

COMPANIES AND FINANCIAL SERVICES SECTOR

Introduction



The Finance (Miscellaneous Provisions) Act 2023 introduces a range of reforms that will positively impact Mauritius' financial landscape. These changes promote corporate governance, shareholder engagement, and gender diversity while adapting to the evolving financial markets. The amendments are set to enhance investor confidence, attract more investments, and foster sustainable economic growth in the country. Let us look at some of the notable amendments to the Corporate and Financial Services space.

Companies Act 2001:

A

Section 133 - Qualifications of Directors:

- Public listed companies are mandated to have a minimum of 25 percent women on their board.



Impact: These changes are groundbreaking step towards achieving gender equality, diversity, inclusion and empowerment in the corporate sphere. This can lead to improved corporate governance, varied perspectives, and potentially better financial performance for companies.

B

Section 140 - Resignation or Death of Last Remaining Director:

- The meeting to appoint new directors should be held within one month of the intention to resign or the date of death of the last remaining director. Failure to comply may result in the Registrar removing the company from the Register.



Impact: Mauritius' new law mandating the appointment of new directors before the current one can resign helps to ensure continuity and stability in corporate leadership, avoiding potential governance and operational issues.

C

Section 219 - Sending of Annual Report to Shareholders:

- The company's Board is required to send a copy of the annual report to every shareholder at least 21 days before the annual meeting.
- The form of the annual report sent to shareholders may be approved by the Registrar, and shareholders still retain the right to receive a hard copy of the annual report upon request.



Impact: This enhances transparency and shareholder communication, enabling shareholders to make informed decisions. It also allows electronic transmission of documents, reducing paper usage and improving cost-efficiency and accessibility.

D

Section 220 - Sending of Financial Statements to Shareholders Opting Out of Annual Report:

- The Board must send the financial statements and auditor's report to shareholders who have elected not to receive the annual report, at least 21 days before the annual meeting.
- The form of the financial statements sent to shareholders may be approved by the Registrar, and shareholders still have the right to request a hard copy.



Impact: Similar to the changes in Section 219, section 220 ensures that all shareholders are adequately informed about the company's financial status and safeguards their interests. By allowing electronic delivery of documents, the law acknowledges technological advancements while maintaining the option for shareholders who prefer hard copies.

E

Companies Act 2001 - Fifth Schedule - Proceedings at Meetings of Shareholders:

- The method of holding meetings applies regardless of any contrary provision in the company's constitution, or it may be conducted as approved by the Registrar.



Impact: In the proposed amendment to the Companies Act, the Finance (Miscellaneous provisions) Act 2023 adds a new subsection (c) to the Fifth Schedule (Proceedings at meetings of shareholders), allowing meetings of shareholders to also be held "in such manner as the Registrar may approve." This enhances flexibility, efficiency, and the embrace of technological advancements of the modern era.

F

Securities Act - Expanded Definitions of "Closed-end Fund" and "Collective Investment Scheme" (Section 2):

- The amendments broaden the definitions to include money market instruments and debt instruments, reflecting the evolving financial markets.
- Inclusion under the regulatory framework ensures proper oversight and investor protection, promoting market stability and transparency.



Impact: Expanding the definitions of "closed-end fund" and "collective investment scheme" to include money market instruments and debt instruments enhances market stability, transparency, and investor protection, attracting more investment.

G

Variable Capital Companies Act 2022 Amendments (Section 3):

- The empowerment of the Commission to create FSC Rules allows flexibility in adapting to market dynamics and emerging financial practices.
- Well-defined rules provide clear guidelines and standards for variable capital companies, sub-funds, and special purpose vehicles, enhancing regulatory clarity and reliability for companies and investors.



Impact: Section 3 empowers the Financial Services Commission to create rules for variable capital companies, promoting a more dynamic and responsive regulatory environment that benefits businesses and investors.

H

Virtual Asset and Initial Token Offering Services Act 2021 Amendments:

- The amendment permits Virtual Asset Custodians to hold custody of securities tokens and approved instruments, expanding their offerings and role in the financial ecosystem.
- This recognizes the growing significance of digital assets and their custodians in the global financial market, providing investors with more options and supporting the development of the digital asset sector in Mauritius.



Impact: The new amendments to the act recognise the growing importance of digital assets and their custodians, fostering innovation and growth in the sector and positioning Mauritius as a progressive jurisdiction for blockchain and cryptocurrency businesses. Allowing Virtual Asset Custodians to hold securities tokens enhances diversification and investment opportunities, bolstering the country's position in the evolving financial landscape.



Conclusion

The Finance (miscellaneous provisions) Act 2023 seeks to create a robust regulatory framework that fosters a conducive environment for businesses, encourages gender diversity, ensures prompt decision-making, and embraces technological advancements. By understanding and embracing these changes, companies and investors can thrive in Mauritius' dynamic and progressive financial landscape.

If you have any further questions or require more details, feel free to reach out to us at Axis.

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