

## **CONSULTATION PAPER ON REGULATORY FRAMEWORK FOR OVERSEAS FAMILY OFFICE**

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1. The Financial Services Commission ('FSC') is seeking views and comments from the industry, relevant professionals and the public on proposed regulatory standards/requirements for Overseas Family Office. Any views and comments should be submitted by email no later than 22 April 2019 on [fscmauritius@intnet.mu](mailto:fscmauritius@intnet.mu).
2. The Financial Services Act 2007 ("FSA") was amended in 2016 to introduce the following new licences:
  - i. Overseas Family Office (Single) ("SFO") Licence; and
  - ii. Overseas Family Office (Multiple) ("MFO") Licence.
3. Pursuant to the Second Schedule of the Income Tax Act, SFOs and MFOs will be eligible for tax holidays if they meet the substance requirements laid out in the Circular letter [CL1-231216](#), issued by the Financial Services Commission ('FSC') on 23 December 2016.

4. In line with its objective to enhance the reputation of Mauritius as an International Financial Centre and to ensure sound conduct of business in the financial services sector and in the global business sector, the FSC intends to set out the following regulatory standards/requirements for SFOs/MFOs -

### **A. Key definitions**

- (i) A SFO or Overseas Family Office (Single) is a company licensed by the FSC under section 14 of the Financial Services Act, to manage the investment<sup>1</sup>, assets and estate of a single Family. The SFO shall not engage in any financial activity requiring a licence under the relevant Acts. The FSC may on a case to case basis grant a relevant financial services licence to a SFO.
- (ii) A MFO or Overseas Family Office (Multiple) is a company licensed by the FSC under section 14 of the Financial Services Act, to manage the investment, assets and estate of multiple Families, who are not necessarily connected to one another. The MFO shall not engage in any financial activity requiring a licence under the relevant Acts. The FSC may on a case to case basis grant a relevant financial services licence to a MFO
- (iii) A Family is constituted as one individual or a group of individuals all of whom are the bloodline descendants of a common ancestor or their spouses (including widows and widowers, whether or not remarried);

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<sup>1</sup> For the purpose of this paragraph Investment means passive investments.

subject to such other limitations or conditions otherwise agreed or determined by the FSC.

The asset/estate of each Family to be managed by a SFO/MFO should be at least USD 5 million.

### **B. Management Company**

A SFO/MFO shall be structured as a company under the Companies Act and shall, at all times, have a licensed Management Company as agent, which shall be responsible for –

- (a) filing an application for a licence with the FSC;
- (b) filing with the Commission such document as may be required under this Act or the relevant Acts;
- (c) filing with the Commission such other document as may be required including the statement in Annex 1;
- (d) receiving or forwarding, as the case may be, any communication, notice or summons from, or to, the Commission;
- (e) undertaking measures on combating money laundering and the financing of terrorism and related offences as required by any enactment or guidelines issued by the Commission or other relevant authorities;
- (f) maintaining records of the SFO/MFO;
- (g) acting as Company Secretary of the SFO/MFO; and
- (h) such other services as the Commission may from time to time require.

### **C. Minimum capital requirement and PII cover**

The minimum stated unimpaired capital shall be at least USD 50,000 for a SFO and USD 100,000 for a MFO or such higher amount as may be determined by the Commission on a case to case basis.

A SFO/MFO shall be required to satisfy the Commission that it has made necessary arrangements for professional indemnity insurance covers in relation to

the activities governed by their licence. Where the SFO/MFO retains the services of an external service provider or professionals, they shall be required to satisfy the Commission that they have made necessary arrangements for the professional indemnity insurance covers of the service providers.

### **D. Annual Statement of Compliance**

A SFO/MFO, is required to submit an annual statement of compliance, in the form set out in **Annex 1** of this Paper, not later than 6 months after the financial year end.

## E. Ancillary activities

Where a SFO/MFO conducts ancillary activities not covered under its licence, it shall ensure that it complies with all relevant legal/regulatory requirements.

5. In addition to the above requirements, the FSC intends to review the fees applicable for SFO/MFO as follows-

SFO – Processing fee USD 2,500 and Annual fee USD 5,000

MFO – Processing fee USD 5,000 and Annual fee USD 10,000

6. The above requirements will be imposed through licensing conditions, Practice Notes or FSC Rules issued by the FSC.

Financial Services Commission

*8 April 2019*

## Annex 1

# Annual Statement of Compliance for holders of Overseas Family Offices (Single and Multiple) Licences

[Date:]

The Chief Executive  
(Attention: Directorate of Authorisation and Supervision)  
Financial Services Commission, Mauritius

Dear Sir,

RE: ANNUAL STATEMENT OF COMPLIANCE FOR [INSERT NAME OF THE COMPANY].

I, as a Director of [insert name of the Company], hereafter referred to as the Company, hereby confirm that during the financial year from [insert date] to [insert date]:

- (a) (i) there has been no material change in the legal and beneficial ownership of the Company, as well as in its licensed activities under Section 14 of the Financial Services Act; or
- (ii) There has been no material change in the legal and beneficial ownership, as well as in the licensed activities of the Company with exception to the matters detailed below\*:

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- (b) the Company has not engaged in any financial activity requiring a licence under the relevant Acts;

- (c) the Company has complied with its reporting and due diligence as provided in applicable laws/regulatory requirements relating to AML/CFT in Mauritius; and
- (d) the Company is in a financially sound position.

Yours sincerely,

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[insert name and signature of the Director]

CONSULTATION