



INTERCONTINENTAL TRUST NEWSLETTER

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INTERCONTINENTAL TRUST
International Tax & Management Services

LISTING IN MAURITIUS

About Stock Exchange of Mauritius (“SEM”)

Created in 1989, SEM is one of Africa’s leading Exchanges offering operational excellence and a strong financial architecture. The SEM’s rigorous regulations, in line with international standards of best practice, help facilitate capital raising and value creation for global and local investors. The SEM provides clearing facilities in several currencies via a sound and multi-product platform suited for international transactions.

It is a well-regulated Exchange that has gained recognition through its accreditation to various international bodies, including the World Federation of Exchanges (“WFE”), South Asian Federation of Exchanges (“SAFE”), African Securities Exchanges Association (“ASEA”) and Committee of SADC Stock Exchanges (“COSSE”).

In 2012, the SEM was awarded for the second consecutive year the “Most Innovative African Stock Exchange of the Year Award” at the Africa investor (Ai) prestigious annual Index Series Awards held at the New York Stock Exchange (NYSE).

The SEM currently operates two markets:

- The Official Market, which lists some of the largest companies in Mauritius spanning across different sectors of activity; and
- The Development & Enterprise Market (“DEM”), which comprises a number of medium-sized companies and also offers opportunities for start-ups.

Since 2010, new developments on the SEM include the following:

- Introduction of new Listing Rules to position SEM as an attractive venue for the listing of Global Funds;
- Introduction of Listing Rules for listing of Global Business companies, specialist debt instruments, mineral and exploration companies;
- Relay of SEM data live by international data providers like Bloomberg, Financial Times, Reuters, I-Net Bridge;
- Setting up of multi-currency platform that allows SEM/CDS to list and trade financial products and settle the underlying transactions in USD, Euro, GBP, ZAR and MUR.



Key attributes of the SEM

- The SEM is a member of the World Federation of Exchanges and is currently ranked 5th Exchange by market capitalisation in sub-Saharan Africa.
- The SEM is the only Exchange in Africa to provide a multi-currency listing, trading and settlement platform in USD, EUR, GBP, ZAR and MUR.
- The SEM is one of the two Exchanges in Africa which has obtained the status of designated Stock Exchange by the United Kingdom's Her Majesty's Revenue and Customs ("HMRC") and Cayman Islands Monetary Authority ("CIMA").
- The SEM allows the flexibility for Global Business Companies and Global Funds to be listed as a "Technical listing".

A Technical listing allows Global Business Companies and Global Funds to be listed without their shares being traded on the Exchange and there is no need to deposit the shares on the Exchange depository and settlement platform.

- The SEM has specific rules for the listing of Global Business Companies and Global Funds which provide flexibility on the conditions for listing like:
 - Waiver of the listing condition to have a minimum of 200 shareholders.
 - Waiver of the listing condition to have at least 25% of the company's shares in public hands.
 - No track records required in terms of the 3 years audited accounts requirements.

Conditions for Listing on SEM's markets

In order to qualify for listing on the SEM, a company should satisfy the following minimum criteria:

Criteria	Official Market	DEM
Unqualified audited accounts prepared in accordance with IFRS and audited according to ISA	3 years	1 year
Market capitalization	MUR 20 million (approx US\$ 700,000)	MUR 20 million (approx US\$ 700,000)
Number of shareholders *	200	100
Percentage requirement in public hands *	25 %	10 %
Listing of shares	Whole class of shares must be listed	Whole class of shares must be listed

* Both markets offer flexibility as regards the number of shareholders and percentage in public hands should an applicant, in specific circumstances, not meet these requirements at the time of submitting the application documents.



Simplified rules introduced for the listing of Global Business companies Category One (“GBC1”), investment entities and specialist debt instruments on the SEM

The SEM has amended its listing rules to position itself as an attractive venue for the listing of a wide spectrum of fund structures, specialist companies and debt instruments.

An investment entity is an investment company, as defined under the SEM Listing Rules. It is a body corporate, whether open-end or closed-end, which has as its purpose the investment of its funds with the aim of spreading investment risk and giving its members the benefit of the results of the management of those funds by or on behalf of that body. Investment entity also includes:

- c a unit trust scheme;
- c an authorised mutual fund;
- c a closed-end fund;
- c a Global scheme;
- c a professional collective investment scheme;
- c a specialised collective investment scheme;
- c an expert fund;
- c any other collective investment scheme.

Specialist debt instruments are targeted to qualified investors i.e. investors who are knowledgeable and understand the risks of investing in specialist debt instruments e.g. sophisticated investors, expert investors.

Following the introduction of Chapter 16 and 18 of the SEM Listing Rules, the listing requirements for investment entities, GBC1s and specialist debt instruments have been relaxed and this is summarized in the below table.

Key entry requirements	Investment Entities registered as a CIS	GBC1s	Specialist Debt Securities
3 years audited accounts	May be waived Need to satisfy the SEM that the directors or investment manager has satisfactory experience in the management of investments of the type in which the fund proposes to invest.	May be waived Need to provide a solid business plan, certified by an independent financial advisor covering at least 3 years and demonstrating clearly the sustained viability.	A period shorter than 3 years may be accepted
Minimum market capitalization	MUR 20 million (approx US\$ 700,000)	MUR 20 million (approx US\$ 700,000)	At least MUR 25 million (approx US\$ 875,000) per class
200 shareholders	May be waived	May be waived	N/A
25% in public hands	May be waived	May be waived	N/A
Whole class of shares must be listed	√	√	N/A

√= Required



Listing of junior mineral/exploration companies

In view of capitalizing on Africa's growth potential, the SEM has set up a platform for the listing and trading of mineral/exploration companies. The SEM has introduced Chapter 20 of the SEM Listing Rules and Schedule Ten of the DEM Rules which governs the trading and listing of mineral/exploration companies.



The SEM targets junior mining companies looking to raise capital from the international investors via a listing on a stock exchange platform. A mineral company is eligible for listing on the Official Market of the SEM if at least 25% of its trading activity relates to the extraction of mineral resources.

Companies that are involved only in exploration of mineral resources and that do not endeavour to extract on a commercial scale are not suitable for listing on the Official Market of the SEM. However, they will be eligible for listing on the DEM.

Main benefits of a Listing on the SEM

1. Being listed on the SEM is one of the criteria that the FSC considers when determining whether a GBC1's central management and control is within Mauritius. It is a means of demonstrating substance in the Mauritian jurisdiction.
2. Attracts investors who can only invest in listed shares without the shares being actually traded on the Exchange (Technical Listing).
3. Acceptance of Private Placement Memorandum ("PPM") registered with the Financial Services Commission during the previous 12 months in lieu of a Listing Particulars.
4. Provides access to a wider global investor base of managed funds, high net worth individuals and other sources of capital.
5. Advantageous for institutional investors that may be restricted to investment in listed securities only.
6. Improved liquidity of non-redeemable shares.
7. Given that the SEM is a member of the World Federation of Exchanges, this facilitates the dual listing of companies on other Exchanges which are members of the World Federation of Exchanges as well.
8. Mauritius is a white listed OECD jurisdiction
9. No exchange controls in Mauritius.
10. Equity financing opportunities to grow its business from expansion of operations to acquisitions.
11. The requirement to comply with the Code of Corporate Governance for Mauritius leads to better systems and controls, improved management information, and greater operating efficiency of the business as a whole.
12. Receive more favorable borrowing terms from financial institutions.
13. A listing on the SEM enhances a company's marketing reach and visibility.
14. Facilitates investment exits especially for Private Equity Funds or Closed End Funds.
15. Ongoing compliance costs between a listed and unlisted fund structure do not diverge much owing to similar regulatory requirements between the FSC Rules and SEM Listing Rules.
16. Provides investors with comfort that the company is well regulated.



Comparing Global Stock Exchanges

Listing standards, fees and regulatory environment are perhaps the main factors to consider when selecting a stock exchange.

The following table¹ provides a side-by-side comparison of the listing requirements of a few well recognized Exchanges, including the SEM:

Requirements	Stock Exchange of Mauritius	Johannesburg Stock Exchange (AltX) ²	Singapore Exchange	New York Stock Exchange	London Stock Exchange (AIM)
Operating history / audited accounts	At least 3 years (May be waived for GBC1s and investment entities registered as a CIS)	None	3 years	3 years	3 years (or from commencement of trading if shorter) covering 75% of business.
Market capitalization	At least MUR 20 million (approx. US\$ 700,000)	At least R2 million (approx. US\$ 200,000)	None specific, but recommend S\$150 million (approx. US\$ 120 million)	Revenues (most recent fiscal year US\$75 million)	N/A
Working Capital	Working capital available for at least the next twelve months from the date of issue of the Listing Particulars.	Working capital available for at least the next twelve months from the date of issue of the Listing Particulars.	Sufficient working capital for at least 12 months after listing. Must have positive operating cash flows.	Not applicable	Sufficient working capital for at least the next 12 months.
Number of float shares (in public hands)	25 % shareholding shall be in the hands of not less than 200 members of the public. If Market cap > MUR 2 billion, SEM may accept a minimum percentage in public hands of 10 %. (May be waived for GBC1s and investment entities registered as a CIS)	10 % shareholding shall be in the hands of not less than 100 members of the public.	Market cap < S\$300 million • At least 25% public float Market cap > S\$300 million • At least 12% public float and minimum 500 shareholders	5,000 shareholders for foreign issuers	N/A

¹Comparing global stock exchanges - Stock market listing standards and fees - 2012 Ernst & Young (CIS) B.V.

²Johannesburg Stock Exchange Website: <http://www.jse.co.za/How-To-List.aspx>

Steps for Listing

Step 1: Drafting of Listing Particulars and Constitution

The lawyer should draft the Listing Particulars and Constitution of the entity seeking listing (“Issuer”) in line with the SEM Listing Rules.

Step 2: Comply with listing conditions

The legal advisor of the Issuer should ensure compliance with the listing conditions mentioned in this newsletter at time of application for listing.

Step 3: Submit application documents to the SEM for approval

Documents required	Investment Entities registered as a CIS	GBC1s	Specialist Debt Securities
Listing Particulars (“LP”)	The SEM may accept the Private Placement Memorandum (PPM) / Prospectus registered with the FSC during the previous 12 months in lieu of an LP.	√	√
Constitution drafted as per SEM Listing Rules	√	√	Not required
Business Plan	√	√ (certified by an independent financial advisor)	√
Admission form for listing	√	√	√
Listing Undertaking	√	√	√
Director’s Declaration and Undertaking	√	√	√
Certificate of Incorporation	√	√	√
Checklist for new applicant	√	√	√

√= Required

Step 4: Approval of final Listing Particulars / PPM / Prospectus

Note that the directors should sign the Listing Particulars only after the SEM has given its final approval.

Step 5: Newspaper publications and Listing

The Issuer should release a communiqué in two daily newspapers of wide circulation immediately after the Listing Executive Committee of the SEM has approved the application for listing.

In general, the shares of the Issuer are listed on SEM, after a minimum period of 10 business days following SEM's approval for listing.

Step 6: Key Ongoing Obligations

Ongoing obligations	Investment Entities registered as a CIS	GBC1s	Specialist Debt Securities
Keep SEM and market informed of all price sensitive information	√	√	√
Submission of NAV per share	Specialised CIS should adhere to frequency of NAV calculations as disclosed in their offer document	Case to case as determined by the Board (e.g monthly, quarterly)	Not required
Interim quarterly report	45 days after quarter end	45 days after quarter end	45 days after quarter end
Annual abridged audited financial statements	90 days after year end	90 days after year end	90 days after year end
Annual Report	Within 6 months after year end	Within 6 months after year end	Within 6 months after year end
Notifiable Transactions (including related party transactions) – Chapter 13 of SEM Listing Rules	√ (Open-ended investment entities are only required to adhere to the provisions regarding related party transactions whereas closed-end investment entities should adhere to all provisions of Chapter 13)	√	Not required
Distributable income must be principally derived from investment	√	N/A	N/A
Notify SEM of major interests in shares without delay	√	√	N/A
Inform SEM about decisions of board of directors / shareholders immediately after meetings	√	√	Not required

√= Required



Intercontinental Trust - How we can help?

Intercontinental Trust offers a comprehensive range of services to Global Business companies and International Issuers that comprises incorporation, front and back-office services and listing the shares of the entity on the SEM. We can help our clients take their companies and investment holdings public on local and international exchanges.

Dedicated Listing Division

ITL boasts a full-fledged dedicated Listing Division capable of offering a combined package (one stop shop) of corporate services, broking services as well as legal advisory. This guarantees high quality of integrated service and smooth execution. We advise our clients on the best listing vehicle to us, prepare legal and supporting documents including financials in accordance with the SEM Listing Rules.

We shall act as authorized representative for our client during the application for listing. Our team will prepare the application letter and liaise with the SEM with all matters arising until the shares are approved for listing on the Exchange. We will continue to ensure ongoing compliance of listed companies in accordance with local laws, after the shares have been listed on the SEM.

Our Team

The Listing Division includes executive directors and senior staffs with longstanding expertise in the Global Business sector and local capital markets. Tommy Lo Seen Chong, who is a fellow of the Institute of Chartered Accountants in England & Wales, currently oversees the operations of ITL's Listing Division. He has been active in the investment dealer and execution services since the early 1990's and his track record includes the listing of a number of companies on the SEM.

Intercontinental Trust Limited is proud to be associated with:

- The First listing and trading of shares of a GBC1, Rockcastle Global Real Estate Company Limited, on the SEM.
- The First dual listing of a company, Rockcastle Global Real Estate Company Limited, on both the SEM and on the Alternative Exchange of the JSE Limited in South Africa.
- The First listing and trading of shares of a Global Fund, Sanlam Africa Core Real Estate Investments Limited, on the SEM.



Mauritius Office

Email: mauritius@intercontinentaltrust.com

Web Site: www.intercontinentaltrust.com

Seychelles Office

Email: seychelles@intercontinentaltrust.sc

Website: www.intercontinentaltrust.sc

South Africa Office

Email: sa@intercontinentaltrust.com

Singapore Office

Email: singapore@intercontinentaltrust.com.sg

Website: www.intercontinentaltrust.com.sg

Intercontinental Trust Ltd is regulated by the Financial Services Commission in Mauritius.

For any additional information please contact us.

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