

## Frequently Asked Questions (“FAQ”)

### Variable Capital Company

#### 1. What is Variable Capital Company?

A Variable Capital Company (“VCC”) is a company incorporated under the Companies Act and which carries its activities through its sub-funds and Special Purpose Vehicles (“SPVs”).

A VCC needs to be authorised by the Financial Services Commission, Mauritius (the “Commission”) as a VCC Fund pursuant to the Variable Capital Companies Act (“VCC Act”).

#### 2. What type of sub-funds can be operated by a VCC Fund?

A sub-fund of a VCC Fund, subject to the approval of the Commission, will operate as a Collective Investment Scheme (“CIS”) or a Closed-End Fund (“CEF”) of any category and may elect to have a separate legal personality from that of the VCC Fund. For example, a sub-fund can be approved to operate as a CIS and an Expert Fund. The sub-fund shall comply with all requirements under the Financial Services Act (the “FSA”), Securities Act, Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008, relevant FSC Rules and Guidelines applicable to a/an CIS/Expert Fund.

A sub-fund of a VCC Fund can also act as a feeder fund or a master fund.

#### 3. What activities can be conducted by an SPV?

An SPV of a VCC Fund, subject to the approval of the Commission, shall operate as a vehicle ancillary to a sub-fund or the VCC Fund and, may elect to have a separate legal personality from that of the VCC Fund.

**4. What is the difference between a VCC Fund and an Umbrella Fund /Protected Cell Company?**

Unlike an Umbrella Fund or a Protected Cell Company, a sub-fund of a VCC Fund can be structured a CIS while, another sub-fund of the same VCC Fund can be structured as a CEF. Thus, a VCC Fund can accommodate both a CIS and a CEF under one structure. In addition, the sub-fund of a VCC Fund may have separate legal personality from that of the VCC Fund.

**5. Who can be a Promoter of a sub-fund or a SPV?**

A sub-fund/SPV shall have the same Promoter as the VCC Fund.

**6. How to submit an application for authorisation of a VCC Fund?**

An application for authorisation as a VCC Fund under Section 7 of VCC Act shall be submitted online through the FSC One Platform.

The application to operate as a VCC Fund shall be accompanied by an application for creation of at least one sub-fund under Section 8 of the VCC Act.

An application for the creation of a new sub-fund or a new SPV of a licenced VCC Fund shall be done online through the FSC One Platform.

For the applicable fees, please refer to **Question 14**.

**7. Can a VCC Fund hold a Global Business Licence?**

A VCC Fund which meets the criteria provided under section 71 of the FSA, will be required to hold a Global Business Licence (“GBL”).

A single GBL will be required by the VCC Fund irrespective of whether its sub-funds or SPVs have separate legal personality.

On the other hand, the Commission expects a VCC Fund to appoint the same Company Secretary (Management Company in case it holds a GBL) for all of its incorporated sub-funds/SPVs.

**8. Does a sub-fund/SPV need to have the same registered office as a VCC Fund?**

A sub-fund/SPV incorporated under the VCC Act shall have the same registered office as its VCC Fund.

**9. What are the Anti-Money Laundering/Counter-the Financing of Terrorism and Proliferation requirements applicable to a VCC Fund?**

Pursuant to section 2 of the Financial Intelligence and Anti-Money Laundering Act (“FIAMLA”), a VCC Fund falls under the definition of “financial institution”. As such, all the AML/CFT requirements, including the appointments of Money Laundering Reporting Officer (“MLRO”), Deputy MLRO and Compliance Officer, conduct of independent audit, etc., will be applicable at the level of the VCC Fund.

**10. Can a sub-fund/SPV appoint directors?**

Where the sub-fund/SPV has a legal personality, the directors of the VCC Fund shall be the directors of each sub-fund or SPV, unless the Constitution of the VCC Fund provides otherwise.

**11. Who can be the functionaries and service providers of a VCC Fund?**

A VCC Fund can appoint a single CIS Manager, CIS Administrator, Custodian or other service provider for all its sub-funds. However, nothing prevents a sub-fund from appointing a separate CIS Manager, CIS Administrator, Custodian or other service provider from the VCC Fund or other sub-funds.

**12. What are the on-going obligations of a VCC Fund?**

A VCC Fund shall comply with all the requirements of the VCC Act, FSA, the FIAMLA as well as any other relevant laws.

In addition, a sub-fund of a VCC Fund shall comply with all applicable provisions of the Securities Act, the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008, FSC Rules and Guidelines.

### 13. What are the fees applicable for a VCC Fund?

	<b>Processing fees</b>	<b>Fixed Annual fees</b>
VCC Fund & 1 <sup>st</sup> Sub-Fund	MUR 45,000(USD 1000)	MUR 135,000 (USD 3000)
2 <sup>nd</sup> sub-fund/SPV	MUR 22,500 (USD 500)	MUR 45,000 (USD 1,000)
3 <sup>rd</sup> sub-fund/SPV	MUR 22,500 (USD 500)	MUR 45,000 (USD 1,000)
4 <sup>th</sup> sub-fund/SPV	MUR 22,500 (USD 500)	MUR 45,000 (USD 1,000)
5 <sup>th</sup> sub-fund/SPV	MUR 22,500 (USD 500)	MUR 45,000 (USD 1,000)
For each additional sub-fund/SPV	MUR 22,500 (USD 500)	MUR 87,750 (USD 1,950)

- Notes- 1. The VCC Fund will have to pay the fees related to its GBL, if applicable;  
2. The figures in USD are applicable to holders of GBL.

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***Disclaimer***

*This FAQ has been prepared for guidance and information purposes only and should not be construed as legal advice.*

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