

INVESTMENT DEALER LICENCE V/S INVESTMENT ADVISER LICENCE

What differentiate them?

Investment Dealer Licence

The Mauritius Investment Dealer Licence, issued by the Financial Services Commission (FSC) Mauritius, permits the holder to establish a trading platform in Mauritius and trade securities and similar on behalf of clients.

The legislative requirements and framework for a company holding a Global Business Licence (GBL) and an Investment Dealer Licence in Mauritius are set out in the Securities Act 2005 and the Securities (licensing) Rules 2007. Mauritius offers the benefit of a modern securities law that is adaptive to different requirements, a reasonable timeframe for licence issuance, as well as a highly competitive minimum capital requirement.

The Mauritian Budget 2021 also extended the 80% partial tax exemption on specified income streams to companies holding an Investment Dealer Licence, reducing the effective income tax rate for holders to 3%. This partial exemption has made conducting this type of business in Mauritius even more attractive.

Investment Adviser Licence

The Mauritius Investment Adviser Licence is one of the three classes of 'Securities or Capital Market Intermediary' provided for by the Securities Act 2005 and regulated by the Financial Services Commission (FSC) Mauritius under the Securities (Licensing) Rules 2007.

According to Section 30 of the Securities Act 2005, no unlicensed person is permitted to:

1. Advise, guide or recommend other persons, or hold himself out to advise, guide or recommend other persons, whether personally or through printed materials or by other means, to enter into securities transactions; or
2. Manage or hold himself out to manage, under a mandate, whether discretionary or not, a portfolio of securities, without an investment adviser licence issued by the FSC or without being licensed as a representative of an investment adviser by the FSC.

Mauritius offers the benefit of a modern securities regime that is adaptive to different requirements, a reasonable timeframe for licence issuance, as well as a highly competitive minimum capital requirement.

An application for the Investment Adviser Licence using a Global Business Licence (GBL) entitles the applicant to take advantage of the preferential GBL tax regime in Mauritius under which 80% of 'gross revenue' is exempted from taxation.

The balance is designated as 'taxable income' and is subject to taxation at 15%, thereby reducing the effective income tax rate for GBL holders to 3%. This 'partial exemption' has made conducting this type of business in Mauritius even more attractive.

	INVESTMENT DEALER	INVESTMENT ADVISER
	An Investment Dealer acts as an intermediary in the execution of securities transactions on behalf of its clients. Three categories of Investment Dealer licences are issued in Mauritius under the Securities Act 2005, as follows:	The FSC can issue three types of Investment Adviser Licence under the Securities Act 2005, as follows:
Type of Licences	Investment Dealer (Full Service) (i) Including Underwriting: The holder of an 'Investment Dealer (Full Service including underwriting)' licence is authorised to: • Act as an intermediary in the execution of securities transactions for clients; • 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 that is ancillary to the normal course of business activities; and • Manage portfolios of clients. • An applicant is required to maintain a minimum stated unimpaired capital of MUR10 million (approx. USD230,000), or an equivalent amount in foreign currency. A licensee must also have a Professional indemnity cover that varies according to the volume of activities and risk of its business. (ii) Excluding Underwriting: The holder of an 'Investment Dealer (Full Service Dealer excluding underwriting)' licence is authorised to undertake all the activities listed above, except (c). It is not permitted to underwrite or distribute securities on behalf of an issuer or a holder of securities. An applicant is required to maintain a minimum unimpaired stated capital of MUR1 million, or an equivalent amount in foreign currency. A licensee is also required to have a Professional Indemnity cover that varies according to the volume of activities and risk of its business.	Investment Adviser (Unrestricted) The holder is authorised to manage, under a mandate, portfolios of securities and give advice on securities transactions, other than corporate finance advisory, through printed materials or any other means. The holder is required to maintain a minimum unimpaired stated capital of MUR600,000 (approx. USD13,600), or its equivalent in foreign currency.
		Investment Adviser (Restricted) The holder is authorised to give advice on securities transactions, other than corporate finance advisory, through printed materials or any other means. The holder is required to maintain a minimum unimpaired stated capital of MUR500,000, or its equivalent in foreign currency.
		Investment Adviser (Corporate Finance Advisory) The holder is authorised to provide corporate finance advisory services with respect to securities transactions through printed materials or any other means. Such services cover, amongst other things, compliance with the listing requirements of any security exchange, the raising of funds through the issue of securities, and arrangement or restructuring of a corporation, including takeovers and mergers and acquisitions. The holder is required to maintain a minimum unimpaired stated capital of MUR 1 million, or its equivalent in foreign currency. Investment Adviser (Corporate Finance Advisory)
	Investment Dealer (Broker) The holder of an Investment Dealer (Broker) licence is authorised to execute orders for clients, manage portfolios of clients and give advice on securities transactions to clients. An applicant must indicate clearly which of these activities it will engage in and elaborate how it proposes to undertake them. An applicant is required to maintain a minimum unimpaired stated capital of MUR700,000, or an equivalent amount in foreign currency. A licensee is also required to comply with the minimum competency standard requirements for its representatives and officers.	
	Investment Dealer (Discount Broker) The holder of an Investment Dealer (Discount Broker) licence is only authorised to execute orders for clients without giving advice. An applicant is required to maintain a minimum unimpaired stated capital of MUR600,000, or an equivalent amount in foreign currency. A licensee is also required to comply with the minimum competency standard requirements for its representatives and officers.	

Key Requirements

The FSC's licensing criteria for an Investment Dealer Licence provides further guidance in respect of the application requirements, including the following:

1. An applicant must establish procedures designed to prevent conflicts of interest and the use of inside information through the effective segregation of its different activities.
2. Where a trading platform is to be used, an applicant must submit details about the platform and how it will be used.
3. The promoters, shareholders, directors, beneficial owners, and key staff members must all comply with fitness and propriety requirements.
4. Details on the proposed anti-money laundering and counter-terrorist financing (AML/CFT) framework, including appointment of the Money Laundering Reporting Officer (MLRO), Deputy Money Laundering Reporting Officer (DMLRO) and Compliance Officer.
5. Members of the investment dealer team must have relevant experience and qualification as required under the Securities Act 2005.
6. An applicant is also required to meet the relevant 'economic substance' requirements when using a Global Business Company.

The FSC's licensing criteria for an Investment Adviser Licence include the following:

1. The applicant must establish procedures designed to prevent conflicts of interest and the use of inside information through the effective segregation of its different activities.
2. Details of the services to be provided, including the means through which the advice will be provided and whether the advice will be binding or non-binding.
3. The promoters, shareholders, directors, beneficial owners and key staff members must all comply with 'fit and proper' requirements.
4. Details of the proposed anti-money laundering and counter-terrorist financing (AML/CFT) framework, including the appointment of a Money Laundering Reporting Officer (MLRO), Deputy Money Laundering Reporting Officer (DMLRO) and Compliance Officer.
5. Members of the investment advisory team must have relevant experience and qualifications as required under the Securities Act 2005 and the applicant should ensure that at least two members are appointed to ensure business continuity.
6. An applicant is also required to meet the relevant 'economic substance' requirements when using a Global Business Company