

Mauritius

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1. Fintech regulatory framework: a summary of the most relevant laws and regulations concerning fintech and financial innovation.

The fintech legal framework in Mauritius is mainly administered by the Financial Services Commission (FSC) set up under the Financial Services Act 2007 (the 'FSA') and the Bank of Mauritius (BoM) under the Bank of Mauritius Act 2004.

Legislators in Mauritius have been actively ensuring that Mauritius becomes a competent fintech hub. Accordingly, initiatives and testing of new financial products are ongoing.

Innovation Hub

In 2024, the BoM established an Innovation Hub to support the development and testing of fintech solutions across banking, payment and regulatory applications. The Hub is a collaborative platform that brings together startups, industry players, technology providers, academia, students and regional central banks. As part of its mission, it will pursue projects across six key themes: Suptech and Regtech, financial literacy, green finance, central bank digital currency (CBDC), open banking and cybersecurity.

Testing the CBDC

The BoM is also actively exploring a retail CBDC. The CBDC's pilot application programming interface (API) became operational in December 2023, enabling full end-to-end testing and integration with a commercial bank. This partnership supported the simulation of interbank transactions and a rigorous evaluation of the system's performance and resilience in real-world conditions. Concluding in April 2024, the pilot provided the BoM with valuable insights to strengthen security and improve payment efficiency within the CBDC. The project's next phase will introduce retail CBDC APIs to stakeholders in a sandbox environment to test new financial products built on the CBDC.

2. Regulations on crypto assets: a summary of the legal framework regarding crypto assets and how they are regulated.

In Mauritius, the FSC regulates and supervises the non-banking cryptocurrency environment, especially in relation to virtual asset service providers (VASPs) and issuers of virtual asset offerings to the public ('ITOs') under the Virtual Assets and Initial Token Offerings Services Act 2021 ('VAITOS') as further described in Question 6.

Legal nature of virtual assets

Crypto assets are not legal tender and are treated as 'virtual assets' (distinct from deposits/e-money). The Mauritian rupee remains the only legal tender in Mauritius, and the BoM has periodically cautioned that there are volatility and risks associated with virtual assets.

Tax treatment of virtual assets

Mauritius has no crypto-specific tax code, and general taxation principles apply.

In Mauritius, tax on crypto-to-fiat, for goods/services or for other crypto-assets depends on how the proceeds are classified. Capital gains are not taxed. If the proceeds are revenue in nature, they're taxed as part of gross income: usually as business income or income from another source.

Digital currencies

Payment system and e-money matters (including fiat-based wallets, settlement and consumer payments) are governed by the National Payment Systems Act 2018 under the oversight of the BoM.

The BoM is also actively exploring a retail CBDC, as noted in Question 1. A retail CBDC would constitute sovereign legal tender, distinct from privately issued crypto assets.

Investor protection

Mauritius protects crypto investors through a robust FSC-supervised framework of licensing, disclosure, custody and conduct rules. VASPs and token issuers must be licensed and meet fit and proper governance and anti-money laundering/combating the financing of terrorism (AML/CFT) obligations aligned with Financial Action Task Force (FATF) standards, including the Travel Rule for virtual asset transfers. Additionally, marketing must be fair, clear and not misleading, with appropriate risk warnings.

Public token offerings require an FSC-compliant white paper which, inter alia, must meet prescribed technical requirements, governance structures, risk management, disclosure of information requirements and the protection of the rights of clients of virtual assets, such as segregation of assets.

Where tokens constitute 'securities' under the Securities Act 2005 of Mauritius, full market integrity rules apply, including prohibitions on insider dealing, market manipulation and misleading statements.

Investors also have access to internal complaints procedures and, where eligible, escalation to the Ombudsperson for Financial Services. The FSC may thereafter impose sanctions, such as fines, suspensions and licence revocations.

3. Payment service providers and digital wallets: a summary of regulations applying to payment service providers and/or digital wallets.

Mauritius regulates the oversight and supervision of payment systems – excluding banks (regulated under the Banking Act 2004 of Mauritius) and entities providing payment intermediary services exclusively outside Mauritius – under the National Payment Systems Act 2018, supervised by the BoM. All providers must also comply with the local AML/CFT and data protection framework.

Fiat-denominated e-money and digital wallets are treated as payment services under the National Payment Systems Act 2018, and fall under BoM oversight.

For digital wallets involving virtual assets, the VAITOS establishes the Class R (Virtual Asset Custodian) licence, issued and regulated by the FSC. This licence covers the safekeeping and administration of virtual assets and instruments that enable control over them.

4. Special support to fintechs: a description of special programmes supporting the fintech ecosystem, fintech startups (eg, regulatory sandboxes and accelerator programmes) and regulations regarding special support.

Mauritius provides a dedicated regulatory sandbox authorisation that enables innovative financial services to be tested under supervision where no specific legal framework or adequate provisions currently exist. The scheme is operated by the BoM for banking and payment-related activities and by the FSC for non-banking financial activities. It creates a controlled environment – a supervised ‘safe space’ – in which firms can trial new products, technologies and business models with bespoke conditions instead of the full set of regulatory requirements from day one.

Authorisations are typically timebound and subject to tailored safeguards, which may include limits on customer exposure, enhanced disclosure and consent, robust risk management and cybersecurity measures, AML/CFT controls, periodic reporting and independent audits, where relevant. Applicants are generally expected to articulate the novelty and consumer benefit of the proposal, outline the testing plan and success metrics, demonstrate operational readiness and provide an exit or transition strategy to full licensing if the test proves viable.

Any corporate body may apply for a sandbox authorisation. Applications should be submitted to the BoM for banking-related propositions (eg, payment solutions or deposit-like innovations) and to the FSC for non-banking propositions (eg, capital market, investment services, insurance or virtual asset use cases). Both authorities assess applications case-by-case and supervise the live testing phase, allowing promising models to progress towards the appropriate licensing regime or to be wound down in an orderly manner if objectives are not met.

5. Open banking: a summary of regulations regarding open banking and direct or indirect regulations that affect open banking.

Mauritius does not yet have a formal open banking regulatory framework, but the foundations are being laid. The Innovation Hub established by the BoM in 2024 (as described in Question 1) will pursue projects across six key themes, with open banking identified as a core focus.

6. Regulation of virtual asset service providers.

In Mauritius, the FSC regulates and supervises the non-banking cryptocurrency environment, especially in relation to VASPs and ITOs, primarily under the VAITOS, supervised by the FSC. The AML/CFT obligations of licensees under the VAITOS generally align with FATF standards and are implemented under the Financial Intelligence and Anti-Money Laundering Act 2002 (the ‘FIAMLA’).

The following activities are licensed under VAITOS:

- Class M (Virtual Asset Broker-Dealer) licence to carry out activities such as exchange between virtual assets and fiat currencies;
- Class O (Virtual Asset Wallet Services) licence pertaining to the transfer of virtual assets;
- Class R (Virtual Asset Custodian) licence for the safekeeping or administration of virtual assets or instruments enabling control over virtual assets;
- Class I (Virtual Asset Advisory Services) licence for the participation in and provision of financial services related to an issuer's offer and/or sale of virtual assets; and
- Class S (Virtual Asset Market Place) for setting up and running a virtual asset exchange.

All licensees must meet fit and proper standards and maintain appropriate governance, capital or solvency (where applicable), client-asset segregation, cybersecurity and outsourcing controls, as well as comply with the FATF 'Travel Rule' for transfers. The Securities Act 2005 of Mauritius will also apply where a virtual asset constitutes a 'security' under that Act, for example, where it confers investment, profit-sharing or similar rights.

7. AML and the Travel Rule in crypto asset transactions.

The VAITOS requires compliance with the general Mauritius AML/CFT framework comprising the FIAMLA and the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019. The FSC supervises VASPs and the Financial Intelligence Unit (FIU) handles suspicious transaction reports (STRs).

The Travel Rule applies to virtual asset transfers. VASPs must collect, verify, and transmit originator and beneficiary information, keep records, screen customers and transactions, and file STRs. Obligations apply to both domestic and crossborder transfers, including VASP-to-VASP and VASP-to-bank transfers, in line with FATF standards.

Implementation is by binding legislation and FSC rules/guidance, not merely advisory notes. Non-compliance can lead to enforcement actions, including penalties and licence consequences. Banks remain under the BoM for related oversight.

8. Enforcement and cross-border recognition of tokenisation, and structuring of secured transactions involving crypto assets.

There is no specific Mauritius legal framework that enables the creation of a specific security or collateral over tokenised assets. Under Mauritius law, the creation of a security over tokenised assets will need to comply with the general legal framework applicable to the creation of securities.

There have not been many instances of securities being created on tokenised assets. However, certain security instruments available under Mauritian law may, in theory, be possible though the type of security interest to be created on tokenised assets, which will largely depend on the nature and specificities of the tokenised assets and how such specificities may impact any

potential enforcement. Matters that may be relevant include where the tokenised assets are held: by a custodian or in a wallet that is accessible only through the use of a specific digital key. Two types of security instruments may be contemplated to create a security over tokenised assets: (1) a pledge; or (2) a fixed and/or floating charge.

Possible security mechanisms and enforcement

Enforcement procedures available to secured lenders to realise their security interest and recover their claims will depend on the security that is created. In the event that a pledge is contemplated (subject always to it being appropriate and permitted owing to the nature of the tokenised asset), generally, an agreement to create the pledge on such tokenised assets will be perfected by provision by the grantor of an undated but executed agreement (solely by the grantor) in respect of the transfer of the title to the tokenised assets to the beneficiary. In the event of enforcement, the beneficiary will countersign and date the undated but executed agreement and take possession of the tokenised asset. For a fixed and/or floating charge to be created on tokenised assets, an agreement will also need to be followed by registration with the Conservator of Mortgages, and enforcement will generally require an application to the Mauritian Courts. It is not generally a requirement to have a public auction for enforcement.

Foreign law governing clauses

Mauritian courts will generally uphold a foreign judgment in respect of a foreign law-governed clause in a crypto asset-related contract, provided that such judgments delivered outside Mauritius can be enforced through the exequatur procedure in Mauritius, as long as the following conditions are satisfied: (1) the foreign judgment is capable of execution in the country where it was delivered; (2) it is not contrary to public order; (3) the defendant was regularly summoned; and (4) the court that delivered the judgment had jurisdiction to deal with and adjudicate upon the matter.

9. Litigation and jurisdiction on crypto assets: legal implications of disputes involving crypto assets.

Mauritian law generally gives effect to party autonomy in jurisdiction and dispute resolution clauses, including in crypto asset contracts. The same private international law principles that apply to traditional financial instruments apply to disputes involving virtual assets.

Foreign court judgments can be recognised and enforced in Mauritius, for example, under applicable statutory routes. In general, for a foreign court judgment to be recognised and enforced in Mauritius, the judgment must be:

- final and conclusive on the merits;
- issued by a court with competent jurisdiction under Mauritian conflict of laws rules;
- obtained in proceedings that respected due process; and
- not contrary to Mauritian public policy or to a prior Mauritian judgment between the same parties.

10. Intellectual property and crypto assets: legal protection, ownership, enforcement and monetisation of IP rights related to digital and virtual assets.

Mauritius protects innovation and creative output through a modern IP framework covering patents, utility models, trademarks, industrial designs, copyright and related rights, and confidential information/trade secrets. The framework comprises the Industrial Property Act 2019 and the Copyrights Act 2014.

Rights holders can enforce IP in the civil courts through infringement actions. It is up to the relevant party to determine whether or not to seek protection in foreign jurisdictions. The registration of IP rights in Mauritius generally only confers rights within Mauritius. There are no legal restrictions in relation to IP over crypto assets being monetised in Mauritius.



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