

## **Frequently Asked Questions**

### **Special Purpose Funds Framework**

#### **1. What is a Special Purpose Fund (“SPF”)?**

The measures announced in the 2019/2020 National Budget include the modernising of the existing Special Purpose Fund regime to provide further flexibility and ease access to new markets. In line with this measure and its object to study new avenues for the development of the Financial Services Sector, the Financial Services Commission (“FSC”) has issued the Financial Services (Special Purpose Fund) Rules 2021 to govern SPF, effective as from 6 March 2021. These new rules have replaced the Financial Services (Special Purpose Fund) Rules 2013.

A SPF is a Collective Investment Scheme (“CIS”) or a Closed-End Fund (“CEF”) which is authorised by the FSC as a Special Purpose Fund.

#### **2. What are the requirements for a CIS/CEF to be authorised as a SPF?**

The FSC may authorise a CIS or a CEF as a SPF if the fund will:

- a. offer its shares, solely by way of private placements, to investors having competency, significant experience and knowledge of fund investment;
- b. have a maximum of 50 investors and a minimum subscription of USD 100,000 per investor;
- c. at all times, firstly be managed by a CIS manager; and secondly be administered by a CIS administrator;
- d. comply with any such other conditions as may be imposed by the Commission.

#### **3. Can the SPF invest in Mauritius?**

Yes, investments can be made within as well as outside of Mauritius while benefitting from tax exemption provided in the Income Tax Act.

#### **4. Can a Global Business Company (“GBC”) be authorised as a SPF?**

A CIS/CEF holding a Global Business Licence can seek authorisation as a SPF if the fund is meeting the relevant requirements.

#### **5. What are the on-going obligations of a SPF?**

A SPF must comply with the provisions of the Financial Services Act, the Securities Act 2005 and the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 in so far as the provisions relate to a CIS and CEF.

In addition, a SPF must ensure that it abides by all provisions of the Financial Services (Special Purpose Funds) Rules 2021.

Furthermore, the submission of the Audited Financial Statements of a SPF must be accompanied by certificates from the SPF’s directors and auditors to confirm that the SPF is in compliance with any of the abovementioned rules and substance requirements referred to in point 8 below.

#### **6. Can the SPF present its financial statements in a currency other than the Mauritius currency?**

Yes. This is permissible subject to approval being granted by the Registrar of Companies in accordance with the provisions of the Companies Act 2001.

#### **7. What happens if the CIS/CEF no longer fulfils the requirements/conditions under which it was authorised as a SPF?**

Without prejudice to its powers under the relevant Acts, where a CIS/CEF, which was authorised as a SPF no longer, fulfils the requirements/conditions under which it is authorised, the FSC may withdraw its authorisation as a SPF.

#### **8. What are the substance requirements of a SPF?**

The SPF, its CIS manager and its CIS administrator shall carry out their relevant core income generating activities in, or from Mauritius, and shall:

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

**9. Is there any new/additional application form to be filled-in by a SPF?**

There is no new/additional application form to be filled-in by a SPF. The SPF will have to fill-in only the current application form and pay the applicable processing fee so as to be authorised as a CIS/CEF. Once authorised, the SPF will have to pay the annual fee applicable to the CIS/CEF authorisation and an additional annual fee of MUR 200,000 (USD 5,000 for a holder of Global Business Licence).

**10. Does a SPF benefit from tax incentives?**

A SPF as well as a certain category of investors in the SPF will benefit from tax exemptions as provided in the Income Tax Act.

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***Disclaimer***

*This FAQ has been prepared for guidance and information purposes only and should not be construed as legal advice. – Published by the Financial Services Commission, Mauritius*

