

# INTERCONTINENTAL TRUST NEWSLETTER

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Intercontinental Trust Ltd

## FSC issues new rules for Special Purpose Funds

The Financial Services (Special Purpose Fund) Rules 2021 (referred hereinafter as the “Rules”) came into force on 6 March 2021. The Rules supersede the Financial Services (Special Purpose Fund) Rules 2013 and usher in a revamp of the existing framework for Special Purpose Funds (SPF), as it was announced in the 2019/2020 National Budget.

Furthermore, the Financial Services (Special Purpose Fund) (Amendment) Rules 2021 (hereinafter referred to as the “Amendment Rules”) was gazetted on 17 April 2021 to clarify on the eligibility of the schemes that can apply for an authorization to operate as SPF and also on the annual fees that are payable to the Financial Services Commission (FSC) for the grant of such an authorization.

The new SPF regime is a welcome move as it broadens Mauritius’ offering to international investors looking for an investment hub that adheres to best international practices and the highest levels of transparency.

### The general requirements for a SPF

Any collective investment scheme and closed-end fund licensed by the FSC under Section 97 of the Securities Act 2005 is eligible to apply for an authorisation to operate as a SPF, provided that:

- a. It offers its shares, solely by way of private placements, to investors having competency, significant experience and knowledge of fund investment;
- b. it has a maximum of 50 investors and a minimum subscription of USD 100,000 per investor;
- c. it is managed by a CIS manager and administered by a CIS administrator at all times

If such an authorisation is granted, the SPF will be subject to any conditions as may be imposed by the FSC. No clarity has been provided on the said conditions so far.

The SPF, the CIS Manager and CIS administrator will have to carry out their Core Income Generating Activities in Mauritius by employing, directly or indirectly, an adequate number of suitably qualified persons and incurring a minimum expenditure proportionate to the level of such activities.

While the SPF is exempted from preparing and filing unaudited quarterly financial statements, it is required to file its audited financial statements with the FSC within 6 months of its financial year-end.

## Annual fees payable to the FSC

Any scheme authorised to operate as a SPF shall pay to the FSC such fees as may be specified in FSC Rules. Under the Financial Services (Consolidated Licensing and Fees) (Amendment No. 2) Rules 2021, an additional annual fees of MUR. 200,000 (USD 5,000) are payable by schemes authorised to operate as SPF.

## The taxation of a SPF

The SPF is exempt from income tax as provided under the Income Tax Act. All interest, rents, royalties, compensation, and other amounts paid by an SPF to a non-resident are considered as exempt income.

## How can ITL assist?

ITL has a dedicated Fund Services team, which over the years has established a track record in the implementation and administration of fund structures. The Fund Services team possesses an intricate understanding of the regulations governing the funds marketplace and works closely alongside investment managers to ensure that solutions are devised and implemented according to their specific needs. For more information on the SPF or on the establishment of a fund structure in Mauritius, please get in touch with your usual contact person at ITL or write to us on [info@intercontinentaltrust.com](mailto:info@intercontinentaltrust.com)

For any additional information please contact us.

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