



Financial Services Commission  
Mauritius

**CIRCULAR LETTER (CL-II/220408)**

22 April 2008

**To: Directors,  
Management Companies**

Dear Sir/Madam

**Financial Services (Consolidated Licensing and Fees) Rules 2008**

As you are aware, the Commission issued the Financial Services (Consolidated Licensing and Fees) Rules 2008 (the Rules) on 22 March 2008 to supplement the licensing framework provided under the Financial Services Act 2007, the Securities Act 2005 and the Insurance Act 2005 (the Acts). The Rules apply to all non-banking financial service providers and Global Business corporations.

In line with the Commission's statements about its intention to explain upfront its proposed practice with respect to implementation of the new legislative framework that came into force in September 2007, a Circular (CL201207) on the '*New Conceptual Approach to Global Business*' was issued on 21 December 2007. In the same spirit, the Commission is issuing this Circular to explain and provide guidance on the way it proposes to apply certain provisions of the Rules particularly in so far as they relate to corporations holding Global Business Licences.

**1 Fees for a licensee in Financial Services**

- 1.1. A corporation holding a Global Business Licence which proposes to carry out a licensable financial service or financial business activity under Part IV of the Financial Services Act, and accordingly applies for the appropriate licence, authorisation, approval or registration in accordance with Section 71(2) of the Financial Services Act, will be required to pay, (in addition to the fees applicable to a Global Business Licence,) the processing and annual fees provided under the Act and rules 5 and 8 of the Rules.
- 1.2. The first annual fee due and payable to the Commission will be calculated on a prorated basis for ALL licensees. An applicant for a licence will only be required in accordance with rule 8, to pay its first fixed annual fee prorated on a quarterly basis. As already provided for Global Business Licences in Part 3 of the First

Schedule, except where a licence is issued in the first quarter (July-September) of any financial year, an applicant will pay a round-off amount of the annual fee specified in Part 1 of the First Schedule of the Rules as follows:

- For a licence issued in the second quarter (October – December),  $\frac{3}{4}$  of the specified annual fee;
- For a licence issued in the third quarter (January - March),  $\frac{1}{2}$  of the specified annual fee;
- For a licence issued in the fourth quarter (April - June),  $\frac{1}{4}$  of the specified annual fee.

The full annual fee will be payable only at the beginning of the next financial year.

## **2 Lapse of Global Business Licence**

- 2.1. Under the now repealed Financial Services Development Act 2001, a Global Business Licence was valid for 1 year as from the date the licence was issued after which the licence could be renewed upon payment of the annual fee. Section 22(2) of FSDA provided that where the annual fee was not paid within one month after the date when the payment became due, the licence lapsed. There was no provision for reinstatement. With the adoption of the new approach to global business, favourable provisions in respect of lapse and reinstatement have been introduced by the Commission.
- 2.2. As provided at paragraph 5 of our Circular CL201207, a Global Business Licence will now remain valid unless it lapses or is suspended or is revoked under the new regime.
- 2.3. In accordance with Section 74(2) of the Financial Services Act 2007 and rule 14 of the Rules, a Global Business Licence will lapse if the annual fee is not paid within 12 months as from the date payment is due and payable (that is 12 months as from 1 July).
- 2.4. Under the new regime and pursuant to rule 14(4), an application for reinstatement can be made within 12 months from the date on which the Global Business Licence has lapsed. It means that the Commission may consider an application for reinstatement within 24 months after the date the annual fee is due and payable.
- 2.5. In light of the above flexible approach, the Commission will now issue a Global Business Licence without an expiry date but the validity of the licence will have to be determined in conjunction with the receipt, issued by the Commission upon payment of the annual fee, which specifies the period for which the fee is paid. [This practice will apply only to Global Business Companies and not to service providers]

- 2.6. However, the receipt issued upon payment of the annual fee will only constitute an acknowledgement of the payment made and certify the period for which the fee is paid. The issuance of the receipt will not preclude the suspension or revocation of the licence, as the case may be, in accordance with the statutory powers of the Commission.

### **3 Simplified procedure for the issue of a TRC**

- 3.1. Irrespective of the new process regarding the validity of a Global Business Licence, as explained in the above paragraph, the practice adopted and procedures laid down in the Commission's Circular Letter (CL011006) dated 03 October 2006 on the issuance of Tax Residence Certificate (TRC) remains unchanged except for some procedures which are being simplified as explained in paragraphs 3.4 and 3.5 below.
- 3.2. All applications for a TRC from corporations holding a C1 Global Business Licence will continue to be made through the Commission for appropriate recommendations to the Mauritius Revenue Authority (MRA). The TRC will be renewed by the MRA on expiry of the current TRC and Management Companies may consequently apply for issue of a TRC at any time during the year and apply for renewal on expiry of the TRC as and when this occurs. This means that the recommendation and issuance of a TRC will be as follows:
- For a new application for a TRC, the date of issue will be the date of the letter of recommendation issued by the Commission to MRA and the TRC will be valid for one year as from the date of issue;
  - Similarly, for a renewal, the TRC will be renewed as from the date of the letter of recommendation issued by the Commission to MRA (on an application being made for such renewal) subject to the company's good standing. Management Companies are advised to submit applications for renewal of a TRC **at least 15 days** prior to the expiry of the current TRC.
- 3.3. All new applications or applications for a renewal must be **complete** for the Commission to make a recommendation to the MRA. Incomplete applications will delay the issue of a TRC. Given that the Commission will recommend issue of a TRC based on compliance at the time the recommendation is made, the Commission will expect Management Company's to provide in support of the request for renewal of a TRC, confirmation of the company's compliance with statutory requirements and licensing conditions.
- 3.4. In view of streamlining the existing procedures, the detailed undertaking set out in the Annexure to the Circular Letter, CL011006, will henceforth be replaced by the undertaking hereunder, signed by any two resident directors **and** the secretary of the company applying for a TRC (both for new applications and renewals of TRCs).

*"We the undersigned confirm that (Name of CI GBC) complies with the provisions of the prevailing legislation governing global business (including regulations and rules made thereunder), in particular the statutory provisions as laid down in section 71(4)(b) of the Financial Services Act 2007 and adheres to the conditions attached to its licence".*

- 3.5 To enable Management Companies to receive TRC's more expeditiously the Commission has requested MRA to dispatch TRC's directly to Management Companies. MRA has kindly agreed to FSC's request.

**4 Part 1 of the First Schedule - Definition/Criteria for the word 'Fund'**

- 4.1 Under the header "Collective Investment Schemes and Closed-end funds" in Part 1 of the First Schedule to the Rules with respect to a scheme 'having more than 1 fund' the Commission wishes to state for the avoidance of doubt that this refers to a CIS or a Closed-end fund having more than one sub-fund.
- 4.2 A CIS or a Closed-end fund will not be deemed to have more than one fund only because it issues different classes or types of shares.

**5 A Management Company as a CIS Administrator for CIS-Global**

- 5.1 Section 99(1) of the Securities Act 2005 requires a Collective Investment Scheme or CIS Manager to apply for the approval of the Commission to appoint a CIS Administrator.
- 5.2 Pursuant to the powers vested with the Commission under Section 146 of the Securities Act 2005, the Commission will not require a Management Company, licensed under Section 77 of the Financial Services Act 2007, to be approved under Section 99 of the Securities Act 2005 to provide administration services to a CIS and pay the fees mentioned in Part 1 of the First Schedule.

**6 Charges**

- 6.1 For Global Business Licences, annual fees payable for the first financial year (1 July 2008- 30 June 2009) following the coming into force of the Rules, the Commission does not propose to levy charges for late payment of annual fees, as set out in Rules 8 and 14, where such payments are effected within 3 months after the due date (i.e. 1 July 2008).

Yours faithfully



J. N. Meetarbhan  
Chief Executive