



Guide to CIS and Closed-End Funds in Mauritius

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PREFACE

This is the Second Edition of the Guide, which we have produced for the information of our clients and professional colleagues. This edition takes account of changes brought about by the Securities Act 2005, the Securities Regulations 2008, the Financial Services Act 2007, and the Financial Services (Consolidated Licensing and Fees) Rules 2008.

This Guide is divided into six parts and purports to give a wealth of information on the formation of Collective Investment Schemes or recognition of foreign Schemes in Mauritius:

- A. Classification
- B. Regulation & Compliance
- C. Authorisation of Global Business funds
- D. Distribution and Marketing
- E. Taxation
- F. Government Fees

Under the heading of Distribution and Marketing, we have dealt with such matters as banking facilities in Mauritius, custodians, accountants, registers and inspection, and other topics.

All references in this Guide to “dollars” or “\$” are to US dollars, and all references to “rupees” or “Rs” are to Mauritian rupees.

It is recognised that this Guide will not completely answer detailed questions which clients and their advisers may have. It is intended to provide a sketch of Mauritius’ legal and regulatory environment in relation to exempted and permit companies. The Guide is, therefore, designed as a starting-point for a more detailed and comprehensive discussion of the issues.

Whilst we have made every effort to ensure the accuracy of the statements made herein, we accept no liability for any errors. In all cases expert legal advice from a qualified practitioner of Mauritius law should be obtained.

Appleby
Port Louis, Mauritius
September 2009

INTRODUCTION

Mauritius' statute law on Collective Investment Schemes is contained in the Securities Act 2005 (the "Securities Act").

The Financial Services Commission (the "Commission") has, since its coming into existence in 2001, developed a very flexible set of guidelines for the regulation of collective investment schemes in Mauritius, adopting what it considers "industry best practices" from various long established and well regarded jurisdictions.

This has, over the years, resulted in over 400 investment funds having been incorporated in Mauritius and assets in excess of US\$35 billion being managed from within Mauritius. This trend is set to grow with the recent coming into force of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 (the "Securities Regulations 2008"), the Securities (Licensing) Rules 2007 (the "Securities Licensing Rules"), the Financial Services Act 2007 (the "FSA 2007") providing a modern, comprehensive legislative and regulatory framework for the setting up and administration of funds in Mauritius.

A. CLASSIFICATION

The Securities Act 2005 enables Collective Investment Schemes to be constituted in different legal forms:

LEGAL FORMS

Company Types	Company Categories
Companies limited by shares (refer to Annex 1 for the <i>Securities Regulations 2008 - Second Schedule CIS constituted as a Company</i>)	Private Company, i.e. a company that does not have more than 25 Shareholders. Public Company, for example a listed closed-end fund
Trust (re Annex 2 for the <i>Securities Regulations 2008 - First Schedule CIS constituted as a Trust</i>)	Where the trust deed shall be binding on the custodian and the CIS Manager
Any other legal entity prescribed by the Regulator	e.g. a PCC (Protected Cell Company)

The business purpose of these schemes is to make collective investment of funds in a portfolio of securities, or other financial assets, real property or non-financial assets, whose operation is based on the principle of diversification of risk for the benefit of Global Business Fund members.

Collective Investment Schemes: means a scheme constituted as a company, a trust (including a unit trust), or any other legal entity prescribed or approved by the Commission: (i) whose sole purpose is the collective investment of funds in a portfolio of securities, or other financial assets (such as real property or non-financial assets as may be approved by the Commission); (ii) whose operation is based on the principle of diversification of risk; (iii) that has the obligation, on request of the holder of the securities, to redeem them at their net assets value, less commission or fees; and (iv) where the participants do not have day to day control over the management of the property, whether or not they have the right to be consulted or to give directions in respect of such management. Collective investment schemes include closed-end funds whose shares or units are listed on a securities exchange.

Closed-end Funds: means an arrangement or a scheme, other than a collective investment scheme, constituted in such legal form as may be approved by the Commission and whose object is to invest funds, collected from subscribers during an offering made under the Securities Act or from sophisticated investors¹, in a portfolio of securities, or in other financial or non-financial assets, or real property, as may be approved by the Commission. Closed-end funds usually have a fixed share capital and typically restrict investors' rights to call for their shares to be redeemed at net asset value by the fund. However, a close-ended fund may also be listed on the Mauritius Stock Exchange, which preventing any lock-in, enables investors to buy and sell shares in the market.

¹ ‘Sophisticated investor’ is defined by the Securities Act 2005 as The Government of Mauritius, a statutory authority or an agency, a company owned by the Government of Mauritius or a statutory authority or agency, a government of a foreign country, or an agency of such government, or a bank, a CIS manager, an insurer, an investment adviser, an investment dealer, or a person declared by the Commission to be a sophisticated investor.

Recognition of Foreign Schemes

The Commission may, on application, also recognise collective investment schemes established in a foreign country. Recognition may be subject to such conditions that the Commission considers necessary or desirable for the protection of participants in the scheme.

It is also possible to constitute an umbrella fund under each of the foregoing structures, allowing investors to switch their investment from one sub-fund to another without redeeming shares or units.

Under the current flexible approach a Mauritius Global Business Fund can also be set up as sub-fund under a non-Mauritius based umbrella fund, or as a feeder fund for a non-Mauritius based master fund.

B. REGULATION & COMPLIANCE

Any collective investment scheme or closed-end fund (individually a “scheme” or collectively “schemes”) wishing to be approved, registered with, recognised and/or licensed by the Commission under the Securities Act must first apply to the Commission for the authorisation as a collective investment scheme or closed-end fund under the Securities Act in the manner set out in the Securities Regulations 2008 and obtain a Category 1 Global Business Licence (a “GBL1”) under the Financial Services Act 2007² (for global schemes).

² Refer to Annex 3 for a (non-exhaustive) list of Financial Business Activities provided in the Financial Services Act 2007.

CATEGORY 1 GLOBAL BUSINESS LICENCE

An application for a Category 1 Global Business Licence (a “GBL1”) may only be made through a management company in such form as may be approved by the Financial Services Commission (§72(1) of the Financial Services Act 2007).

Any entity holding a GBL1 is allowed to undertake from within Mauritius any business activity which is not illegal or against public policy.

GBL1 holders can avail of the benefits under the various tax treaties³ to which Mauritius is a party, provided they qualify as “resident” under the taxation laws of Mauritius. In order to satisfy this requirement, the Financial Services Act requires that the GBL1 be managed and controlled from Mauritius. In order to be deemed resident in Mauritius under the taxation laws, a GBL1 entity should (§71(4) FSA):

- have at least two directors, resident in Mauritius, of sufficient calibre to exercise independence of mind and judgment;
- maintain at all times its principal bank account in Mauritius;
- keep and maintain its accounting records at its registered office in Mauritius;
- prepare its statutory financial statements and/or cause to have such financial statements to be audited in Mauritius; and
- provide for meetings of directors to include at least two directors from Mauritius

³ Refer to Annex 4 for a list of Countries which are part of the Mauritius double taxation network.

Applications to the Commission can only be submitted through a duly licensed management company and must be accompanied by the prescribed processing fees, a law practitioner’s certificate

certifying that the application complies with the laws of Mauritius and any other information which the Chief Executive of the Commission may request (§72 FSA).

A company may also apply for a GBL1 while in the incorporation process. Once incorporated and the applicant has accepted any conditions as may be laid down by the Commission, the latter shall then issue the GBL1 after the payment of the prescribed licence fee, which is renewable every year.

CIS ADMINISTRATORS, CUSTODIANS, MANAGERS & AUDITORS

The current regulatory regime also requires that schemes, subject to the prior approval of the Commission, appoint local and duly licensed CIS Administrators, Managers and Custodians and Auditors.

CIS Administrators: Under the present regulatory framework, schemes holding Category 1 Global Business Licences in Mauritius, in accordance with the Securities Act and the FSA 2007, must, at all times, be administered by a qualified Management Company, duly regulated and licensed by the Commission and holding a valid Management Licence (“CIS Administrator”).

CIS Administrators, subject to the prior approval of the Commission and to such terms and conditions the Commission may deem appropriate, may be appointed by collective investment schemes or closed-end funds (or CIS Managers acting on their behalf), to provide administrative services.

Administration services, under the Securities Act, are restricted to services with respect to the operations and administrative affairs of collective investment schemes or closed-end funds including accounting, valuation or reporting services and/or the provision of the principal office of a collective investment scheme.

When seeking the approval of the Commission, the applicant must provide details specifying the administrative services that the CIS Administrator will provide, full details on the CIS Administrator, the fees specified in the FSC Rules and any other information required by the Commission.

Custodians: The assets of the collective investment scheme or closed-end fund cannot not be held for safekeeping by a person other than a person approved by the Commission or licensed as a Custodian under the Securities Act and who shall be independent from the CIS Manager. Every collective investment scheme or closed-end fund shall appoint and shall at all times have a custodian.

The responsibility of the Custodian is to take the assets of the scheme into its custody for safekeeping and hold and deal with the assets in accordance with the provisions of the Securities Licensing Rules and the constitutive documents of the scheme. The Custodian shall not exercise any function or activity in relation to a scheme, other than that for which it has been licensed.

Assets of a collective investment scheme or closed-end fund, other than a Global Scheme, shall be kept in Mauritius except where it is appropriate to keep them outside the country to facilitate transactions outside Mauritius. In the event of the above, the Custodian must appoint a sub-custodian in accordance with the provisions of the Securities Licensing Rules or any other applicable regulations in force from time to time; however the delegation of custodial authority to a sub-custodian does not relieve the Custodian from any of its obligations to the

scheme, the CIS Manager or to the Commission. Both the Custodian and the sub-custodian shall act independently from the CIS Manager and the scheme.

The Commission will not usually grant a custodian licence to a person unless the person:

- is a bank or is a trust company (set up under the Trust Act 2001 or under the repealed Unit Trust Act 1989 of Mauritius) that is a subsidiary of a bank;
- is a Trust set up under the Trust Act 2001 or under the repealed Unit Trust Act 1989 of Mauritius, acting as custodian in relation to the property of a trust; and
- meets the requirements relating to duties and obligations, use of sub-custodians and other conditions as may be prescribed or specified in FSC Rules as may be amended from time to time.

Where the assets of a scheme is not registered in its name, it shall be registered in the name of the Custodian or a sub custodian of the scheme, or any of their respective nominees, with an account number or other designation in the records of the Custodian or sub-custodian so as to establish that the ownership of the assets is vested in the scheme. A custodian or sub-custodian may arrange for the deposit of assets of the scheme with, and their delivery to, the CDS or a clearing and settlement facility or a foreign regulated depository or clearing agency provided that the records of either the participant in the book-based system or the Custodian or sub-custodian establish that the ownership of the assets is vested in the scheme.

CIS Managers: A collective investment scheme or closed-end fund, other than a Global Scheme, shall appoint and have, at all times, a CIS Manager duly licensed by the Commission and having a place of business in Mauritius. No person shall act as the fund manager (the “CIS Manager”) for a collective investment scheme or closed-end fund unless the person holds and is complying with the conditions of a CIS Manager Licence issued by the Commission. The CIS Manager holding a valid CIS Manager Licence shall not engage in any activity other than the management of scheme.

The Commission shall not grant a CIS Manager Licence to an applicant unless:

- the applicant is a body corporate;
- the Commission is satisfied that the applicant will be able, if licensed, to comply with the requirements of the FSC Rules as to the financial and other resources requirements needed by the CIS manager for the collective investment scheme; and
- the applicant and each of its officers are fit and proper persons and meet the requirements relating to eligibility, duties and obligations, rules of ethics and other such conditions as may be specified in FSC Rules.

The Commission may, on application, exceptionally allow a company to be managed by its own board of directors, provided that the board of directors performs the functions of a CIS Manager and such directors are jointly bound and responsible to perform the functions of the CIS Manager.

A CIS Manager, subject to the Securities Act, the Securities Licensing Rules or any relevant rules, may carry out any of the activities related to the management of a scheme including:

- all administrative services required by the scheme;
- provision of registrar and transfer facilities;
- distribution of the securities of the scheme;
- maintaining accounting records of the scheme

- giving investment advice in relation to the scheme; and
- managing the portfolio of the scheme.

A collective investment scheme or closed-end fund (or the CIS Manager where applicable), shall not, without the prior approval of the Commission, replace its CIS Administrator, Manager or Custodian. Written notice of any proposal to replace the CIS Administrator, Manager or Custodian of a collective investment scheme or closed-end fund must be given to the Commission. Such replacement will only be effective if the shareholders of the scheme have approved the change in accordance with the constitutive documents (where applicable) and the Commission has given its approval to the proposed replacement

Auditors: Under the present regulatory framework, schemes, subject to the prior approval of the Commission, are required to appoint Auditors in accordance with the law. The Commission will not approve an audit firm unless it is satisfied that the audit firm has adequate experience, expertise and resources to carryout such an audit. The Commission may require that the auditor of a scheme submits such additional information in relation to his audit as the Commission considers necessary.

Schemes are however not prohibited from instructing overseas investment advisors to manage their assets, and may still execute management decisions in relation to investment and disinvestment overseas. Nothing prevents non-Mauritius based intermediaries from participating as distributors or nominees.

Company Secretary

A GBL1 company must have a minimum of one company secretary, who must be a natural person ordinarily resident in Mauritius, although a corporation may act as secretary with the approval of the Registrar and subject to certain specified conditions.

Our associated licensed management company, Appleby Management (Mauritius) Ltd. offers corporate administrative and resident representative services.

Reporting Obligations for Collective Investment Schemes

Under the Securities Regulations 2008, Collective Investments Schemes are required to file with the Commission their annual audited financial statements within six months after the close of its financial year, prepared in accordance with International Financial Reporting Standards and audited in accordance with the International Standards on Auditing, and such other standards as may be acceptable under the Financial Reporting Act 2004, by an audit firm approved by the Commission.

Additionally to annual filings, the Commission also requires Collective Investment Schemes to file quarterly interim financial statements and management reports⁴ in prescribed forms.

⁴ Refer to Annex 5 – Sixth Schedule Securities Regulations 2008 – Financial Statements and Management Reports requirements.

C. AUTHORISATION OF GLOBAL BUSINESS FUNDS

GENERAL REQUIREMENTS

The Commission may authorise a collective investment scheme on the condition that general details⁵ of the Scheme, are submitted when an application for authorisation is filed.

The documents accompanying an application for authorisation normally include the Scheme's Prospectus / PPM or any Offer Document which conforms to the Fourth Schedule⁶, or for a foreign scheme a copy of the Prospectus or similar offering document filed in another jurisdiction, the constitutive documents of the Scheme, disclosure on measures taken to prevent money laundering and financing of terrorism, Customer due diligence documents on the promoters of the Scheme, fee structure (including level charges payable by participant), and the minimum initial subscription and minimum subsequent holding in the Scheme.

The above documents should establish, among other things, that the Scheme has been constituted in compliance with the provisions of the Securities Regulations 2008, the officers of the scheme are fit and proper persons, and that the requirements for the minimum subscription will be reached during the first 6 months of the offering period (namely 5% of total amount to be raised) of the Scheme.

⁵ Refer to Annex 6 – Third Schedule Securities Regulations 2008 – Information to be contained in an application for authorization

⁶ Refer to Annex 7 – Fourth Schedule Securities Regulations 2008 – Prospectus of a Collective Investment Scheme

ADDITIONAL REQUIREMENTS FOR FOREIGN SCHEMES

The Commission may, on application, recognise collective investment schemes established in a foreign country. Recognition is subject to such conditions that the Commission considers necessary or desirable for the protection of participants in the scheme.

The Commission normally recognises foreign Schemes upon provision of the following:

- Documentary evidence of the foreign scheme's constitution, establishment and good standing in the relevant jurisdiction, including details of the authoritative body and/or Regulator; and
- The foreign scheme must meet any other requirements in the Securities Regulations 2008 that the Commission may consider applicable and especially Annex 6 *Securities Regulations 2008 Third Schedule – Information to be contained in an application for authorisation* and Annex 7 *Securities Regulations 2008 Fourth Schedule – Prospectus of a Collective Investment Scheme*.

D. DISTRIBUTION & MARKETING

PROSPECTUS

A collective investment scheme or closed-end fund operating from within Mauritius must file a prospectus or a placement memorandum with the Commission, in the form and manner set out in the Securities Regulations 2008.

The following is an indication of the minimum content requirement of any prospectus⁷:

⁷ Refer to Annex 4 for the complete list of requirements for Prospectus under the Securities Regulations 2008 Fourth Schedule – Prospectus of a Collective Investment Scheme

GENERAL INFORMATION

- General Information concerning scheme indicating its principal sphere of activity;
- Name and Address of scheme;
- The (governing) law under which the scheme was constituted, the manner, the date of formation and any particularities relating to its legal structure;
- Summary of the particulars of the constitutive documents, a copy of which should be attached to the prospectus or indicate where the investor can obtain a copy free of charge;

- Details and principal functions of the:
 - CIS manager;
 - Trustee, if applicable;
 - Principal distributor of the securities of the CIS, if any;
 - Custodian and, if applicable, sub-custodian;
 - CIS Administrator;
 - Auditor;
 - Investment adviser, if applicable
- Names of the members of the board of the CIS and the members of its Compliance Committee (indicating the independent members), providing detailed information on same.

CIS MANAGER

- Name and address of head office of the CIS manager, date of constitution and law under which constituted;
- Name and address of each member of the board of directors, indicating those members that are independent. In the case of independent members, indicate their principal employment;
- Name of natural persons acting as portfolio managers, with details on qualifications and any previous experience in the management of portfolios of CIS;
- Description of the principal functions of the CIS manager and names of the persons occupying these functions;
- Circumstances under which the management agreement may be terminated; (where applicable) names of the investment dealers responsible for the marketing of securities of the scheme and details on the contractual arrangements with this company

INVESTMENT OBJECTIVES AND PRACTICES

- The investment rules to be followed by the scheme and an explanation as to why these rules may differ from applicable regulations;
- Nature of the risks, including minimum exposure to stock market, sensitivity to rate of interest risk, exposure to currency risk, concentration risk, derivative risk, foreign investment risk, investment in illiquid securities risk, etc.;
- Degree of specialisation (in a geographic region or in a particular class or kind of industry);
- Changes in the net asset value;
- Diversification: specific limitations imposed and list of companies in which the scheme holds more than 5% of the securities of a class;
- In the case of a scheme that proposes to acquire securities of other schemes, describe the measures put in place to resolve the conflicts that may arise, the additional risks, if any and whether the strategy will have an impact on the fees charged and the return on investment;
- Type of investors for whom shares of the scheme would be suitable. In particular, lock-in period recommended for an investment in the fund;
- Nature of the guarantee or protection, if any, institution providing the guarantee, purpose, terms and conditions;
- Must contain Audited financial statements of the scheme for the last financial year, presented in accordance with the Sixth Schedule of the Securities Regulations 2008;

- State the amount of dividends or other distributions, if any, paid by the scheme including income distributed by way of dividend reinvestment, during its last three completed financial years preceding the date of the prospectus;
- In the case of a new scheme, explain when and how the gains of the scheme will be distributed, if applicable;
- Except in the case of a first offering, provide information on the performance of the scheme during its last three completed financial years preceding the date of the prospectus, including net asset value at the beginning, plus results (net income and net capital gain), less distributions of income, net asset value at the end, total return for the year;
- Where applicable, state in general terms, if any, the income or other tax consequences to the holders of the shares of the scheme, either in Mauritius or in a foreign country.
- Describe all significant characteristics of the securities offered (dividend rights, liquidation rights, voting rights, etc.) and conditions under which these characteristics may be modified, including the currency of denomination and the method of indicating the ownership;
- Describe all significant characteristics of the contractual plan, including minimum initial investment and subsequent minimum investment, frequencies of investment (weekly, monthly, quarterly, interim or yearly) and rate of the sales charge as a percentage of the net amount invested;
- State that the shareholder may cancel the plan at any time at his own discretion, without any additional charges;

NET ASSET VALUE

- Describe the method used to calculate the net asset value, including the frequency of the calculations and any other information in accordance with these regulations;
- Describe the method used to calculate the value of illiquid assets as defined in the Regulations;
- Give, if applicable, the net asset value at the end of the last three completed financial years preceding the date of the prospectus, unless the information is given in the financial statements;

PURCHASES & REDEMPTION

- Explain the procedure for purchases and redemptions of shares of the scheme, including places where purchase and redemption orders are received by the scheme;
- If applicable, indicate if a minimum purchase is required;
- Indicate that the price of subscription must be fully paid up before the scheme can act on the order to purchase shares of the scheme. Indicate that the CIS manager is not allowed to give credit to participants or potential participants.
- In the case of a new scheme where a minimum amount of securities must be subscribed, describe the terms according to which funds will be kept and returned to subscribers if that minimum is not reached, including the name and address of the bank where the funds will be kept.
- Give the sales and redemption charges, given as a percentage of the net investment or of the redemption price. If applicable, rates of charges depending on the amount of the purchases or the redemptions. Where investors have a choice between different types of payment of the charges (front load, no load, back load, etc) explain each type in detail and indicate the effect on return on investment of the choice made.

- In the case of a contractual plan, give details on sales charges, including a comparison with a one-time purchase. State any right for the investor to recover charges paid if the plan terminates before expiration of the term.
- In the case of a scheme that intends to invest in securities of another scheme, give details of the agreement concerning sales charges and management fees. Indicate the additional risks, if any, in that type of scheme. Give comparison, if appropriate, of the charges.
- Provide a summary of fees and charges payable by the scheme.
- Method used for calculation of management fees, taking into account the various components and any other information in accordance with these regulations.
- Except in the case of a first offering, give the management expense ratio or MER (MER is the percentage that the management expenses represent of the fund's average net assets - For example, if a 100 million fund has 2 million in costs for the year its MER will be 2%) for each of the last three financial years of the scheme. Where a change to the basis of this calculation is proposed, indicate the effect the proposed change would have had on the ratio during the last financial year. Give a clear explanation as to the MER so that investors will understand.

FEES & EXPENSES

- Indicate any other fees and expenses, including the expenses set out below, that will be charged to the investment scheme and the effect of these fees and expenses on the return on investment;
- the costs of dealing in the assets of the scheme;
- interest on borrowings permitted under the scheme and charges incurred in effecting or varying the terms of such borrowings;
- the costs and expenses incurred in obtaining a listing of the shares of the scheme on any licensed securities exchange;
- taxation and duties payable in respect of the assets of the scheme, the constitutive documents of the scheme and the creation and sale of shares;
- any costs incurred in modifying the constitutive documents of the scheme;
- any costs incurred in the preparation and publication of the scheme prospectus and other disclosure documents;
- any costs incurred in respect of meetings of the participants;
- any periodic charge payable to the CIS manager;
- the fees of the custodian, and the administrator, if any;
- any expenses or disbursements of the custodian which are authorised by the constitutive documents of the scheme to be paid out of the assets of the scheme;
- the fees and expenses of the auditor of the scheme;
- the costs incurred in respect of the distribution of income to participants;
- the costs incurred in respect of the printing and posting of certificates where applicable;
- costs reasonably incurred in respect of the publication of prices of shares and in respect of the publication and distribution of the collective investment prospectus, annual and interim reports and accounts;
- the costs incurred by the CIS manager and permitted by the constitutive documents; and
- any other costs, incidental to its operation that may be charged to the CIS;
- Indicate where a subscriber may obtain the constituting documents of the scheme, if it is not included in the prospectus;

LISTING

- Indicate if the shares of the CIS will be listed and, if so, where they will be listed, how the quotations are to be understood by the investors and what effect this will have on the net asset value, if any, at the time of purchase or redemption;

TERMINATION

- Indicate when and how the investment scheme may be terminated.

A Prospectus or placement memorandum under Mauritius law can be the English or French language.

A scheme shall not issue securities under a prospectus more than six months old after the date the prospectus is granted effective registration.

Schemes may also be listed on the Mauritius Stock Exchange.

INVESTMENT RESTRICTIONS

The Securities Regulations 2008 restricts the following investments and investment practices for Collective Investment Schemes:

INVESTMENTS

- Purchase of a security, other than a debt security issued by the Government of Mauritius or the government of any other country, if, immediately after the purchase, more than 5% of its net assets, taken at market value at the time of purchase, would be invested in securities of that issuer;
- purchase a security of an issuer where, immediately after the purchase, the CIS would hold more than 10% of a class of securities of that issuer;
- purchase real estate;
- purchase a mortgage;
- purchase a security for the purpose of exercising control or management of the issuer of the security;
- purchase an illiquid asset if, immediately after the purchase more than 10% of the net assets of CIS, taken at market value at the time of the purchase, would consist of illiquid assets;
- except within the limits established by the Commission or, in the case of a specialised fund authorised by the Commission, purchase or sell derivatives;
- except in the case of a specialised CIS authorised by the Commission, purchase or sell a physical commodity, including precious metals.

INVESTMENT PRACTICES

- borrow money or provide for the creation of any encumbrance on its assets except in the following two situations:
 - a. the transaction is a temporary measure to accommodate requests for the redemption of securities of the CIS while the CIS effects an orderly liquidation of its assets, and, after giving effect to the transaction, the outstanding amount of all borrowings of the CIS does not exceed 5% of the net assets of the CIS taken at market value at the time of the borrowing;

- b. the encumbrance secures a claim for the fees and expenses of the custodian or a sub-custodian for services rendered in that capacity.
- subscribe securities offered by a company under formation;
- engage in the business of underwriting or marketing securities of any other issuer;
- lend money, securities or other assets,
- guarantee securities or obligations of another person;
- purchase or sell securities other than through market facilities where these securities are normally bought and sold unless the transaction price approximates the prevailing market price or is negotiated on an arm's length basis;
- purchase a security from, or sell a security to either the CIS manager or the custodian, an officer of the CIS manager or the custodian, or an affiliate of the CIS Manager and the Custodian unless the purchase from or sale to the affiliate is carried out at arm's length.

EXEMPTIONS

The following types of CIS are completely or in part exempted from the investment restrictions, namely the closed-end Funds, the Professional Funds, the Specialised Funds, and the Expert Funds.

The above restrictions on investments and investment practices are entirely exempted for the following types of CIS:

CLOSED-END FUNDS

A Scheme whose object is to invest in Funds, collected from subscribers during a Public Offering under the Securities Act or from sophisticated investors in a portfolio of securities, or in other financial or non-financial assets.

PROFESSIONAL FUNDS

A scheme offering its shares to either sophisticated investors, or to subscribers through private placements.

EXPERT FUNDS

A Scheme subscribed by expert investors, that is, either an investor who makes an initial investment, for his own account, of no less than US\$ 100 000; or a sophisticated investor.

PART EXEMPTION OF INVESTMENT RESTRICTIONS

SPECIALISED FUND

A Scheme authorised by the FSC to invest in a specialised area such as real estate, derivatives, commodities or any other product authorised by the Commission.

Investments for which Part Exemption may be obtained are dealing in Real Estate, Derivatives and physical commodities (incl. precious metal), as well as any other product as authorised by the Commission

E. TAXATION

As provided under the Income Tax Act, a GBL1 company is liable at the uniform tax rate of 15%. However, a GBL1 company is entitled to foreign tax credits and may opt to claim credit for actual tax suffered in another jurisdiction, resulting in an effective tax rate of 3% or nil, in certain circumstances. In addition, a GBL1 company that is centrally controlled and managed and is tax resident in Mauritius may, upon written approval from the Commissioner of Income Tax, benefit from tax relief from any one of the 33 Double Taxation Agreements Mauritius has with other countries.

F. GOVERNMENT FEES

The following government fees are payable to the Commission in advance:

Collective Investment Schemes and Closed-end funds			
Authorised/Recognised/Approved	Relevant Section of Securities Act 2005	Processing Fee (Rupees/US\$*)	Fixed Annual Fee (Rupees/US\$*)
Collective Investment Scheme (CIS)			
CIS (Single fund)	S 97	Rs. 25,000 (\$ 1,000)	Rs. 75,000 (\$2,500)
CIS (having more than 1 fund)	S 97	Rs. 25,000 (\$ 1,000) which includes the first fund and Rs. 5,000 (\$300) for each additional fund	Rs. 75,000 (\$ 2,500) which includes the first fund and Rs. 10,000 (\$500) for each additional fund.
CIS (Protected Cell Company)	S 97	\$ 1,000 which includes the first cell and \$ 300 for each additional cell	\$ 2,500 which includes the first cell and \$ 500 for each additional cell
Closed-end fund			
Closed-end fund (Single Fund)	S 97	Rs. 25,000 \$ 1,000	Rs. 75,000 \$ 2,500
Closed-end fund (having more than 1 fund)	S 97	Rs. 25,000 (\$1,000) which includes the first fund and Rs. 5,000 (\$ 300) for each additional fund	Rs. 75,000 (\$2,500) which includes the first fund and Rs. 10,000 (\$ 500) for each additional fund
Closed-end fund (Protected Cell Company)	S 97	\$ 1,000 which includes the first cell and \$ 300 for each additional cell	\$ 2,500 which includes the first cell and \$ 500 for each additional cell
Foreign Scheme			
Single Fund	S 101	\$ 1,000	-
Scheme with more than 1 sub fund			
For the recognition of the 1 st to 25 th sub-fund	S 101	\$ 1,000 for each sub-fund	-
For the recognition of the 26 th to 50 th sub-fund		\$ 750 for each additional sub-fund	-
For the recognition of the 51 st sub		\$ 500 for each	-

fund and any additional sub fund		additional sub fund	
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* Except for the fees under the heading Foreign Scheme, the fees set out in US\$ shall be applicable only to an applicant for a Global Business Licence or a corporation holding a Global Business Licence.

CIS Functionaries and Professionals			
Licence/Approval	Relevant Section of Securities Act 2005	Processing Fee (Rupees/US\$*)	Fixed Annual Fee (Rupees/US\$*)
Custodian	S 100	Rs. 25,000 (\$ 1,000)	Rs. 50,000 (\$ 2,000)
CIS Manager	S 98	Rs. 25,000 (\$ 1,000)	Rs. 50,000 (\$ 2,000)
CIS Administrator (Approval)	S 99	Rs. 15,000 (\$ 500)	Rs. 30,000 (\$ 1,000)

* The fees set out in US\$ shall be applicable only to an applicant for a Global Business Licence or a corporation holding a Global Business Licence.

Global Business Licence			
Licence	Relevant Section of FSA 2007	Processing Fee US\$	Annual Fee US\$
Category 1 Global Business Licence	S 72	500	1,500
Category 2 Global Business Licence	S 72	100	235*

* This amount excludes the annual registration fee of \$65, or such other fee as the Registrar of Companies may determine, payable to the Registrar of Companies.

These do not include professional fees or those that may be charged by any third party or service provider.

PROCESSING TIME

The time-frame for incorporation and authorisation of Collective Investment Schemes in Mauritius is 3-4 weeks.

Should you have any questions or requests for further information please contact Malcolm Moller, Managing Partner - Mauritius by email at mmoller@applebyglobal.com.

**SECOND SCHEDULE
(rule 5)**

A collective investment scheme constituted as a company.

1. GOVERNING LAW

A statement that the –

- a. constitution is made under and governed by the laws of Mauritius; or
- b. constitutive documents are made in such jurisdiction and governed by such laws as the Commission may approve, where a scheme is recognised by or is seeking recognition as a foreign scheme from the Commission.

2. INVESTMENT OBJECTIVES

A broad description of the investment objectives to be detailed in the prospectus or offer document

3. BASE CURRENCY

A statement indicating in what currency the accounts of the scheme will be held.

4. ANNUAL ACCOUNTING PERIOD

State the dates in the calendar year on which the annual accounting begins and ends which must, in the case of an umbrella collective investment scheme, be the same for all the constituent collective investment schemes.

5. ANNUAL ENTITLEMENT DATE

State the date in the calendar year (not being later than two months after the date on which the immediately preceding annual accounting period ends) that is to be annual entitlement (not including bonus issues and other benefits in kind) date that must, in the case of an umbrella collective investment scheme, be the same for all the constituent collective investment schemes.

6. NO PARTLY PAID SHARES

A provision that no partly paid shares may be issued and no credit shall be granted to participants or potential participants.

7. MANAGEMENT OR INVESTMENT COMPANY'S PERIODIC CHARGE

Subject to these regulations⁵²

1. a statement authorising the company to make a periodic charge payable out of the assets of the scheme and specifying how it should accrue and be paid with a statement of the maximum of that charge expressed as an annual percentage of the value of the assets of the scheme.
2. alternatively a statement authorising the company to make a periodic charge payable out of the assets of the scheme expressed as a specified annual percentage of the value of the assets of

the scheme lower than the maximum referred to in sub-clause (1) with authority to increase it to a larger percentage of that value (not greater than that maximum) but with effect only from the expiry of three months from the date on which the scheme CIS manager gives notice in writing to each participant entered on the register of its intention to do so.

8. CUSTODIAN'S REMUNERATION

Subject to these regulations, a statement authorising the CIS manager to make payments to the custodian by way of remuneration for its services, relieving the custodian from any obligation to account for those payments to the participants or any of them and specifying the basis on which that remuneration is to be calculated and how it should accrue and be paid.

9. CUSTODIAN'S REMUNERATION CHARGEABLE TO THE ASSETS OF THE COLLECTIVE INVESTMENT SCHEME

A statement authorising any payments to the custodian by way of remuneration for its services to be paid (in whole or in part) out of the assets of the scheme.

10. CUSTODIAN'S DISBURSEMENTS

The description of any expenses or disbursements of the custodian which are payable out of the assets of the scheme.

11. INITIAL PRICE

A statement of the initial offering price of shares, including a breakdown on how it has been calculated and by identifying clearly the preliminary charges or expenses.

12. INTERIM ENTITLEMENT DATE

If interim entitlement, not including bonus issues and other benefits in kind, are to be authorised or required, a provision so stating and also either specifying what the interim accounting period or periods is or are to be and what the interim entitlement date or dates is or are to be or stating that those matters are left to the discretion of the scheme CIS manager and directors.

FIRST SCHEDULE

(rule 5)

A collective investment scheme constituted as a trust

1. NAME OF THE SCHEME

A statement of the name of the scheme being a name consistent with the objectives of the scheme stated in accordance with clause 2.

2. INVESTMENT OBJECTIVES

General description of investment objectives to be detailed in the prospectus or offer document.

3. GOVERNING LAW

A statement that the –

- (a) scheme is established under and governed by the laws of Mauritius; or
- (b) scheme is established in such jurisdiction and governed by such laws as the Commission may approve, where a scheme is recognised by or is seeking recognition as a foreign scheme from the Commission.

4. TRUST DEED TO BE BINDING AND AUTHORITATIVE

A statement that the trust deed is binding on each participant as if he had been a party to it and so to be bound by its provisions and authorises and requires the custodian and the CIS manager to do the things required of them through the terms of the deed.

5. DECLARATION OF TRUST

A declaration that the assets of the scheme are held by the custodian for and on behalf of the participants *pari passu*, according to the number of shares held by each participant.

6. CURRENCY

A statement indicating in what currency the accounts of the scheme will be held.

7. ANNUAL ACCOUNTING PERIOD

State the dates in the calendar year on which the annual accounting begins and ends which must, in the case of an umbrella scheme, be the same for all the constituent schemes.

8. ANNUAL ENTITLEMENT DATE

State the date in the calendar year (not being later than two months after the date on which the immediately preceding annual accounting period ends) that is to be the annual entitlement (not

including bonus issues and other benefits in kind) date that must, in the case of an umbrella scheme, be the same for all the constituent schemes.

9. PARTICIPANTS LIABILITY TO PAY

A provision that a participant is not liable to make any further payment after he has paid the purchase price of his shares and that no further liability can be imposed on him in respect of the shares which he holds.

10. DURATION OF THE SCHEME

If the scheme is to terminate after the expiration of a particular period, a statement to that effect.

11. CIS MANAGER'S PERIODIC CHARGE

Subject to these regulations–

- (1) a statement authorising the CIS manager to make a periodic charge payable out of the assets of the scheme and specifying how it shall accrue and be paid, with a statement of the maximum of that charge expressed as an annual percentage of the value of the assets of the scheme.
- (2) alternatively a statement authorising the CIS manager to make a periodic charge payable out of the assets of the scheme expressed as a specified annual percentage of the value of the assets of the scheme lower than the maximum referred to in sub-clause (1) with authority to increase it to a larger percentage of that value (not greater than that maximum) but with effect only from the expiry of three months from the date on which the CIS manager gives notice in writing to each participant entered on the register of its intention to do so.

12. UMBRELLA COLLECTIVE INVESTMENT SCHEMES: CIS

MANAGER'S CHARGE ON AN EXCHANGE OF SHARES

Subject to these regulations, a statement authorising the CIS manager of an umbrella collective investment scheme to make a charge of a fixed amount on the exchange of shares in one constituent part (other than the first exchange by a participant in any one annual accounting period) and specifying what the maximum of that amount may be.

13. CUSTODIAN'S REMUNERATION

A statement authorising the CIS manager to make payments to the custodian by way of remuneration for its services, relieving the custodian from any obligation to account for those payments to the participants or any of them and specifying the basis on which that remuneration is to be calculated and how it should accrue and be paid.

14. CUSTODIAN'S REMUNERATION CHARGEABLE TO THE ASSETS OF THE SCHEME

A statement authorising any payments to the custodian, by way of remuneration for its services, to be paid (in whole or in part) out of the assets of the scheme.

15. CUSTODIAN'S DISBURSEMENTS

The descriptions of expenses or disbursements of the custodian which are payable out of the assets of the scheme.

16. INITIAL PRICE

A statement of the initial offering price of shares, including a breakdown on how it has been calculated and by identifying clearly the preliminary charges or expenses.

17. INVESTMENT IN COLLECTIVE INVESTMENT SCHEMES MANAGED BY THE CIS MANAGER OR A CONNECTED PERSON

Subject to these Regulations, a statement as to whether or not the assets of the scheme may include shares in another collective investment scheme that is

- (a) managed by the CIS manager or by another company in the same group as the CIS manager;
or
- (b) managed by any person who is a controller of the CIS manager or of which the CIS manager is the controller.

18. INTERIM ENTITLEMENT DATE

A provision authorising or requiring interim entitlement, not including bonus issues and other benefits in kind and either specifying what the interim accounting period or periods is or are to be and what the interim entitlement date or dates is or are to be or stating that those matters are left to the discretion of the collective investment scheme CIS manager.

ANNEX 3 – FINANCIAL BUSINESS ACTIVITIES
FINANCIAL SERVICES ACT 2007

Financial Business Activities

Assets Management
Credit Finance
Custodian services (non-CIS)
Distribution of financial products
Factoring
Leasing
Occupational Pension Scheme
Pension fund administrators
Pension Scheme Management
Retirement Benefits Scheme
Superannuation Funds
Registrar and Transfer Agent
Treasury management
Actuarial Services
Credit Rating Agencies/Rating Agencies
Payment Intermediary Services
Representative Office (for financial services provided by a person established in a foreign jurisdiction)

Such other financial business activity as may be specified in FSC (Financial Services Commission) Rules

ANNEX 4 – DOUBLE TAXATION TREATY COUNTRIES

Mauritius DTA's in Force

1. Cyprus
2. Barbados
3. France
4. Lesotho
5. Malaysia
6. Nepal
7. People's Republic of China
8. Seychelles
9. Swaziland
10. Uganda
11. Belgium
12. Tunisia
13. Croatia
14. Germany
15. Italy
16. Luxembourg
17. Mozambique
18. Oman
19. Rwanda
20. Singapore
21. Sweden
22. United Kingdom
23. Botswana
24. Democratic Socialist Republic of Sri Lanka
25. India
26. United Arab Emirates
27. Zimbabwe
28. Thailand
29. South Africa
30. Senegal
31. Pakistan
32. Namibia
33. Kuwait
34. Madagascar

SIXTH SCHEDULE

(rule 50, 53 and 72)

CONTENTS OF THE ANNUAL AUDITED FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT OF A COLLECTIVE INVESTMENT SCHEME

1. ANNUAL AUDITED FINANCIAL STATEMENTS

The audited annual financial statements of a collective investment scheme shall be prepared in accordance with IFRS.

2. SPECIFIC FINANCIAL STATEMENTS REQUIREMENTS – SECURITIES LENDING

- (1) A collective investment scheme shall disclose, in the statement of investment portfolio included in the annual financial statements of the collective investment scheme, or in the notes to the financial statements –
 - a. the aggregate value of securities that were lent in the securities ending transactions of the collective investment scheme that remain outstanding as at the date of the financial statements; and
 - b. the type and aggregate amount of collateral received by the collective investment scheme under securities lending transactions of the collective investment scheme that remain outstanding as at the date of the financial statements.
- (2) The statement of net assets of a collective investment scheme that has received cash collateral in securities lending transactions that remain outstanding as of the date of the financial statements shall present –
 1. the cash collateral received by it as an asset; and
 2. the obligation to repay the cash collateral as a liability.
- (3) The asset and liability referred to in paragraph (2) shall be shown as separate line items in the statement of net assets.
- (4) The statement of operations of a collective investment scheme shall present income from securities lending transactions as revenue and not as deductions from expenses.
- (5) Notes to the financial statements

The CIS shall provide, in notes to the financial statements, a detailed description of the expenses of the collective investment scheme, including–

- a. management fees;
- b. transfer agent and registrar fees;
- c. pricing and book keeping fees;
- d. other expenses such as custodian, audit, filing and legal fees and applicable taxes.

3. ANNUAL MANAGEMENT REPORT

The annual management report shall include a management report of fund performance as of the date of the annual financial statements prepared by the CIS manager or the Board of a self-managed scheme –

- (1) An annual management report of fund performance shall be prepared using plain language and a format that assists in readability and comprehension;
- (2) An annual management report of fund performance shall -
 - (a) present all information briefly and concisely;
 - (b) include information on the following items –
 - (i) brief summary of the fundamental investment objectives
 - (ii) and strategies of the CIS;
 - (iii) discussion on how any material or significant changes in the risk level of the CIS over the financial year affected the overall level of risk associated with an investment in the scheme;
 - (iv) provide a summary of the results of operations of the CIS for the financial year to which the annual management report pertains, including, if applicable – any material changes in investments in specific securities and overall asset mix from the previous period;
 - (v) unusual trends such as higher than usual redemptions or sales and the effect of these on the CIS;
 - (vi) any other material information or information required to be disclosed pursuant to a direction or exemption received by the CIS
 - (vii) recent developments including discussion of unusual or infrequent events or transactions, economic changes and relevant market conditions that affected performance;
 - (viii) related party transactions;
 - (ix) management and custodian fees;
 - (x) discussion of the performance of the scheme, including a discussion of the significant components of, and changes to, the statement of financial highlights and past performance;
 - (xi) summary of the investment portfolio as of the date of the annual financial statements.
- (3) The annual management report shall also include financial highlights presented in the form of the following tables –
 - (a) Table 1 on net assets value as follows -

Table 1 - CIS [insert name of CIS] Net Asset Value

	(insert year)	(insert year)	(insert year)	(insert year)	(insert year)
Net assets value at beginning of year					
Total revenue					

Total expenses					
Realised gains (losses) for the period					
Unrealized gains (losses) for the period					
Total increase (decrease) from operations					
Distributions:					
From net income					
From dividends					
From realized gain					
Return of capital					
Total Annual Distributions					
Net asset value at [insert last day of financial year] of year shown					

Notes to Table 1:

- (1) Amounts to be shown in Mauritian Rupees unless the financial statements are in a different currency. If so, indicate exchange rate as of the date of the Report.
- (2) Provide financial date of to a maximum of three years.

(b) Table 2 on Ratios and Supplemental Data

Table 2 – Ratios and Supplement Data of CIS [insert name of CIS]

	(insert year)	(insert year)	(insert year)	(insert year)	(insert year)
Net assets					
Number of shares outstanding					
Management expense ratio					
Portfolio turnover rate					
Closing market price					

Notes to Table 2:

- (1) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. In the case of CIS investing in other CIS, the calculation includes an allocation of expenses incurred in the underlying CIS.
- (2) The CIS portfolio turnover rate indicates how actively the CIS manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the CIS buying and selling all of the securities in its portfolio once in the course of the year. The higher a CIS portfolio turnover rate in a year, the greater the trading costs payable by the CIS in the year. There is not necessarily a relationship between a high turnover rate and the performance of a CIS. Portfolio turnover rate is not applicable to a money market fund.
- (3) Closing market provided only if CIS listed on a securities exchange.
- (4) Except where a scheme is authorised as an expert fund or a specialized scheme, a report of the custodian for the period covered by the financial statements as to whether the scheme has been managed in accordance with the Act, Regulations and FSC Rules and in the interests of the participants.

4. INCLUSION OF FINANCIAL STATEMENTS IN ANNUAL MANAGEMENT REPORT

- (1) Subject to (2), the annual management report shall include the annual audited financial statements of the scheme.
- (2) The Annual Management Report may exclude the complete set of financial statements of the scheme, provided the following notice appears at the beginning of the Report -

“The annual management report contains financial highlights but does not contain the complete financial scheme for the CIS [indicate the name of the CIS]. You can get a copy of the annual audited financial statements at your request, and at no cost, by calling [indicate a telephone number], by writing to us at [indicate the address] or by visiting our web site at [indicate web site address].”

5. APPROVAL OF ANNUAL MANAGEMENT REPORT

The annual management report shall be reviewed and approved by the board of directors of the CIS when it is constituted as a company and by the board of directors of the CIS manager in other cases.

ANNEX 6 – THIRD SCHEDULE OF THE SECURITIES REGULATIONS 2008
INFORMATION TO BE CONTAINED IN AN APPLICATION FOR AUTHORISATION

THIRD SCHEDULE

(rule 9 and 16)

INFORMATION TO BE CONTAINED IN AN APPLICATION FOR AUTHORISATION

(Note: If the information required is contained in the prospectus, it may be omitted from the form of application)

General details of the collective investment scheme

1. Name of the collective investment scheme.
2. Names of the sub-collective investment schemes (if any).
3. Structure of the collective investment scheme (including number of sub classes/funds, if any).
4. Applicable Act and the date and country of establishment/incorporation.
5. Listing on any securities exchange and authorisation granted by other regulatory bodies.
6. Undertakings given to other regulatory bodies.
7. Launch: date and place.
8. Dealing: daily/weekly/other.
9. Valuation of assets: daily/weekly/other.
10. Pricing: forward/ other.
11. Investment plans to be offered in Mauritius and other jurisdictions.
12. (a) Customer Due Diligence ('CDD') documents on:
 - (i) the promoter(s) of Collective Investment Schemes, Private Equity Funds, Venture Capital Funds, Investment Companies, CIS manager and Investment Adviser/ Manager and each controlling shareholder of CIS manager are to be submitted in original or as certified true copies. (Where any of the documents is in a language other than English or French, it should be translated into either of these languages and certified by a qualified translator before submission to the Commission).
- (b) Subject to paragraph (a), the documents to be submitted, as the case may be, are as follows:
 - (i) Individual
 2. CV details
 3. Valid passport copy
 4. Bank Reference from a recognized banking institution which has known the person for at least the last two years

- (ii) Corporate Body
 1. Certificate of Incorporation/Certificate of Good Standing
 2. List of controlling shareholders and directors
 3.
 - (a) Latest audited financial statements
 - (b) Corporate Profile - in case latest audited accounts are not available (e.g. Name of entity-partnership/Date of formation/Country of formation/Registered Address/Issued Capital, and Committed Capital if higher/controlling shareholders/members/directors-managing principals/business activity/financial highlights[dt/mn/yr]- total assets-total liabilities)
 4. Confirmation from the Management Company to the effect that it holds on records CDD documents on the controlling shareholders of the corporate body and that these will be made available to the Commission upon request
- (iii) Trust
 1. Name of the trust, its date and place of registration
 2. An indication of the value of assets held by the trust
 3. CDD documents on the -
 - (a) settlor/contributor and the trustee
 - (b) beneficiaries, or confirmation from the management company that it holds on records comfort on the beneficiaries, that has been obtained from a recognized Source
 4. For a discretionary trust, a written confirmation from the Management Company to the effect that it has adequate arrangements in place with the trustee of the trust to make available to the Management Company, CDD documents on the beneficiaries at the time of distributions to beneficiaries of the trust and that it is comfortable that these arrangements will enable it to satisfy its obligation under Section 4.1 of the Code on the Prevention of Money Laundering and Terrorist Financing intended for Management Companies.
- (iv) Limited Partnership
 1. Certificate of Registration/Establishment/Good Standing of the Limited partnership and its General Partner
 2.
 - (a) Latest audited financial statements of the Limited Partnership and its General Partner
 - a. Corporate profile – in case latest audited accounts are not available
 3. Confirmation from the Management Company to the effect that it holds on records CDD documents on the significant Limited Partners of the Limited Partnership and that these will be made available to the Commission upon request
- (v) Société
 1. Profile of the Société (including a copy of the acte de société)
 2. Details and comfort (as per 7a above) on the principals, administrators or gérants of the société
 - (c) Where reliance is placed upon Eligible or Group Introducer to satisfy obligations as regard Customer Due Diligence checks, a copy of the Eligible or Group Introducer Certificate – specifying that the Eligible or Group Introducer is regulated for money laundering purposes or/is subject to rules of professional conduct pertaining to money laundering

- (d) Where the applicant for business is a listed company or a regulated financial service business or a government administration/enterprise or statutory body or a pension, superannuation or similar scheme, reference should be made to the relevant section of the Code on the Prevention of Money Laundering and Terrorist Financing intended for Investment Businesses ('Code').

For each collective investment scheme or sub-collective investment scheme

13. (1) Fee structure
- a. level of all charges payable by participant; and
 - b. level/basis of calculation of all charges payable by the collective investment scheme.
- (2) Subject to these regulations, for equity or bond collective investment Schemes:
- a. investment objective and borrowing powers; and
 - b. Currency of denomination.
- (3) Minimum initial subscription and the minimum subsequent holding.

Details of the parties to the collective investment scheme

14. The CIS manager (if applicable)
- a. Name
 - b. Registered/business address.
 - c. Name of the ultimate holding company.
 - d. (i) Previously licensed by the Commission to manage authorised collective investment schemes?
 - e. (ii) If no, whether an application for a CIS manager licence has been or will be submitted to the Commission.
 - (iii) For a Global scheme whether the CIS manager is established in a foreign jurisdiction and specify the jurisdiction.
- e. Details of contact person(s).
- f. Resumes of directors of the CIS manager and details of key contact person(s).
15. The custodian
- a. Name.
 - b. Registered/business address.
 - c. Name of the ultimate holding company.
 - d. (i) Previously licensed by the Commission as custodian under the Act?
 - (ii) If no, whether an application for a custodian licence has been or will be submitted to the Commission.
 - (iii) For a Global scheme whether the custodian is established in a foreign jurisdiction and specify the jurisdiction and any licence held.
- e. Details of contact person(s).
16. The investment adviser (if any)
- (a) Name.
 - (b) Registered/business address.
 - (c) Name of the ultimate holding company.
17. For the custodian, CIS manager and investment adviser
- (a) which, if any, of these companies are connected persons,

- (b) name anyone who holds appointments, as director or officer, with more than one of these companies.
18. The auditor
- (a) Name.
 - (b) Registered/business address.
19. The principal investment dealer\ broker (if any)
- (a) Name.
 - (b) Registered/business address.
 - (c) The approximate percentage of the scheme's transactions in value of securities carried out by the principal broker/ investment dealer within the latest financial year of the scheme.
 - (d) Whether the custodian, the directors of the scheme, the CIS manager or the investment adviser is a connected person of the principal broker/ investment dealer.
20. Legal advisers in Mauritius (if any).
- (a) Name.
 - (b) Details of contact person(s).

Additional details on the collective investment scheme

21. Details of the main clauses or drafts of agreements to be concluded with the different functionaries, if not included in the Private Placement Memorandum.
22. In case the CIS is structured as a trust under the Trust Act 2001, please provide the following:
- (a) A certified true copy of the Trust Deed
 - (b) Details of the Trustee:
 - (i) Certificate of Incorporation
 - (ii) List of directors and controlling shareholders (not applicable if trustee is from an equivalent jurisdiction)
 - (iii) Copy of the latest available audited financial statements (not applicable if trustee is from an equivalent jurisdiction)
 - (iv) Certified true copy of any licence/registration/authorization held which enables it to act as Trustee
23. Customer Due Diligence ('CDD') and Anti-Money Laundering ('AML') measures. Confirmation is required from the Applicant that all CDD and AML check documents on investors in the CIS will be made available to the FSC upon request.
24. In case the Global scheme is structured as a Protected Cell Company, please provide the following:
- (i) Details of first cell/s to be created
 - (ii) Confirmation that at least one cell will be operational as and when the Company is licensed.
 - (iii) An indication as to the number of cells to be set up initially
 - (iv) Confirmation that no cell will be created unless the prior approval of the FSC is secured. (Please note that a copy of the supplemental offer document or any document to be circulated for the new cell created should accompany the request).

25. Structure Chart
26. Incorporation Documents:
 - (a) Copy of the Constitution and the required legal certificate
 - (b) Certified copies of statutory documents required for the incorporation.
27. Additional documentation required in case of Application for Conversion of a GBC2 to a GBC1
 - a. Declaration By Existing Applicant
 - b. Certified copy of an updated register of directors and shareholders of the Applicant
 - c. An indication as to how active the Company has been since inception
 - d. Original Certificate of Current Standing by the Registrar of Companies
 - e. Certified copy of the shareholder's resolution for the change in legal regime of the Applicant
 - f. Original Category 2 Global Business Licence - if still valid as at that date

FOURTH SCHEDULE

(rule 9, 16 and 51)

PROSPECTUS OF A COLLECTIVE INVESTMENT SCHEME

IMPORTANT The prospectus constitutes the fundamental base of information for the subscribers of shares of a collective investment scheme and must be reviewed and updated by the scheme as it becomes necessary. Whenever the prospectus is amended, a copy of the addendum shall be filed with the Commission.

Information under all headings must be completed in accordance with the requirements of this Schedule and specific requirements of the Securities Act, including any regulations and rules made thereunder. The information must be presented in a clear manner that will facilitate reading and understanding by the investors.

The information required by this Schedule constitutes a minimum and the collective investment scheme may add other information as long as it is not misleading and is designed to increase the comprehension of the investment being proposed.

In the case of a family of schemes, the prospectus may be divided into different parts. For example, specific information about each scheme in the family could be in the first part and general information that applies to all the schemes could be in the last part of the prospectus. Also, in the first part, general information on collective investment schemes may be given to assist the investor in the understanding of that type of investment and the risks involved. The prospectus shall include full disclosure of the information required by the investors to make a decision on the investment.

Heading I: Presentation of the Collective investment scheme

(1) **General Information** concerning the collective investment scheme, indicating its principal sphere of activity from among the following list or another activity defined by the scheme -

Mauritian Shares CIS

The CIS will invest at least 60% of its assets in shares of Mauritian companies.

Foreign Securities CIS

The CIS will invest at least 60% of its assets in foreign securities. If the CIS wishes to invest at least 60% of its assets in European securities then it should identify itself as a European Securities CIS.

Debt Securities CIS

The CIS will invest at least 60% of its assets in debt securities. The CIS must indicate if debt securities of foreign markets are included in the amount to be invested. If more than 50% of the assets are to be invested in foreign debt securities, then the CIS should be identified as a Foreign Debt Securities CIS.

Diversified CIS

The CIS will invest in a mix of assets, including domestic and foreign securities. As much as possible, the mix should be described, without restricting the investing activities of the CIS.

Money Market CIS

The CIS restricts its investments to short term (less than one year to maturity) corporate and government debt securities (such as Treasury bills) and commercial paper. The CIS could also include debt securities of a maturity of between one to two years. In this case, the CIS should indicate what percentage of assets these securities will represent.

This list is not exhaustive and if the activity of the CIS does not fit within this list, it must clearly identify its sphere of activity so that investors will be able to evaluate the risks of their investment.

(2) Name and Address of Collective investment scheme

State the full name of the collective investment scheme and the address of its head office.

If the name of the scheme was changed during the past twelve months, state its former name.

State the name and address of the promoter, if any.

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(3) Constitution of the collective investment scheme

State the law under which the scheme was constituted, the manner, the date of formation and any particularities relating to its legal structure.

Give a summary of the particulars of the constitutive documents, attach copy to the prospectus or indicate where the investor can obtain a copy free of charge.

Heading II: Organisation and Management of the CIS

(1) Give details and principal functions of the

- a. CIS manager;
- b. trustee, if applicable;
- c. principal distributor of the securities of the CIS, if any;
- d. custodian and, if applicable, sub-custodian;
- e. CIS administrator;
- f. auditor;
- g. investment adviser, if applicable.

(2) Give the names of the members of the board of the CIS and the members of its Compliance Committee, indicating those members that are independent. For each member, provide the following information

- a. full name;
- b. functions with date of appointment and duration of term;

- c. principal occupation outside of the collective investment scheme;
- d. positions held as a member of the board in other companies.

Where the legal form of the scheme differs, the same information shall be provided for members of the governing body.

Heading III: CIS Manager

Name and address of head office of the CIS manager, date of constitution and law under which constituted.

Name and address of each member of the board of directors, indicating those members that are independent. In the case of independent members, indicate their principal employment.

Name of natural persons acting as portfolio managers, with details qualifications and any previous experience in the management of portfolios of CIS.

Description of the principal functions of the CIS manager and names of the persons occupying these functions.

Circumstances under which the management agreement may be terminated.

If applicable, names of the investment dealers responsible for the marketing of securities of the collective investment scheme and details on the contractual arrangements with this company.

Heading IV: Investment Objectives and Practices and Financial Characteristics

(1) Investment Objectives and Practices

State the fundamental investment objectives of the collective investment scheme, the types of securities in which the collective investment scheme proposes to invest (bonds, shares, money market instruments, etc.), as well as investment policies and practices of the collective investment scheme in pursuing its objectives.

Describe the investment rules to be followed by the collective investment scheme and an explanation as to why these rules may differ from these regulations, if applicable.

Explain the nature of the risks, including minimum exposure to stock market, sensitivity to rate of interest risk, exposure to currency risk, concentration risk, derivative risk, foreign investment risk, investment in illiquid securities risk, etc.

Degree of specialisation (in a geographic region or in a particular class or kind of industry).

Changes in the net asset value.

Diversification: specific limitations imposed and list of companies in which the collective investment scheme holds more than 5% of the securities of a class.

In the case of a collective investment scheme that proposes to acquire securities of other collective investment schemes, describe the measures put in place to resolve the conflicts that may arise, the additional risks, if any and whether the strategy will have an impact on the fees charged and the return on investment.

(2) Type of investors

Type of investors for whom shares of the collective investment scheme would be suitable. In particular, lock-in period recommended for an investment in the fund.

(3) Guarantee or protection

Nature of the guarantee or protection, if any, institution providing the guarantee, purpose, terms and conditions.

(4) Financial Statements

Audited financial statements of the collective investment scheme for the last financial year, presented in accordance with the Sixth Schedule.

(5) Dividends or Distributions

State the amount of dividends or other distributions, if any, paid by the collective investment scheme including income distributed by way of dividend reinvestment, during its last three completed financial years preceding the date of the prospectus.

In the case of a new collective investment scheme, explain when and how the gains of the collective investment scheme will be distributed, if applicable.

(6) Performance

Except in the case of a first offering, provide information on the performance of the collective investment scheme during its last three completed financial years preceding the date of the prospectus, including net asset value at the beginning, plus results (net income and net capital gain), less distributions of income, net asset value at the end, total return for the year. The information on performance must follow the requirements prescribed.

(7) Tax Status of Collective investment scheme and Shareholders

Where applicable, state in general terms, if any, the income or other tax consequences to the holders of the shares of the collective investment scheme, either in Mauritius or in a foreign country.

Heading V: Conditions of Operation

(1) Description of Securities Offered

Describe all significant characteristics of the securities offered (dividend rights, liquidation rights, voting rights, etc.) and conditions under which these characteristics may be modified.

Describe the shares being offered, including the currency of denomination and the method of indicating the ownership.

(2) Contractual Plans

Describe all significant characteristics of the contractual plan, including minimum initial investment and subsequent minimum investment, frequencies of investment (weekly, monthly, quarterly, interim or yearly) and rate of the sales charge as a percentage of the net amount invested.

State that the shareholder may cancel the plan at any time at his own discretion, without any additional charges.

(3) Net Asset Value

Describe the method used to calculate the net asset value, including the frequency of the calculations and any other information in accordance with these regulations.

Describe the method used to calculate the value of illiquid assets as defined in the Regulations.

Give, if applicable, the net asset value at the end of the last three completed financial years preceding the date of the prospectus, unless the information is given in the financial statements.

(4) Purchases and Redemptions

Explain the procedure for purchases and redemptions of shares of the collective investment scheme, including places where purchase and redemption orders are received by the collective investment scheme.

If applicable, indicate if a minimum purchase is required.

Indicate that the price of subscription must be fully paid up before the collective investment scheme can act on the order to purchase shares of the collective investment scheme. Indicate that the CIS manager is not allowed to give credit to participants or potential participants.

In the case of a new collective investment scheme where a minimum amount of securities must be subscribed, describe the terms according to which funds will be kept and returned to subscribers if that minimum is not reached, including the name and address of the bank where the funds will be kept.

Give the sales and redemption charges, given as a percentage of the net investment or of the redemption price. If applicable, rates of charges depending on the amount of the purchases or the redemptions. Where investors have a choice between different types of payment of the charges (front load, no load, back load, etc) explain each type in detail and indicate the effect on return on investment of the choice made. In the case of a contractual plan, give details on sales charges, including a comparison with a one-time purchase. State any right for the investor to recover charges paid if the plan terminates before expiration of the term.

In the case of a collective investment scheme that intends to invest in securities of another collective investment scheme, give details of the agreement concerning sales charges and management fees. Indicate the additional risks, if any, in that type of scheme. Give comparison, if appropriate, of the charges.

Provide a summary of fees and charges payable by the collective investment scheme as follows -

Type of charge	Description including amount or rate
	Purchases or redemptions

Amounts payable on -	
(a)	purchase of shares

- (b) exchange/transfer of shares to a related fund
- (c) redemption of shares

Services

Amounts payable with respect to –

- a. management fees paid directly by
- b. shareholder
- c. obtaining certificates
- d. purchase plans
- e. withdrawal plans
- f. other (insert descriptions) e.g. dividend reinvestment charges, wire order charges

(5) Management Fees and Other Fees and Charges

Method used for calculation of management fees, taking into account the various components and any other information in accordance with these regulations.

Except in the case of a first offering, give the management expense ratio or MER (MER is the percentage that the management expenses represent of the fund's average net assets - For example, if a 100 million fund has 2 million in costs for the year its MER will be 2%) for each of the last three financial years of the collective investment scheme. Where a change to the basis of this calculation is proposed, indicate the effect the proposed change would have had on the ratio during the last financial year. Give a clear explanation as to the MER so that investors will understand.

Indicate any other fees and expenses, including the expenses set out below, that will be charged to the investment scheme and the effect of these fees and expenses on the return on investment.

- a. the costs of dealing in the assets of the collective investment scheme;
- b. interest on borrowings permitted under the collective investment scheme and charges incurred in effecting or varying the terms of such borrowings;
- c. the costs and expenses incurred in obtaining a listing of the shares of the collective investment scheme on any licensed securities exchange;
- d. taxation and duties payable in respect of the assets of the collective investment scheme, the constitutive documents of the collective investment scheme and the creation and sale of shares;
- e. any costs incurred in modifying the constitutive documents of the collective investment scheme;
- f. any costs incurred in the preparation and publication of the collective investment scheme prospectus and other disclosure documents;
- g. any costs incurred in respect of meetings of the participants;
- h. any periodic charge payable to the CIS manager;
- i. the fees of the custodian, and the administrator, if any;
- j. any expenses or disbursements of the custodian which are authorised by the constitutive documents of the collective investment scheme to be paid out of the assets of the collective investment scheme;
- k. the fees and expenses of the auditor of the collective investment scheme;
- l. the costs incurred in respect of the distribution of income to participants;
- m. the costs incurred in respect of the printing and posting of certificates where applicable;

- n. costs reasonably incurred in respect of the publication of prices of shares and in respect of the publication and distribution of the collective investment prospectus, annual and interim reports and accounts;
- o. the costs incurred by the CIS manager and permitted by the constitutive documents; and
- p. any other costs, incidental to its operation that may be charged to the CIS.

Heading VI: General

(1) Information

Indicate where a subscriber may obtain the constituting documents of the collective investment scheme, if it is not included in the prospectus.

(2) Listing

Indicate if the shares of the CIS will be listed and, if so, where they will be listed, how the quotations are to be understood by the investors and what effect this will have on the net asset value, if any, at the time of purchase or redemption.

(3) Termination

Indicate when and how the investment scheme may be terminated.

Heading VII: Signatures

(1) Company

In the case of a collective investment scheme constituted as a company, the prospectus shall be signed by two authorised members of the board of the collective investment scheme or by two authorised members of the board of the CIS manager.

(2) Trust

In the case of a collective investment scheme constituted as a trust, the prospectus shall be signed by the trustee and by two members of the board of the CIS manager.

(3) Other legal forms

In all other cases, the governing body shall determine who will sign the prospectus

(4) Interpretation

In this schedule, “authorised” means duly authorised by a resolution of the particular board of directors, or the governing body.

For more specific advice on CIS and Closed-End Funds in Mauritius, we invite you to contact:

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