



Fund Setup in Mauritius

Factsheet

www.acufin.global

About AcuFin

AcuFin Corporate Limited ('AcuFin') is a licensed offshore management company by the Financial Services Commission of Mauritius. The company is made up of seasoned qualified professionals experienced in different areas in which we operate. We assist clients based worldwide in advisory, tax optimisation matters, company set up in various jurisdictions, corporate administration, secretarial services, compliance solutions, accounting services, relocation services to Mauritius, legal and banking solutions, fund accounting/ administration and compliance services, among others. We are headquartered in Mauritius, but have representative offices in Dubai, Saudi Arabia, Cape Town and Johannesburg.

AcuFin prides itself on its strength as a modern, client focused company operating in a state of art technological environment. With a proactive, experienced and high calibre personnel, AcuFin ensures to provide tailor made solutions to its clients rapidly but efficiently. We are assisted by professional stakeholders, like banks, audit firms, legal firms, tax specialists and real estate firms, among which we have established relationships.

AcuFin operates as a niche management company and service clients mainly in the financial services industry. We thought of defining our client focus very closely as AcuFin's vision and mission is to work together with the client in helping them achieving their goals, understanding the requirements and being able to bring value added to our clients instead of providing for typical mechanical services. You may wish to visit our website on www.acufin.global



About Mauritius

Nestled in the turquoise waters of the Indian Ocean, Mauritius is a gem of an island nation known not only for its stunning landscapes and vibrant culture but also for its strategic importance as a business hub. With its unique blend of natural beauty, a stable political environment, and a thriving economy, Mauritius has emerged as an ideal destination for business and a serene residential haven.



A Strategic Location

Mauritius is strategically located between Africa and Asia, making it an ideal gateway for businesses looking to expand their reach in both regions. Its proximity to major markets such as India, South Africa, and the Middle East allows for easy access to trade routes, offering businesses a significant advantage in logistics and connectivity.

Business-Friendly Environment

The government of Mauritius has established a robust and transparent legal framework that supports foreign investment. With policies designed to attract and facilitate international businesses, Mauritius boasts a low corporate tax rate, no capital gains tax, and various incentives for specific sectors, such as technology and financial services. The ease of doing business is further enhanced by a well-developed infrastructure, including modern ports, airports, and telecommunications systems.

Furthermore, Mauritius has positioned itself as a hub for financial services, offering a range of services, including banking, insurance, and investment management. The country has also established itself as a favorable jurisdiction for offshore companies, providing a secure and confidential environment for international business operations.

A Diverse and Skilled Workforce

The island is home to a multilingual and highly educated workforce, fluent in English, French, and Creole. This diversity enhances communication and collaboration in international business settings. The local education system, coupled with vocational training programs, ensures a steady supply of skilled professionals across various sectors, from technology to hospitality.



Quality of Life

Aside from its business advantages, Mauritius offers an unparalleled quality of life. The island is renowned for its breathtaking landscapes, including pristine beaches, lush mountains, and vibrant coral reefs. Residents can enjoy a wide range of recreational activities, from water sports to hiking in nature reserves. The rich cultural tapestry of the island, influenced by African, Asian, and European traditions, creates a unique and vibrant community life.

The healthcare system in Mauritius is well-developed, providing residents with access to quality medical services. Additionally, the island boasts a low crime rate, making it a safe place to live and raise a family.

A Melting Pot of Culture and Community

Mauritius is a multicultural society that celebrates diversity. Festivals and traditions from various cultures coexist harmoniously, offering residents a rich tapestry of experiences. This cultural vibrancy fosters a sense of community and belonging, making it an inviting place for expatriates and locals alike.

In summary, Mauritius stands out as an ideal business hub and residential paradise. Its strategic location, business-friendly policies, skilled workforce, and unparalleled quality of life make it an attractive destination for entrepreneurs and families seeking new opportunities. Whether you are looking to establish a business or seeking a tranquil place to call home, Mauritius promises a bright future filled with potential and beauty. Embrace the island lifestyle and explore the endless possibilities that await in this tropical haven!

SETUP MAURITIUS FUND

AcuFin assists its international clients to set up Mauritius funds under Companies Act 2001 and Financial Services Act 2007. Mauritius funds are required to hold a Global Business Corporation (GBC) license and an activity license under the CIS regulations.

Investment funds might be shying away from the limelight in the wake of spurring innovative financial instruments, but they continue to remain a popular choice for investors and target companies alike. There is indeed a common consensus between start-ups and well-established companies that private equity capital is one of the best sources of capital to power a company's growth.

Mauritius Investment Funds are widely recognised by both fund managers and investors and are commonly used for structuring international Mauritius Investment Funds are widely recognised by both fund managers and investors and are commonly used for structuring international investments, particularly into Africa and Asia. The very defining characteristics of an investment fund are appealing to investors. Quite simply, an investment fund is a scheme which is constituted as a company, trust, limited partnership or any other legal entity as approved by the Mauritius Financial Services Commission ("FSC") whose sole purpose is the collective investment of funds in a portfolio of securities and where the investors do not have day to day control over the management of the property.

Mauritius continues to be a jurisdiction of choice for investors for a plethora of reasons. Statistically, there has been an increase in the number of funds licensed by the FSC since the creation of the global business sector back three decades ago. There are, as at date, more than 1,000 investment funds which are licensed by the FSC, including both open-ended and closed-ended funds. It is also apposite to state that most of the funds licensed in Mauritius are operating as private equity funds.

In the same line of thought, the sophistication of the market allows for the possibility of listing on the Stock Exchange of Mauritius.

It is against this backdrop that we propose to give a high-level overview of the factors which should generally be taken into account when contemplating the setting up of a fund in Mauritius.

Why choose to set up funds in Mauritius?

- Over the years, Mauritius has introduced multiple regulations for the setting up of funds in the country. Mauritius has also signed 23 Investment Promotion and Protection Agreements (IPPAs) with African states to date.
- The politically stable and business-friendly environment has projected Mauritius as an investment bridge between Africa and Asia.
- Coupled with low tax rates and the availability of Double Taxation Avoidance Agreements (DTAAs), many investors are choosing Mauritius to set up their funds.
- In Mauritius, the income derived from Collective Investment Scheme (CIS) and closed-end funds enjoy an 80% tax exemption.
- From a geographical standpoint, Mauritius is ideally situated – it shares the same time zone as the UAE which allows for transactions to be held with countries all around the world within the same day.
- It is a recognised financial services centre and has a sophisticated level of regulation and professional level of service.

- Mauritius has a politically stable environment with a system of law inspired from both the English Common law and French Civil law with final right of judicial recourse to the Judicial Committee of the Privy Council.

What are the advantages of investing in Mauritius funds?

- Low tax, (Partial Exemption Regime – applicable to domestic and global business companies (GBCs) as 80% of foreign-source income from collective investment schemes (CIS), closed-end funds (CEFs), collective investment scheme managers or administrators will be exempted from income tax. And a tax rate of just 3%;
- Recently strengthened Counterfeit Finance Terrorism (CFT) and Anti-money laundering laws (AML);
- No capital gains tax and no withholding tax on dividends and interest;
- No exchange controls and no repatriation fees;
- Professionalism;
- Strong, flexible, and effective legislative and Court system;
- Geographic and time zone advantages for the global markets;
- There are some clear advantages to establishing a fund here, the offshore island enjoys a low tax regime bolstered by the safety of double tax treaties (DTAAs) with other jurisdictions;
- Low-cost jurisdiction for services;
- Range of structuring options with varying advantages (Global CIS, Professional CIS, Specialised CIS, and Expert Fund).
- The political and social stability combined with a solid legal system contribute to the fact that Mauritius consistently leads when it comes to the Ease of Doing Business rankings.

What are the core legislation and governing bodies of funds in Mauritius?

- Mauritius's investment funds are governed by The Securities Act 2005, the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, The Securities (Licensing) Rules 2007, the Securities (Public Offers) Rules 2007, and The Securities (Collective Investment Schemes and Closed ended Funds) Regulations 2008.
- The regulatory bodies in regulating CIS and closed-end funds are the Financial Service Commission (FSC), the Registrar of Companies, and the Registrar of Limited Partnerships.

TYPES OF MAURITIUS FUNDS

There are two types of funds in Mauritius, namely Collective Investment Funds and Closed-End Funds. The funds have to be approved by the Financial Services Commission (FSC).

A. COLLECTIVE INVESTMENT FUNDS

Collective Investment Scheme (CIS) is a scheme with the following features:

01	02	03	04
Whose sole purpose is the collective investment of funds in a portfolio of securities, or other financial assets, real property or non-financial assets as may be approved by the FSC;	Whose operations is based on diversification of risks	That has the obligation, on request of the holder of securities, to redeem them at their net asset value less commission of fees	Where the participants do not have day to day control over the management of the assets

Collective Investment Scheme is typically formed as a company, protected cell company (PCC) or a unit trust. There are in total 4 types of Collective Investment Schemes (CIS):

1. Professional CIS

- Exempt from most ongoing obligations provided that the shares acquired are not resold to the public and is not listed for trading on a securities exchange.
- Must notify FSC of its offering a minimum of 15 days before the offering is made and must file a copy of the prospectus at the same time.
- At conclusion of the offering, it must advise FSC of the total amount and value of shares sold.
- Must give notice to the FSC of any bankruptcy or winding up petitions served on the CIS Manager/custodian and steps to protect interest of participants.
- Shares acquired by participants are not to be resold to the public and participants are to be apprised of this restriction at the time of subscription.
- Cannot be listed for trading on a securities exchange.
- Minimum subscription amount shall be at least USD 200,000

2. Expert Fund

A Fund which is only available to expert investors. An expert investor is an investor who makes an initial investment, from their own account, of not less than USD100,000 or a sophisticated investor

- May appoint a licensed CIS in Mauritius or a manager with licence granted in a jurisdiction having comparable regulation for investor protection.
- Exempted from certain obligations under the CIS Regulations subject to authorisation from the FSC

3. Domestic Retail Fund

- Target retail investors.
- It is subject to Investment Restrictions and Practices under CIS Regulations
- Minimum amount of subscriptions of at least 5 per cent of the total amount to be raised from investors.

4. Global Schemes

- Authorised to carry out the activities of a CIS but does not fall into specific categories of a Professional CIS or Expert Fund.
- Can appoint and retain a CIS Manager established in a foreign jurisdiction subject to the approval of the FSC.
- Most of the CIS Regulations apply to Global Schemes.

B. CLOSED-END FUNDS (CEF)

A Closed-end Fund (CEF) is commonly used for:

01

Purchasing or subscribing to securities that have never been issued

02

Entering into agreements for the underwriting of securities

03

Distributing securities previously offered without a prospectus

04

Purchasing securities previously issued and held by a person, including an issuer, and where the offer or distribution is made from Mauritius or received in Mauritius

Closed-end fund is a CIS with a fixed number of shares. They are usually structured as a company or limited partnership. A limited partnership must have at least one general partner with unlimited liability and at least one limited partner. For people wishing to set up private equity funds in Mauritius, CEF is the preferred type of vehicle.

There are two types of CEF:

1. Professional CIS

- Cannot be a Reporting Issuer.
- Shares acquired by participants are not to be resold to the public and participants are to be apprised of this restriction at the time of subscription.
- Cannot be listed on a trading securities exchange.
- Who has less than 100 shareholders.
- Exempted from certain obligations under the CIS Regulations subject to authorisation from the FSC.
- No minimum subscription amount.

2. Reporting Issuer

A Reporting Issuer is an issuer:

- Who by way of a prospectus, has made an offer of securities either before or after the commencement of the SA 2005;
- Who has made a takeover offer by way of an exchange of securities or similar procedure
- Whose securities are listed on a securities exchange in Mauritius; or
- Who has not less than 100 shareholders.
- Exempted from some of the obligations under the CIS Regulations subject to authorisation from the FSC.
- Subject to disclosure requirements as per the SA 2005, CIS Regulations, Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.
- No minimum subscription amount.

LEGAL STRUCTURING

Most funds are structured either as companies or limited partnerships. They can also be constituted as trusts or Protected Cell Companies.

Company structures and limited partnerships confer advantages of their own but the number of private equity funds being set up as limited partnerships has soared since the enactment of the Limited Partnerships Act 2011. Indeed, limited partnerships are regularly used by Fund Managers setting up private equity/Closed End Funds and investors, especially Development Finance Institutions (“DFIs”), are comforted by their familiarity with such structures.

1. Limited Partnership

A limited partnership must be set up with at least one general partner (GP) and one limited partner (LP). One of the most striking features of a limited partnership is that it can elect to be either transparent or tax opaque. Being a fiscally transparent entity, the partners would be taxed at their own hands, in their respective jurisdictions. On the other hand, by opting to be tax opaque, same will entail taxes being paid at the level of the partnership, in Mauritius.

General Partner (GP)

The law governing limited partnerships makes it clear that, subject to the constitutive documents and certain other exceptions, every GP shall be an agent of the limited partnership and of its other partners for the purposes of the business of the limited partnership and shall have general authority to conduct and manage the business and affairs of the limited partnership and to exercise, in its name, all its rights, powers and authority.

The GP therefore plays a crucial role in the administration of a limited partnership, the more so that it is, by law, responsible for all the debts and liabilities of a limited partnership. It is therefore logical for promoters to be wearing the proverbial GP hat. That being said, there is nothing which prevents a GP from delegating certain of its duties and obligations provided that the said delegation is provided for in the partnership agreement. It is also noteworthy that a GP can be constituted as an individual, a corporate body or an unincorporated body, formed or registered with or without liability in Mauritius or elsewhere, including any society or partnership or any other body of persons.

Unlike a company, a limited partnership can elect to have, or not to have, separate legal personality. An interesting fact to note is that, in Mauritius, unlike a few other International Financial Centres (“IFCs”), the limited partnership can change its legal personality at any point during the course of its life.

Limited Partner (LP)

Investors in a fund are typically admitted as limited partners. Unlike the GP, their liability is limited to their agreed contribution, and it is well established that LPs should not participate in the conduct or management of the business of the limited partnership.

2. Companies

In a company structure, investors are admitted as shareholders and the management is vested with the Fund entity's Board. If a parallel is to be made with the setting up of a limited partnership, then shareholders can be assimilated to limited partners and the GP as the Board of directors.

Companies tend to be more rigid and less flexible. The high cost of compliance and the inability to elect separate legal personality or to choose the tax treatment does not appeal to fund managers. However, past experience suggests that the selection of a fund vehicle is often dictated by gauging the interest of the majority of investors. Companies are at all costs not to be discarded as an appropriate fund vehicle and continue to remain a popular choice for many fund managers.

Fund Typologies

At its simplest, a fund can be regulated as either a collective investment scheme, which is essentially an open-ended fund, or as a closed-end fund. The main distinction lies with the subscription/redemption mechanism. In an open-ended structure, an investor can choose to subscribe for shares or redeem his or her investment at any point, based on the provisions of the constitutive documents. Conversely, in a closed-end fund, investors are locked-in and distributions are at the option of fund in line with its distribution waterfall. It goes without saying that this is an oversimplification and that the constitutive documents will in all likelihood be very detailed and prescriptive.

GENERAL INFORMATION

Hedge funds in Mauritius

- i. Although hedge funds do not have a specific regime which applies and is not an official terminology, it can be categorized as CIS Professional fund or CIS Expert funds. These funds' operations are similar to that of hedge funds as they are exempted from substantial part of the regulations.

Fund Functionaries

i. CIS Manager

Funds in Mauritius are required to be managed by a Mauritius licensed manager which in effect holds a CIS Manager licence from the Financial Services Commission. On a broader level, there is also the possibility for funds to be self-managed or managed by a foreign manager i.e. a fund manager which is licensed as such, in an equivalent jurisdiction.

ii. Bank

As a matter of fulfilling substance, funds and entities holding a global business licence are obligated to have their principal bank account in Mauritius.

iii. Administrator

In the same vein, administrators take on a wide spectrum of roles which include the setting up of the principal bank account, transfer agency, compliance, liaising with the regulators both in and out of Mauritius, investor reporting – just to name a few.

Application consideration

When considering an application, FSC has to be satisfied with the following:

- Promoters' track record and credentials;
- Fund structure;
- Fund objectives;
- Investors and the market targeted;
- Types of investment the fund will be dealing in;
- Investment manager, custodian, and administrator's track record;
- Compliance with regulations in third countries, as appropriate (e.g. SEBI's approval if investment is to be made in India).

Registration Process

Both types of funds require a fund authorization from the FSC which is the local regulator for the non-banking financial services sector and global business in Mauritius. The registration process calls for the submission of application forms, customer due diligence documents on relevant stakeholders, draft offering memorandum, draft constitutive documents such as the constitution or partnership agreement, documents relating to fitness and propriety and the requisite licensing fees. In addition to these documents, the FSC retains the discretion to request further information as it deems fit.

While staying within the regulatory context, a fund conducting business principally outside of Mauritius and whose majority of shares/voting rights/legal or beneficial interests are held by non-Mauritian residents, is also required to apply for a Global Business Licence ("GBL").

Consequently, an entity which holds a GBL must be administered by a licensed management company. The whole setting up process is driven by the management company which is entrusted with the task of liaising with authorities and acting as the company secretary or registered agent, as applicable.

How to set up Mauritius funds?

To set up Mauritius funds, you are required to:

- Complete the incorporation of either a company, limited partnership, PPC or trust.
- Obtain a Global Business License (GBL).
- Apply for authorisation with FSC to operate as a fund (either open-ended fund or closed-end fund).
- Obtain an activity license under the Collective Investment Scheme (CIS) regulations with FSC.

It is ideal for a management company that is licensed in Mauritius by FSC, like AcuFin, to process the application for authorisation to establish Mauritius funds.

OUR VALUE PROPOSITION

As a duly licensed management company, AcuFin works together with our business partners and clients to provide a seamless service to our clients.

As a fund administrator, we are geared to provide full-fledged, end-to-end solutions to our fund clients. The services start as from the fund's inception and throughout the fund's lifetime, that is during its investment period and subsequently at the time the fund starts to dispose of its investments and is eventually liquidated. AcuFin administers different funds with varying sizes in relation to their corpus/assets Under Management ("AUM").

Our Services

- Fund Formation
- Fund Administration
- Fund Accounting & Tax Services
- Investor Services & Registrar
- Capital Call Management, Waterfall Calculations & Distributions
- Compliance (FATCA, CRS, Data Protection, AML&CFT)

AcuFin's focus is to provide the best quality service to its clients by maintaining a close relationship with its clients, by ensuring provision of high-quality service and by ensuring compliance with all relevant rules and regulations.

During the tenure of the client, AcuFin also understands the business of its clients and tries to assist the client in growing the business and benefit from cost reductions such as favorable bank charges, fx rates, among others.

Our website can be consulted on www.acufin.global

If you are interested for our team to assist you in a seamless manner, we shall be glad to hear from you, please contact us on the following details:



Tel: **(230) 606 4888**

Mob: **(230) 5821 0119**

Email: ***info@acufin.global***

AcuFin Corporate Limited

13A King George V Avenue
Floreal, Mauritius

www.acufin.global

