

What preventive measures should investors and consumers take to avoid being victims of a scam/fraud?

- Transact only with licensed VASPs and registered issuers of ITOs by the FSC. If you have any doubt, verify the register of licensees (available publicly) on the FSC's website for companies duly licensed/registered under the VAITOS Act.
- Be sure to fully understand what is being sold, how it will bring returns, and how much it will cost over the long-term, including knowing the risks of losing money, as well as, recurring fees and penalties.
- Be cautious of unlicensed/fake exchange platforms and fake e-wallet applications.
- Only invest money that you can afford to lose. Unexpected changes in markets can lead to severe and sudden change in prices of VAs or virtual tokens that may lead to significant losses.
- Conduct research about the legitimacy of digital platforms, applications and wallets that you want to invest in, providing bank details, before sending money or submitting personal information.
- You may consult the records of 'Investor Alerts' published on the FSC's website for more information on scam/fraud cases in the virtual asset and virtual token spaces.

What should investors and consumers or any other parties do if a scam/fraud is suspected?

You should immediately cease transaction with the company or individual and contact the police. If you require any support, you may contact the FSC on 403 7000.

It is to be noted that there are no specific or statutory compensation funds in Mauritius as a result of any losses incurred by investors and consumers or any other parties, through the services offered by VASPs and issuers of ITOs.

How are the complaints of investors and consumers handled?

Should investors and consumers experience any issues or grievances with licensed VASPs or registered issuers of ITOs, they should directly liaise with the company to address or resolve their complaints or concerns.

In the event that the complaints or concerns are not addressed to the satisfaction of the investors and consumers, the latter may channel their complaints or concerns to the Office of Ombudsperson for Financial Services at the following address:

Office of Ombudsperson for Financial Services
8th Floor, SICOM Tower, Wall Street, Ebène, Mauritius
Telephone / Fax: 468-6475 / 468-6473
Email: ombudspersonfs@myt.mu

Financial Services Commission, Mauritius
FSC House, 54 Cybercity Ebene (72201), Mauritius

+230 403 7000 +230 467 7172

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www.fscmauritiust.org

Réflexes Maurice

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**Virtual Asset and
Initial Token Offering
Services (VAITOS) Act**

What is the Virtual Asset and Initial Token Offering Services (“VAITOS”) Act?

The VAITOS Act came into force on 7 February 2022 to enable the Financial Services Commission, Mauritius (FSC) to regulate and supervise Virtual Asset Service Providers (VASPs) and issuers of Initial Token Offerings (ITOs) in the non-bank financial services sector in Mauritius.

What are the purposes of the VAITOS Act?

The VAITOS Act enables any company which intends to conduct business activities in relation to VASPs or issue of ITOs, in or from Mauritius, to apply for a licence or registration from the FSC and operate within a sound prudential and market conduct regime. The Act provides for timely, accurate and transparent disclosures by the issuers of ITOs.

What is a virtual asset?

A Virtual Asset (VA) is a digital representation of value (such as Bitcoin, Ether and other cryptocurrencies) that can be digitally traded or transferred, and may be used for payment or investment purposes. However, VAs (including cryptocurrencies) are not legal tender in Mauritius, unlike fiat currencies.

What is an initial token offering?

An ITO refers to an offer for sale, to the public, of a virtual token in exchange for fiat currency or another VA by an issuer of ITOs. ITO is a means of raising funds for projects through innovative and digital platforms.

How does the VAITOS Act address AML/CFT and consumer protection?

Any company which holds a licence or registration under the VAITOS Act shall, at all times, abide by the requirements of Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) laws and regulations in Mauritius. Accordingly, the company is required to implement adequate systems and controls to ensure that sources of funds/wealth are legitimate, while protecting the rights of consumers as per the prescribed Rules.

What are the sanctions for not complying with this Act?

Any entity which fails to abide by the requirements of the VAITOS Act would, *inter alia*, be liable to fines of a maximum of MUR 5 million and a maximum imprisonment term of 10 years.

What are the possible ways of getting scammed or defrauded when dealing with virtual assets (such as Bitcoin, Ether and other cryptocurrencies) and virtual tokens?

- **Attractive and misleading clickbait titles on the internet or social media platforms** - when you click on the advertisement, you may be redirected to scam websites and asked for personal information such as email/telephone number and bank details.
- **‘Crowdfunding’ schemes** which involve collection of funds from investors and consumers with a promise of higher gains/interest or lower starting price.
- **Platforms suddenly get closed and disappear with all your money** – the scammers or fraudsters block access to your account once your money is deposited and cease all contacts with you.

- **Fake exchange platforms or e-wallet applications** whereby you will initially make attractive gains which may motivate you to invest larger amounts of money, and in case you suffer losses, the scammers or fraudsters will influence you to invest again to recover all your money back.
- **Market manipulation**–Some platforms may, at the outset, lack consumer protection mechanisms or safeguards against market manipulation.

What are the other red flags and alerts that investors and consumers should be cautious of ?

- There is no such thing as a guaranteed or risk-free investment in VAs (such as Bitcoin, Ether and other cryptocurrencies) and virtual tokens. If someone tells you there is no risk of losing money, do not act credulously.
- Multiple fake profiles knowingly created by scammers or fraudsters on social media platforms to promote fraudulent schemes.
- People who may have lost their jobs due to circumstances such as COVID-19, may be targeted by scammers or fraudsters with the promise of unrealistically high profits, but they may later be forced to pay excessive fees.
- The use of public images and fake testimonies on social media platforms to entice the general public to invest their savings or wealth in VAs or virtual tokens.
- Huge discounts, free trials, or giveaways being offered to investors and consumers on social media platforms (such as Facebook, TikTok, Instagram) to fraudulently induce the public to start investing or dealing with VAs or virtual tokens.