



## FREQUENTLY ASKED QUESTIONS ('FAQs')

### FINANCIAL INTERMEDIARIES

#### 1. What is a Financial Intermediary?

A Financial Intermediary may be broadly defined as an entity that acts as a middleman between two parties in a financial transaction. Financial intermediaries offer a range of benefits to the average consumer including safety, liquidity and economies of scale and they encompass a wide range of entities in terms of size and scale of operation.

#### 2. Who will the FSC Mauritius consider as Financial Intermediary?

The different types of financial intermediaries that fall under the purview of the FSC Mauritius are provided under the Securities Act 2005 (SA), the Insurance Act 2005 (IA) and the Financial Services Act 2007 (FSA) (together 'the relevant Acts'). In this respect, financial intermediaries are required to seek the required licence under the relevant Acts.

#### 3. Who is a financial intermediary under the Securities Act 2005?

Pursuant to Section 31 of the SA, any person who proposes to solicit another person to enter into securities transactions is required to seek an investment dealer or investment adviser licence under Section 29 and 30 of the SA, respectively.

Solicitation implies to induce another person: to buy, sell or exchange securities; or to participate in transactions involving securities; or to offer persons services, recommendations or advice for those purposes.

#### 4. Who is a financial intermediary under the Insurance Act 2005?

Any person who proposes to initiate/arrange insurance business or solicits proposal for insurance products is required to seek the relevant licence under the IA. The IA provides for three (3) categories of insurance intermediaries namely: Insurance Agent, Insurance Salesperson and Insurance Broker.

As provided under Section 2 of the IA, Insurance Agent and Insurance Salesperson are intermediaries who act on behalf of an insurer duly licensed by the FSC Mauritius and an Insurance Broker is an intermediary who acts on behalf of policyholders.

**5. Who is a financial intermediary under the Financial Services Act 2007?**

The Second Schedule of the FSA provides for the different categories of financial intermediaries including but not limited to Distribution of Financial Products.

**6. Can a holder of a Distribution of Financial Product Licence distribute a financial product having an insurance component?**

No, where a company is distributing a financial product which has an insurance component, the company is required to seek the relevant licence under the IA.

**7. What happens if a company operates a financial intermediary business that falls outside the scope of the SA, IA and FSA?**

No person shall carry out, or hold himself as carrying out, in Mauritius any financial services without a licence issued by the Commission.

Moreover, as per its statutory powers, the Commission may carry out a special investigation where a person has carried out, is carrying out or is likely to carry out an activity which may cause prejudice to the soundness and stability of the financial system of Mauritius or to the reputation of Mauritius.

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