



# INTERCONTINENTAL TRUST

International Tax & Management Services

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## New licensing fees

The Financial Services Commission (“FSC”) has, under the Financial Services (Consolidating and Licensing) Rules 2008, published on the 22nd March 2008, a new schedule of fees that will be applicable to the licensing of global business and financial services activities.

### 1. General Notes

- (i) The new fees and charges are made applicable as from the 1st of July 2008.
- (ii) While under the current regime, licence fees are due on the anniversary date of the licence, all licences fees will now become due and payable in respect of every financial year starting from 1st July to 30th June of the following year.
- (iii) Where a global business entity has also applied to the Commission for an authorization to conduct financial services activities, licence fees shall be due and payable in respect of the global business licence and the authorization.

### 2. Financial Services Licence

The licence fee applicable for financial services and financial business activities are specified in the fifth column of the table below. A processing fee shall also be charged for determining the application.

The fees of all licences/authorization given by the FSC before the 1st of July 2008 to conduct financial services shall become due and payable as at 1st July 2008.

Financial Service Providers / Activities				
Code	Licence	Relevant Section of FSA 2007	Processing Fee US\$	Fixed Annual Fee US\$
FS - 1.1	Assets Management	S 14	1,000	1,500
FS - 1.7	Custodian Services (Non CIS)	S 14	1,000	1,500

Corporate and Trust Service Provider				
Code	Licence	Relevant Section of FSA 2007	Processing Fee US\$	Annual Fee US\$
FS - 3.1A	Management licence	S 77	500	3,000
FS - 3.1B	Management licence (Qualified / Corporate Trustee only)	S 77	500	3,000
FS - 3.2	Nominee Company (Authorisation)	S 78	250	350



Securities or Capital Market Intermediaries				
Code	Licence	Relevant Section of Securities Act 2005	Processing Fee Rupees / US\$	Fixed Annual Fee Rupees / US\$
SEC - 2.4A	Investment Adviser (Unrestricted)	S 30	\$ 500	\$ 1,500
SEC - 2.5A	Investment Adviser (Restricted)	S 30	\$ 500	\$ 1,000

**Note:**  
An Investment Adviser (Unrestricted) is authorized to manage, under a mandate, portfolios of securities and give advice on securities transactions through printed materials or any other means whereas;  
An Investment Adviser (Restricted) is authorised only to give advice on securities transactions through printed materials or any other means.

Collective Investment Schemes and Closed-end funds				
Code	Authorised / Recognised / Approved	Relevant Section of Securities Act 2005	Processing Fee US\$	Fixed Annual Fee US\$
	<b>CIS - Global Scheme</b>			
	CIS (Single fund)	S 97	\$ 1,000	\$ 2,500
SEC - 3.1	CIS (having more than 1 fund)	S 97	\$ 1,000 which includes the first fund and \$300 for each additional fund	\$ 2,500 which include the first fund and \$500 for each additional fund
	CIS (Protected Cell Company)	S 97	\$1,000 which includes the first cell and \$300 for each additional cell	\$ 2,500 which include the first cell and \$500 for each additional cell
	<b>Close-end fund</b>			
	Closed-end fund (Single Fund)	S 97	\$ 1,000	\$ 2,500
SEC - 3.2	Close-end fund (having more than 1 fund)	S 97	\$ 1,000 which includes the first fund and \$300 for each additional fund	\$ 2,500 which include the first fund and \$500 for each additional fund
	Closed-end fund (Protected Cell Company)	S 97	\$ 1,000 which includes the first cell and \$300 for each additional cell	\$ 2,500 which include the first cell and \$500 for each additional cell
SEC - 3.3	<b>Foreign Scheme</b>	S 101	\$ 1,000	-

<b>CIS Functionaries and Professionals</b>				
<b>Code</b>	<b>Licence</b>	<b>Relevant Section of Securities Act 2005</b>	<b>Processing Fee Rupees / US\$</b>	<b>Fixed Annual Fee Rupees / US\$</b>
SEC - 4.1	Custodian	S 100	\$ 1,000	\$ 2,000
SEC - 4.2	CIS Manager	S 98	\$ 1,000	\$ 2,000
SEC - 4.3	CIS Administrator	S 99	\$ 500	\$ 1,000

**Note:**

A. Depending on the month during which the application for an authorization to conduct financial services is submitted to the FSC, the applicant may be entitled to a reduced first annual fee.

The first annual fee due and payable to the FSC will be calculated on a prorated basis for ALL licensees. An applicant for a licence will only be required to pay its first fixed annual fee prorated on a quarterly basis.

Except where a licence is issued in the first quarter (July- September) of any financial year, an applicant will pay a round-off amount of the annual fee (as described above) as follows:

- 1 For a licence issued in October to December,  $\frac{3}{4}$  of the specified annual fee
- 1 For a licence issued in January to March,  $\frac{1}{2}$  of the specified annual fee
- 1 For a licence issued in April to June,  $\frac{1}{4}$  of the specified annual fee

B. A CIS and a CIS Manager, licensed as a GBL1 before the coming into force of the Securities Act, has until September 2010 to apply to the FSC for an authorization/licence to conduct the activity of a CIS or CIS Manager.

An Investment Adviser or Investment Dealer on the other hand has till September 2008 to apply for an authorisation to act as an Investment Adviser or Investment Dealer.

Consequently, until such time that the CIS, CIS Manager, Investment Adviser and Investment Dealer have not applied for an authorization/licence under the Securities Act 2007, it is not required to pay the first annual fee as specified in the tables.

The only licence fee which will be due is the annual fee (USD1500) for renewing the Global business licence.

### 3. Global Business Licence

The new fee structure for global business licences has brought an increase in annual licence fees and a new approach to determining the amount of the first annual fee and charges for late payment of licence fees.

#### 3.1 Annual fee

The new annual fees for global business licences shall apply to new incorporations as from the 1st of July 2008. The new fees are as follows:

Global Business Licence				
Code	Licence	Relevant Section of FSA 2007	Processing Fee US\$	Annual Fee US\$*
FS - 4.1	Category 1 Global Business Licence	S 72	500	1,500
FS - 4.2	Category 2 Global Business Licence	S 72	100	235

\*The amount excludes the annual registration fee of \$65, or such other fee as the Registrar of Companies may determine, payable to the Registrar of Companies.

The licence fees for a Category 2 Global Business Licence (“GBL2”) has increased from USD135 to USD235 while those of a Category One Global Business Licence (“GBL1”) have remained the same. Furthermore, a processing fee of USD100 will now be charged for the handling of an application for a GBL2.

#### 3.2 First Annual Fee

Depending on the month during which the application for a global business licence is submitted to the FSC, the applicant may be entitled to a reduced first annual fee.

First Annual Licence Fee		
Months in which application is made	GBC1 (US\$)	GBC2 (US\$)
July - September	1,500	235
October - December	1,125	175
January - March	750	120
April - June	375	60

*Example:*

For an application for a GBL2 submitted in October 2008, February 2009, May 2009, the fees payable would be determined as follows:

Month of application	Processing fee	First annual fee	Total fees payable to FSC	Date of expiry of licence	Licence renewal fees	Renewal licence valid up to
October 2008	USD100	USD175	USD275	30th June 2009	USD235	30th June 2010
February 2009	USD100	USD120	USD220	30th June 2009	USD235	30th June 2010
May 2009	USD100	USD60	USD160	30th June 2009	USD235	30th June 2010

For a GBL1, the following would be applicable:

Month of application	Processing fee	First annual fee	Total fees payable to FSC	Date of expiry of licence	Licence renewal fees	Renewal licence valid up to
October 2008	USD500	USD1125	USD1625	30th June 2009	USD1500	30th June 2010
February 2009	USD500	USD750	USD1250	30th June 2009	USD1500	30th June 2010
May 2009	USD500	USD325	USD825	30th June 2009	USD1500	30th June 2010

### 3.3 Charges for late payment of licence fees

Late payment of annual fees will now be subject to penalty fees. The penalty fees would be as follows:

Description	Fees and Charges Payable for US\$	
	GBC1	GBC2
<b>If Annual Fee paid on</b>		
Due Date	1,500	235
Within 1 month after due date	1,650	260
After 1 month, but within 3 months after due date	1,875	300
After 3 months, but within 6 months after due date	2,250	350
After 6 months, but within 12 months after due date	3,000	470

However, for Global Business Licences, annual fees payable for the first financial year (1st July 2008 – 30th June 2009) following the coming into force of the rules, no charges for late payment at annual fees will be levied where such payments are effected within 3 months after the due date (i.e. 1st July 2008).

#### 4. Transitional provisions

Although the new fees schedule are applicable only as from 1st of July 2008, they will be taken into consideration in determining the total fees due for the renewal of the licences of existing companies.

The FSC has issued transitional provisions which shall guide the calculation of the renewal fees. The transitional provisions are as follows:

*“... a licensee whose licence expires-*

- (a) before 1 July 2008, shall pay on expiry of the licence, the fee provided under the applicable relevant enactments on a pro-rated basis for the period ending 30 June 2008;*
- (b) after 1 July 2008 shall for the year ending 30 June 2009 pay the difference between the fee paid and the corresponding annual fee for the year ending 30 June 2009 as specified in the First Schedule.*
- (2) For the purposes of paragraph (1)(b), the “fee paid” shall mean the fee paid, calculated proportionately, for the period 1 July 2008 up to expiry of the licence in accordance with the relevant enactments.”*

From the above, two different scenarios can be singled out:

- (i) The licence expires at any time between the 22nd of March 2008 and 30th June 2008 and requires renewal

Where the licence is to be renewed during that period, it will first be extended up to the 30th of June 2008 and the fees are calculated pro-rata based on the current licence fee of USD135.

*Example:* A GBL2 expires in April 08

The licence to be issued will first be extended for a period of 3 months up to 30th June 2008.

Licence fees due for period April 08 to 30th June 08 =  $3/12 \times 135$  (current licence fee)  
= USD33.75

When renewing the licence, the licensee has the option of renewing the licence up to 30th June 2009 on payment of USD235 as annual fee for the financial year 1st July 2008 to 30th June 2009.

- (ii) a licensee whose licence expires after the 1st of July 2008 and requires renewal

*Example:* A GBL2 whose current licence runs from the period of 30th October 2007 to 29th October 2008.

The period of validity of this GBL2 licence extends beyond the month of July 2008 by 3 months and the fee already paid for that period of 3 months is USD33.75 ( $3/12 \times 135$ )

To renew the licence up to the year ending 30th June 2009, the licence fee payable is the difference between the new annual fee and the fee already paid i.e. USD235 – USD33.75 = USD201.25

It is to note that the renewal fee for all licences expiring during July 2008 is set at USD235.

The table below gives the licence fee that will be payable to renew a GBL2 and a GBL1 up to the financial year end 30th June 2009.

Licence expiry date	GBL2 fees (\$)	GBL1 fees (\$)
March 08	280	2000
April 08	269	1875
May 08	258	1750
June 08	247	1625
July 08	235	1500
August 08	224	1375
September 08	213	1250
October 08	202	1125
November 08	190	1000
December 08	179	875
January 09	168	750
February 09	157	625
March 09	145	500

- Note:**
- The FSC will now issue a Global Business licence without an expiry date but the validity of the licence will have to be determined in conjunction with the receipt, issued by the FSC upon payment of the annual fee, which specifies the period for which the fee is paid.
  - A Global Business Licence will lapse if the annual fee is not paid within 12 months as from the date of payment is due and payable (i.e 12 months as from 1st July).
  - An application for reinstatement can be made within 12 months from the date on which the Global Business Licence has lapsed. This means that the FSC may consider an application for reinstatement within 24 months after the date the annual fee is due and payable.

Intercontinental Trust Ltd is regulated by the Financial Services Commission in Mauritius.

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