

In a communiqué issued by the Financial Services Commission (FSC) on the 25<sup>th</sup> July, it was announced that the Mauritian regulatory body will now adopt a more look-through approach to global business in order to encourage more economic substance and therefore welcoming GBC2s to be used as special purpose vehicles in group structure.

A special feature of GBC2s is that their central management and controls are not found in the Mauritian jurisdiction and since these companies are not liable to local tax, they may not be beneficially owned by Mauritian residents.

With respect to the FSC's communiqué, it should be highlighted that whereby Mauritian residents may hold shares either directly or through a GBC1 in a GBC2 to the extent that GBC2s demonstrate that management, control and ownership are maintained **outside** Mauritius. This will be directed on the following:

- (a) That decision-making DOES NOT take place in the Mauritian jurisdiction
- (b) The overall group structure of the GBC2 is to create substance i.e. it has a strong economic impact over Mauritius. This will include therefore an increase in revenue/employment in Mauritius and/or whether it will have an impact on the development of the local economy.
- (c) The resident shareholder is not a "controller" in respect of the corporation. A controller, ad per the Financial Services Act 2007, means a person :
  - (i) who is a member of the governing body of the corporation;
  - (ii) who has the power to appoint or remove a member of the governing body of the corporation;
  - (iii) whose consent is needed for the appointment of a person to be a member of the governing body of the corporation;
  - (iv) who, either by himself or through one or more other persons –
    - is able to control, or exert significant influence over, the business or financial operations of the corporation whether directly or indirectly;
    - holds or controls not less than 20% of the shares of the corporation;
    - has the power to control not less than 20% of the voting power in the corporation;
    - holds rights in relation to the corporation that, if exercised, would result in control of not less than 20% of the shares or voting power of the corporation
  - (v) who is a parent undertaking of that corporation, or a controller of such parent undertaking;
  - (vi) who is a beneficial owner or ultimate beneficial owner of the persons specified in above and who appears to the FSC to be a controller of that corporation.

Should you require any further information/advice, please do not hesitate to contact us further. We shall be pleased to assist you accordingly.