



THE STOCK EXCHANGE OF MAURITIUS LTD  
(Member of the World Federation of Exchanges)

*Positioning the SEM as a Listing Venue  
For Global and Specialised Funds*

*16 February 2010*

# **THE STOCK EXCHANGE OF MAURITIUS (SEM): A LISTING VENUE FOR GLOBAL AND SPECIALISED FUNDS**

## **FOREWORD**

The Stock Exchange of Mauritius Ltd (SEM) is committed to positioning itself as an attractive location for the listing of investment funds. It has developed a specific investment funds listing regime tailored to provide a streamlined and progressive listing process for a wide variety of fund structures.

Combining a comprehensive set of Listing Rules, a commitment to aggressive timings on processing listing applications and a flexible and proactive listing process, the listing regime is highly transparent and user-friendly and has enabled the SEM to ensure flexibility of approach to embrace new product types, while maintaining the integrity of listing on a well-regulated Exchange.

This note describes some of the key changes that have recently been brought to the Listing Rules to enable the SEM raise its profile as a listing venue of choice for funds, and to ensure an alignment of the Listing Rules with the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008. It also underscores the numerous advantages that funds can derive from a listing on the SEM, describes what the listing application process entails and emphasizes some of the key-post-listing obligations for funds.

## **KEY CHANGES TO THE LISTING RULES**

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The implementation of the Securities Act in September 2007 has enabled a wider coverage of activities within the Securities Industry and laid down the regulatory framework for Collective Investment Schemes (CIS). The introduction of the Securities (Collective Investment Schemes and closed-end funds) Regulations in 2008 has set the operating framework for Global Schemes and a wider variety of Specialist Funds. To capture the listing potential of these funds, the SEM has reviewed Chapter 16 of the Listing Rules and tailored it to reflect the specific requirements of the Specialist Funds. Some of the key changes are captured in the following comparative table between the old version and the new version of Chapter 16.

<b>Previous Chapter 16</b>	<b>New Chapter 16</b>
Catered only for the listing of investment companies, unit trusts and open-ended funds.	Investment entities include Global Schemes, professional CIS, specialised CIS, expert funds, closed-end funds and other types of specialised CIS's.
In general, an investment entity had to invest in a well-diversified portfolio of assets.	Can accommodate the listing of investment entities with a more concentrated investment portfolio.
Investment entity should be a passive investor and should not control or be actively involved in the management of the entities in which it invests.	Provision is made for the listing of investment entities which can exercise control, if exemption is obtained in accordance with specific nature of fund or as per Regulation 67 of the CIS Regulations 2008.
Generally, 3 years audited accounts are required for listing. Only investment companies, unit trusts and open-ended funds were allowed to provide < 3 years audited accounts.	This requirement has been extended to the new types of investment entities introduced under the new Chapter 16.
Every investment entity has to submit a full-fledged Listing Particulars (LP) compliant with the requirements of the Listing Rules.	SEM may accept the Offer Document registered with the FSC during the previous 12 months in lieu of an LP.
An investment entity had to satisfy a minimum percentage of issued share capital in public hands of 25%.	The new types of CIS may be admitted to listing with less than 25% in public hands to cater for the specific attributes of these CIS.
NAV's had to be calculated every month & published in 2 daily newspapers.	Specialised CIS's adhere to NAV calculations as disclosed in their Offer Documents.
An entry requirement for a company to list on the Official Market is a minimum of 200 shareholders. This requirement could be waived only for investment companies, unit trusts and open-ended funds.	The waiver regarding the requirement to have 200 shareholders at the time of listing has been extended to the new types of CIS introduced under the new Chapter 16.
Investment companies need to have a minimum market capitalisation of Rs 20 M at the time of listing.	New types of CIS may be listed with a market cap < Rs 20M, but must move to minimum threshold within a year.

The newly revamped Listing Rules are based on a simplified regulatory environment to cater for the evolving nature of the funds industry. Compliance with the general conditions for listing has been alleviated for the entities to be listed and is subject to a number of modifications relative to the specificities of each type of vehicle.

## WHY LIST ON SEM?

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A listing on the SEM can generate a number of important advantages to a Fund. The key advantages can be summarized as follows:

- A listing on the SEM will enhance the attractiveness of the Fund from an investors' perspective. The SEM is a well-regulated Exchange which has gained recognition through its accreditation to various international bodies, including the World Federation of Exchanges (WFE), South Asian Federation of Exchanges (SAFE), African Securities Exchanges Association (ASEA) and Committee of SADC Stock Exchanges (COSSE).
- New Chapter 16 ensures flexibility of listing through tailor-made vehicles that are adapted to fund-specific circumstances and objectives of Global Business Schemes and Specialised Funds.
- A listing constitutes one of the ways of demonstrating substance and added value.
- The regulatory gap between the compliance requirements of the CIS Regulations and Chapter 16 of the Listing Rules is thin, which ensures little difference in terms of compliance costs between a listed and an unlisted CIS.
- A listing on the SEM can be particularly important where a fund is marketed to institutional investors, whose own rules may prohibit or restrict investment in unlisted securities.
- A listing can, therefore, increase a fund's potential investor base.
- A listing allows investors to mark their fund investment to market, namely for those funds which are actively traded.
- The SEM ensures a speedy processing of applications with a turnaround time of 2 weeks if application is complete.
- A listing on the SEM does not require the applicant to have registered sponsors as in other jurisdictions. Financial advisers/legal experts may handle applications and deal with the SEM.
- The offer document registered with the FSC may also serve as Listing Particulars.
- SEM's trading infrastructure is tuned to accommodate multi-currency trading (USD, GBP, EURO, etc.).
- Listing fees are set at very competitive levels (refer to Appendix 7 of the Listing Rules).

## HOW TO LIST?

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A smooth process has been ensured for the listing of global funds on the SEM, which comprises the following distinct stages.

### **Step 1: Appoint an authorized representative.**

An authorized representative must be appointed by every applicant. The authorized representative is responsible for dealing with the SEM on all matters in relation to the application and for ensuring the applicant's suitability for listing prior to any submission to the SEM.

### **Step 2: Comply with conditions for listing.**

Every applicant and its authorized representative must be satisfied that it can meet all the conditions for listing prior to applying to the SEM. The SEM should be consulted in advance in case of doubt.

### **Step 3: Submit draft listing particulars/prospectus to the SEM for approval.**

An applicant must submit, through its authorized representative, a Listing Particulars for review and comments by the SEM. In lieu of a full-fledged Listing Particulars, the offer document registered with the Financial Services Commission during the previous 12 months may also be accepted by the SEM.

### **Step 4: Approval of final Listing Particulars/ offer document.**

Once approved by the SEM, the Listing Particulars/offer document must be signed off by the directors.

### **Step 5: Listing.**

The listing of the fund will take place on the business day communicated by the SEM.

### **Step 6: Ongoing Obligations.**

A fund, after admission to listing, must comply with the ongoing obligations of the SEM, as specified under the Listing Rules.

## APPLICATION

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Applications for the listing of global and specialised funds must be channelled through the Listing Division of the Stock Exchange of Mauritius Ltd and the main documents that must be filed are as follows:

- ▶ Formal application letter
- ▶ Draft Listing Particulars (offer document)
- ▶ Certificate of Incorporation or equivalent
- ▶ Certified copy of issuer's Constitutive documents
- ▶ Certified copies of resolutions authorising issue of the securities
- ▶ Issuer's undertaking and directors' declarations and undertakings

## CONTINUING OBLIGATIONS

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Once listed, a fund is expected to abide to a number of ongoing reporting obligations as prescribed under Chapter 16 of the Listing Rules. These obligations are imposed in order to maintain an orderly and transparent market in the units of the listed funds, to ensure the ongoing sustainability of the funds for listing, to protect shareholders' interests and to ensure that all relevant information is disseminated without delay. Some of the key reporting obligations can be summarized as follows:

- Prompt notification to SEM and shareholders of material events to allow them to evaluate the financial position of the fund and to avoid the creation of a false market. Material events are circumstances that may be expected to affect market activity or the prices of listed securities.
- Filing of quarterly and annual financial statements & subsequent publication thereof (already a requirement under the CIS Regulations 2008)
- NAV calculations to be submitted on a regular basis, except as otherwise stated in the listing particulars or offer document of the fund.
- Material transactions (including related party transactions) to be approved by the SEM

## INFORMATION TECHNOLOGY AT THE SERVICE OF LISTED COMPANIES

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Accurate, up to date and readily accessible financial information is critical for investors. The SEM Automated Trading System (SEMATS) has been set up to provide investors worldwide with easy access to information.

Our website gives an array of information about the SEM, daily information about prices and listed issuers, listing rules & regulations, and products that may be listed. The SEM has entered into a contractual agreement with international data vendors such as Bloomberg, Reuters and Financial Times through which it regularly posts stock market statistics and other related data for the benefit and needs of potential investors.

## SEM & CDS FEES

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The fees that the SEM charges are highly competitive. An initial listing fee of US \$1,500 and an annual fee of US \$1,500 are normally applicable for a fund. CDS fees are payable by these funds who would avail themselves of CDS services and facilities.

In the case of a "multi-class fund" or an "umbrella fund", (a collective investment scheme which is divided into a number of sub funds), the following will apply in respect of the initial and annual listing fees payable:

No. of Different Classes	Initial Fee / Annual Fee (Rs.)
1-3	US \$ 1,500 (per sub fund)
4-10	US \$ 5,000 (fixed)
11-20	US \$ 7,500 (fixed)
Over 20	US \$ 10,000 (fixed)

#### FURTHER ONGOING ASSISTANCE

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We have pledged our commitment to serve our stakeholders with whom our future lies. We are dedicated to supporting funds that wish to be admitted to the SEM - before, during and after their admission. The Exchange has a team to assist companies with any queries and to help them throughout the admission process.

For any further assistance, please contact:

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