



Conduct of business in Mauritius for Global Business Companies *The Financial Services Commission (“FSC”) has recently amended the guide to Global Business with regards to the conduct of business in Mauritius*

The FSC has on the 28th February 2014 issued a communiqué on the amendments to Sections 4 and 5 of Chapter 4 of the Guide to Global Business. A Frequently Asked Questions (FAQs) paper was also released in relation to the conduct of global business.

Conduct of business in Mauritius by a Category 1 Global Business Company (“GBC1”)

Chapter 4 of the Guide to Global Business has been amended to provide guidance with respect to the conduct of business in Mauritius by a GBC1. The aim is to provide greater flexibility for GBC1s to conduct business in Mauritius, subject to such restrictions, terms and conditions as may be provided in any guidelines issued by the FSC.

As per Section 5.2 of the revised Chapter 4, a GBC1 may conduct business in Mauritius provided that:

- c the conduct of business complies with the relevant Acts and other laws applicable in Mauritius;
- c the business does not constitute the majority of the company’s total business ie most of the business of the GBC1 must be carried out outside Mauritius;
- c it submits every year, together with its audited financial statements, the following documents:

- “a report signed by the Directors certifying that the Company has complied with all the provisions of the FSA and any Regulations, FSC Rules and guidelines issued under it; and
- a certificate from its auditor confirming the percentage of the business conducted in Mauritius.”

The FSC has also provided guidance on determining the percentage of business being conducted inside Mauritius by taking into consideration the type of activity of the GBC1.

For investment holding companies, the conduct of business inside Mauritius will be determined in relation to the percentage of the assets/investment held in Mauritius (including inter alia investment in non-listed securities¹ or property in Mauritius). Therefore, the percentage of assets/ investment held outside Mauritius shall at all times exceed the percentage of assets/ investments held in Mauritius.

1. Note that a GBC1 investing in securities listed on the Stock Exchange of Mauritius is deemed to be conducting business outside Mauritius



Where the activity is the provision of a product/service, the conduct of business outside Mauritius will be determined in relation to the percentage of the revenue² derived from the business conducted in Mauritius. Therefore, the percentage of the revenue derived from the product/services provided outside Mauritius shall at all times exceed the percentage of the revenue from the product/services provided in Mauritius.

It is to be noted that the dealings with other GBCs will not be considered as conduct of business in Mauritius by the FSC.

Conduct of business in Mauritius by companies holding Category 2 Global business Licence (GBC2)

A GBC2 may also be allowed by the FSC to conduct business in Mauritius if it can demonstrate that the overall group structure has strong economic impact in Mauritius, i.e. whether the proposal will generate revenue in Mauritius, and is likely to create employment in Mauritius or may impact on the development of the country. Prior approval of the FSC will have to be sought in this regard.

We have reproduced in Appendices 1, 2 and 3, the communiqué, the FAQ and FSC Guide to Global Business – Chapter 4, issued by the FSC in respect of the above.



2. Revenue is defined as the gross inflow of economic benefits (cash, receivables, other assets) arising from the ordinary operating activities of an entity (such as sales of goods, sales of services, interest, royalties and dividends). [International Accounting Standard 18.7]

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Financial Services Commission
Mauritius

Communiqué

Amendments to the Guide to Global Business

Section 71(6) of the Financial Services Act 2007 has been amended by the Economic and Financial Measures (Miscellaneous Provisions) Act 2013 to provide greater flexibility for Category 1 Global Business Companies (GBC1s) to conduct business in Mauritius, subject to such restrictions, terms and conditions as may be provided in any guidelines issued by the FSC.

Sections 4 and 5 of Chapter 4 of the Guide to Global Business have been amended to provide guidance to investors and service providers with respect to the determination of conduct of business by GBC1s.

The FSC will take appropriate actions where a holder of a Category 1 Global Business Licence fails to comply with any guidelines or Rules issued by the FSC.

[Sections 4 and 5 of Chapter 4 of the Guide to Global Business](#)

[FAQ on Conduct of Global Business](#)

Financial Services Commission
28 February 2014



Financial Services Commission
Mauritius

FREQUENTLY ASKED QUESTIONS (FAQs) CONDUCT OF GLOBAL BUSINESS

1. What is Global Business?

Global Business (GB) is a framework available in Mauritius to a resident corporation which proposes to conduct business activities outside Mauritius. GB is regulated by the Financial Services Commission (the 'FSC') under Section 71(1) of the Financial Services Act 2007 (FSA).

There are 2 categories of Global Business Licences:

- (i) Category 1 Global Business Licence (GBL1); and
- (ii) Category 2 Global Business Licence (GBL2).

2. Can a holder of a Category 2 Global Business Licence conduct business in Mauritius?

To be eligible for a Category 2 Global Business Licence (GBL2), the applicant's proposed business should be outside Mauritius.

For the purpose of increasing substance, the holder of the GBL2 may be allowed by the FSC to conduct business in Mauritius if it can demonstrate that the overall group structure has strong economic impact in Mauritius, i.e., whether the proposal will generate revenue in Mauritius, and is likely to create employment in Mauritius or may impact on the development of the country

3. Should a Category 1 Global Business Company (GBC1) seek the FSC's approval before conducting business in Mauritius?

No. However the GBC1 should comply with all restrictions, terms and conditions provided in paragraph 4 below.

4. Can a holder of a Category 1 Global Business Licence conduct business in Mauritius?

Yes, pursuant to Section 71(6) of the FSA a holder of a GBL1 may conduct business in Mauritius 'subject to such restrictions, terms and conditions'.

There is strictly **no additional restriction** imposed by the FSC. However, the holder of a GBL1 should at all times comply with the relevant laws of Mauritius.

For instance, a GBC1 engaged in the trading of food stuff might sell its produce on the local market, provided:

- i. The GBC1 is able to demonstrate to the FSC its eligibility to a GBL1- that most of its business is being carried out outside Mauritius as determined at paragraph 5 below; and
- ii. The GBC1 is in compliance with other relevant laws of Mauritius, in this case, the Food Act 1998 (etc).

The holder of a GBL1 conducting business in Mauritius must also abide by the following **terms and conditions**:

Licensing Condition

- (i) The GBC1 is required to submit every year, together with its audited financial statements:
 - (a) a report signed by the directors certifying that the Company has complied with all the provisions of the FSA and any Regulations, FSC Rules and guidelines issued under it; and
 - (b) a certificate from its auditor confirming the percentage of the business conducted in Mauritius.

5. In relation to Section 71(6) of the Financial Services Act 2007, how does the FSC determine that the majority of business is conducted outside Mauritius?

In determining whether a GBC1 is conducting most (or majority) of its business outside Mauritius, the FSC will take into consideration the type of activity conducted by the holder of the GBL1.

Where the activity is investment holding, the conduct of business outside Mauritius will be determined in relation to the percentage of the assets/investment held in Mauritius (including *inter alia* investment in non-listed securities¹ or property in Mauritius). Therefore, the percentage of assets/ investment held outside Mauritius shall at all times exceed the percentage of assets/ investments held in Mauritius.

¹ A GBC1 investing in any securities listed on a securities exchange licensed under the Securities Act 2005 will be deemed to be conducting business outside Mauritius. (section 73(1)(c) of the FSA refers).

Where the activity is the provision of a product/service, the conduct of business outside Mauritius will be determined in relation to the percentage of the revenue² derived from the business conducted in Mauritius. Therefore, the percentage of the revenue derived from the product/services produced outside Mauritius shall at all times exceed the percentage of the revenue from the product/services produced in Mauritius.

Example 1

A company applying for a GBL1 for the stated purpose of engaging **solely** in investment activity will be able to hold assets/investment in Mauritius if the % of the assets/investment held outside Mauritius exceeds the % of the assets/investment held in Mauritius.

Example 2

A company applying for a GBL1 for the stated purpose of engaging in trading activities or any services will be able to conduct business in Mauritius if the % of revenue derived from the business outside Mauritius exceeds the % of revenue derived from the business conducted in Mauritius.

Example 3

A holder of a GBL1 which is engaged in trading activities outside Mauritius is proposing to extend its business activities to include holding assets/investment in Mauritius.

Where the investment is not generating any revenue, the FSC will have regard to the % of the assets/investment in Mauritius when determining the conduct of business in Mauritius.

Where the investment activity is generating revenue from the asset/ investment being held in Mauritius, the FSC shall have regard to whether the % revenue derived in Mauritius is less than the % revenue derived from the business conducted outside Mauritius.

***Financial Services Commission
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² Revenue is defined as the gross inflow of economic benefits (cash, receivables, other assets) arising from the ordinary operating activities of an entity (such as sales of goods, sales of services, interest, royalties, and dividends). [International Accounting Standard 18.7]



Financial Services Commission
Mauritius

FSC GUIDE TO GLOBAL BUSINESS

CHAPTER 4

4. Determination of conduct of Business

- 4.1 To be eligible for a Category 1 Global Business Licence (“GBL1”), a resident corporation should propose to conduct business outside Mauritius, pursuant to S71(1) of the Financial Services Act 2007 (“FSA”).
- 4.2 A GBC1 holding a global headquarters administration licence or a global treasury activities licence, operating in Mauritius and providing its services to related corporations which are located outside Mauritius or which holds a GBL1, is deemed to be conducting business outside Mauritius, pursuant to S73(3) of the FSA.
- 4.3 In determining the conduct of business, the Commission will consider whether the ultimate purpose of the applicant’s proposed activity is an investment to be made or a service to be provided outside Mauritius.
- 4.3.1 The company will not necessarily qualify for a GBL1 simply because its ultimate clients are based outside Mauritius. For instance, a resident corporation set up for the purpose of providing call centre services in Mauritius to overseas clients will not be considered as conducting business outside Mauritius.
- 4.4 A resident corporation holding a GBL1 shall be deemed to be conducting business outside Mauritius, notwithstanding the following dealings and transactions with residents of Mauritius:
- (i) opening and maintaining with a bank an account in Mauritius currency for the purpose of its day-to-day transactions arising from its ordinary operations in Mauritius;
 - (ii) leasing, holding, acquiring or disposing of an immovable property or any interest in immovable property situated in Mauritius subject to the Non-Citizens (Property Restrictions) Act;
 - (iii) investing in any securities listed on a securities exchange licensed under the Securities Act 2005;
 - (iv) opening and maintaining with a bank an account in foreign currency;

- (v) holding any share, debenture, security or any interest in or otherwise dealing or transacting with a corporation holding a Global Business Licence;
- (vi) entering into a business relationship with the holder of a Management Licence or a law practitioner, legal consultant, law firm or qualified auditor in Mauritius; and
- (vii) employing staff resident in Mauritius.

5. Conduct of business in Mauritius

5.1 Pursuant to S71(6) of the FSA, a holder of a GBL1 may conduct business in Mauritius subject to such restrictions, terms and conditions as may be provided in any guidelines issued by the Commission.

5.2 A holder of a GBL1 may conduct business in Mauritius provided that:

- (i) the conduct of business is in compliance with the relevant Acts and other laws applicable in Mauritius;
- (ii) it is able to demonstrate to the Commission its eligibility to a GBL1- that most of its business is being carried out outside Mauritius;
- (iii) it submits every year, together with its audited financial statements:
 - (a) a report signed by the Directors certifying that the Company has complied with all the provisions of the FSA and any Regulations, FSC Rules and guidelines issued under it; and
 - (b) a certificate from its auditor confirming the percentage of the business conducted in Mauritius.

5.3 For avoidance of doubt, the Commission shall not consider dealings with other GBCs as conduct of business in Mauritius.

5.4 Pursuant to S71(6)(b) of the FSA, the Commission may direct the holder of a GBL1 to cease part or all of its business in Mauritius or take such remedial action as the Commission thinks fit where the holder of GBL1 is-

- (i) not meeting the conditions or requirements laid down in guidelines or FSC Rules issued by the Commission (including conditions specified in paragraph 5.2 above); or
- (ii) conducting its activities in Mauritius in a way which is detrimental to the public or economic interest of Mauritius.