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AT A GLANCE

Setting up a Fund in Mauritius and Dubai
What you need to know

Funds in Mauritius

Mauritius International Finance Centre is regarded as one of the preferred platforms for investors and investment managers to route investments into Africa and Asia, among others. To be able to do so, Mauritius government is betting on a strong regulatory framework for investment managers to structure funds in and from the island. A fund is an investment vehicle to pool money from a group of investors for specific purposes (i.e. invest in securities such as stocks, bonds, and other assets).

In Mauritius, a fund can be incorporated as a Corporate Vehicle or a Limited Partnership and registered with the registrar of companies (ROC). Those funds can thereafter be categorized into open-ended (Collective Investment Scheme - CIS) or Closed End Fund (CEF).
Over the years, the Mauritian Fund industry has developed into an efficient, reputable, and robust financial services centre and became a jurisdiction of choice for multinationals, banks, and asset management companies. The regulatory investment fund framework offers numerous advantages to investors with a diverse product base. A Mauritian fund holder of a GBC Licence given by the Financial Services Commission (FSC) and subject to meeting the relevant criteria, will be entitled to conduct “global business activities”.

Funds registered with the FSC in Mauritius are regulated under the Companies Act (2001) and are licensed under the Financial Services Act (2007) and the Securities Act (2005). On 6 March 2021, the Mauritius Financial Services Commission (FSC) released the Financial Services (Special Purpose Fund) Rules 2021. Funds in Mauritius can be also incorporated as Limited Partnership which shall be regulated by the Limited Partnership Act 2011.

The Financial Services (Special Purpose Fund) Rules 2021 revokes the Financial Services (Special Purpose Fund) Rules 2013 and sets out new criteria for Mauritius’s Special Purpose Fund regime. The SPF regime is providing further flexibility and easing access to new markets. Over the years, Mauritius attracted many treaty-based funds. However, there were a number of countries that did not have double taxation avoidance agreements with Mauritius. Therefore, in the absence of an appropriate framework, certain promoters were previously using other jurisdictions as a platform for investment funds. The introduction of the Special Purpose Fund (SPF) regime aimed at attracting those promoters.

Some of the features of SPF are as below:

- Only CIS and CEF can apply for recognition as SPF.
- SPF is a tax-exempt vehicle as provided under the Income Tax Act with economic substance in Mauritius.
- A maximum of 50 investors, and with a minimum subscription of USD100,000 per investors.

A Mauritius fund can be self-managed by its board of directors or can appoint a CIS Manager in Mauritius or in a foreign jurisdiction, subject to the approval of the FSC.
Both the CIS Manager incorporated in Mauritius or the foreign Investment Manager must demonstrate a proven track record in fund management to be authorised to act in Mauritius.

Funds in UAE (DIFC and ADGM)

The United Arab Emirates (UAE) has embarked on an ambitious undertaking by introducing novel business amicable mutual funds regulations to promote the UAE funds industry and provide the foundation for a more developed regional funds regime in the Gulf Cooperation Council.

UAE has become one of the leading places worldwide to conduct and create Fund structure for fund managers, due to its comprehensive regulatory framework. In UAE, two free zones are leading the Fund Sector: Dubai International Finance Centre (DIFC) and Abu Dhabi Global Market (ADGM). Those two free zones are from the best known in the region. Both cater for funds but have slightly different regulations regarding the setting up of Funds.

In addition to these two free zones, Funds can be registered locally with the department of Dubai Economic Development as Investment companies. The Fund will require a license issued by the regulatory body called Securities & Commodities Authority (SCA).

DIFC funds framework/regulations

Funds established in the DIFC free zone are by the Dubai Financial Services Authority (DFSA).

The Dubai Financial Services Authority (DFSA) is the regulating agency of the DIFC and the one that imposes the rules and regulations for investment funds, investment restrictions and transaction requirements. The DFSA first introduced its Collective Investment Fund (CIF) Regime in 2006. The Fund Regime is designed to meet international standards for regulations, and where required, to provide adequate investors protection.

There are three types of Funds available in DIFC, namely Public Funds, Exempt Funds, and Qualified Investor Funds. Each type has its own set of particularities.

ADGM fund framework/regulations

The Emirate of Abu Dhabi has a robust and successful finance heritage with well anchored, efficient, and transparent sector-specific regulatory frameworks. These regulatory frameworks have been developed by ADGM's Financial Regulatory Authority (FSRA) to balance a business-friendly environment for industry practitioners.

ADGM's fund framework provides class-rivalling costs and time-to-market, with globally competitive minimum capital requirements. There are no remuneration restrictions on fund managers.

ADGM funds can be established and managed within and outside the jurisdictions. Both ADGM and non-ADGM Funds can be promoted and sold in and from the jurisdiction by any firm with the regulatory permissions.

ADGM also recognises that the ease for new players to enter the market is key to developing a robust funds industry. As such, ADGM has developed a framework that allows for start-up and boutique fund managers, as well as providing Venture Capital fund managers a bespoke regulatory framework that acknowledges their specific nature.

Useful links:

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