Bill comes a long way to address FATF Recommendation 15. It provides the regulatory framework for virtual assets and virtual assets service providers to regulate this space, comply with the standards as well as create a new asset class for the business and investor community.

I shall now comment on the main aspects of this Bill. Mr Speaker, Sir, it is no secret that there has been a sea change in the plethora of financial products and services since the last financial crisis. But the last couple of years have been exceptionally moving with the advent of digital and virtual assets. For the purpose of this Bill, it is important to highlight that virtual assets englobe all digital representations of value that can be digitally traded, transferred or used as a means of payment. These would notably include Cryptocurrencies, Non-Fungible Tokens (NFTs), Asset-Backed Tokens and Blockchain technologies. To note, these have actually been trending terms for the current year and would amplify the importance of regulating the space.

To this end, the FATF has come up with an updated guidance for a “Risk Based Approach for Virtual Assets and Virtual Assets Service Providers” in October this year. It has thus provided for a level-playing field in the virtual assets space for adhering jurisdictions.

We have recently seen countries like Malta, Ukraine, Cayman Islands, Mongolia, Nicaragua, Grenada and Ireland moving to vote for similar legislations on Virtual Asset and Virtual Assets Service Providers (VASPs) in conjunction with the FATF's updated guidance. It is therefore satisfying to note that Mauritius is on the same wavelength, through this Bill, with the FATF's updated guidance on the subject.

Mr Speaker, Sir, innovation and technology are key ingredients for a modern international financial centre. And it is imperative that the Mauritius International Financial Centre lays the foundation for such innovative products and services for the investor community to maintain and improve its competitiveness. Virtual assets have widespread uses and applications, as detailed by several leading financial institutions. For example, KPMG, in its March 2021 guide on 'Investing in Virtual Assets' noted that there are four pillars that will support Virtual Assets Service Providers (VASPs). These are –

- (i) Customer, with evolving B2B Customer Engagement;
- (ii) Compliance - KYC best practice and onboarding AML and CTF;
- (iii) Operations - with regard to Clearing & Settlement, Custody and Asset Management, and
- (iv) Governance - for risk management and operational controls.

Similarly, the surge in interest in digital cryptocurrencies, for example, has come on the back of the first US Futures-based exchange traded fund, namely the ProShares Bitcoin ETF, which began trading on the New York Stock Exchange recently.

In the same vein, research led by the International Data Corporation (IDC) in its latest Blockchain Spending Guide, mentions that Blockchain spending will continue to see strong growth throughout the 2020-2024 period. A five-year compound annual growth rate of 48% is also forecasted. Thereby hitting the USD19 billion mark. This, in itself, Mr Speaker, Sir, is testimony of the importance of the sub-category of virtual assets that has tremendous scalability and growth prospects.

With regard to the operationalisation of VASPs in the Mauritian jurisdictions, it is noteworthy that the Bill seeks to provide for the licensing of their activities, thereby regulating such business activities in compliance with prevailing AML/CFT rules, but also providing for a

regulated platform with a plethora on virtual financial assets for B2B customers and investors. Licensed services will enhance the quality of VASPs, the depth of virtual assets and will broaden the type of investors in our jurisdictions.

Mr Speaker, Sir, let me remind the House that Government's recent experience with the FATF grey list will not only bolster its abilities to address all AML/CFT deficiencies but will also take appropriate policy measures to deepen our financial services offerings to the global investor community in an ever competitive and challenging playing field.

Mr Speaker Sir, the FATF highlighted on the red flag indicators with regard to virtual assets. In particular, it opined on the matter relating to financial transactions of criminals and terrorists who could use virtual assets as a virtual safe, if there is no proper regulation. Indeed, while the most drastic and extreme measure would have been to ban virtual assets altogether, Mauritius has instead rightfully decided to embrace change through the adoption of the future innovative technologies to accompany our Mauritius International Financial Centre but by proposing to closely monitor developments in this sphere.

The need of the hour for a burgeoning International Financial Centre, is not restriction but rather adoption; adoption of emerging technologies, adoption of innovative financial products and services, adoption of international standards and best practices for regulation and risk management and adoption of change for the betterment of our International Financial Centre.

Mr Speaker Sir, let me now come to the second part of the Bill which deals with the Initial Token Offerings (ITOs). Alternatively known as Initial Coin Offerings (ICOs), these are fundraising methods for startups, venture capitalists and digital entrepreneurs. Similar to Initial Public Offerings (IPOs) for private companies which wish to go public through equity financing, ITOs propose the exchange of a cryptocurrency for a stake in a startup, crypto-based project or simply a token launch.

This virtual form of investment is an alternative form of raising capital for entrepreneurs using Blockchain technology. In essence, the smart contracts embedded in the software will transfer the tokens to the investors and will, in return, transfer the cryptocurrency, usually USD, Tether or a stablecoin to the startup owners. This complex, yet flexible and trendy method of capital raise is undercutting the middlemen; namely financial intermediaries and are proving to

be cheaper, faster, safer and more efficient for businesses. ITOs in Mauritius would be an alternative source of financing for startups and digital entrepreneurs in particular, given their source of business activities. The adoption of ITOs will hence be a game-changer for the upcoming generation of entrepreneurs who have at core, the passion for innovation and emerging technologies.

Mr Speaker, Sir, for these entrepreneurs to thrive, it is important to set the conditions and framework right. It is therefore with great pleasure that this Bill defines the criteria and eligibility of issuers of ITOs. Notably, the need for white papers will deeply enhance the transparency, viability, accuracy and traceability of such ITOs, with the supervisory body to request regular disclosures as regards changes in the primary conditions.

Let us not forget, Mr Speaker, Sir, that the cryptocurrency industry has now surpassed the USD3 trillion-mark as already highlighted by my colleague. To put in context, this means crypto coins and assets are today worth more than the two biggest tech companies in the world: Microsoft and Apple. Similarly, the latest trend in the cryptosphere is the emergence of metaverse; put in simple terms, it is digital reality which combines the use of Virtual Reality (VR) and Augmented Reality (AR) to provide a virtual environment for online users to interact.

Metaverse notably is applicable in fields such as iGaming, Real Estate, Healthcare, Fashion and Financial Services. The Metaverse Industry is fast moving and according to Emergen Research, the industry is poised to be worth some USD829 billion in 2028, compared to only USD48 billion in 2020.

Given the right framework, incentives and regulations, it would open the door of opportunities for Mauritians as an International Financial Centre to tap into this market in years to come, as well as groom the next generation of entrepreneurs who will lead projects in this sphere.

With regard to digital art, Mr Speaker, Sir, Non-Fungible Tokens (NFTs) are the latest trend and are attracting huge investment. Digital artists are using Ethereum Blockchain technology to build their NFT collection, which are fast selling. In today's world, nearly anything can be converted into NFT.

Mr Speaker, Sir, I want to give two examples here. Almost everybody knows the famous Indian actor, Amitabh Bachchan. His late father was called Harivansh Rai Bachchan, a famous poet. Amitabh Bachchan recently sold his father's collection of poems, known as *Madhushala* and recorded auction bids surpassing \$756,000. Secondly, the first tweet of the ex-CEO of Twitter, Mr Jack Dorsey, was sold as an NFT for some \$2.9 m. Such is the power of this upcoming virtual asset. However, for such an industry to thrive, it is of utmost importance that the rules and regulations are clear to one and all.

Mr Speaker, Sir, everybody knows that the only constant is change. In today's dynamic environment, resistance to change means foregoing opportunities and losing competitiveness vis-à-vis other jurisdictions. The global financial services industry stands at a cornerstone with the strong adoption of virtual assets by the biggest financial players, after long ignoring these changes. By formally addressing the regulatory aspect of these emerging and innovative technologies, including the advent of virtual assets and their service providers, it is now clear that the new world economic order is that of embracing change while at the same time regulating the space for better transparency, adoption and monitoring.

Mitigating the risks while amplifying the benefits of virtual assets is the name of the game. Forward looking measures such as the introduction of this Bill to the House today, is true testament that the Mauritius International Financial Centre has all the traits to thrive and succeed as a regional and global player.

Thank you, Mr Speaker, Sir.

Mr Speaker: Hon. Lobine!

(4.35p.m.)

Mr K. Lobine (First Member for La Caverne & Phoenix): Thank you, Mr Speaker, Sir. Mr Speaker, Sir, this is an important piece of legislation and the hon. Minister, hon. Seeruttun is right to state that this Bill has been well disseminated and discussed with all stakeholders.

Mr Speaker, Sir, no more room for indulgence is the motto in the new financial ecosystem in Mauritius and worldwide also, be it from regulators or any other stakeholders, the

world of finance, Mr Speaker, Sir, has entered a new era, that of the most total transparency concerning the movement of funds in the financial system.

More than ever, Mr Speaker, Sir, compliance with international regulations has become the watchword. With all due respect to those who rightly or wrongly believe that we operate in an overregulated environment, we are obliged to comply with the rules of the game and thus, Mr Speaker, Sir, I welcome this Bill.

Mr Speaker, Sir, it is good to point out that in the 10 years since inception, virtual assets have often been associated with the risk of illegitimate transactions and the shadow economy while a majority of virtual asset holders are quiet and use the assets for legitimate reasons, this association has been hard to shake. This perception, Mr Speaker, Sir, is why many regulatory bodies including the FATF have been attempting to introduce greater AML/CFT to scrutinize the sector properly, as rightly pointed out by the hon. Minister and hon. Dr. Boolell and hon. Minister Bholah. I forgot Bholah, I was thinking about Amitabh Bachchan!

(Interruptions)

So, Mr Speaker, Sir, the FAFT guidance and requirements of virtual assets service providers to address AML/CFT risks are at par with those by the society for Worldwide Interbank Financial Telecommunication, which most people know, Mr Speaker, Sir, as a swift code and enable seamless payment between international banks.

This means the VASP, as they are calling it now, standards should equal other regulated financial services institutions. However, AML/CFT is often looked at as just another third party system to be integrated, Mr Speaker, Sir, rather than a foundation for organisational strategy on tackling money laundering and terrorism financing risks.

To overcome this, Mr Speaker, Sir, a good practice we have observed in the sector is to conduct a combined customer and product risk assessment defining the likelihood and impact of the AML/CFT risks based on the target customer segments and products offered.

As hon. Minister Seeruttun rightly stated through consultations, this has been done. In-house accountability, all regulatory policies and procedures must be supported by clear accountability within each organisation and this has been well disseminated within the sector, Mr Speaker, Sir, through consultations that I have had with many friends working in that sector.

It is therefore positive to see that this Bill, Mr Speaker, Sir, in its Explanatory Memorandum provides, *inter alia*, that the object of this Bill is to provide a comprehensive legislative framework to regulate the new and developing business activities of virtual assets and initial token, offerings.

The financial services sector in Mauritius is a major pillar of the economy contributing around 12.3% to GDP in 2021. Global business, which is one of its most vibrant segments, is contributing around 6.4% to GDP with some 188 management companies, Mr Speaker, Sir, administering around 1,012 global funds.

Pioneering digital asset frameworks have been on the agenda for a while Mr Speaker, Sir, when the Financial Services Commission has recognised digital assets as an asset class for investment by sophisticated and experts investors since September 2018. It was with effect from March 2019 through the Custodian Services (Digital Asset) Licence and corresponding rules that Mauritius became one of the first International Financial Centre to offer a dedicated regulatory landscape for the safekeeping of digital assets.

Our jurisdiction, Mr Speaker, Sir, followed up the Custodian Services (Digital Asset) Licence with the issuance of guidance notes on securities token offerings and the licensing of security token trading systems in Mauritius. These developments have helped to propel Mauritius to the forefront of virtual asset management in the continent.

Thus, Mr Speaker, Sir, the current regulatory framework on digital assets was adopted in the form of guidelines and regulations with its scope limited to custodian services and to digital assets such as securities and security tokens.

This Bill, Mr Speaker, Sir, no longer limits the regulatory framework to these areas. It provides for the licensing and supervision of a much wider range of activities under a new comprehensive definition. This would help in terms of clarity and stability moving forward, Mr Speaker, Sir.

Key provisions of this Bill include the new definition of a virtual asset which was imported from the FATF guidelines. Crucially from an AML/CFT perspective, Mr Speaker, Sir, virtual assets markets pose a significant cause of concern imposing on the regulator a need to

introduce the requisite legal and regulatory framework to integrate virtual assets into the mainstream financial ecosystem.

The main benefit of this Bill, Mr Speaker, Sir, will provide a clear and comprehensive basis for operators as Fintech develops in Mauritius whilst aligning the Mauritius legal framework for regulating such class of assets with the international standards developed by the likes of the Financial Action Task Force.

The enactment of this Bill, Mr Speaker, Sir, will serve to underline the progress made by Mauritius from a legal compliance and regulatory perspective to address issues relating to the level of effectiveness of its AML/CFT systems.

It is worth pointing out, Mr Speaker, Sir, that this Bill contains several clauses that provide for a comprehensive legal scrutiny and enforce the powers of the FSC to play its role as the regulator of the sector. I will not go into great details as from my point of view, Mr Speaker, Sir, this is a well drafted piece of legislation but it is worth pointing out, for example, the importance of including clause 10 with regard to Office premises of virtual asset service provider, that is –

“A virtual assets service provider shall have a physical office in Mauritius,” which is a good thing.

Clause 18 also, Mr Speaker, Sir, with regard to prevention of market abuse. This is also a very important clause in this piece of legislation. Also Clause 24 with regard to application for registration. Clause 27 with regard to the importance of having a white paper.

And, Mr Speaker, Sir, it is being anticipated by the players in the industry that this new legislation for virtual assets combined with recent amendments brought to the Securities Act will facilitate the trading of virtual assets in Mauritius as a sector which can be expected to receive a huge boost with the support of the Fintech industry.

Given the established recognition and familiarity among most South African investors, Mr Speaker, Sir, about our Mauritian jurisdiction being one of the best place for them to invest to structure African investments, the development of services to virtual asset managers has good potential, Mr Speaker, Sir.

However, all proper incentives and policies should be envisaged and put in place as a key challenge lies in the form of attracting other international players in the domain who can help create the appropriate ecosystem for trading these novel products and enhance the competitiveness of the Mauritian jurisdiction as a Fintech hub regionally and globally.

Many International Financial Services Centres today are competing to enter this domain. Hon. Bholah rightly pointed out so. We will need to strive to establish our competitive edge and demarcate ourselves in this new space. This can only be made possible through better coordination and cooperation amongst regulators, industry players and other relevant stakeholders to support innovation whilst mitigating the reputational risks associated with certain types of virtual assets which tend to be highly speculative as well.

Mr Speaker, Sir, we should also bear in mind that with the outbreak of the pandemic, the will of the European Union and the United States to curb the movement of capital outside their territories seems more fierce. The decision of the European Commission to place Mauritius on its list of high-risk jurisdiction in the midst of a pandemic should remind us that we will not be given any gift nor will we receive any favours or amnesty. This is a competitive sector and our jurisdiction is also an important competitor together with other international financial services sector.

Mr Speaker, Sir, I do recognise that considerable tasks have been achieved to address one by one the five strategic deficiencies identified by the inter-governmental agency. To the best of my knowledge, Mr Speaker, Sir, our jurisdiction as at date is fully compliant with 39 of 40 FATF Recommendations. The hon. Minister made mention of same. The only criterion with which we are only partially compliant is Recommendation 15, which deals with virtual assets.

In view of the complexity of setting up a supervisory mechanism to track funds in digital tokens and other cryptocurrencies, the FATF has been accommodating by giving us, as the hon. Minister rightly pointed out, a deadline to put in place the appropriate legal infrastructure in order to prevent our jurisdiction from becoming embroiled in future acts of money laundering or terrorist financing, and other activities linked to the proliferation of weapons of mass destruction using the virtual route, Mr Speaker, Sir. This is the real reputational and financial risk here.

It has thus been a good initiative of hon. Minister Seeruttun, I must say and his Ministry when he had a communiqué published way back in May or June 2021, for wide consultations

amongst all stakeholders, and this has been well-accepted, well-appreciated by the sector, of which I form part.

And, Mr Speaker, Sir, getting off the European Union blacklist will indeed create a new dynamic in the sector, but we will have to remain vigilant. In the future, we will no longer be able to satisfy with facade compliance. It is good that we have a solid legal arsenal to effectively fight financial crimes, but it is just as vital, Mr Speaker, Sir, that we train a new generation of professionals in the field of compliance and supervision, so that we stay tuned with changes to international regulations, rules and standard within the sector.

Mr Speaker, Sir, in the past, our Financial Services sector has systematically had bad Press because of crook investors having been able to exploit the loopholes in our offshore regimes to indulge in questionable financial arrangements to hide who are the ultimate beneficiaries behind certain financial transactions. Since then, Mr Speaker, Sir, in terms of compliance with international regulations, we have rectified the situation. It will now be a question of being rigorous in the application of these regulations and to continue to build and enhance the integrity of our jurisdiction.

To conclude, Mr Speaker, Sir, this Bill has the potential to carve a niche for our jurisdiction in an emerging asset class with significant upsides including high employment opportunities for our young professionals in the Fintech and Financial Services sector.

Hopefully, Mr Speaker, Sir, I wish that this Bill will be a catalyst and another addition to our legal arsenal that will create a conducive environment in this sector to absorb and create more job opportunities, as I have mentioned earlier on, for our youth and young professionals.

I do accept and I do appreciate that this Bill has been brought to this House in a timely manner. And I wish that the implementation now of this Bill, forthcoming Act of Parliament, will be done in a swift manner.

Thank you, Mr Speaker, Sir.

Mr Speaker: Hon. Dhunoo!

(4.51 p.m.)

Mr S. Dhunoo (Third Member for Curepipe & Midlands): Thank you, Mr Speaker, Sir. I am greatly honoured and pleased to intervene today on the occasion of the first reading of the Virtual Asset and Initial Token Offering Services Bill in this National Assembly.

As a young politician and a member of this National Assembly, and as a professional in the financial sector, I stand proudly to intervene on this Bill from this side of the House. This new Bill characterises the futuristic vision of our Government under the leadership of our Prime Minister, Pravind Kumar Jugnauth.

Ever since I have joined politics, I have always admired the relentlessness and determined action of the Prime Minister to develop and diversify the financial system through several innovative initiatives.

Today is indeed another important day that will mark history for the Mauritius International Financial Centre with this latest initiative to reinforce our financial and legislative architecture.

Mr Speaker, Sir, Blockchain, Bitcoin, cryptoasset, virtual currencies, this is a whole new vocabulary describing innovative technology to swiftly transfer value around the world. The first evolving Blockchain and distributed ledger technology have the potential to radically change the financial landscape. But the speed, global reach and above all, anonymity also attract those who want to escape authorities' scrutiny.

Blockchain originated just over 10 years ago. Since then, virtual assets have become widely available and have started to be used as payment products. However, without established regulation and oversight, the sector is often still referred to, as rightly pointed out by the former Leader of the Opposition, hon. Dr. Boolell, as the worldwide wealth of the finance industry.

Mr Speaker, Sir, according to the amendment to the Recommendation 15 of the International Standards of Combating Money Laundering and the Financing of Terrorism and Proliferation FATF 40 Recommendations dated October 2018, the terms "virtual asset" and "virtual asset service providers" have been added to the general glossary of FATF Recommendations. And the virtual asset has become subject to anti-money laundering and counterterrorism financing system of countries.

The virtual assets, as defined in the glossary is a digital representation of value that can be digitally traded or transferred, and can be used for payment or investment purposes. This includes cryptocurrencies that work through a distributed ledger technology.

Our fellow citizens of the Republic of Mauritius have to a certain extent started trading into cryptocurrencies of their choice. And listening to the speech of hon. Dr. Boolell, I guess maybe he also has been trading, because he has been knowing the ins and outs of the cryptocurrency. And we say like trading on Bitcoin, Litecoin, Ripple through websites.

However, in connection with virtual assets, their services and licensing have not been regulated yet. The absence of a proper legal environment might actually put individuals and legal entities who are conducting activities related to virtual asset at risk. It can potentially and simultaneously bring negative consequences such as creating conditions for money laundering, terrorism financing and proliferation of weapons of mass destruction.

An example that we can take, in 2017 when we had the WannaCry ransomware attack held thousands of computer system hostages until the victims paid hackers a ransom in Bitcoin. The cost of attack went far beyond ransom payment. It resulted in an estimated USD18 billion dollar in damages to hospital, banks and businesses across the world.

Mr Speaker, Sir, in spite of the fact that the FATF has removed Mauritius from the list of countries having strategic deficiencies in their regime on anti-money laundering and counterterrorism financing in October 2021, Mauritius is still obliged to implement the FATF 40 Recommendations, including Recommendation 15 to ensure the creation of a domestic legal environment regulating virtual asset relations. These prerequisites reveal an urgent need to regulate this kind of relations. This explains why the Government has acted responsibly and proceeded with the passing of the Virtual Asset and Initial Token Offerings Services Bill in the National Assembly as rightly pointed out by hon. Lobine that it has been brought to the House in a timely manner.

I am informed that the Ministry of Financial Services and Good Governance has worked unflinchingly to finalise this Bill. It has solicited the contribution from several key institutions such as the FSC, the Bank of Mauritius, the FIU, the Economic Development Board, MRA and others, as well as expert technical support from the World Bank and ESAAMLG to ensure that the contents of this Bill are aligned with international recognised standards and best practices.

The Minister has also informed about when the Bill has been discussed across with the private sector also to bring their offerings and their inputs in drafting this Bill.

It has proved to be a tall order for Ministry of Financial Services and Good Governance. However, with the commitment and determination demonstrated by the legislative drafting team under the leadership of the hon. Minister, today, we have in front of this National Assembly a copy of the Bill which will make us all proud for a new ecosystem for virtual asset is in the making. And everyone that has intervened before me has welcomed this Bill and, hon. Lobine, himself said that how it has been well drafted and this will bring this industry to a new height and we know that the offering that this industry can bring to the youth of this country.

As we have said, Mr Speaker, Sir, this will have an important catalytic role to play for the future development of the Fintech in the country. Mr Speaker, Sir, the Virtual Asset and Initial Token Offerings Services Bill, indeed sets out to regulate the licensing of virtual assets service providers and registration of issuers of initial token services, supervision or monitoring of their activities and their rights and obligations. The law applies to legal person, that is, to company registered in Mauritius and to their provision of virtual assets and initial token services in Mauritius and from Mauritius to overseas.

Additionally, virtual assets, virtual assets services, virtual assets service providers, their requirement, mandatory disclosure terms and conditions to customers and measures to be taken in the event of violation of laws, and regulation by the service providers are regulated under this new Bill. Both virtual assets service providers and issuers of initial token offering services are being added as the reporting entities under the law on combating money laundering and terrorism financing in connection with this Bill.

The drafting of the Bill has necessitated an adequate benchmarking or comparison with other financial jurisdictions, which have already set in place similar legislative framework for virtual asset and offering of initial token services, respectively. I can also observe that the legislative drafting team of the Ministry of Financial Services and Good Governance has ensured that the required level of risks-based supervisory norms and economic substance, as well as that they are in place in order to satisfy the exigencies of the international standard setting bodies, especially the FATF. The FATF has actually finalised and published its updated Guidance on the

Risk-Based Supervision for Financial Assets Service Providers about a month ago, Mr Speaker, Sir.

Hon. Members of this National Assembly and the public at large, will furthermore appreciate to know that the Ministry of Financial Services and Good Governance has carried out a comprehensive National Risk Assessment (NRA) exercise with the objective of gauging, *inter alia*, the risks and threats posed by virtual assets to the financial system in Mauritius including both the banking and non-banking sector. Because we know it is very volatile as stipulated by the hon. Minister before.

This strategic exercise has allowed the authorities to witness how virtual assets transactions could potentially filter through an impact on the financial system. On that informed basis relevant provision has been included in the VAITOS Bill to provide for necessary regulatory safeguards and mitigation measures.

The hon. Members of this National Assembly will also particularly note that the contents of *éthodologi* this new Bill have specially catered for the Travel Rule requirement as recommended by the FATF. Mauritius will accordingly stand out as one of the early countries which has ensured for adherence to the Travel Rule; the relevant details are contained in clause 19 of the Virtual Asset and Initial Token Offering Services in this Bill.

Mr Speaker, Sir, as my concluding note today, I wish to highlight that this new Bill will pave the way to further position Mauritius as a credible and attractive Financial jurisdiction, that is, a place to go and a place to be, and whereby promoters of the virtual asset industry can organise their conduct of virtual asset and token offering services in a sound and resilient business environment. This new Bill will complement and strengthen the efforts which have constantly been put into place by different competent authorities, namely the Financial Services Commission, the Bank of Mauritius and the Financial Intelligence Unit, to lay down the legislative and regulatory architectures for Fintech enterprises to develop and thrive in all forms in our financial jurisdiction.

I wish to solemnly point out that since 2014, that is, when this Government under the successive leadership of late Sir Anerood Jugnauth and now his son, hon. Prime Minister, Pravind Kumar Jugnauth, has taken Office, it has left no efforts behind and seized every

opportunity to explore a new horizon and opportunities to promote the Fintech sector as a new and promising pillar for economy.

Mr Speaker, Sir, I have, therefore, no doubt that this new piece of legislation, once passed in this National Assembly, will boost the growth of the Fintech in Mauritius and in line with the Government Vision. And I would also like to congratulate my colleague, hon. Minister Mahen Kumar Seeruttun, for bringing this Bill to the House.

Thank you, Mr Speaker, Sir.

Mr Speaker: I suspend the Sitting for 45 minutes.

At 5.05 p.m., the Sitting was suspended.

On resuming at 6.42 p.m. with Mr Speaker in the Chair.

Mr Speaker: Please be seated!

MOTIONS – S.O. 17(3) & S.O. 29(1)

The Prime Minister: Mr Speaker, Sir, in view of your decision to name the hon. First Member for Stanley & Rose Hill, hon. Bérenger, earlier today, I beg, under Standing Order 17(3), to take the time of the House for urgent business.

Mr Toussaint seconded.

The motion was, on question put, agreed to.

The Prime Minister: Mr Speaker, Sir, having obtained your permission, I beg to move, under Standing Order 29(1), to present a motion without notice.

Mr Seeruttun seconded.

The motion was, on question put, agreed to.

The Prime Minister: Mr Speaker, Sir, in view of your decision to name the hon. First Member for Stanley & Rose Hill, I beg to move that the hon. First Member for Stanley & Rose Hill be suspended from the service of the Assembly for today's Sitting and the next fourittings, unless apologies are tendered to the House.

The Deputy Prime Minister seconded.

The motion was, on question put, agreed to.

Mr Speaker: Hon. Ramful!

(6.46 p.m.)

Mr D. Ramful (First Member for Mahebourg & Plaine Magnien): *Thank you, Mr Speaker, Sir.* M. le président, je dois commencer par dire que ce projet de loi qui est présenté devant la Chambre aujourd'hui, le *Virtual Asset and Initial Token Offering Services Bill*, était attendu depuis longtemps. *This Bill, Mr Speaker, Sir, was long overdue.*

In fact, as far back as 2015, the FATF issued guidance to Member States on the implementation of relevant domestic laws to regulate virtual assets and initial token offering services in order to impose compliance with the AML/CFT policies and regulations. *Et puis en octobre 2018*, the FATF included virtual assets and virtual assets service providers in its amended Recommendation 15 and this, in fact, was amongst the reason why we were put on the grey list. As the Minister has stated earlier on, that out of the 40 recommendations, the only remaining recommendation that had to be complied with was Recommendation 15.

The Minister said that we are the first country in the region to come with such a legislative framework, but we used to compare ourselves to Singapore, we used to compare ourselves with advanced economies and maybe the Minister should know that since January 2020, two years back, Singapore has already implemented relevant legislations on virtual assets in their domestic law. *Deux ans de cela!* In the meantime, what has happened, Mr Speaker, Sir? In the meantime, virtual assets service providers and issuers of initial token offerings have been trading, have been offering their services in our jurisdiction since quite a few years now. The Minister, unfortunately, has not provided us with the figures but maybe he can tell us, he can inform us later on. It is good that the House knows of the number of those service providers that are operating in our jurisdiction and for so many years they have offered their services unregulated, without any regulation except for a set of rules that were issued by the FSC on 01 March 2019 on a restricted category on custody of digital assets.

Now, we see that provisions are being made for the issuers or service providers who are currently operating in our jurisdiction, to get themselves registered and a time frame has been provided for those service providers to register themselves with the Commission, with the FSC as from the date the present legislation will come into force. Therefore, as I have said for some years now, we have had digital transactions in our jurisdiction involving virtual assets that have

gone unregulated without being subjected to AML/CFT regimes. Anyway, better late than never, we are finally in presence of a Bill to regulate those types of transactions.

As far as the provisions of the proposed Bill is concerned, I have to say that I do not have many qualms except for a few issues. Firstly, as we know, virtual currencies, virtual assets, digital assets or crypto currencies are becoming increasingly popular over the world either as a mode of payment or as an investment. The non-transparent nature of these transactions which provide anonymity to the parties is, of course, a breeding ground to money laundering and other illicit activities. We have recently experienced a difficult situation with the grey listing of our jurisdiction by the FATF and, therefore, we need to be on our guard. The FSC, as the regulatory and supervisory body, has therefore an important role to play in that respect.

The whole process of granting licences to virtual asset service providers and ITOs should be transparent, accountable and of course, consistently, they have to be monitored. We do not want to see a repetition of, for example, the Alvaro Sobrinho episode, thus, giving a bad name to our jurisdiction, Mr Speaker, Sir. There must also be constant monitoring in order to reduce the risk of users of the platforms falling prey to scammers. The Commission should be well equipped with the latest tools and a well trained staff to ensure that scammers do not abuse the system and loot the customers.

The second point that I want to make on this Bill, Mr Speaker, Sir, is that digital currency is fast moving and a technologically dynamic sector which is evolving at a great pace. On 28 October this year, that is, last month, the FATF updated its 2019 guidance for a risk-based approach to virtual assets and virtual asset service providers. The 2021 guidance includes updates focusing on the following six key areas –

- (i) The clarification of the definitions of virtual assets and virtual asset service providers and I can see that the Bill is very clear on these.
- (ii) Guidance on how the FATF standards apply to a new type of token which is called stable coins and they have warned member States of the special characteristics of stablecoins that can overcome price volatility, which therefore will encourage the widespread of such virtual tokens as a means of payment and transfer of funds.

- (iii) The FATF also provided additional guidance on the risk and the tools available to countries to address the money laundering and terrorist financing risk for peer-to-peer transactions. The FATF defines peer-to-peer transactions as virtual assets transfers conducted without the use or involvement of a virtual asset service provider or other obliged entity. For example, virtual asset transfers between two unhosted wallets whose users are acting on their own behalf. And the FATF recognises that peer-to-peer transaction could pose specific AML/CFT risks as they can potentially be used to avoid AML/CFT controls in the FATF standards.
- (iv) the FATF updated its guidance on the licensing and registrations of virtual assets and service providers;
- (v) additional guidance were provided for the public and private sectors on the implementation of the travel rule, which has been mentioned earlier on by the hon. Minister, and lastly
- (vi) principles of information sharing and cooperation amongst virtual assets service providers, supervisors.

Now, I hope that the current Bill has taken into consideration those new updated guidance of the FATF. But I have to mention that I have gone through the Bill, as far as two issues are concerned, stable coins and peer-to-peer transactions which are of concern; I do not see any provisions on those two issues. Maybe the hon. Minister can clarify this during his summing up.

Now, let me very briefly come to some specific provisions that I also consider needs classification. There is section 14 which deals with the need to seek the prior approval of the Commission before appointing an officer of a service provider. There is a delay of 15 days which has been provided for the Commission to consider the appointment or otherwise the appointment shall be deemed to have been approved. The problem is that when the application is rejected and the service provider is allowed to make representations, no time limit is provided for the Commission to reconsider its decision and to inform the applicant. So, I suggest that to prevent any delays a time limit should be imposed for the Commission to reconsider its decision. This is my first suggestion. There is section 32 which provides for cases of material misrepresentation in the white paper by issuers of initial token offerings. On those instances, the law - the Bill - that

section provides for an alternative, if there has been a misrepresentation in the project, the customer can either rescind the subscription or claim damages. As if he has to choose between either of these remedies but cannot claim both, rescission, rescind the subscription, and damages. Now what happens in a situation where the customer has suffered monetary loss? What does he do? He rescinds the subscription and he cannot claim damages to recover for the loss that he has sustained? So I do not see any law preventing a customer from suing both for rescission of the subscription and also claim damages in certain situations. Then there is section 51, which provides for the compounding of an offence under this Act, which is subject of course to the approval of the DPP; which is a good thing. However, the formula to be applied to calculate the amount in order to compound the offence has not been specified, and it is left to the discretion of the Commission to decide. I am of the opinion that there is a lack of certainty on this issue with regard to compounding of the offence.

Let me also refer to the amendments to the Income Tax Act, which is being amended, and I suppose that return - I see that the Minister of Finance will intervene on this Bill, maybe he should clarify and confirm that return on investment in virtual assets and virtual tokens, like interest on treasury bills, shall therefore be taxable. However, there is very little information in the Bill with regard to the mechanism to be used for taxing virtual assets and virtual tokens. Therefore, Mr Speaker, Sir, these are the points that I wanted to highlight with regard to the Bill.

I will conclude Mr Speaker, Sir, by saying this. Virtual assets and tokens have, so far, been increasingly popular because of its anonymous and decentralised nature. Now, with the imposition of regulations in many countries over the world, it would be interesting to see for how long virtual assets or virtual tokens will survive our traditional assets, commodities and currencies.

Thank you, Mr Speaker, Sir.

Mr Speaker: Hon. Dhaliah!

(7.04 p.m.)

Mr R. Dhaliah (Second Member for Piton & Rivière du Rempart): Thank you, Mr Speaker, Sir, for allowing me to take the floor to debate on this vital piece of legislation, that is, the Virtual Asset and Initial Token Offering Services Bill in this august Assembly.

At the very start, let me say that this Bill bears testimony of this Government's will and determination to stick to its vision and commitment to place Mauritius among the leading countries in terms of innovation and the provision of appropriate legal frameworks to better regulate the various sectors of economic activities.

Certes, nous avons entendu et nous entendrons encore des commentaires négatifs, bien moins aujourd'hui, sur le présent projet de loi. Mais, toujours, il y aura des commentaires négatifs de l'Opposition. Mais je voudrais tout simplement souligner que nous, de ce côté de la Chambre, nous avons une vision pour cette République et ses habitants.

Permettez-moi également, M. le président, de rappeler les nombreuses critiques émises contre le gouvernement et les nombreuses questions parlementaires adressées, ici, même, dans cette auguste Assemblée quand le pays avait été placé sur la liste grise du GAFI. Toutefois, nous avons démontré notre volonté de renverser la donne et aujourd'hui nous allons encore plus loin en démontrant ce que nous aspirons à ce qu'il y a de mieux pour notre pays et son économie.

Mr Speaker, Sir, with increasing innovations and developments in technology, the virtual asset landscape is growing at an unprecedented rate. Virtual asset trading activities have risen dramatically in recent years and with that the risks associated with virtual assets have become more apparent, breaches in customer security, market manipulation and the potential to use virtual assets in money laundering and terrorist financing. This Government is more than determined on catching onto the need and benefits of developing regulatory frameworks in respect of this emerging market. And the Virtual Assets space is finding itself increasingly subject to regulatory scrutiny.

Mr Speaker, Sir, I commend the Minister of Financial Services and Good Governance for having presented this Bill to the House. We previously debated the Cybersecurity and Cybercrime Bill which is a clear message that this Government is well aware of the threats evolving in and around the cyberspace. The Cybersecurity and Cybercrime Bill plays an important role in subsequently implementing the VA and ITOS Bill and I shall delve on this further, later during my speech.

Mr Speaker, Sir, Blockchain, Bitcoin, Crypto-assets, virtual currencies; a whole new vocabulary describing innovative technology to swiftly transfer value around the world. The fast evolving Blockchain and Distributed Ledger Technologies have the potential to radically change

the financial landscape. But their speed, global reach and above all, anonymity, also attract those who want to escape authorities' scrutiny. Blockchain originated just over 10 years ago, Mr Speaker, Sir. Since then, Virtual Assets have become widely available and have started to be used as payment products. However, without established regulation and oversight, the sector is often referred to as the Wild West and that has been mentioned previously; the Wild West of the Finance Industry.

M. le président, j'aimerais rappeler à la Chambre, un exemple que j'ai soulevé lors de mon intervention sur le projet de loi sur la Cybersécurité et la Cybercriminalité. A savoir qu'en 2017, l'attaque du rançongiciel 'WannaCry' a pris en otage des milliers de systèmes informatiques jusqu'à pousser les victimes à payer aux pirates une rançon en *Bitcoin*. Cet exemple a été mentionné par l'honorable Dhunoo, dans son discours et c'est vrai que les dommages ont causé plusieurs milliards de dollars aux hôpitaux, aux banques et les entreprises à travers le monde mais après ça, il y a eu d'autres attaques de *ransomware* et c'est une tendance qui est à la hausse.

Mr Speaker, Sir, this Bill makes provision for custody and protection of clients' assets at Paragraph 17 and also for the prevention of market abuse at Paragraph 18.

M. le président, les actifs virtuels présentent de nombreux avantages potentiels. Ils pourraient rendre les paiements plus faciles, plus rapides et moins chers et fournir des méthodes alternatives pour ceux qui n'ont pas accès à des produits financiers réguliers. Mais sans réglementation appropriée, ils risquent de devenir un refuge virtuel pour les transactions financières des criminels et des terroristes. Le GAFI a suivi de près les développements dans la crypto-sphère et ces dernières années, les premiers pays ont commencé à réglementer les secteurs des actifs virtuels tandis que d'autres ont complètement interdit les actifs virtuels.

M. le président, cependant, jusqu'à présent la majorité des pays n'ont pris aucune mesure mais nous, nous, M. le président, de ce côté de la Chambre, en tant que gouvernement proactif, nous suivons fermement les recommandations du FATF. Ces déficiences identifiées dans le système de réglementation mondiale ont créé d'importantes lacunes dont les criminels et les terroristes peuvent abuser.

M. le président, au paragraphe 2 de l'exposé des motifs, il est clairement mentionné que c'est la FSC qui aura la responsabilité de la fourniture d'une licence au *Virtual Asset Service*

Providers, les *VASPs*. L'enregistrement des *Initial Token Offering*, le *ITO*, est de s'assurer que les fournisseurs de *VASPs* et les *ITO* se conforment aux directives *AML/CFT*, et ceci en se référant à la *Financial Intelligence and Anti-Money Laundering Act*, la *Financial Services Act* et la *United Nations Act* de 2019.

M. le président, en tant que gouvernement responsable, grâce à ce projet de loi, nous appliqueront les mesures préconisées par le FATF et cela sans perdre de temps. Cela garantira la transparence des transactions, d'actifs virtuels et gardera les fonds liés à la criminalité et au terrorisme hors de la crypto-sphère. Aujourd'hui, de nombreux fournisseurs de services d'actifs virtuels sont perçus comme des entreprises risquées et se voient refuser l'accès aux comptes bancaires et aux autres services financiers réguliers.

M. le président, bien que la mise en œuvre des exigences du FATF soit difficile pour le secteur, elle finira par accroître la confiance dans la technologie *Blockchain* en tant qu'épine dorsale d'un moyen robuste et viable de transférer de la valeur. Le FATF a révisé sa méthodologie d'évaluation qui définit comment il déterminera si les pays ont mis en œuvre avec succès ces recommandations visant à réglementer le secteur des fournisseurs de services actifs virtuels.

And it is good, Mr Speaker, Sir, that I refer to this example; Malta, which is also called the Blockchain Island. They have taken a very progressive approach to Cryptocurrency regulations with established exchanges and businesses relocating to the region now. This can be attributed to a series of laws, enacted by the Maltese Government in 2018, aiming at providing regulatory certainty over the use and development of Cryptocurrencies within the jurisdiction. The laws provide for a framework of regulatory instruments based on 3 fundamental principles-market integrity, consumer protection and industry due diligence. They are as follows -

1. The Malta Digital Innovation Authority Act;
2. The Innovative Technology Arrangements and Services Act,
3. The Virtual Financial Assets Act.

Specifically, they provide a licensing system for providers of Virtual Financial Asset Services and regulate connected activities including the initial offerings of these assets and the certification of platforms that these assets are offered on. Additionally, a designated regulatory body oversees the framework to ensure its effective implementation. Regulating Virtual Asset

Service Providers avoids the danger that the growing Cryptocurrency phenomenon is pushed underground. Getting regulations right ultimately helps to bring legitimacy and certainty to the sector in the eyes of institutional investors.

Mr Speaker, Sir, through this Bill, we will ensure that the legal framework is equipped to deal with the many contentious policy issues surrounding crypto and its subgroups. Here, I would like to highlight an important aspect mentioned in the Fourth Schedule and Sections 27 and 32 as annexed to the Bill, Paragraph (w), I quote –

“the Bank of Mauritius (the central bank) does not recognise virtual tokens as a legal tender nor as a form of payment instrument that is regulated by the central bank.”

So, be it transaction mechanisms like Bitcoin, tokens like Ethereum or NFTs, the prime public policy concerns revolve around financial stability and how consumer and investor protection can be ensured. Other concerns are illegal activity such as money laundering and terrorism finance.

Blockchain, upon which crypto technology hinges, firstly, is not immune to theft and secondly, comes with the risk of no support or guarantee in case of any loss or hacking of the system.

Mr Speaker, Sir, at paragraph 31 of this Bill, provision is made for the advertisement related to initial token offerings (ITO) which shall not be misleading. Here, I would like to refer to Blockchain’s site Poly Network, which revealed that hackers had exploited a vulnerability in the system and hence manipulating information on its website. In addition, the largest single recovery of a crypto currency fraud by the US todate, the BitConnect Ponzi Scheme scam swindled thousands of people of more than two billion dollars’ worth of Bitcoin. The US Government is analysing all these aspects in order to ensure the security of the financial system and prevent misuse of technology-driven financial instruments.

Mr Speaker, Sir, sometimes the relationship between promoting financial innovation and tackling financial crime is posed as a zero-sum game. However, on this side of the House, we believe that the relationship between taking a tough stance on financial crime and enabling world leading financial innovation to benefit consumers is complimentary.

Mr Speaker, Sir, criminals are generally rapid in adapting to new technologies. From the initial use case of automobiles as getaway cars or malware to steal personal information in the early days of the internet, criminals were there first. This is because they are always on the hunt for new ways to commit old crimes and evade regulatory authorities using a new technology or methodology.

However, this ‘catch me if you can’ phase of any technological development where many of use cases are nefarious is hindered once a comprehensive regulatory framework to tackle the risk is implemented.

Mr Speaker, Sir, it has been over a decade since Satoshi Nakamoto published the Bitcoin white paper. And today, the crypto asset market and the regulation around it look quite different. First of all, there are many crypto assets exchanges and businesses operating in this space which have grown into an industry measured in billions. As the value and use of crypto assets have grown, so have the risks of financial crime.

As crypto assets enable digital value transfer across the globe, they enable a unique set of potential money laundering risk. Through this Bill, crypto assets are identified as a growing conduit for global money laundering and widespread concern about this typology among our law enforcement agencies.

Mr Speaker, Sir, as we move forward for the implementation of this Bill to supervision and enforcement, one area we are always looking towards is international regulatory guidance. These documents help inform our domestic approach and over the past few years, US agencies have set the benchmark when it comes to communicating with the crypto asset market.

Examples of these seminal documents include –

- the SEC guidance on the Ethereum Decentralized Autonomous Organization (DAO) published in 2017 or;
- the CFTC’s 2018 guidance on Crypto Asset Derivatives or,
- the FinCen’s guidance published last year which covered custodial and non-custodial crypto asset business models.

These documents are not just useful for the market. We also find that they help inform our regulatory thinking in this fast-moving space.

Lastly, one area that will be increasingly important is not just sharing views on crypto assets but also working together in enforcement cases through intra-national regulators such as the FATF, which we have done in the past. Here, I wish to also highlight and commend the tremendous painstaking job by all stakeholders and the Mauritian Government to take Mauritius off the FATF's grey list. Financial crime, especially in this market, rarely respects borders.

Mr Speaker, Sir, to conclude, allow me to stress that when we initiated the implementation of the AML regime for crypto assets, Members on the other side of the House and other key actors were pessimistic on the way we will regulate Bitcoin or the Blockchain.

This Government is not in the business of picking winners but regulating financial activities. Therefore, our answer is and will still be: this is not different. We apply the same AML standards we expect from businesses operating in traditional financial services to the crypto asset economy. This strikes the right balance by facilitating innovation created by this technology while tackling the new risks of financial crime.

Mr Speaker, Sir, on this note, I fully support all the provisions of this Bill. Long live the Republic of Mauritius!

Thank you, Mr Speaker, Sir.

(7.23 p.m.)

Mr A. Ameer Meea (Third Member for Port Louis Maritime & Port Louis East):

Mr Speaker, Sir, with the expansion of technological innovations and developments, the virtual asset landscape is growing at an unprecedented rate.

Virtual assets trading activities have risen dramatically in recent years and with that the risks associated with virtual assets have become more apparent; breaches in customer security, market manipulation and the potential to use virtual assets in money laundering and terrorist financing.

There is hence a need for robust regulatory frameworks governing the virtual asset domain. This is why, Mr Speaker, Sir, at the outset, I would like to state that we welcome the

Virtual Asset and Initial Token Offering Services Bill. But, at the same time, I shall raise several issues, which the hon. Minister will have the opportunity to clarify during his summing-up.

Mr Speaker, Sir, this is in no way negative comments, as wrongly stated by the orator who spoke before me. Mr Speaker, Sir, the issues raised by Members of the Opposition, by Members of this side of the House, are our contributions to the debate and it should be like this in a democratic society. This is our role as Opposition Members to give our side of the coin.

Mr Speaker, Sir, the Financial Action Task Force has been aware of the dynamic and evolving virtual asset domain and the risk associated with the potential misuse of virtual assets for money laundering and terrorist financing purposes. On June 21 2019, FATF updated its Interpretive Note to Recommendation 15 on new technologies, which further clarifies the application of FATF requirements in respect of virtual assets and virtual assets service providers.

Among other things, INR.15 establishes binding measures on countries to regulate or prohibit the extent to which virtual assets activities may be carried out and to require VSAPs to implement the full range of AML/CFT preventive measures. FATF describes INR.15 as imposing binding measures for both countries and virtual assets service providers to establish a level playing field across the virtual assets ecosystem.

There are two factors that are crucial to the success, survival and competitiveness of our global business sector. It is innovation and regulation. So, today the difficulty which we face is a balancing act between addressing the risk associated with virtual assets while ensuring that our jurisdiction remains an attractive destination for investment and business. It is, therefore, vital that we reinforce, safeguard and control in the area of AML/CFT.

Mr Speaker, Sir, 2021 has seen significant volatility in the prices of virtual assets. With such volatility, fortune has been made and lost, and we do not want the same scenario with virtual asset and initial token offering to be allowed in Mauritius. There is a need to detail in this Bill the types of virtual assets that will and will not be allowed. Would assets with no intrinsic value, assets not directly backed with the value of an underlying asset be allowed? Will there be an economic value behind the assets that we are trading? If yes, Mr Speaker, Sir, this could be reassuring. But we must see how the FSC will mitigate those risks, Mr Speaker, Sir.

In addition, mention is made as to the activities conducted, VASPs, which would be deemed to fall under the purview of this legislation. It would have had to explicitly outline the types of businesses that would fall under the ambit of this Act.

There is no internationally agreed taxonomy, that is, classification for virtual assets across different types of regulations, that is, credential, market integrity, consumer protection, AML/CFT or data privacy regimes. Rapidly changing technologies and new businesses model in this area also pose a challenge in defining a classification for these assets. Furthermore, complexity is added when virtual assets fall in two or more categories depending on their designed features and intended use over their life cycle.

Mr Speaker, Sir, Mauritius has been good in introducing legislation but the real challenge, or should I say the real success, lies in its implementation. Implementation in this context means having the required resources, manpower and expertise to license and regulate virtual assets providers.

Government should recruit and train competent staff to service this new offering. This should provide the right tool to the FSC. We do not want just to tick the box, but be a financial jurisdiction which means business. Implementation means the right people for enforcement, able to detect breaches and misuse. Several questions need to be addressed prior to enacting this legislation. As I said is the FSC equipped to license and regulate such activities? Does Mauritius today have the proper ecosystem to enable a smooth functioning of the business of virtual assets?

An example would be, would it be necessary for us to reinforce controls around the areas like cyber security? We do not see any amendment to the Computer Misuse and Cybercrime Act although the regulatory body, the FSC shall be responsible to regulate and supervise activities related to virtual assets. Ensuring that we have this ecosystem in place requires the participation of various Ministries; likewise, all players in the financial and non-financial sectors should walk the talk and adopt a unified approach. Would insurance companies in Mauritius willing to offer sufficient cover to mitigate the risk of such business? Would banks open bank accounts for foreign investors not having a residency status in Mauritius, provided that they satisfy the AML/CFT and KYC requirement?

Virtual asset is an asset that carries considerable risk of MLTF. This has raised concerns with some countries banning activities related to virtual assets all together. While Government

makes the bold statement that this law has been introduced to meet international standards prescribed by the FATF, the effectiveness of international standards depend on effective implementation by national authorities.

Mr Speaker, Sir, for AML/CFT regulation, implementing international standards, particularly those issued by FATF should provide a solid base for effective AML/CFT compliance and guidance. An additional challenge relates to the identification of underlying economic function of the financial services that providers offer particularly when novel instruments and operating models do not conform to existing definition. Having a novel product that is in much demand means we shall establish our competitive edge as an offshore jurisdiction.

However, a mechanism should be put in place to deter misuse. With the advent of this law in Mauritius, virtual assets providers may flock to Mauritius. Having a robust AML/CFT regime is crucial, Mr Speaker, Sir.

Mr Speaker, Sir, although this Bill criminalises non-adherence to the Act, we should ensure that consequential amendments are brought to relevant legislations and there is not overlap with existing legislations so as to create an uncertainty or any loophole. Here, as I said earlier, I am referring to Computer Misuse and Cybercrime Act and Electronic Transactions Act.

With respect to sanctions and enforcement sanctions, given the importance of public and transparent enforcement actions to demonstrate authorities commitment to implementing regulations and the role of those actions in helping the overall AML/CFT system to mature, further attention is needed in this area.

I am happy to hear from the hon. Minister and he reassured the House that he and his Ministry have had extensive consultation with stakeholders, because it is imperative that the regulator has an open dialogue with the private sector and provides a roadmap for service providers. Such an approach, Mr Speaker, Sir, helps to prevent widespread lack of effective compliance.

Clause 6 of the Bill provides that the FSC, in collaboration with the Bank of Mauritius, ensures the financial soundness and stability of the financial system in Mauritius. We have seen in the past, Mr Speaker, Sir, that regulations are not always aligned. This approach will also

ensure that potential inconsistencies with other players in the financial sector do not occur and there is a synergy in the approach, in the mitigation of AML/CFT risk.

Now, Mr Speaker, Sir, let me dwell on an important factor which, to my point of view, has not been dealt in the Bill, but it could be dealt later on with a practice note, it is the taxation factor. This taxation factor has been overlooked. This legislation is being introduced, as we all know, to serve predominantly the international providers and not exclusively Mauritian providers, if I am not wrong. Although some substance requirements have been spelt out in the Bill, the core income generating activities may effectively not be in Mauritius. What if the blockchain is stored in a data centre outside Mauritius? This may give rise to tax liabilities. Also, income derived by virtual asset service providers does not fall under an exemption, for example, income derived by an investment dealer. Collective investment schemes! As we all know collective investment scheme is subject to tax exemption at 80%, Will the authorities provide similar tax incentive to virtual asset service providers? How will we attract investors or service providers if we do not have a favourable fiscal regime? Other novel products, such as family officers that we introduced recently in our law, we have enjoyed a tax holiday for the first five years of operations. This will truly attract investors to our country. All these factors should be considered collectively with the introduction of this Act.

The Bill provides for an amendment in the Income Tax Act but apart from this, it is silent on all other fiscal consequences. This is why, Mr Speaker, Sir, I shall table the ‘Taxing Virtual Currency: An Overview of Tax Treatments and Emerging Tax Policy Issues’ by the OECD. I shall table this paper which is a very interesting one and it addresses the tax issues related to virtual currencies. And we will find in this document how the income created by crypto assets be treated for direct or indirect tax; if considered to be property, should the stock of the crypto assets be included in the country as net wealth taxes where it exists; would there be any capital gains on the tax? If so, how should they be valued? How should VAT system treat the creation, acquiring a holding of and transfer of these assets? How can Government effectively detect and address all these risks of tax evasion? All this, Mr Speaker, Sir, is addressed in this paper and I hope we can get some clarification when the hon. Minister Finance will intervene just after me.

Mr Speaker, Sir, international cooperation to oversee this sector, effectively, is key. The inherently cross-border nature of virtual assets, as well as the uneven global implementation of

international standards in this area, make international cooperation a critical component for effective supervision. The arrangements are primarily based on pre-existing bilateral, multilateral memorandum of understanding. And these arrangements, Mr Speaker, Sir, we can have exchange of information through the Egmont Group *via* the Mutual Legal Assistance Treaty, relevant exchanges of information on trends, typologies, challenges in the implementation of international standards.

As I said earlier, international cooperation will be crucial for the implementation of such an Act. And also the Minister stated in his speech: the Travel Rule. As we are aware, the Travel Rule is a binding FATF obligation. The FATF has provided clear guidance, that is, Recommendation 16 which imposes the TR, is a current binding obligation.

The Travel Rule requires the relevant financial institution to pass on certain customer and transaction information to the next financial institution. A number of jurisdictions question whether they can reasonably impose the Travel Rule on VASP until there are technological solutions available that could make compliance less onerous, as SWIFT does for correspondent bank. Surveying authorities also raised concern that if these technological solutions were not commonly accepted or inter-operable, compliance with the Travel Rule would remain burdensome.

Mr Speaker, Sir, let me raise some issues quickly before I conclude. And the hon. Minister, as I said, will clarify during his summing-up. The Bill does not provide for exemption for certain activities which are not caught by registration or licensing requirement. These include

—

- platforms, which are mere meeting places where sellers and buyers may post bids and offers where the parties trade in a peer-to-peer environment;
- Fintech service providers that use innovative technology to improve change or enhance financial services but which are not virtual assets services;
- for entities or individuals providing a virtual asset service that represents an innovative use of technology or uses an innovative method of delivery that requires supervision and oversight that is not offered by an existing license or registration.

Does the Bill allow those providers to apply to sit in a new regulatory sandbox? Does the law explicitly provide the electronic digital means for collecting KYC? I think this also is very important issue so that we can relax customer due diligence requirement in non-face-to-face situation.

Mr Speaker, Sir, what are the recognisable or approved exchanges Mauritius has to wary of token issuers who may not wish to use a license trading platform to launch the virtual assets? But the advantage of the Bill is that it creates a registration and licensing regime. Those seeking to show the highest level of regulatory compliance and good governance will find this appealing. The FATF recommendations refer to a requirement for licensing and registration of VASP to enable appropriate AML/CFT. But the obligation under this Bill goes far beyond this and I think this is a very good thing.

While we await the details, it is important to ensure that the application of fees and annual fees, which are not detailed in the Bill, of course, are not the higher to those levies in competing jurisdiction; this is very important. And to conclude, Mr Speaker, Sir, in terms of consequential amendments, I would like to draw the attention of the House that in the present legislation of Declaration of Assets Act, which is of concern to every one of us here and many others – definition in the Declaration of Assets Act, securities including stocks, bonds, treasury bills, or other units held in Mauritius or abroad, I think now, after the enactment of this law, we should add virtual assets and initial token. Because today, if a Member of Parliament sells whatever he has and places all his money in a virtual asset, he is not binding under the Declaration of Assets Act to declare this virtual asset.

I am done, Mr Speaker, Sir.

Mr Speaker: Do not open their eyes!

Hon. Dr. Rawoo!

(7.45 p.m.)

Dr. I. Rawoo (Third Member for Rivière des Anguilles & Souillac): Mr Speaker, Sir, hon. Members of the House, it is a privilege for me tonight to address and participate in the debate regarding the Virtual Asset and Initial Token Offering Services Bill.

I would like to congratulate my colleague, hon. Mahen Kumar Seeruttun, the Minister of Financial Services and Good Governance, for presenting this innovative Bill to the House. I would also like to congratulate the Prime Minister, hon. Pravind Kumar Jugnauth, for his determination and forward-thinking vision to bring our tiny Nation to another dimension in this space. I have also listened to all Opposition Members who intervened in this Bill and they are welcoming the Bill. And I must say, I was quite impressed by hon. Kushal Lobine's speech showing his appreciation for Government work, and he is an example to follow because he was bringing positiveness in what the Government is doing.

As we are all aware, we are all currently living in a new digital era where time is the essence to succeed. We, therefore, need to adapt ourselves fast and efficiently to have a competitive edge on other nations. The quicker we implement, the better it will be for our country.

As announced by my colleague the Minister of Finance, the hon. Dr. Renganaden Padayachy in the Budget 2021-2022, under the theme of the 3R's, Revival, Resilience and Recovery, it is clear that one of the main economic recovery plans for new normal is the fusion of financial sector with technology to build an innovative path for sustainable future in the virtual asset and Fintech activities. The object of the Bill is to provide a comprehensive legislative framework to regulate the new and developing business activities of virtual assets and initial token offerings.

Mr Speaker, Sir, what are virtual assets and its huge benefits to Mauritius? A virtual asset is a digital representation of value that can be digitally traded or transferred and can be used for payment or investment purpose. One example that everyone knows is the Bitcoin, which is a virtual currency. Virtual assets are tipped to transform the world of finance, which will make the industry more transparent, less susceptible to fraud and potentially cheaper for consumers. Growing interest in crypto currencies, including Bitcoin and Ethereum has led to more than 75 million people around the world using Blockchain digital wallets which can be stored and managed crypto currencies.

Mr Speaker, Sir, increased investment in virtual assets means the global crypto currency asset management market offers huge and top growth potential. Through this Bill, we are creating a new industry with a current industry with enormous economic potential for our country. This new sector in the financial services industry has the ability to become the highest

GDP generator for our country. The expanding crypto world offers limitless possibilities. A few years ago, the market was very, very small, but it is now worth more than USD2 trillion. Our country has the opportunity to act as a bridge between the traditional financial world and the newer world of virtual assets. Global exponential numbers reflect the strong growth in Fintech Companies that are keen to adopt virtual assets as part of long-term growth opportunities for businesses within the ecosystem.

Mr Speaker, Sir, global trends are changing both the technology businesses use and the tools and techniques regulators needed to adopt in order to help manage the risks they are exposed by these new technological advancements. Without a doubt, the changing landscape in global technology is in itself a good thing for efficiency and being able to compete in the fast changing world.

Mr Speaker, Sir, to strengthen the ecosystem by adopting a highly compliant approach will enable safe and secure virtual asset transaction. This is important because many traditional institutions have been hesitant about entering the market because of concerns about the performance volatility and regulatory uncertainty of virtual assets. Therefore, the urgent need to implement a regulatory framework for this evolving sector is important. The Bill has been rendered necessary with a view to meeting international standards of the Financial Action Task Force by making provision for managing, mitigating, and preventing money laundering and financing of terrorism and proliferation risk - (AML/CFT) - associated with those emerging business practices.

Mr Speaker, Sir, regulation of virtual assets is still evolving around the world. While regulators need to be aware of the risks posed by virtual assets, accommodative regulatory policies will be important in ensuring the product innovation is not restricted in this emerging field. This highlights the common issues of companies still having to navigate framework established by regulators who may be unfamiliar with the full range of use of Blockchain technology. In this respect, the Financial Services Commission, established under the Financial Services Act, amongst its other functions and powers, are responsible for regulating and supervising virtual assets service providers and issuers of initial tokens offerings.

Mr Speaker, Sir, this innovative Bill will definitely lead in the long run to the emergence of Blockchain technology across all industries and sectors of our economy. Blockchain has

changed how we perceive problems. It has the enormous potential to bring tons of benefits. Blockchain technology solves key issues like trust in a network by changing the key parameters; any organisation can focus on solving the problem at hands. With Blockchain, an organisation can go for a complete decentralised network where there is no need for a centralised authority; improving the system transparency. Blockchain networks are also immutable, which means that the data once written cannot be converted, cannot be reverted by any means. This is also the right choice for the system that thrives on immutable data. Global Governments have also understood its importance and are keen on implementing Blockchain technology. For example, Dubai's Smart City 2020 is a project which aims to build a Smart City with new technologies, including Blockchain.

M. le président, l'utilisation de la technologie *Blockchain* présente de nombreux avantages par rapport aux autres technologies traditionnelles. Avec la *Blockchain* votre processus sera mieux protégé grâce à un haut niveau de sécurité. Les menaces de piratage contre votre entreprise seront également réduites dans une plus grande mesure. Comme la *Blockchain* offre une plate-forme décentralisée, il n'est pas nécessaire de payer les services d'entité centralisée ou d'intermédiaire. La technologie *Blockchain* d'entreprise permet aux organisations d'utiliser différents niveaux d'accessibilité. Les rapprochements de comptes peuvent être automatisés, les transactions effectuées sont transparentes et, donc, faciles à suivre.

Mr Speaker, Sir, Fintech is growing at an incredible rate with the COVID pandemic having accelerated global industry growth to multi-billion dollars market right now and expect to growth in trillion USD in the very near future. Our country has, therefore, the huge opportunity and ability to tap in within this market, but we need to act fast and swiftly to attract global players in this sector to invest in the Mauritius jurisdiction. The implementation of user-friendly regulated framework is of an utmost importance to attract these potential virtual assets services in using Mauritius as a preferred jurisdiction to operate. Our country should become a global platform for these operators. This will definitely lead to a huge economic and social benefit for the country as a whole. No doubt, it will lead to creation of new job opportunities and transfer of new expertise to our existing professional in the financial services industry.

Mr Speaker, Sir, the COVID-19 pandemic will be engraved in story as a time which has forced everybody to question, to rethink, to analyse and review all our habits, our system and our

way of living. All sectors have been severely impacted and amongst the main one is the economy and the financial sector of every country around the world. The remodelling and the re-engineering of financial system to adapt to the new normal is a must and the process has already started in many cases.

This Bill presented to the House today is a strong message to the world that Mauritius is taking Fintech seriously and this Government is determined to make Mauritius the Fintech hub of the region and in Africa. Most foreign investors and tech companies are already lining up to make Mauritius their new home. Recently, my colleague, hon. Mahen Seeruttun, Minister of Financial Services attended a Global DeFi Investment Summit at Caudan Arts Centre where there were already international players attending to present the project which will be hosted in Mauritius. This shows how the Government is visionary and avant-garde. Among many projects presented at that summit was the project of digitalisation of gold announced by a Dubai-based company. As the previous orator before me mentioned about how a virtual asset will be backed; a virtual asset can be backed by gold. This was the example given during this summit and in this type of project it will help us as a country to be on the international map as a modern international financial centre and Fintech hub. They are combining gold with Blockchain technology, which will create a different investment asset class, a medium of exchange and a reliable store value named the Golar Token. This is an example of a Golar Token; this Golar Token will be advertised across the premium and prestigious financial sites in the world. The Golar Token will be hosted here in Mauritius, and operating under the Virtual Asset and Initial Token Offering Services Bill. You can imagine how much the branding of Mauritius will be impacted positively through such a project.

Mr Speaker, Sir, the digital asset economy also led to emergence of Initial Coin Offering (ICO). This is a new way for companies to raise money by issuing tokens in their company or projects and selling these to the public. Some ICO have been very successful raising hundreds of millions of dollars. The digital asset class is just getting started. The value of all cryptocurrencies is still lower than the market capitalisation of companies such as Google, Apple or Amazon. Given the global disruptive impact from digital asset, the market is expecting a significant value appreciation over the next couple of years. One thing where change is visible already, but where the impact will be much bigger over the next years, is initial coin offerings and the tokens that are generated through these events.

Mr Speaker, Sir, it is very likely that ICO will eventually take over the role that equity shares play in the current economy. Instead of issuing shares of a company, a company could issue tokens that could be traded on any crypto exchange without having to go through brokers or existing exchangers. People can trade these directly. These tokens can be the same as shares or they can have different properties. Tokens are programmable money, so they could, for example, represent only a part of the cash flow of the company or give investors less rights. This will change the financial industry, making it possible for any company to raise money from the public. Countries that will put legislations in place for this will be on the forefront of this change and could attract trillions of new capital.

Mr Speaker, Sir, given the long-standing attractiveness of Mauritius as a jurisdiction for financial services globally, the Government believes that an efficient regulatory framework that supports and empowers this emerging asset class could be an opportunity for Mauritius to take a global leadership in this industry. Mauritius is perfectly positioned to become the gateway for this evolution that is about to begin. While over time, there will be more than one hub for this industry, Mauritius, today, stands to have a very good chance to remain part of the global leadership given its geo strategic position, including the favourable time zone coverage of the country, especially since digital assets trade are 24/7. Mauritius has a window of opportunity to leapfrog other jurisdictions, that is, Malta, Bermuda, Panama, Hong Kong and Japan with regard to a crypto-friendly legislation and regulation. Why, because Mauritius has a time frame of 4 hours to Europe countries and for the trading of crypto currencies, we will be a hub and it will facilitate all tradings that will occur here.

Mr Speaker, Sir, pro digital asset legislation would mean that many cryptocurrency and digital asset companies would want to set up their operations in Mauritius. The USA and Europe are not providing the necessary infrastructure, and hence, these companies are looking for a stable and attractive jurisdiction. Global experts believe crypto assets will be on top of the current financial system and will make it more efficient and more profitable. It will positively impact the number of jobs in the financial sector in Mauritius. It will likely lead to a significant number of additional jobs. Being among the first to implement legislation will provide ease of access to these financial institutions and will lead to a large increase in the number of companies in crypto space to move in Mauritius, and with that, a large number of new jobs, tax revenues will be generated. It will reinforce Mauritius' standing as a global financial hub.

Mr Speaker, Sir, I would like to conclude on this note. We should also remind that Mauritius has been removed from the FATF grey list, and hence, European black list after implementing enhanced AML/CFT framework. 21 October 2021, is hence a day to remember and was a big national challenge to the financial sector that went through almost 20 months. Mauritius is now compliant with all 40 Recommendations of the FATF and this Bill will help our economy to build up resilience, and hence, use our experience of dark days as a stepping stone for better future.

Let us not forget that it is under the Prime Ministership of hon. Pravind Kumar Jugnauth, in the Budget 2018, that digital asset was first recognised as an asset class in the Finance Act. Make no mistake, at that time we were among one of the first financial jurisdictions in the world to recognise digital asset in law. Already at that time we were ahead in time compared other global superpowers. Undoubtedly, our Prime Minister is a man of forward thinking vision who has at heart to bring Mauritius to the next level of digital evolution for the benefits of the country as a whole at all levels.

Thank you, Mr Speaker, Sir. I am done.

(8.06 p.m.)

The Minister of Finance, Economic Planning and Development (Dr. R. Padayachy):

M. le président, avant de rentrer dans le vif du sujet, permettez-moi de remercier mon collègue ministre, l'honorable Mahen Seeruttun, pour présenter le *Virtual Asset and Initial Token Offering Services Bill* devant cette auguste Assemblée.

Ce projet de loi est reflet de la vision que ce gouvernement a pour Maurice : un pays tourné vers l'avenir accueillant les nouvelles technologies. Sous le leadership du Premier ministre, nous ne laissons rien au hasard pour consolider la position de Maurice comme un hub d'innovation et de création. Nous disposons déjà de l'infrastructure adéquate pour faire de notre économie un centre financier international 3.0 où la finance et la technologie forment la pierre angulaire de ce succès.

M. le président, il va sans dire qu'au cours des dernières années, les investissements dirigés vers l'intelligence artificielle, la *Blockchain* et les actifs virtuels ont connu une croissance exponentielle à travers le monde. C'est une opportunité dont nous devons nous saisir pour

moderniser encore davantage notre structure économique et ouvrir la voie à un nouveau départ. En tant que centre financier international, Maurice a tout à gagner en se positionnant sur le créneau des actifs virtuels. Légiférer pour accompagner la digitalisation de l'économie, pour atteindre une trajectoire de croissance plus élevée et créer des opportunités d'emplois qualifiés pour nos jeunes. Voilà ce en quoi, nous de ce côté de la Chambre, nous aspirons pour le pays et pour les Mauriciens.

M. le président, dans le Discours du Budget 2021-22, l'emphasis a été mise sur notre transformation digitale ainsi que sur l'accélération de la révolution technologique qui s'opère au niveau du secteur des services financiers. A ce titre, j'ai annoncé une série de mesures visant à soutenir le développement de l'activité des actifs virtuels dans le pays en plus de l'introduction d'une nouvelle législation pour les actifs virtuels. En complément, les annonces suivantes ont d'ailleurs été faites. Il s'agissait de –

- La mise en place d'une *Digital Industries Academy* par l'*EDB* afin de constituer le vivier de talents nécessaire pour accélérer notre digitalisation;
- faciliter les initiatives de transformation numérique et des activités de conseil aux entreprises dans le cadre du *Training Fund* du *Human Resources Development Council*;
- l'introduction de systèmes de paiement mobiles et sans contact dans le gouvernement, en commençant par le *Registrar General*, la *NLTA* et la *Companies Division* ;
- la présentation d'un nouveau projet de loi sur les valeurs mobilières, facilitant notamment le commerce des actifs virtuels ;
- le déploiement par la Banque de Maurice d'une monnaie numérique de la Banque centrale - la roupie numérique - et l'introduction d'un code QR dédié au niveau national pour encourager les paiements numériques, et enfin
- la mise en place par la Banque de Maurice et la *FSC* respectivement d'un *Open-Lab* pour les solutions bancaires et de paiement et d'un *FinTech Innovation Lab* pour encourager la culture de l'entrepreneuriat.

Ces mesures, dont certaines se sont d'ailleurs déjà concrétisées, ont le potentiel de soutenir les activités liées aux actifs numériques à Maurice.

M. le président, la *Blockchain* ouvre la voie à de nouvelles façons d'envisager notre écosystème économique et financier. Il n'y a qu'à regarder l'évolution rapide du paysage des systèmes de paiement pour s'en assurer. La Covid-19 n'a d'ailleurs fait que renforcer ce processus déjà enclenché. S'appuyant sur l'accélération de la croissance des paiements électroniques et l'arrivée de nouveaux acteurs disruptifs du marché, les habitudes de paiements ont été révolutionnées. Plus encore, nous avons assisté à l'émergence des crypto-monnaies. Ce nouvel type d'actif a gagné en attractivité et a vu sa pénétration dans le monde des affaires s'accélérer.

Avec la croissance des entreprises d'actifs virtuels dans le monde entier et la concurrence accrue entre les juridictions pour optimiser leurs potentiels, il est nécessaire pour notre secteur de services financiers mauricien de s'adapter et d'être à l'avant-garde de ces nouvelles technologies.

M. le président, dans le sillage, dès 2018, nous avons établi un *Fintech and Innovation-Driven Financial Services Regulatory Committee* sous la présidence de Lord Meghnad Desai afin d'élaborer le cadre réglementaire pour le développement de l'industrie *FinTech* à Maurice. L'une des principales réalisations du comité a été de faire de Maurice la première juridiction au monde à offrir un cadre réglementé pour la garde des actifs numériques. Il a également identifié les domaines prioritaires dans l'espace réglementaire des activités *FinTech*.

La *Regulatory Sandbox License* a ainsi été introduite. Elle offre la possibilité à un investisseur de mener une activité commerciale pour laquelle il n'existe pas de cadre légal ou des dispositions adéquates dans la législation existante à Maurice. L'objectif étant d'attirer les *start-ups* et *fintechs* locales et internationales afin de leur permettre de s'établir à Maurice et de conduire des projets innovants, selon un ensemble de termes et conditions convenus et pour une période de temps définie.

M. le président, parfait exemple de la « création destructrice » schumpétérienne, la digitalisation de l'économie a créé de nombreuses opportunités tout en soulevant un certain nombre de défis. La réglementation de ces activités en est l'un d'eux. Alors que la technologie se développe rapidement, les risques, notamment du point de vue de la cybercriminalité s'accroissent aussi. Et cela, souvent à des fins de blanchiment d'argent ou de financement du

terrorisme. Les actifs virtuels tels que les crypto-monnaies sont un point d'attention particulier pour ce gouvernement qui combat les crimes financiers avec la plus grande fermeté. L'absence de réglementation appropriée pourrait donc logiquement conduire au développement d'actes malveillants opérés par le truchement des crypto-monnaies. A cet égard, il est donc essentiel d'encadrer légalement ces actifs. C'est tout l'objectif du *Virtual Asset and Initial Token Offering Services Bill*.

M. le président, comme j'en faisais mention il y a quelques minutes de cela, le commerce des actifs virtuels a le potentiel de devenir en soi un nouveau pilier de notre économie. Il agira à cet égard comme un catalyseur et dynamiseur de notre secteur des services financiers. En tant que gouvernement responsable, nous devons donc nous assurer que nous disposons d'un cadre réglementaire approprié pour les actifs numériques ou les entreprises positionnés sur le créneau des actifs virtuels.

Comme cela a toujours été notre stratégie, il convient en la matière d'adhérer aux normes internationales et aux meilleures pratiques. C'est précisément ce que cherche à réaliser le projet de loi.

M. le président, à vrai dire, son objectif est double. D'une part, il vise à fournir un cadre législatif complet pour réglementer les activités commerciales nouvelles liées au développement d'actifs virtuels et d'offres initiales de jetons. D'autre part, il vise à créer un écosystème propice à ces activités. Ce projet de loi est un texte législatif résolument moderne qui tient compte des avancées technologiques et des modèles commerciaux innovants sur lesquels nous nous penchons. Ce faisant, le présent projet de loi prévoit un espace réglementaire permettant aux entreprises de s'engager dans un large éventail d'activités commerciales liées aux actifs virtuels à Maurice et à partir de Maurice, y compris -

- le transfert, l'échange d'actifs virtuels et de monnaies fiduciaires ou de différentes formes d'actifs virtuels;
- la garde et l'administration d'actifs virtuels ou d'actifs virtuels sous-jacents, et
- l'émission d'offres initiales de jetons.

En vue de lutter efficacement contre le blanchiment d'argent et le financement du terrorisme et de la prolifération, ce projet de loi adopte également les recommandations du *GAFI*,

le Groupe d'action financière, sur les réglementations des actifs virtuels et des fournisseurs de services d'actifs virtuels.

À ce titre, le projet de loi prévoit des dispositions pour gérer, atténuer et prévenir les risques de blanchiment d'argent et de financement du terrorisme et de la prolifération (*AML/CFT*) associés à ces pratiques commerciales émergentes.

Il désigne par ailleurs la *Financial Services Commission* comme l'organisme de réglementation des fournisseurs de services d'actifs virtuels et des émetteurs d'offres initiales de jetons qui pourra –

- accorder des licences aux fournisseurs de services d'actifs virtuels ;
- enregistrer les émetteurs d'offres initiales de jetons, et surtout,
- déterminer si les fournisseurs de services d'actifs virtuels et les émetteurs d'offres initiales de jetons respectent, aux fins de la lutte contre le blanchiment d'argent et le financement du terrorisme et de sa prolifération, la *Financial Intelligence and Anti-Money Laundering Act*, la *Financial Services Act* et l'*United Nations (Financial Prohibition, Arms Embargo and Travel Ban) Act 2019*.

En outre, en vue de protéger les droits des clients d'actifs virtuels, il constituera désormais une infraction de criminalité financière le fait –

- d'exercer des activités commerciales en tant que fournisseur de services d'actifs virtuels sans être agréé en tant que tel;
- d'exercer des activités commerciales en tant qu'émetteur d'offres initiales de jetons sans être enregistré en tant que tel, et
- d'être, pour toute personne, en violation de ce nouveau cadre réglementaire.

M. le président, pour conclure mon propos, permettez-moi de réitérer la volonté de ce gouvernement de placer Maurice sur la carte des nations de l'innovation et de la création.

Bien conscients des nouveaux risques que cette catégorie d'actifs fait naître, nous avons fait le choix audacieux mais responsable de prendre les devants en régulant plutôt qu'en réprimant, en légiférant plutôt qu'en ignorant.

Ce gouvernement embrasse l'innovation tout en restant ferme sur sa position en matière de lutte contre le blanchiment de capitaux et le financement du terrorisme.

En accompagnant l'émergence des actifs virtuels, nous avons la possibilité de façonner l'avenir de notre pays.

Il s'agit en effet d'être proactif en introduisant les législations appropriées pour contrer les effets de toute menace qui pourrait compromettre notre développement futur.

C'est sur la base de ces prémisses que ce projet de loi est présenté.

Ce gouvernement a déjà pris a de nombreuses reprises des mesures audacieuses, malgré les difficultés actuelles liées à la pandémie de la Covid-19, pour renforcer notre résilience.

Nous continuerons à le faire, dans l'intérêt du pays, dans l'intérêt de la population.

Grace à cette stratégie instiguée par l'honorable Premier ministre, nous avançons à vive allure vers notre objectif. Celui de ramener au plus vite le pays sur les rails d'une croissance robuste et inclusive.

Nous sommes les bâtisseurs de notre destin, nous ne pouvons pas nous cantonner au rôle de spectateur. Ce serait aux antipodes de l'ADN de ce gouvernement.

Je termine en adaptant les propos d'Alfred Sauvy -

« Despote conquérant, le progrès technologique ne souffre pas l'arrêt. Tout ralentissement équivalant à un recul, l'humanité est condamnée au progrès à perpétuité. »

Merci de votre attention.

STATEMENT BY MINISTER

MOLNUPIRAVIR - TENDERING EXERCISE

The Minister of Health and Wellness (Dr. K. Jagutpal): Mr Speaker, Sir, with you with your permission, I wish to make an urgent Statement in the public interest in regard to the tendering exercise for the procurement of Molnupiravir in order to dissipate any misunderstanding by the members of the public at large.

Mr Speaker, Sir, the first tendering exercise for procurement of Molnupiravir: on 25 October 2021, Mr Alok Kumar, representative of Dr. Reddy informed the Ministry that he would

be in Mauritius from 27 October 2021 to 02 November 2021. He informed that Dr. Reddy is a leading pharmaceutical company from India and collaborated with major companies like RDIF for Sputnik V, Gilead for Ramdesivir, MSD for Molnupiravir and Fujifilm for Favipiravir to service these important products to overcome COVID-19 pandemic.

Mr Alok requested for an appointment to discuss the supply of Molnupiravir. I am tabling the papers on above statement.

On 29 October 2021, a meeting was scheduled with Mr Alok and officials of my Ministry. Mr Alok informed that Dr. Reddy's laboratory had obtained authorisation to manufacture Molnupiravir under licence with Merck. He informed that in case the Ministry required the drug, a formal request on the quantity required needed to be made in order to enable it to start manufacture the drug.

Mr Speaker, Sir, on 12 November 2021, Mr Alok Kumar informed the Ministry that Molnupiravir had obtained UK NHRA. He also informed that Merck USA had authorised Dr. Reddy to supply the drug to Mauritius.

On 14 November 2021, the Ministry requested Dr. Reddy to inform about the earliest delivery and other terms and conditions.

On 14 November 2021 again, Dr. Reddy informed that it was proposing two options –

- (i) either to supply the drug directly or,
- (ii) through their local representative, Hyperpharm.

In both cases, the delivery would be by 4th week of December 2021...

(Interruptions)

Mr Speaker: Last warning!

Dr. Jagutpal: ...and the price would be USD 1.3 per capsule. My Ministry opted for the option to provide the drugs directly from Dr. Reddy and not from the local representative Hyperpharm Ltd. The laboratory also proposed to organise training programme for healthcare staff.

Mr Speaker, Sir, on 25 November 2021, Mr Alok Kumar informed the Ministry that Molnupiravir had received WHO treatment protocol on 15 November 2021. Moreover, as the

drug had not yet been approved in India and the company manufacturing same had to obtain special export permit from CDSCO for export to Mauritius. It is confirmed that the drug would reach Mauritius around 25 December 2021. At our request for earlier delivery, the company agreed to expedite the delivery as at 10 December 2021. As at now, no confirmation has been received and the latest information from Dr. Reddy is that the drug will be available on 25 December 2021.

On 10 December 2021, Dr. Reddy has informed that it will be organising a scientific event from 19 to 21 December 2021 at Labourdonnais Waterfront Hotel to discuss drug development, clinical trial, approvals, safety profile and other medical aspect.

Mr Speaker, Sir, the second tendering exercise for procurement of Molnupiravir: on 15 November 2021, Dr. R.R, Consultant in Charge, Chest Diseases and Tuberculosis, requested for an immediate purchase of Molnupiravir for 30,000 patients.

The same request was again made on 24 November 2021. I am tabling the papers for the above statement.

(Interruptions)

Mr Speaker: You do not have to interrupt the proceedings of the House! And this is the last warning!

Please, continue!

Dr. Jagutpal: Mr Speaker, Sir, on 25 November 2021, Mr Naeck, the Principal Pharmacist, informed that there were 5 manufacturers in India who could supply the drug. Restricted bidding was sought from the local representatives of these manufacturers for the supply of 800,000 doses of Molnupiravir.

On 26 November 2021, 4 bidders submitted quotations as follows –

- (i) IBL Ltd - Rs36,900,000.00
- (ii) Trident Healthcare - Rs26,000,000.00
- (iii) Hyperpharm - Rs59,200,000.00
- (iv) Mauritius Pharmacy - Rs7,446,000.00

On 06 December 2021, the contract was awarded for the supply of 800,000 doses of Molnupiravir for the total amount of Rs7,446,000.00 with delivery date within 15 days as from the letter of award. I am tabling the papers on the above statement.

Mr Speaker, Sir, for the last week of November and first week of December 2021, the factual figures provided on a daily basis from all regional hospitals and the ENT Hospital on bed occupancy and the number of death were on the increasing side and that the request of Dr. R. was for the procurement of 1,200,000 Capsules (30,000 patients x 40 doses). My Ministry decided to seek other sources for Molnupiravir. Again, I am tabling the paper for the above statement.

The third tendering exercise for procurement of Molnupiravir, on 07 December 2021, a proforma invoice was requested from CPN Distributors for the immediate supply of 1,000,000 doses of a generic version of Molnupiravir.

CPN Distributors is a wholesaler/distributor situated at Saint Georges Street, Port Louis and having a sub-office at Long Mountain. The CEO is Mr A. C. and the Pharmacist in charge is Mr S. S. incorporated at Company Division since March 2017, registered as wholesaler with Pharmacy Board since 29 July 2021 under the Pharmacy Act. It is not an unsolicited bid but he did inform the Ministry that he has Molnupiravir. He submitted a proposal following request for pro forma invoice for immediate delivery as per usual practice. Again, I am tabling the papers for the above statement.

Mr Speaker, Sir, 07 December 2021, CPN Distributors submitted its pro forma invoice for the supply of 999,000 doses of Molcovir (Generic version of Molnupiravir) at the rate of Rs79.92 and for the total amount of Rs79,840,080. The letter of award was issued on the same day. Again, I am tabling the papers for above statement.

It is a regulatory authority in India which authorises the export of the drug and this is why CPN Distributors Ltd. can deliver 1,000,000 doses as opposed to 1.2 million requested by Dr. R.

I have to inform the House that the expiry date is linked to the manufacturing batch number. The earlier the manufacturing date, the expiry date also will be earlier. Hence, the drug supplied by CPN Distributors Ltd. bears an expiry date earlier than that of Mauritius Pharmacy which has not yet been received.

Mr Speaker, Sir, for the emergency procurement under PPA and Directives No. 60, my Ministry has followed the procedures laid down in Section 21 of the Public Procurement Act and Regulation 5C of the Public Procurement (Amendment) Regulation 21.

In fact, my Ministry has acted in accordance with the provisions of Regulation 5C (1) which stipulates that –

“Subject to Section 21 of the Act, where public interest demands the emergency procurement of any goods, works, consultancy services, the Chief Executive Officer of the public body shall evaluate the need for the emergency procurement and decide in the manner to proceed in order...

(Interruptions)

Mr Speaker: Please withdraw from the Chamber!

An hon. Member: *Ki pu withdraw? Nou aler do ta!*

Mr Speaker: You were waiting for that! You were waiting for that!

(Interruptions)

You were waiting for that!

Mr Mohamed: Protect them! Keep on protecting them!

Mr Speaker: And I will name you if you continue.

(Interruptions)

I will name you if you continue.

(Interruptions)

You were waiting for this!

(Interruptions)

Mr Mohamed: You are protecting him! You are a goalkeeper, and a very bad one!

Mr Speaker: I am naming you!

Mr Mohamed: You should be ashamed of yourself!

Mr Speaker: I am naming you!

(Interruptions)

I am naming you!

(Interruptions)

An hon. Member: *Bachara!*

(Interruptions)

Mr Speaker: Wait! Wait!

(Interruptions)

Hon. Members, order!

You have seen the Opposition provoking, and since this morning I am talking to the House, to the whole Chamber and the population at large. This cannot continue. The Opposition has to take its responsibility in the House.

Please continue!

Dr. Jagutpal: Furthermore, Regulation 5 C (2) (e) and (f) also stipulate that the Ministry may have recourse to direct award due to absence of competition or due to extreme urgency.

The situation was one of extreme urgency as we had to save the lives of COVID-19 infected patients, who would otherwise have died.

Still, in line with the provision of Regulation 5C (3) (a), my Ministry had to have recourse to emergency procurement in order to efficiently and effectively give treatment to COVID-19 patients who would otherwise have had no such treatment.

Finally, my Ministry has followed the provisions of Directive No 60 issued by the PPO on 30 November 2021.

In fact, given the exceptional circumstances, my Ministry had no option but to have recourse to provisions of extreme urgency to procure this essential drug which has proved its efficacy in treating COVID-19 patients by reducing cases of hospitalisation, oxygen support and eventually deaths by more than 30%. Again, I am tabling the statement for above.

I thank you, Mr Speaker, Sir.

Mr Speaker: I will suspend the Sitting for one and a half hour.

At 8.34 p.m., the Sitting was suspended.

On resuming at 10.20 p.m. with Mr Speaker in the Chair.

Mr Speaker: Please be seated!

MOTIONS – S.O. 48, S.O. 17(3) & S.O. 29(1)

Mr Speaker: Hon. Members, as you are aware, earlier today, I named the hon. First Member for Port Louis Maritime and Port Louis East, Mr Shakeel Mohamed, under Standing Order 48 in view of his disorderly conduct towards the Chair.

The Deputy Prime Minister: Mr Speaker, Sir, in view of your decision to name the hon. First Member for Port Louis Maritime and Port Louis East, Mr Shakeel Mohamed, I beg, under Standing Order 17(3), to take the time of the House for urgent business.

The Vice-Prime Minister, Minister of Local Government and Disaster Risk Management (Dr. A. Husnoo) seconded.

The motion was, on question put, agreed to.

The Deputy Prime Minister: Mr Speaker, Sir, having obtained your permission, I beg to move, under Standing Order 29(1), to present a motion without notice.

The Vice-Prime Minister, Minister of Local Government and Disaster Risk Management (Dr. A. Husnoo) seconded.

The motion was, on question put, agreed to.

The Deputy Prime Minister: Mr Speaker, Sir, in view of your decision to name the hon. First Member for Port Louis Maritime and Port Louis East, Mr Shakeel Mohamed, I beg to move that the hon. First Member for Port Louis Maritime and Port Louis East, Mr Shakeel Mohamed, be suspended from the service of the Assembly for today's Sitting and the next four (4) Sittings unless apologies are tendered to the House.

The Vice-Prime Minister, Minister of Local Government and Disaster Risk Management (Dr. A. Husnoo) seconded.

The motion was, on question put, agreed to.

(10.22 p.m.)

THE VIRTUAL ASSET AND INITIAL TOKEN OFFERING SERVICES BILL**(No. XXI of 2021)**

The Minister of Financial Services and Good Governance (Mr M. Seeruttun): Mr Speaker, Sir, I would like first to thank the hon. Members from both sides of the House for their intervention on this very important piece of legislation which will change the regulatory landscape of virtual assets activities in Mauritius. The number of speakers and the quality of the debates we have witnessed today testify the remarkable significance of this subject to our country. I am pleased to note that the majority of the hon. Members welcome the introduction of this piece of legislation.

Mr Speaker, Sir, the Members of this august Assembly have explained the importance of this legislation; still, I will take this opportunity to further clarify the importance, reasons and the very purpose of this vital Bill, and also some points raised by certain hon. Members. Again, it is unfortunate that those very Members who sought for clarification while they were intervening opted not to be here to listen to these clarifications.

Mr Speaker, Sir, to start with, let me inform the House that this modern piece of legislation is, *inter alia*, the result of a public-private collaboration and appropriate international benchmarking. As pointed out by the hon. Members, my Ministry has left no stone unturned and brought all the requisite expertise under one roof for the drafting of this breakthrough legislation. During the consultation process, due consideration was given to the valuable feedback from the industry stakeholders to ensure that the legislation reflects the current market demands and dynamics.

Mr Speaker, Sir, I must admit here that the virtual asset sphere is relatively new in the Mauritian landscape. I wish to point out that the legislative drafting team set up at the level of my Ministry has continuously been guided by the standards set by the FATF, in particular Recommendation 15. In that respect, allow me to highlight, Mr Speaker, Sir, that the definitions for virtual asset and virtual asset service providers have been aligned with the FATF definitions.

Mr Speaker, Sir, it is worth noting that the scope of this well drafted Bill, as supported fully by hon. Lobine and also all the hon. Members on this side of the House, will indeed lead to a more vibrant and conducive Fintech ecosystem in Mauritius, in line with the blueprint for the

Financial Services sector. In this pursuit, in the last National Budget 2021/2022, the Government reinforced its commitments through the establishment of a range of new initiatives such as Fintech Innovation hubs and digital labs aiming to propel the Fintech sector in Mauritius.

Mr Speaker, Sir, these path-breaking initiatives are currently being implemented by our financial sector regulators, namely the Bank of Mauritius and the Financial Services Commission. The regulators of the financial services sector in Mauritius are also leaving no stone unturned to stay abreast of the latest technological developments in the regulatory and supervisory arena.

Mr Speaker, Sir, whilst all efforts are being devoted to attract innovative Fintech businesses to Mauritius, highest care is also taken by our competent authorities to ensure that the risk management framework is in place at all times. This is critically important for Mauritius as we are politically and strategically committed to observe the best international norms and standards in terms of our products and services offering.

Mr Speaker, Sir, this brings me to shed light on specific concerns raised by the hon. Members from the other side of the House. Virtual asset, by its very nature, is complex and borderless. Several jurisdictions have taken different approaches with some having fragmented virtual asset regulatory regimes whilst others advocate their outright ban. To prevent Virtual Asset Service Providers from operating without a licence in Mauritius, Clause 7 of the Bill highlights that -

“(1) No person shall carry out the business activities of a virtual asset service provider in or from Mauritius unless he is the holder of a virtual asset service provider’s licence.”

This is an important safeguard in the fight against money laundering and financing of terrorism. As rightly pointed out by hon. Dr. Boolell, indeed cryptocurrencies are highly volatile and fluctuate on a daily basis based on demand and supply factors. These fluctuations may impact the financial position of investors. In this regard, Mr Speaker, Sir, the FSC in collaboration with the Bank of Mauritius shall ensure a robust supervision for a sound and stable financial system in Mauritius.

Mr Speaker, Sir, with regard to the point raised on enforcement of the provisions of this Bill, let me reassure the House that the FSC is well empowered to take appropriate enforcement

actions. Allow me to draw the attention of the House that the Bill already caters for a range of sanctions which includes amongst others the imposition of administrative penalties, public censures, revocation of licences, disqualification of officers of the virtual asset service provider or issuer of initial token offerings. Enforcement actions shall not only apply to officers in post but also to past officers, partners, shareholders or controller of the virtual asset service provider or issuer of initial token offerings. Let me also inform the House that a person who has contravened this legislation shall upon conviction be liable to a fine not exceeding Rs5 m. and imprisonment for a term not exceeding 10 years.

Mr Speaker, Sir, in his intervention, the hon. Ramful started by saying that Mauritius was put on the grey list of the FATF because of this particular Bill which is long overdue and that is why we were put on the FATF grey list. I would say utter nonsense, Mr Speaker, Sir. That shows how ignorant sometimes people are. We all know that we were put on the FATF grey list because we had five deficiencies with regard to effectiveness, nothing to do with technical compliance that we are talking today with regard to Recommendation 15. So again, when Members of the Opposition try to advance certain claims, certain allegations against this Government, it shows how ignorant and how demagogical they can be sometimes and it is unfortunate that these people still aim to one day come and lead this country. So, I hope, God forbids this to happen.

Hon. Ramful also affirmed that Clause 15(5) of the Bill does not provide for a time frame to revert to the applicant after its representation since it will depend on nature and intricacies of each matter. With respect to his comment made on Clause 15 of the Bill, the quantum will depend on the gravity of the offence as it is the standard practice for domestic legislation.

Moreover, I have to inform the House that the applicable fees will be determined by FSC rules in due course. Last but not least, Mr Speaker, Sir, the point raised by hon. Aadil Ameer Meea in connection with the declaration of asset to capture virtual asset, I think, I have duly noted that particular point and I am sure at the appropriate time some actions will be taken to address this particular point.

So, Mr Speaker, Sir, I would like also to highlight that Mauritius has taken all the necessary measures to address all deficiencies identified with respect to Recommendation 15 in its Mutual Evaluation Report which was published in 2018 and accordingly Mauritius was

related as compliant with Recommendation 15 in September 2019. However, in October 2019, FATF methodology was revised to reflect amendments to the FATF standards on Recommendation 15. Since then, Mauritius has taken proactive measures to comply with the new requirements of Recommendation 15 which *inter alia* included the conduct of risk assessment at national level. Thereafter, this had led to the drafting of this Bill.

Mr Speaker, Sir, during the drafting of the Bill, the team has ensured that necessary safeguards are in place to protect the interest of various stakeholders. Virtual Asset Service Providers operating in Mauritius will have to ensure proper safeguarding and protection of assets belonging to investors and have proper systems and controls in place to prevent market abuse which are being closely monitored by the FSC. The FSC will add virtual assets to its current range of products for which it carries out financial literacy in Mauritius. In that respect, guidelines will be issued to assist as part of its awareness campaign. Such guidelines will *inter alia* ensure that prospective investors are made aware of risk associated with virtual assets in a transparent and accurate manner.

Mr Speaker, Sir, ensuring compliance with international standards on maintaining accurate, up to date, beneficial ownership information remain a priority for Mauritius. Accordingly, due consideration has been given to the disclosure of beneficial owners; Clause 19 of the Bill provides that. The virtual asset providers have to on board travel rule measures in accordance with the updated FATF guidance which includes proper record keeping.

Mr Speaker, Sir, the technology underlying virtual assets requires appropriate capacity building as a condition *sine qua non* to the proper development of virtual asset-related business relationships in Mauritius. Mauritius has received the assistance of international experts, namely, the World Bank, the EU AML/CFT Global Facility and ESAAMLG Secretariat. My Ministry will continue to leverage on structured training programmes to be organised by the Financial Services Institute in due course.

Mr Speaker, Sir, I am pleased to inform the House that not later than today itself, Mauritius, as one of the first countries in the African region to step in the crypto space, was requested to assist its African counterparts to share the Mauritian's experience which will support them in conducting their risk assessment on virtual assets.

Mr Speaker, Sir, clause 55 of the Bill provides for the consequential amendments to different sections of the Asset Recovery Act, the Courts Act, the Financial Intelligence and Anti-Money Laundering Act, the Financial Services Act, the Income Tax Act, the Insolvency Act, the Ombudsperson for Financial Services Act, the Securities Act, the United Nations Sanctions Act, and the Securities Regulations 2008.

Mr Speaker, Sir, allow me to comment on the taxation aspect of virtual asset. Insofar as domestic taxation of virtual assets is concerned, I would like to highlight that there is no separate regime regarding taxation of virtual assets provided in the Income Tax Act. This would be further clarified by the Mauritius Revenue Authority as may be necessary through the issue of Statement of Practice.

Mr Speaker, Sir, I will now conclude by reiterating that this Bill is a clear demonstration of the commitment of this Government to foster financial innovation whilst also relentlessly combating money laundering, terrorism and proliferation financing.

Mr Speaker, Sir, as the House is aware Mauritius is currently compliant or largely compliant with 39 out of 40 FATF Recommendations. Mr Speaker, Sir, I must say that after coming into force of this new legislation, my Ministry will submit an application for rerating regarding Recommendation 15 of FATF. We are expecting that by next year Mauritius will be compliant or largely complaint with all 40 FATF Recommendations, and that would be the first country, I think, in the world having achieved 40 over 40 of those Recommendations, Mr Speaker, Sir.

Mr Speaker, Sir, this Bill is another testimony of our commitment led by the hon. Prime Minister to advance and to continue the implementation of a robust and resilient AML/CFT regime and to adhere to international standards at all times. I have also reiterated on several instances that we need to further demonstrate the sustainability and effectiveness of our AML/CFT Framework in combating money laundering and the financing of terrorism.

Mr Speaker, Sir, I wish to reassure again the House that this Government will continue in its endeavour to fight against the evolving threats of money laundering and terrorist financing, and promote Mauritius as a jurisdiction of the highest global standards.

So, before ending, Mr Speaker, Sir, allow me to thank all the Officers of my Ministry, the AG's Office, and all the other Officers from relevant institutions that were directly or indirectly involved in the drafting of this Bill. And I would also like to put on record the generous assistance provided by the expert of the World Bank and the ESAAMLG Secretariat.

So, with these words, Mr Speaker, Sir, again, I commend the Bill to the House. Thank you.

Question put and agreed to.

Bill read a second time and committed.

COMMITTEE STAGE

(Mr Speaker in the Chair)

The Virtual Asset and Initial Token Offering Services Bill (No. XXI of 2021) was considered and agreed to.

On the Assembly resuming with Mr Speaker in the Chair, Mr Speaker reported accordingly.

Third Reading

On motion made and seconded, the Virtual Asset and Initial Token Offering Services Bill (No. XXI of 2021) was read the third time and passed.

ADJOURNMENT

The Deputy Prime Minister: Mr Speaker, Sir, I beg to move that this Assembly do now adjourn to Friday 17 December 2021 at 3.00 p.m.

The Vice-Prime Minister, Minister of Local Government and Disaster Risk Management (Dr. A. Husnoo) seconded.

Question put and agreed to.

Mr Speaker: The House stands adjourned. Adjournment matter if there is any? So, thank you very much.

At 10.47 p.m., the Assembly, was, on its rising, adjourned to Friday 17 December 2021 at 3.00 p.m.

