



REGULATORY **SANDBOX** LICENCE

GUIDELINES FOR FINTECH PROJECTS

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ABBREVIATIONS

BOM	Bank of Mauritius
EDB	Economic Development Board
FSC	Financial Services Commission
NRSL Committee	National Regulatory Sandbox Licence Committee
RSL	Regulatory Sandbox Licence

1. The Regulatory Sandbox Licence

The Regulatory Sandbox Licence (RSL), under the aegis of the Economic Development Board (EDB) offers the possibility for an investor to conduct a business activity for which there exists no legal framework, or adequate provisions under existing local legislation, within an enabling environment in Mauritius.

The RSL is issued by the EDB to eligible companies willing to invest in innovative projects according to an agreed set of terms and conditions for a defined period.

All Fintech projects under the RSL are determined and recommended by a National Regulatory Sandbox Licence (NRSL) Committee, which is jointly administered by the EDB and the Financial Services Commission (FSC) through a permanent Secretariat.

The Members of the NRSL Committee accordingly comprises the Ag. Chief Executive Officer of the EDB, Mr. Ken Poonosamy, the First Deputy Governor of the Bank of Mauritius, Mr Mardayah Kona Yerukunondu, the Chief Executive of the FSC, Mr. Dhanesswurnath Thakoor, as well as:

- A representative of the Ministry of Financial Services and Good Governance;
- Mr. Guillaume Ollivry, Director of the Financial Intelligence Unit;
- Mr. Yvan Caril Jean Louis, Principal State Counsel at the Attorney General's Office; and
- Mr. Mahess Rawoteea, Lead Analyst at the Ministry of Finance, Economic Planning and Development.

The NRSL Committee is chaired by Lord Anthony St John of Bletso.

Objective of the NRSL Committee

The objective of the NRSL Committee is to:

- Operate as an independent committee to coordinate the processing of all RSL applications made to the EDB with respect to Financial Technologies (Fintech);
- Be the focal point of assessing:
 - All fintech related applications requiring an RSL; and
 - All newly announced fintech applications as announced in the National Budget 2018/2019
 - Consider fintech related RSL applications received at the level of the EDB in view of preventing financial regulatory arbitrage;
 - Recommend to the EDB whether to approve/decline the RSL application; and
 - Assign the supervisory function for the holder of the fintech RSL to either the BOM or the FSC depending on the nature of the proposed fintech activity.

2. Eligibility

Any person who has an innovative project for which there exists either no regulatory framework at all or the existing supervisory infrastructure is inadequate for the implementation of the project, may apply for an RSL.

In relation to fintech projects, to be eligible for the RSL, the applicant must demonstrate that:

- a) the product, service or solution being developed is genuinely innovative, i.e. it is novel and not similar to those already available in the market;
- b) the use of emerging technology or the use of existing technology in an innovative manner in financial services;
- c) the project will contribute to the development of local skills and know-how;
- d) the provision of the new product, service or solution is either wholly or partly incompatible with the current regulatory requirements in Mauritius;
- e) the product, service or solution has potential to:

- i. improve accessibility, efficiency, security, reliability or effectiveness for existing financial products or services;
 - ii. benefit consumers of financial services.
- f) the applicant has conducted an assessment to demonstrate the usefulness and functionality of the product, service or solution and understands the associated risks;
- g) the applicant has the necessary resources to participate in Sandbox, mitigate and control potential risks and losses arising from the offering of such product, service or solution;
- h) the applicant will deploy the product, service or solution on a commercial scale in Mauritius after exit from the Sandbox or to deploy the product, service or solution on a commercial scale for the international market through Mauritius (for instance, setting up of the company's Headquarters in Mauritius);
- i) the applicant is proposing adequate safeguards, terms and conditions to mitigate foreseeable risks associated with the project;
- j) the application will include a suitable exit or transition strategy if the proposed activity is to be discontinued or in the event that the RSL is revoked; and
- k) any other criteria as the NRS� Committee may deem necessary.

3. Application Process

Applications and relevant supporting documents must be submitted electronically to the Chief Executive Officer of the EDB via email to the fintechsandbox@edbmauritius.org.

3.1 Documents to be submitted

The application to be submitted via the above-mentioned email must comprise the following documents:

- a) A duly filled-in application form (Annex I);
- b) A business plan and/or feasibility study outlining the proposed business activity and project description;
- c) Particulars of promoters, beneficial owners and directors;
- d) Certificate of character (or equivalent) for each beneficial owner, director or other officer holding key position in the project;

- e) Financial forecasts and financial capacities of the applicant (including details of initial investment and source/proof of funds);
- f) Details of the lack of a regulatory framework in Mauritius for the conduct of the proposed activity;
- g) Details of the known risks associated with the proposed project, including but not limited to money laundering and terrorist, as corresponding systems and controls to be established to address those risks;
- h) Details or whether the applicant is licensed in any other jurisdictions for the proposed activity; and
- i) Exit strategy to be implemented by the applicant in the event that the proposed project is not implemented.

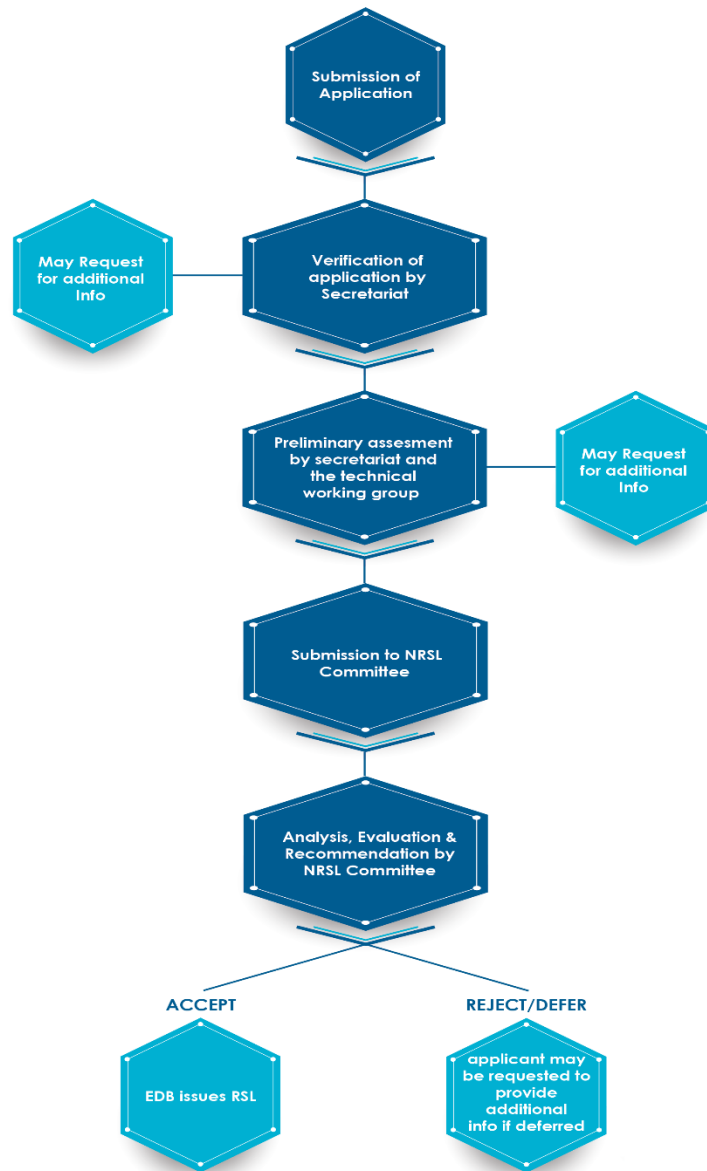
Other information that may be requested by the EDB following the application depending on the nature of the project.

A Certificate of Character is a Police certificate or an equivalent document which states that the Applicant does not have any criminal conviction in the country where he resided for the past five years. In the event that the Applicant has resided in more than one country in the past 5 years preceding his application, he is required to submit a Certificate of Character from all the countries.

Financial capabilities: The Applicant should show evidence of funds to conduct his proposed business. This can be a document from a bank which attests that the Applicant has sufficient funds for instance.

3.2 Application process

The process flow following the receipt of the complete application, with all supporting documentation, by EDB is as follows:



a) Preliminary evaluation by NRSL Secretariat

Following the receipt of an application, the EDB will verify that shall relevant documentation have been provided by the applicant. The application, along with a brief, will be submitted to the NRSL Committee through its secretariat.

The NRSL Committee, after taking cognizance of the application, may set up a Technical Working Group comprising such members as may be appropriate based on the specificities of the proposed activity, to assess each application including the risks involved and the suitability for the proposed project to be conducted in Mauritius. The NRSL Committee Secretariat will collaborate closely with the Technical Working Group in the assessment of each application.

Following the workings of the Technical Working Group, an updated application brief containing a detailed assessment of the project, prepared under the coordination of the NRSL Committee Secretariat, will be submitted to the NRSL Committee for its consideration.

The NRSL Secretariat shall endeavour to ensure that an application is considered by the NRSL Committee within a maximum period of 2 months. This time shall start only when the EDB has been provided with all information/documentation by the applicant.

b) Establishment of Technical Working Group

Depending on the specificities of each project, a Technical Working Group may be set up by the NRSL Committee consisting of experts in the various field (technology, financial services, fintech) from the various institutions represented on the NRSL Committee.

c) Recommendations of the NRSL Committee

In relation to each application, the NRSL Committee, following analysis of the application brief, shall:

- a) Recommend that the EDB issues the RSL to the applicant subject to terms and conditions as may be applicable;
- b) Refer the application back to the NRSL Secretariat for further assessment; or
- c) Recommend that the EDB rejects the application.

Recommendation from the NRSL Committee for the EDB to issue the RSL

Where, following assessment of the application brief, the NRSL Committee recommends the issue of the RSL in relation to the project, the Chief Executive Officer of EDB shall issue the RSL with such terms and conditions as may be deemed necessary by the NRSL Committee.

Deferral

The NRSL Committee may defer its assessment of an application in view of requesting further information. In such situations, the NRSL Committee Secretariat shall endeavour to collate all additional information requested by the NRSL Committee for its consideration at the next meeting.

Recommendation for the EDB to reject the application

The NRSL Committee may recommend to the EDB that the RSL application be rejected on grounds including if it is of the opinion that the proposed activity is not suitable for the jurisdiction or may cause prejudice to the soundness and good repute of Mauritius. In such situations, the Chief Executive Officer of EDB shall by written notice give inform the Applicant of the rejection of his application.

4. Safeguards, Terms & Conditions

Under the RSL, once same has been issued by the EDB, the applicant will be able to start and develop his project within a controlled environment. The RSL will have a number of attached conditions, which will be tailored in line with the activities of the holder. The latter will imperatively be required to comply with those licensing conditions.

Applicants should beforehand identify the potential risks that may arise from the testing of the product, service or solution in the Sandbox and propose appropriate safeguards to address the identified risks.

5. Approved project, monitoring and reporting

Where an RSL has been issued with the agreed terms and conditions, depending on the nature of the activity, the relevant regulatory body (i.e. the BOM or the FSC) shall monitor the activities in respect of which the RSL that has been issued to ensure that the licensee complies with the conditions of the RSL.

The licensee will be required to submit regular reports to the assigned regulatory body:

a) Interim reports

These should include:

- Status update on Key Performance Indicators mentioned in business plan (e.g., investment amount, jobs created, turnover, client base...etc.)
- Date of start of operation;
- Equipment;
- Encountered problems or hindrances;
- Risk control mechanism and efficiency;
- Table of safeguards and conditions with relevant comments on compliance with each of the parameters; and
- Description of the later steps in the project and relevant timeframe.

Interim reports need to be submitted on a quarterly basis or as often as the regulatory body may deem appropriate.

b) Final report

A final report needs must be provided to the regulatory body and the EDB at latest 30 days before the expiry of the RSL:

- a) The business activity for which an RSL had been issued is subsequently regulated under an enactment and subsequently the RSL shall be deemed to have lapsed and the business activity shall be governed by that enactment;
- b) The promoter decides to end its operations and surrender the RSL; or

- c) The promoter wishes to end its testing phase and enter a commercialization phase from Mauritius.

The final report must include the outcome of the project, including the turnover, profits, client base amongst others. It must also comprehensively describe the implementation of the exit strategy in case the project fails as well as a transition plan for the deployment of the product, service or solution on a commercial scale upon successful testing.

The NRSL Committee may request for additional information in light of the final report.

6. Revocation and suspension of Licence

Upon the recommendation of the NRSL Committee, the Chief Executive Officer of EDB may revoke or suspend an RSL under such terms and conditions as it may determine and may include:

- (a) The licensee has failed to commence the operation of his proposed business activity within 3 months after the issue of the RSL;
- (b) The licensee has committed a breach of the terms and conditions of the RSL; or
- (c) The NRSL Committee, based on advice from the monitoring regulatory agency, is of opinion that the licensee is conducting its business in an unsound manner.

Where the NRSL Committee is of opinion that the licensee may, within a determined time-period, take remedial actions and ensure compliance with its licensing conditions, the NRSL Committee may recommend that EDB suspends the RSL.

Failure by the licensee to re-establish compliance with its licensing conditions may entail the revocation of the RSL.

7. Miscellaneous

Enforcement of relevant enactment

- a) In the case whereby a business activity for which an RSL had been issued is subsequently regulated under an enactment, the RSL shall be deemed to have lapsed and the business activity shall be governed by that enactment;

- b) Nothing shall prevent the Government of Mauritius or the relevant regulatory bodies from enacting laws or implementing rules and regulations to govern the activities for which the RSL has been previously granted.

ANNEX 1:

A. Contact details	
Name of company	
Registration number	
Website URL	
Name designated officer ² (e.g. CEO)	
Email address	
Phone number	
Mailing address	
Shareholders	
Describe the nature and scale of your operations in Mauritius	
How many skilled jobs will your company create in Mauritius? Please provide number and description	
B. Product, service or solution	
Name of product, service or solution	
Type of product, service or solution	
Describe the product, service or solution	
Explain how the product, service or solution is innovative	
Describe how the viability of the product, service or solution has been assessed and/or tested	
State the country's regulations or policy or lack of the latter that prohibit or restrict the provision of the product	
Explain how the product or service: i. Contributes to development of financial sector; or ii. Enhance financial institution's efficiency or risk management or controls; or iii. Significantly benefit the consumers at large	
Demonstrate that the product, service or solution is ready to be tested in a live environment through the sandbox	
Explain the source of funding for the testing	
Explain the expected duration of the test	
State the location where all the relevant data will reside	

Explain the plan for the product, service or solution to be offered on wider commercial scale	
Describe and explain the regulatory flexibility needed to undertake the test	
Describe the risks associated with the testing, and identify appropriate risk mitigation measures	
Any other information that may support the application	
C. Miscellaneous	
Institutions and private operators that the project might interact with	
Declaration of intellectual property	
Openness to IP and royalty sharing	

Contact Us

Regulatory Sandbox Licence

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Disclaimer

These guidelines may be subject to changes and should not, in any circumstances, be treated as final. Any other information or document not listed above may be requested depending on the application.

Whilst care has been taken to ensure that the information provided herein is accurate and correct at the time of publication, users of this publication are advised to seek guidance from the Economic Development Board in case of uncertainty or ambiguity encountered in reading this manual. The Economic Development Board shall, in no circumstances whatsoever, be held liable to any person arising from use of information contained herein.