



Financial Services Commission
Mauritius

FSC/ BOI Masterclass: Excellence in Private Equity,
FSC House, 11th September 2013

Welcoming Speech by Ms. Clairette Ah-Hen, Chief Executive, FSC

Mr. Manoj Appado, Board Member of the FSC

Mr. Ken Poonoosamy, Managing Director of the Board of Investment

Mr. Sunil Benimadhu, Chief Executive of the Stock Exchange of Mauritius

Mr. Arvind Mathur, Chairman of the Private Equity Pro Partners, India

Industry Representatives and Participants

Ladies and Gentlemen

I welcome you all this morning to the FSC House for the Private Equity Master Class, jointly hosted by the Financial Services Commission ('FSC') and the Board of Investment ('BOI'). Allow me to extend a warm welcome to Mr. Arvind Mathur, our Course Director, who will be sharing his expertise on private equity ('PE') and venture capital funds with us.

I won't take too much time to talk either about the development, opportunities and benefits of PE, how investment activities are carried out by PE entities, the differences with Public companies or the regulatory challenges being faced by them. Over the next two days (12 and 13 September), we will have plenty the opportunity to listen to and discuss these topics with a number of experts at the BOI's 3rd edition of the Private Equity Mauritius Conference. In addition, as soon as we finish with the speeches, Mr Arvind Mathur, our expert for this Master Class will enlighten us on many other aspects of Private Equity and how to excel in that field.

But allow me, for a short while, to mention what PE can provide to Mauritius as our jurisdiction positions itself to provide the platform for the channeling of private equity investments and venture capital to Africa.

The PE Funds structured in Mauritius mostly target fast-developing countries like India and now Africa, typically focusing on infrastructural developments, agricultural products, information technology and telecommunications.

The Private Equity Fund Managers investing in Africa are using Mauritius to benefit from the DTAAAs as well as for investment protection. Leveraging from the benefits offered by our Global Business sector, the Private Equity funds can be structured as a Mauritius resident vehicle, administered and controlled in Mauritius.

There are several equally important reasons why investors should select Mauritius as a jurisdiction of choice – such as our stable democracy, a sophisticated legal system, the regulatory framework based on international standards as well as the business-friendly economic climate. In the last few years, the jurisdiction has enacted several new legislations, namely the Limited Partnership Act and the Foundation Act – which cater for additional vehicles - to accommodate for more market players.

However, regulatory pressure triggered after the 2008 financial crisis, today calls for more transparency, ongoing compliance to tax due diligence, more competition and structuring and exit planning, meaning that private equity funds need to cast their net further to find untapped sources of value – Mauritius can contribute to provide finding these opportunities.

- The FSC is signatory to IOSCO MMOU which enables cross-border cooperation which is critical to combating violations of securities laws and provides a common understanding amongst securities regulators as how to cooperate and exchange information.

- To ensure a proper regulatory framework, the FSC is an active participant in the International Organisation of Securities Commissions ('IOSCO') initiatives such as being a member of Policy Committee – C1 – Issuer Accounting, Audit and Disclosure; the next C1 meeting will be hosted by FSC and held in Mauritius in October.
- In October, the IOSCO Africa Middle East Regional Committee on Corporate Bond Markets Outreach Programme will be hosted by the FSC.
- The FSC worked with European Securities and Markets Authorities ('ESMA') on the Alternative Investment Fund Managers Directive ('AIFMD') to ensure that Mauritius is in the first tranche of jurisdictions to receive ESMA's approval. The FSC's signature of 23 MoUs with national EU regulators relating to the supervision of the AIFMD entities entails that Mauritius will have satisfied all the conditions for Mauritius-regulated funds to continue to market in these 23 EU countries under private placement.

On another note, on a macro-economic perspective, private equity cannot be ignored when tracking and analysing financial flows to developing countries. It is correct to say that Foreign Direct Investment is less likely to head for the exits at the first whiff of crisis but similarly, private equity is endowed with the same long-term, growth-generating features, and thus merits to be mentioned as an important contribution to private sector development as well as the economic development of a country.

Most private equity investors target worthy companies, sometimes with limited or no access to capital, and the financial returns materialise only when, and if, they enhance company performance. It is therefore time to recognise private equity as a legitimate source of capital for the economic development countries in Africa.

It is equally important to heighten awareness and understanding of the financing technique which can become increasingly significant for the development of Africa.

I am confident that the expertise of Mr. Mathur on the operations of private equity and venture capital funds in Asia will help participants today better understand PE trends and deal structures. The outcome of today's Course will definitely contribute to train our professionals who play an important role in the shaping of the private equity industry in Mauritius.

Thank you for your attention.