



IFLR 1000

The Guide to the World's Leading Financial Law Firms

Mauritius

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The financial hub for investments in Europe, Africa and Asia

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Set in the middle of the Indian Ocean, Mauritius is a recognised jurisdiction of choice for investments from Europe, Africa, the Middle East and Asia – having been established as the cross-roads for investments in the region for more than a decade. Offering an extensive network of double taxation treaties, it has a diverse product base – including companies that may be structured as private or public, indefinite or limited life, protected cell and private trust companies, different forms of trusts and *sociétés* (partnerships) that may benefit from low to no taxation. Mauritius's classification on the white list of the OECD after the recent G20 meeting in London reflects an unblemished track record as an offshore centre of substance. It has never been on a black list.

This blend of legal and tax opportunities has made Mauritius home to various forms of cross-border ventures, global investment funds and private wealth management structures. The jurisdiction imposes no tax on dividends, no withholding tax on interest, royalties and dividends, no estate duty, inheritance, wealth or gift taxes, as well as no stamp duties, registration duties and levies.

Mauritius's well-established democratic system has brought political and economic stability, affording operational security and state-of-the-art information and communication technology. Business operators in Mauritius also benefit from a convenient time zone, a highly-educated, multilingual and professional workforce, and a business-friendly environment.

Regulatory framework

Mauritius's political and social organisation is based on the rule of law and the judicial system is highly regarded for its independence,

with its apex court of appeal sitting at the Privy Council in the United Kingdom. The mixed legal system and its bilingual education makes Mauritius a bridge between the English-speaking world and the Francophone areas of Africa and elsewhere.

The success of Mauritius as a centre for the provision of financial services owes much to its longstanding values of integrity and probity. The jurisdiction prides itself in having a robust regulatory framework sensibly balanced with a business-friendly environment. Mauritius fully supports international initiatives combating money laundering and terrorist financing such as the Financial Action Task Force (FATF), Basel, the International Organisation of Securities Commissions (Iosco) and the International Association of Insurance Supervisors (IAIS). Its strongest buttress against malpractice is the adoption of best industry practice in all business areas.

Ongoing developments

The government of Mauritius has always understood that in order to keep pace and preserve its competitiveness, the country needed to be at the leading edge of innovation and sophistication. Since the inception of the financial services sector in 1989, Mauritius has been proactively reviewing its legal and regulatory framework as well as its business environment in line with market demand. The past four years have been very fertile in legislative developments relating to the financial sector. Three major pieces of legislation were enacted in 2007.

(i) A new Financial Services Act that has streamlined and consolidated the whole licensing framework for various non-bank financial institutions and financial service providers. The Act has also introduced a new conceptual approach to global business and put in place measures to encourage businesses of substance to set up in Mauritius.

(ii) A Securities Act that has broadened and deepened Mauritius' securities industry. It contains many innovative provisions

designed to enhance the regulatory standards of the securities market in line with international best practice and standards, in particular with the objectives and principles of Iosco.

(iii) A new Insurance Act that enhances the regulatory and supervisory framework for the insurance industry and provides greater protection to policyholders and other beneficiaries. The Act provides for the application of the IAIS standards and principles, and focuses on specific regulatory issues relating to capital adequacy, solvency, corporate governance, early warning systems and the protection of policyholders.

(iv) The Banking Act has been amended to allow existing banks to carry on Islamic banking business.

(v) More recently, an Insolvency Act was enacted and came into force on June 1 2009. The Act repeals the previous bankruptcy and insolvency regime and aims at providing a more comprehensive picture relating to the insolvency of individuals and companies. An array of measures and mechanisms are now available to meet the various situations of insolvency or threatened insolvency, providing security and stability to loan and capital providers.

(vi) Mindful of the need for enterprises to obtain financial support, the government has modified the legislation concerning the taking of security and charges from borrowers.

In addition, the Global Business Competitiveness Task Force, which is a permanent task force consisting of representatives from the public and private sector, has been working on the introduction of limited liability partnerships and private foundations in Mauritius. A draft Limited Partnership Bill and Foundations Bill have already been prepared and circulated to all stakeholders for comments. It is anticipated that these two pieces of legislation will be passed during the current year.

Conclusion

Initiatives on the regulatory front, coupled with the measures and policies implemented by the government and continued innovation, have contributed to making Mauritius a financial platform that cannot be overlooked by investors. The combination of having a low effective tax rate, a business-friendly culture and good reputation, in addition to being on the OECD's white list, makes the country attractive for investors. No surprise then that Mauritius tops the ranking worldwide in the World Bank Doing Business Survey 2009 among small countries and enjoys laudable mention in the competitiveness survey.

Financial and corporate

Recommended firms	
Tier 1	
BLC Chambers	
Chambers of Sir Hamid Moollan QC	
De Comarmond & Koenig	
Juristconsult	
Uteem Chambers	
Tier 2	
Banymandhub Boolell Chambers	
Benoit Chambers	
Études André Robert	
Tier 3	
Appleby	
Basset Chambers	
Conyers Dill & Pearman	
Études Philips	
Madun Gujadhur Chambers	

The Law Practitioners Amendment Act is the most talked about development in the market. The Amendment was passed in April 2008 and opened the doors for local and foreign firms to establish in the country. A number of local outfits have registered and two foreign firms, both active in the offshore hubs of Bermuda, British Virgin Islands and Cayman Islands, have established: Appleby and Conyers Dill & Pearman.

"We expect more foreign firms will follow ... they are already knocking on the door and, for lack of a better expression, sniffing around due to the country's burgeoning financial sector," says one local peer. For the moment this interest has not developed into more entries due in large part to the global financial slow down.

Local firms still have a clear edge when it comes to Mauritian law. "Doing documentation etc is all very well but – caveat – you

also need the contact with Mauritian law and exposure to Mauritian practices," says a local peer. This is important given what one client calls the "pedantic nature of the Mauritian authorities: they require all the *Ts* to be crossed and *Is* to be dotted," says one client.

The Amendment is "good for upgrading, transfer of know-how, public service ... and the pros do outnumber the cons," says a local peer. Another local peer says "the law provided a catalyst to get out of the laziness that Mauritian practitioners have slipped into" and it will lead to "upgrading structures to a global level ... though standards have not yet been forced up and people are still finding their way round".

BLC Chambers

Established in 2005, BLC Chambers lawyers Jean Eric-Sauzier and Valerie Bisasur feature on a number of the top deals while managing partner Iqbal Rajahbalee, formerly of Collendavelloo Chambers, commands a top reputation. Rajahbalee was the first chief executive of the Financial Services Commission and has the experience of having drafted a lot of the legislation regulating the offshore sector.

"It is for sure a top firm," says one peer. "They were thorough and professional ... and at the end of the day it is the result that counts," says one client. Another client says the Chambers is "attentive and responsive". "We have dealt with a lot of firms in the BVI and Cayman Islands as well as firms in the US," adds the client, "and these guys were right up there".

BLC Chambers advised Standard Chartered Bank on a \$50 million financing transaction for the development of a hotel and luxury villas in the Seychelles, and acted for the Mauritius Commercial Bank and MCB Equity Fund on three parallel facilities for investments and a construction project in India worth \$82.5 million.

The firm won a mandate from South African Absa Bank and Absa Capital, which sought its advice on its financial involvement in setting up a cable network in the Reunion Islands. Rajahbalee acted as sole counsel to WNS Holdings in a \$200 million facility agreement with ICICI Bank UK for its acquisition of Aviva Insurance.

The firm also has good connections with Mauritius-based investment funds with interests in Africa and India.

Leading lawyers

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Firm profile:

BLC lawyers are global business-oriented and have provided assistance on diverse cross-border transactions originating from various parts of the world involving Mauritius. BLC focuses strategically on major sectors and key client needs and in building stronger key client relationships; "We were very impressed by the speed of the turn-around time and the personal attention paid to the matter. We wish all our dealings with offshore counsel were like that!"

BLC is recognized for providing a high quality service and responding quickly to its clients needs; "The unambiguous advice and support that BLC provided to our team went a long way to assuage our anxiety during fund structuring and document negotiations. Their ability to respond quickly and relevantly made the engagement productive."

Its clients include the majority of the large local corporations, as well as international companies, financial institutions and high net-worth individuals. The expertise of BLC senior lawyers allows them to advise the Government of Mauritius on new innovating legislation in furtherance of the finance industry of Mauritius. One of the notable strengths of BLC is the proximity of its members to the market operators in different sectors and the richness of its networking with economic operators, regulators and government authorities.

Areas of practice:

- **Banking:** BLC has been advisor in various banking transactions including traditional loan financing, leveraged and acquisition financing, property financing.
- **Investment Funds:** The practice has made its funds and funds-related work a core area of its practice with a dedicated team advising on all aspects of structuring, drafting of legal documentation, fund formation and tax advice.
- **Corporate, Mergers & Acquisitions:** BLC lawyers have advised in a good number of large corporate transactions; their works have included conducting due diligence, advising on the listing rules, drafting share purchase and shareholders agreements, drafting information memoranda.

Other practice areas are: Structured Finance, Real Estate, Taxation & Compliance