



FREQUENTLY ASKED QUESTIONS (FAQs) CONDUCT OF GLOBAL BUSINESS

1. What is Global Business?

Global Business (GB) is a framework available in Mauritius to a resident corporation which proposes to conduct business activities outside Mauritius. GB is regulated by the Financial Services Commission (the 'FSC') under Section 71(1) of the Financial Services Act 2007 (FSA).

There are 2 categories of Global Business Licences:

- (i) Category 1 Global Business Licence (GBL1); and
- (ii) Category 2 Global Business Licence (GBL2).

2. Can a holder of a Category 2 Global Business Licence conduct business in Mauritius?

To be eligible for a Category 2 Global Business Licence (GBL2), the applicant's proposed business should be outside Mauritius.

For the purpose of increasing substance, the holder of the GBL2 may be allowed by the FSC to conduct business in Mauritius if it can demonstrate that the overall group structure has strong economic impact in Mauritius, i.e., whether the proposal will generate revenue in Mauritius, and is likely to create employment in Mauritius or may impact on the development of the country

3. Should a Category 1 Global Business Company (GBC1) seek the FSC's approval before conducting business in Mauritius?

No. However the GBC1 should comply with all restrictions, terms and conditions provided in paragraph 4 below.

4. Can a holder of a Category 1 Global Business Licence conduct business in Mauritius?

Yes, pursuant to Section 71(6) of the FSA a holder of a GBL1 may conduct business in Mauritius 'subject to such restrictions, terms and conditions'.

There is strictly **no additional restriction** imposed by the FSC. However, the holder of a GBL1 should at all times comply with the relevant laws of Mauritius.

For instance, a GBC1 engaged in the trading of food stuff might sell its produce on the local market, provided:

- i. The GBC1 is able to demonstrate to the FSC its eligibility to a GBL1- that most of its business is being carried out outside Mauritius as determined at paragraph 5 below; and
- ii. The GBC1 is in compliance with other relevant laws of Mauritius, in this case, the Food Act 1998 (etc).

The holder of a GBL1 conducting business in Mauritius must also abide by the following **terms and conditions**:

Licensing Condition

- (i) The GBC1 is required to submit every year, together with its audited financial statements:
 - (a) a report signed by the directors certifying that the Company has complied with all the provisions of the FSA and any Regulations, FSC Rules and guidelines issued under it; and
 - (b) a certificate from its auditor confirming the percentage of the business conducted in Mauritius.

5. In relation to Section 71(6) of the Financial Services Act 2007, how does the FSC determine that the majority of business is conducted outside Mauritius?

In determining whether a GBC1 is conducting most (or majority) of its business outside Mauritius, the FSC will take into consideration the type of activity conducted by the holder of the GBL1.

Where the activity is investment holding, the conduct of business outside Mauritius will be determined in relation to the percentage of the assets/investment held in Mauritius (including *inter alia* investment in non-listed securities¹ or property in Mauritius). Therefore, the percentage of assets/ investment held outside Mauritius shall at all times exceed the percentage of assets/ investments held in Mauritius.

¹ A GBC1 investing in any securities listed on a securities exchange licensed under the Securities Act 2005 will be deemed to be conducting business outside Mauritius. (section 73(1)(c) of the FSA refers).

Where the activity is the provision of a product/service, the conduct of business outside Mauritius will be determined in relation to the percentage of the revenue² derived from the business conducted in Mauritius. Therefore, the percentage of the revenue derived from the product/services produced outside Mauritius shall at all times exceed the percentage of the revenue from the product/services produced in Mauritius.

Example 1

A company applying for a GBL1 for the stated purpose of engaging **solely** in investment activity will be able to hold assets/investment in Mauritius if the % of the assets/investment held outside Mauritius exceeds the % of the assets/investment held in Mauritius.

Example 2

A company applying for a GBL1 for the stated purpose of engaging in trading activities or any services will be able to conduct business in Mauritius if the % of revenue derived from the business outside Mauritius exceeds the % of revenue derived from the business conducted in Mauritius.

Example 3

A holder of a GBL1 which is engaged in trading activities outside Mauritius is proposing to extend its business activities to include holding assets/investment in Mauritius.

Where the investment is not generating any revenue, the FSC will have regard to the % of the assets/investment in Mauritius when determining the conduct of business in Mauritius.

Where the investment activity is generating revenue from the asset/ investment being held in Mauritius, the FSC shall have regard to whether the % revenue derived in Mauritius is less than the % revenue derived from the business conducted outside Mauritius.

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² Revenue is defined as the gross inflow of economic benefits (cash, receivables, other assets) arising from the ordinary operating activities of an entity (such as sales of goods, sales of services, interest, royalties, and dividends). [International Accounting Standard 18.7]