



**Launch of the New Special Purpose Fund**  
**Speech of Mr Dhanesswurnath THAKOOR**  
**Chief Executive, Financial Services Commission**  
**09 June 2021**

**The Honourable Mahen Kumar SEERUTTUN**, Minister of Financial Services and Good Governance

**Mr Mardayah KONA YERUKUNONDU**, Chairperson of the Financial Services Commission and First Deputy Governor of the Bank of Mauritius

**Mr Rajeshsharma RAMLOLL SC**, Deputy Solicitor General and Vice Chairperson of the Financial Services Commission

**Mr Sarwansingh PURMESSUR**, Permanent Secretary of the Ministry of Financial Services and Good Governance and Board member of the Financial Services Commission

**Board members of the Financial Services Commission**

Representatives of the Mauritius Finance

Members of the Press,

Distinguished Guests,

Ladies and Gentlemen,

All protocols observed.

A very good morning to you all.

I join the Chairman to extend a warm welcome to you all for your presence today for this event. We would have wished that this event could be attended by a much larger audience. However, given the restrictions imposed due to the Covid-19 pandemic, we are organising this event, under strict sanitary protocols.

### **Distinguished Guests,**

The Commission is committed to ensuring the development of the financial services sector and to provide the industry with a spectrum of new products/services. The Financial Services (Special Purpose Fund) Rules 2021 which govern the ‘Special Purpose Fund’ or the new ‘SPF’ were, in line with this commitment, issued on the 6<sup>th</sup> of March 2021. The previous rules governing the SPF which dated back to 2013 have been repealed.

Why did we come up with a new set of rules for SPF? A very pertinent question that begs an answer.

Formerly, a Collective Investment Scheme (CIS) or a Close-ended Fund (CEF) would qualify as an SPF if:

- (i) its purpose was to conduct investment solely in countries which did not have a tax arrangements with Mauritius; or
- (ii) its purpose was to invest mainly in securities whose returns would be exempted from taxation ; or
- (iii) all of its investors were exclusively pension schemes or other persons entitled to tax exemption.

Those criteria were too restrictive and there was little interest from industry players for the SPF. There was a need for a review. Through the Roundtable initiated by the Chairman of the FSC and the Taskforce on Funds, consultations were conducted with various industry stakeholders. We have also given consideration to other operators who have responded to our public consultation to address the issues concerning the SPF. Following discussions with the MRA,

Ministry of Financial Services and Good Governance and Ministry of Finance, Economic Planning and Development, a policy decision was taken to revise the previous SPF Framework. I must point out that we have benchmarked the product with the various foreign jurisdictions including Singapore, Jersey and Cayman Islands. However our SPF is unique with specificities adapted to our market.

Before coming to the key elements of the new SPF rules, I would like to mention that the new SPF will continue to benefit from the same attractive tax regime that the former was availing.

To benefit from an SPF, the CIS/CEF will have to apply for an authorisation. The criteria and requirements comprise of:

**First**, a Special Purpose Fund will have to offer its shares, solely by way of private placements, to investors having competency, significant experience and knowledge of fund investment.

**Second**, an SPF will have a maximum of 50 investors and a minimum subscription of 100,000 US Dollars per investor;

**Third**, an SPF will at all times be managed by a licensed Fund manager and administered by a Fund administrator. This will ensure that only CIS/CEF contributing to the Mauritian economy in a significant manner would be eligible for authorisation as an SPF. For instance, self-managed funds or those having foreign investment managers as well as existing CIS/CEF will not be eligible.

Moreover, an SPF will benefit from more flexible disclosure requirements than other CIS/CEF. AN SPF will be required to file its Audited Financial Statements within 6 months of the end of its financial year instead of 3 months currently. Finally, there will not be any requirement for an SPF to file quarterly financial statements.

We believe that more funds will meet the new criteria and thus make the product more attractive. We understand that there is already a significant number of operators trying to tap the SPF market and hence, there are a lot of opportunities awaiting the investment funds industry in Mauritius.

## **Ladies and Gentlemen,**

While the rules governing the SPF have been made flexible, FSC will still maintain all its rigour when it comes to supervision. The FSC has ensured that the new rules are in accordance with international standards and aim to protect the interests of investors as well as safeguard the good repute of the Mauritius IFC.

For instance, rule 4(2) provides that an SPF as well as its Fund Manager and Fund Administrator have to comply with the relevant substance requirements. These include:

- employing, directly or indirectly, an adequate number of suitably qualified persons to conduct such core income generating activities; and
- incurring a minimum expenditure proportionate to the level of such activities.

Also, the requirements under the Financial Services Act, Securities Act and the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 relevant to a CIS/CEF will be applicable to the Special Purpose Fund.

In addition, the SPF being a CIS/CEF will fall under the category of financial institution and as such, it will have to comply with all requirements of the FIAMLA and FIAMLA Regulations. AN SPF will be subject to the AML/CFT focussed inspections in the same manner as other CIS/CEF.

Last but not least, the FSC is empowered to withdraw any authorisation of a CIS/CEF as a Special Purpose Fund if:

- the SPF no longer meets the requirements or conditions under which the SPF have been authorised; or
- it is undesirable in the interests of the participants or potential participants that the scheme should continue to be approved as a special purpose fund; or

- false and misleading information were provided to the Commission in the application.

### **Distinguished Guests,**

On a concluding note, I wish to reiterate the commitment of the FSC in pursuing its mission for the development of the financial services sector. We are working hard to maintain our competitive edge as an IFC, as there is a necessity to innovate by introducing new products and services, be it in the Fund, Global Business, Capital Markets, Insurance, Pensions or Fintech sectors. We are constantly uplifting our level of service towards our licensees in terms of business facilitation and ease of doing business.

As mentioned by our Chairman, a video clip will be projected shortly which will provide further insight on the steps for new set of rules governing the Special Purpose Fund. An FAQ on the SPF will be published on the FSC's website to provide further clarifications on the application of the new rules.

On this note, I thank you, ladies and gentlemen, for your kind attention.

*Mr Dhanesswurnath Thakoor*

*09 June 2021*