

INVESTMENT DEALER LICENCE

MAURITIUS

INTRODUCTION

The Securities Act 2005 (“the Act”) coupled with the Securities (Licensing) Rules 2007 form the backbone of the legal framework within which an Investment Dealer operates. Application for any Investment Dealer licence must obligatorily be made under a Global Business Licence (“GBL”) and is issued by the Financial Services Commission (“FSC”). Without holding an Investment Dealer Licence, no person shall by way of business:

Act or hold himself out as an intermediary in the execution of securities transactions on behalf of other persons;

Trade or hold himself out to trade in securities as principal for his own account with the intention of selling them to the public; or

Underwrite or distribute or hold himself out to underwrite or distribute securities on behalf of an issuer or a holder of securities, without an investment dealer licence issued by the Commission or without being licensed as a representative of an investment dealer by the Commission.

It is worth underlying that no person other than a body corporate may apply for an investment dealer licence.

CATEGORIES OF INVESTMENT DEALER LICENCE

According to the Securities (Licensing) Rules 2007, every person who, by way of business, intends to carry out any of the activities of Investment Dealer under section 29 of the Act shall apply for a licence as an investment dealer in one of the following categories:

Investment Dealer Licence (Full Service Dealer Including Underwriting)

- › Act as an intermediary in the execution of securities transactions for clients (CFDs, FX, commodities, shares, bonds);
- › Trade in securities as principal with the intention of reselling these securities to the public;
- › Underwrite or distribute securities on behalf of an issuer or a holder of securities;
- › Give investment advice which is ancillary to the normal course of his business activities; and
- › Manage portfolios of clients.

Investment Dealer Licence

(Full Service Dealer
Excluding Underwriting)

The objectives of this licence are similar to the one above except that the licensee is not allowed to 'underwrite' financial products.

Discount Broker

Authorised to execute orders for clients without giving advice.

Broker

Authorised to execute orders for clients, manage portfolios of clients and give advice on securities transactions to clients.

LICENSING CONDITIONS FOR INVESTMENT DEALERS

The 'FSC' shall not grant an Investment Dealer Licence, unless it is satisfied that the applicant meets all the requirements of the checklist and in particular the minimum stated unimpaired capital requirement as shown in Table 1.

MINIMUM STATED UNIMPAIRED CAPITAL REQUIREMENTS FOR INVESTMENT DEALERS

Categories of investment dealer licences	MUR (Rs) or an equivalent amount required
Investment Dealer (Full Service Dealer including underwriting)	10,000,000
Investment Dealer (Full Service Dealer excluding underwriting)	1,000,000
Investment Dealer (Broker)	700,000
Investment Dealer (Discount Broker)	600,000

TAXATION OF INVESTMENT DEALERS

Application for ANY Investment Dealer Licence should be made using a GBL as structure. This entitles the business to take advantage of a preferential fiscal regime under our Tax Legislations.

In fact, an Investment Dealer can avail the Partial Exemption Regime whereby 80% of its 'Gross revenue' is exempted from taxation and the balance is included to its 'Taxable Income' and is subject to taxation at 15%. The effective tax rate is thus reduced to a meagre 3%.

HOW CAN HLB GLOBAL BUSINESS HELP YOU GO FORWARD?

HLB Global Business (Mauritius) Ltd is a licensed Management Company, which provides the following services with respect to the activities of Investment Dealers:

- › Advice on the most appropriate structure and applicable licence to suit your needs.
- › Drafting of Investment Dealer Constitutive documents.
- › Licence application and renewal with the FSC.
- › Provision of registered office address and optionally administration office facilities.
- › Provision of professional directors and qualified secretary resident in Mauritius.
- › Introduction to banks of your choice and handling of opening of bank account/s.
- › Preparation of quarterly accounts and filing with the authorities.
- › Preparation and filing of tax returns; and
- › Advisory and legal services on an on-going basis.

CONTACT OUR EXPERTS

HLB Global Business (Mauritius) Ltd
is a Management Company Licensed by the FSC

Daveejones Ah-Keng
daveejones@hblb-mauritius.com
Hashwina Dagah-Pateettroy
hashwina@hblb-mauritius.com
Vilasha Curpen
vilasha@hblb-mauritius.com