



**The Stock Exchange of Mauritius Ltd (SEM)**  
(Member of the World Federation of Exchanges)

## Internationalising the SEM and positioning Mauritius as an international financial services centre of substance

### *Listing of specialist companies and specialist debt instruments on the Stock Exchange of Mauritius (SEM)*

#### **Foreword**

The Stock Exchange of Mauritius Ltd (SEM), in line with the vision of internationalizing its reach and positioning Mauritius as an international financial services centre of substance, has revamped its existing Official Market Listing Rules by introducing a new Chapter, namely Chapter 18, which caters for the listing of specialist companies and specialist debt instruments.

The decision to revisit the Listing Rules emanates from discussions that the SEM has had in the recent past with the Financial Services Commission, the Board of Investment and operators in the Global Business Sector, which underscored the importance and need of attracting the listing of Global Business Companies and other specialist instruments on the SEM. Consequently, the SEM has introduced a new Chapter 18 in its Listing Rules which has been specifically designed to meet the listing requirements of Global Business corporations and specialist debt instruments targeted at qualified investors.

The SEM believes that the implementation of Chapter 18 of the Listing Rules will create an enabling and competitive environment for the listing of Global Business corporations and of specialist debt instruments on the SEM, strengthening thus the image of Mauritius as an international financial services centre of substance which offers a complete gamut of services to Global Business companies/international issuers ranging from incorporation, front and back-office services to listing on a well recognised Stock Exchange.

The implementation of Chapter 18 also fits very well with recent initiatives undertaken by the SEM to scale up its activities, internationalise the Exchange and move up in the value-chain of products that it offers. The recent recognition of SEM by the U.K Her Majesty's Revenue and Customs and the ability of the SEM to list, trade and settle products in USD, Euro and GBP open up new avenues of growth for our markets. The

implementation of Chapter 18 now provides the necessary regulatory framework to fully capitalise on these new avenues of growth and help the SEM emerge as a multi-product international Exchange.

This note describes the rationale and specificities of the new Chapter 18 and the opportunities available to Global Business companies and issuers of specialist debt instruments to use the SEM platform as a listing venue of choice for the listing of their equity securities as well as for their debt instruments targeted to qualified investors. It also underscores the many potential advantages that Global Business companies and issuers of specialist debt instruments can derive from a listing on the SEM.

## **CHAPTER 18: RATIONALE, SPECIFICITIES AND KEY REQUIREMENTS**

Mauritius has been very successful during the last two decades in its drive to diversify its economic structure and grow the financial services sector as an important pillar of the economy and a key contributor to the country's GDP. A flexible and yet rigorous regulatory framework, a number of favourable double-taxation treaties, a competitive taxation regime, economic reforms coupled with political and social stability are some of the key factors that have over the years enabled Mauritius to have its footprint as one of the leading emerging financial centres in this region of the world.

A number of new initiatives are currently being considered by the authorities and private sector players to scale up the activities and contribution of the financial services sector to the Mauritian economy, position Mauritius as a prominent gateway linking Europe/USA/Asia to Africa and Europe/USA to Asia and increase the scope and substance of activities conducted in the financial services sector. In a nutshell, the objective is to enable our financial services sector to offer users a whole range of services spanning across a wide spectrum of related activities.

The SEM is of the view that it can concretely bring its contribution to this initiative by positioning itself as a listing venue of choice for global business companies and issuers of specialist debt instruments which consider a listing on the SEM as an excellent means to raise their profile vis-à-vis their investors, open up their companies/products to investors that can only invest in listed companies/products, raise capital to expand their activities, obtain an objective market price for their companies/products and demonstrate substance in their activities in Mauritius.

Some of these companies may already meet the current entry requirements of the Official Market and already have on their register a large number of shareholders, whereas others may only have a limited number of shareholders and a relatively concentrated ownership structure, but are yet good companies with a good current and future business potential and willing to use the SEM platform to either improve their international business profile, attract new investors to their register and/or use the Exchange platform as a means to raise capital for future expansion. Chapter 18 caters essentially for the latter type of issuers, namely Global Business corporations which do not yet meet the general entry requirements of the Official Market and issuers of specialist debt instruments that are targeted to qualified investors.

Although the general entry requirements applicable to entities seeking a listing on the SEM have been reviewed for Global Business companies and issuers of specialist debt instruments, the continuing listing obligations in terms of reporting frequency, thoroughness and transparency have been maintained to ensure that investors and the market are fully kept informed of the evolution and performances of the underlying listed products.

## **KEY REQUIREMENTS TO LIST AS PER CHAPTER 18**

In terms of key entry requirements, Chapter 18 has introduced the following key flexibility:

- Listing of corporations holding a Category 1 Global Business Licence:
  - (i) A corporation holding a Category 1 Global Business Licence can seek a listing on the Official Market of the SEM even if it does not have a three-year track record. However, the applicant should demonstrate satisfactory experience in the management of the business and its sustained viability through a solid business plan.
  - (ii) The applicant must have a market capitalisation of MUR 20 million to list on the Official Market.
  - (iii) The applicant needs not have a minimum number of 200 shareholders and a percentage of 25% of the issued share capital in the hands of the public at time of application for a listing.
  - (iv) Before granting a listing, the SEM should be satisfied that the issuer and its business are suitable to allow the listing of its securities.
  
- Listing of specialist debt instruments

Specialist debt instruments are debt instruments that are targeted to qualified investors. Qualified investors are special categories of investors acceptable to the SEM who are knowledgeable and understand the risks of investing in such specialist debt instruments and include but are not limited to expert investors as defined in the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008.

  - (i) The issuer of the specialist debt instrument needs not have a three-year track record in order to be able to list the specialist debt instrument on the Official Market.
  - (ii) The nominal amount of each class of debt securities for which listing is sought must normally be not less than MRU 25 million but the SEM may admit securities of lower value subject to the fulfillment of certain specific conditions, namely: if it is satisfied that there will be an adequate market

for the securities concerned or where listing is sought in respect of a further issue of debt securities which are or are to be uniform in all respects with debt securities of a class already listed.

- (iii) The condition that the securities must be in the hands of not less than 100 members of the public as normally required to list debt securities on the Official Market does not apply to issuers of specialist debt instruments seeking a listing under the new Chapter 18 of the Listing Rules.

## **Advantages of a SEM listing to specialist companies & debt instruments**

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Why should a specialist entity or an issuer of specialist debt instrument list on the SEM? Choosing the SEM as a listing platform has numerous benefits resulting from a combination of factors which can be summarized as follows:

- 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). Most recently, the SEM has been designated as a Recognised Stock Exchange by the U.K. Her Majesty's Revenue & Customs.
- Companies listed on the SEM are subject to rigorous regulation and monitoring and abide by rules continuously revised in line with international standards of best practice. New Chapter 18 ensures flexibility of listing with rules adapted to company-specific circumstances and objectives of specialist structures including Global Business corporations and specialist debt instruments.
- Screen-based trading is provided for domestic and international companies, including specialist companies and debt instruments. Further, the ability of the SEM - the only Bourse in Africa - to list, trade and settle products in USD, Euro and GBP opens up new avenues of growth for our markets. Clearing and settlement of transactions is performed in strict compliance with the G30 and CPSS/IOCO standards by the Central Depository & settlement Co. Ltd (a subsidiary of the SEM). The new Chapter 18 provides the necessary regulatory framework to fully capitalise on these new avenues of growth.
- A simple and competitive fee structure providing affordable entry and continued listing is available to prospective and listed entities (refer to Appendix 7 of the Listing Rules).
- The SEM is committed to a speedy processing of applications with a turnaround time of 2 weeks once the final application is complete.

- There is no requirement for the applicant to have registered sponsors as in other jurisdictions, which implies relatively substantial cost savings. Financial advisers/legal experts may hence handle applications and deal with the SEM.
- The Exchange platform offers a unique opportunity for these types of entities to raise capital for future funding with a view to accompanying their growth initiatives and also for the trading of their securities in a secure and transparent environment.
- A listing on the SEM will add to the attractiveness of the company from an investor's perspective, whilst representing an important way of demonstrating substance and added value. It can be particularly important where an investment entity is marketed to institutional investors, whose own rules may prohibit or restrict investment in unlisted securities.
- A listing on the SEM constitutes a means of demonstrating substance in the Mauritian jurisdiction and can be particularly advantageous to foreign investors who channel their investments through Global Business corporations incorporated in Mauritius and who may benefit from tax advantages stemming from double taxation treaties between Mauritius and a number of foreign jurisdictions.
- The geographical position of Mauritius and the numerous double taxation treaties that Mauritius has with a number of fast growing African countries makes it the ideal place to structure and list special purpose vehicles for investing in African markets.

## **Contact details to list companies holding a category 1 global business licence and specialist debt instruments**

We have pledged our commitment to serve our stakeholders with whom our aspirations meet to secure a bright future. We are dedicated to supporting specialist companies and issuers of specialist debt instruments 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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The Stock Exchange of Mauritius Ltd  
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16, Jules Koenig Street  
Port Louis

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