

## KEY FACTS FUND SERVICES

FUNDS IN MAURITIUS ARE COMMONLY STRUCTURED AS CORPORATE OR PARTNERSHIP VEHICLES WITH A GLOBAL BUSINESS CORPORATION (GBC) LICENCE UNDER THE MAURITIUS FINANCIAL SERVICES ACT 2007, THE COMPANIES ACT 2001 AND/OR THE LIMITED PARTNERSHIP ACT 2011.

### LEGAL STRUCTURE

A fund is defined as an entity whose business consists of investing mainly in securities, with the aim of diversifying investment risk and giving investors of the fund the benefit of an independent management team to manage the pooled funds.

A fund vehicle can take the form of:

- > A closed-end fund that has a fixed committed capital/corpus. Investors do not have the right to call for their shares to be redeemed by the fund. The fund may have a limited life after which the assets are distributed to investors upon dissolution.
- > An open-end fund that has variable capital. Investors are allowed to redeem their shares at predetermined times, in accordance with the constitutive documents. The Net Asset Value (NAV) is usually calculated daily, weekly, monthly or fortnightly.

It is also possible to constitute an umbrella fund or a multi-class fund with the following specifications:

- > The umbrella fund or multi-class fund will comprise two or more sub funds and investors subscribe for shares or units in specific sub funds
- > Each sub fund has its own investment strategy
- > Each sub fund has its assets segregated and accounting records kept separately

A Mauritius investment fund can also be set up as one of the sub funds of an umbrella fund not established in Mauritius, as well as a cell of a Protected Cell Company.

### REGISTRATION REQUIREMENTS

A fund needs to be approved by the Financial Services Commission (FSC) before it commences business. The application procedure is done in stages as detailed below.

#### Initial Review Stage

Submission of a written outline memorandum, prospectus, private placement memorandum or term sheet, and draft constitutive documents containing the following information:

- > The track record and credentials/KYC documents of the promoters, the investment manager team, custodian and administrator
- > The fund's structure
- > The objectives of the fund
- > Details about the expected investors and the market targeted
- > The types of investments/securities in which the fund will be dealing
- > The compliance with regulations in third countries, as appropriate (e.g., SEBI's approval if investment is to be made in India)

The Technical Committee of the FSC, upon receipt of the incorporation application pack, will examine the documents submitted and, if satisfied, will issue an “in principle” approval to enable all constitutive documents to be finalised and the company to be incorporated.

#### Document Review Stage

The list of the draft constitutive documents of the fund to be lodged with the FSC are as follows:

- > Information documents – Prospectus, Private Placement Memorandum, Information Memorandum or Term Sheet
- > The fund’s agreements – Shareholders/Partnership Agreement, Management/Advisory Agreements
- > The material contracts to be concluded with the different functionaries (i.e., investment manager, custodian, administrator and investment adviser)
- > A legal certificate from a Mauritius lawyer certifying the conformity of the constitutive documents with Mauritius laws
- > Detailed CVs and personal questionnaire of the persons to be involved in key positions (including key persons) and due diligence documents
- > The regulator generally looks for comfort on sensitive items such as:
  - > credibility/integrity/independence of the fund manager team
  - > calculation of the fund’s NAV

#### TAXATION

- > Funds can be structured as an exempt partnership whereby the structure is completely transparent and not taxed in Mauritius.
- > Funds can be structured as a company or partnership with a GBC Licence.
- > With GBC status, funds are liable to tax at a rate of 15% on their net income and are entitled to treaty benefits. However, funds are also able to claim a partial tax exemption of 80% on certain income provided they meet specific substance criteria.
- > Capital gains are exempt in Mauritius. There is no withholding tax on dividend payouts, capital gains and interest in Mauritius.

#### FUND MANAGER

- > The fund manager can be structured as a Mauritius GBC vehicle (required for an open-ended fund) or as a licenced fund manager in an equivalent jurisdiction.
- > Where a fund is a partnership with a GBC licence or a domestic vehicle, the general partner and/or the fund manager has to be structured as a Mauritius vehicle.
- > The CIS manager licence specifies that the fund manager shall be engaged solely in the business of management of collective investment schemes (CIS), unless otherwise authorised. It has to demonstrate that it has suitably qualified staff with the appropriate expertise and experience to carry out the functions of a CIS manager. The minimum unimpaired capital is 1 million Mauritius rupees (approximately USD 34,000).
- > The Mauritius fund manager vehicle can be set up with a CIS manager (obligatory for open-ended funds, optional for closed-end funds) or an Investment Adviser (Unrestricted) licence.
- > The Investment Adviser (Unrestricted) licence specifies that the fund manager will be authorised only to manage, under a mandate, portfolios of securities and give advice on securities transactions through printed materials or any other means, and have a minimum unimpaired capital of 600,000 Mauritius rupees (approximately USD 20,000).
- > A fund can be managed by its own board of directors, provided that the board of directors performs the functions of a CIS/fund manager, and that such directors are jointly bound and responsible to perform the functions of the CIS manager. This would be a self-managed fund.

## REPORTS

Funds are required to file with the FSC non- audited quarterly management accounts and yearly audited financial statements. These reports must include at a minimum the following:

- > A statement of assets and liabilities, including the NAV
- > The number of shares outstanding
- > The per share NAV
- > Details of the investment portfolio and the movements in the period, disclosed by types of securities and type of market

The financial statements must be audited in accordance with International Financial Reporting Standards/International Accounting Standards.

## SUPERVISION

The FSC has the right to inspect or to cause inspection of the books and records of the fund and request certificate copies of all due diligence documents in conformity with the Anti-Money Laundering Act.

## LISTING

A fund may seek a listing on the Mauritius Stock Exchange. Amongst others there may be tax advantages to a Mauritius listing. Mauritius registered investment funds can be listed on numerous exchanges around the world, the most popular being London and Dublin.

## FEES

Please complete our Fund Services Establishment Worksheet that provides a summary of the administration services that we offer. On the basis of a completed worksheet and proposed offering memorandum, we will provide you with a fee estimate for the establishment and annual administration of the fund.

Please do not hesitate to contact us should you have any questions regarding our fund administration services and the completion of the worksheet.

- ▶ PEOPLE LED
- ▶ TECH ENABLED
- ▶ GLOBAL COVERAGE
- ▶ TAILORED SERVICE

- ▶ 1,100 STAFF
- ▶ 25 JURISDICTIONS
- ▶ 47,000 ENTITIES
- ▶ \$177BN AUA

- ▶ FUNDS
- ▶ PRIVATE CLIENTS
- ▶ CORPORATE CLIENTS
- ▶ MARITIME

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