

MAURITIUS AS AN IFC OF CHOICE FOR FUND (Local and Foreign Funds) Business

axis
TRUSTED FIRST.

Being a trusted and tested international financial centre (“IFC”) since the past three decades, Mauritius continues to pave its way with the provision of innovative and highly competitive products and services in the Fund industry and the financial services sector as a whole. The jurisdiction has established itself as a mature IFC with a strong regulatory framework which has contributed to attracting Fund Managers for the setting up of different Fund structures in Mauritius. The fact that the country provides a politically and economically stable environment, while also being geographically and culturally close to countries in Africa and Asia, makes it a preferred platform for establishing holding structures in the emerging markets of these continents. Furthermore, Mauritius has since long been considered as an IFC which has implemented international standards.

The Fund industry is an extremely dynamic one and is constantly evolving when it comes to compliance, financial reporting, tax and corporate governance aspects. Local service providers are called upon to keep pace with the changing regulatory landscape, while at the same time, they continue to provide a seamless service to Mauritius domiciled and foreign Fund structures. Mauritius is regarded as a highly reputed IFC where Fund Managers, along with their investors, benefit from customized services and end-to-end solutions to cater for their respective

requirements. As such, Mauritius, with the support of the local Fund Administrators, offers strong middle office along with enhanced investor reporting solutions to Fund Managers.

In addition to using Mauritius for establishing Investment Funds, Fund Managers are now increasingly using the jurisdiction as an efficient and reliable back-office solution for the servicing of Funds domiciled in other countries such as the Cayman Islands, South Africa, Singapore, Namibia, United Kingdom or the United States.

FUND MANAGERS AND DEVELOPMENT FINANCE INSTITUTIONS CHOOSING MAURITIUS IFC TO STRUCTURE THEIR FUNDS

Mauritius has, at the very outset, been used for the setting up of local Funds for making investments into Asia. Since the start of the offshore sector in Mauritius, in the early 90s, local administrators have been setting up different Fund and Non-Fund structures for investments into India. The most important attraction of Mauritius for foreign investors back then, including Development Finance Institutions (“DFIs”), to set up their Investment Funds locally rested on the fact that the country had a favorable double taxation treaty with India.

FUND MANAGERS AND DEVELOPMENT FINANCE INSTITUTIONS CHOOSING MAURITIUS IFC TO STRUCTURE THEIR FUNDS (Cont'd)

Over the past few years, we have seen Mauritius being considered as a platform for onward investments across the African continent. In fact, the jurisdiction offers investors the advantages of an offshore financial center with a convenient time zone along with a substantial network of treaties and double-taxation agreements, making it a preferred IFC for investments into Africa. Several Fund Managers have set up their respective Investment Funds in Mauritius along with other entities attached to such Fund structures: (CIS Managers, Investment Advisors, Special Purpose Vehicles holders of global business licences, amongst others).

Mauritius is viewed as a financial and business centre which has cemented its place as a diverse trade and investment hub for Africa based on the fact that the country has a resilient financial system along with a sophisticated legal and regulatory framework which acts as a safeguard to the jurisdiction's financial services industry. The other critical factors that have also contributed largely to position Mauritius as an IFC of choice are the absence of exchange controls which otherwise generally lead to delays and subsequently hinder smooth operations for investors and entrepreneurs, the availability of qualified and skilled professionals to service offshore clients and the service quality and deliverables by local service providers.

Fund Managers continue to view Mauritius as a preferred jurisdiction for Africa focused Funds. Over the years, core investors for such Fund structures have been DFIs who have become familiar and drawn comfort with the use of Mauritius for making investments and/or the use of local Fund Administrators for the provision of requisite administrative, accounting and back-office services to foreign Fund structures.

Mauritius is compliant with the Organization for Economic Co-operation and Development's ("OECD") standards and has no harmful tax regimes, thus putting the country at a level playing field with other well-known and reputable IFCs. The jurisdiction also offers a complete range of financial products such as treasury/investment/asset management, investment funds (closed-end, open-ended, retailed etc), protected cell companies, captive insurance, family offices and trusts, which adds to the completeness of the eco system being made available to Fund Managers for an efficient structuring of their businesses.

Over the past few years, we have also seen Fund Managers setting up their offices in Mauritius as the country positions itself as a jurisdiction of substance for global business companies which are locally incorporated. The Mauritian Government has introduced new activities for regional headquarters and fund/asset management with the introduction of special tax regime to further enhance the financial services industry.

“ Mauritius remains a tested and trusted IFC for making investments into Asia and Africa. ”

SERVICES PROVIDED BY LOCAL FUND ADMINISTRATORS TO MAURITIUS BASED FUNDS

Local Fund Administrators provide a wide range of services to Mauritius domiciled and foreign Fund clients and the service offering includes:



Fund set up - providing structuring advice; liaising with legal counsels with respect to preparation and finalization of required constitutive documents; preparation of incorporation packs and submitting same to the local authorities; assisting in clearing queries raised by the latter during the incorporation process; following up with the Registrar of Companies and Financial Services Commission for issuance of certificate of incorporation/registration and relevant licenses.



Fund Administration services which encompass the following functions, but are not limited to:

- (i) Acting as registered agent/company secretary;
- (ii) Providing directorship services;
- (iii) investor services and registrar/transfer agency;
- (iv) Performing equalization, capital re-balancing and calculations for distribution waterfall;
- (v) Fund accounting and tax advisory services;
- (vi) Compliance and anti-money laundering solutions which also encapsulate the provision of Money Laundering Reporting Officer (“**MLRO**”), Deputy MLRO and Compliance Officer services;
- (vii) FATCA and CRS services.



Liquidation services – preparation of documentation in relation to the liquidation; coordination and liaison with relevant stakeholders involved in the liquidation process; providing assistance in relation to any post liquidation operations, where applicable.

Mauritius based Management Companies with fund administration capabilities tend to provide full-fledged, end-to-end solutions to their Fund clients. The services start as from the Fund’s inception, through the Fund’s life (during its investment period and subsequently at the time the Fund starts disposing of its investments) until such time that the Fund is placed under liquidation. The aim is to provide clients with a one-stop shop that provides them with a continuous service with minimal disruption over the Fund’s complete life cycle.

MAURITIUS AS A JURISDICTION FOR SERVICING OF FOREIGN FUNDS: ADVANTAGES AND ATTRACTIVENESS OF CHOOSING US TO SERVICE FOREIGN FUNDS

Local Fund Administrators have, over the past decade, extended their services to provide back-office administrative and accounting services for foreign domiciled Funds. As outlined above, Fund Managers and General Partners have reached out to Mauritian Fund Administrators for the carrying out of the day-to-day operations and administration of their Fund structures that have been set up in the Cayman Islands, Singapore, United Kingdom, amongst others.

Fund Managers have traditionally looked at and considered the following factors when they have to decide on whether the relevant services for their Fund structures are to be outsourced to a Mauritius based Administrator:

- 01** Robust and sound compliance, legal, governance and regulatory framework;
- 02** Availability of qualified and skilled professionals (accountants, chartered secretaries, experienced fund administrators, lawyers) at lower costs as compared to other jurisdictions which lead to administrative cost reduction for Fund Managers;
- 03** Proven Fund administration solutions along with world class service delivery;
- 04** Appropriate time zone (GMT + 4 hours) which helps significantly in providing an efficient and seamless communication across the globe;
- 05** Easily accessible to people from various parts of the world such as Africa, Australia, Europe, Asia, USA, Middle East, etc;
- 06** Use of high-end technology such as accounting software, investor portal, appropriate security in relation to cybercrime, document management and filing systems;
- 07** Provision of tailor-made services that adapt to different Fund structures, depending on clients' specific requirements;
- 08** Economically and politically stable environment.

The provision of back-office administrative services to foreign Funds by local Fund Administrators has become very much popular over the past five to six years.



MAURITIUS – A JURISDICTION WITH A ROBUST AND MODERN AML/CFT FRAMEWORK

Since 01 October 2020, Mauritius was officially placed on the European Union (“EU”) blacklist after the Financial Action Task Force (“FATF”) included Mauritius on its grey list in February 2020, as a result of strategic deficiencies identified in its AML/CFT regime. With a view to bringing improvements in the country’s AML/CFT framework and measures, several working groups were constituted at national level, where the Government and other industry stakeholders within the private and public sectors have worked together with the prime objective to tackle the deficiencies identified in the jurisdiction’s AML/CFT regime. Several progress reports were subsequently submitted to the FATF.

On 21 October 2021, following their on-site inspection in Mauritius, the FATF commended the remarkable efforts made by Mauritius to implement AML/CFT reforms to address the strategic deficiencies which were initially identified and removed Mauritius from its grey list. The removal of Mauritius from the FATF grey list demonstrates the jurisdiction’s strong commitment towards the fight against money laundering and terrorist financing. Moreso, on 07 January 2022, the EU approved the removal of Mauritius from its list of high-risk third countries.

Mauritius has proved its resilience in the face of challenging situations and remains a leading investment destination and domicile of choice for structuring cross border investments into Africa and Asia. Whilst working towards the FATF’s recommendations, Mauritius now has a robust and modern AML/CFT framework which adheres to the highest standards when compared to other highly developed IFCs. We can therefore expect to experience the continued and increased use of the jurisdiction by Fund Managers and investors, including DFIs, as from 2022.



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