

## KEY FACTS

# PROTECTED CELL COMPANIES

A PROTECTED CELL COMPANY (PCC) IS A SPECIAL PURPOSE VEHICLE PROVIDING LEGAL SEGREGATION OF ASSETS ATTRIBUTABLE TO EACH CELL OF THE COMPANY WHETHER CORPORATELY OR INDIVIDUALLY OWNED, AND THEREBY OFFERS FLEXIBILITY AND SECURITY FOR INVESTMENT FUND STRUCTURING.

### LEGISLATION

A PCC is incorporated under the Protected Cell Company Act 1999. A PCC may be incorporated or may be registered by way of continuation provided that the incorporation and registration requirements prescribed in the Companies Act 2001 and the Financial Services Act 2007 are satisfied. An existing company, if it is authorised by its constitution, can be converted into a PCC.

The object of the legislation is to enable a company to create cells to segregate assets and liabilities within that cell from those of other cells. Creditors contracted by a PCC in respect of one cell will be able to make claims only against the assets of that cell primarily and against the non-cellular assets of the company secondarily, but not against the assets in other protected cells. A PCC, by statute, protects one cell from contagion from others.

### INCORPORATION

- > The incorporation procedure of a PCC is similar to that of a company. Where the criteria are met, the PCC may also require a Global Business Licence (GBL).
- > In the case of a continuation, additional requirements as laid down in Section 5 of the Protected Cell Company Act 1999 must be satisfied.
- > All applications should be submitted to the Financial Services Commission (FSC) for a GBL, along with any financial services licence as applicable, on prescribed forms through a management company.
- > Applications should be accompanied by a detailed business plan and profile for each cell along with corporate statutory documents, depending on whether the licence is being sought from the FSC and the licensing criteria. Subsequent cells should be disclosed to the FSC as to its business plans and cell holders. In certain situations, approval from the FSC may be required to set up a new cell, for which prescribed documents and information will need to be submitted.

### CHARACTERISTICS

- > Single legal entity
- > Legal segregation and protection of assets and liabilities for each cell
- > No minimum capital requirement is imposed on each cell except for insurance businesses
- > Creation of cellular and non-cellular assets
- > May be incorporated, continued or converted from an existing company
- > Transfer of cellular assets to any cell in the PCC is common practice whereas transfer of non-cellular assets is not possible.
- > A formal procedure is provided for the liquidation, receivership or administration order of any individual cell

### REGULATION

- > Incorporated by the Registrar of Companies
- > Regulated by the FSC where the PCC holds a GBL and/or financial services licence

- > For insurance entities the FSC requires the filing of an audited financial statement, certificate of liquidity ratio, certificate of margin of solvency, actuarial valuation of adequacy of premium and loss reserves in case of long-term business, and declaration of principal representative as to the accuracy of accounts
- > Tax returns to be submitted to the Mauritius Revenue Authority six month after the financial year end

## FINANCIAL STATEMENTS

A PCC may elect to present separate financial statements in respect of each of its cells in accordance with and in compliance with International Accounting Standards or with any other internationally accepted accounting standards.

## TAXATION

- > Taxation for companies applies
- > Where a PCC has made an election under the Mauritius Companies Act 2001 to present separate financial statements in respect of each of its cells
  - > every cell of that company shall be deemed to be an entity separate from the PCC and other cells of the PCC and shall be liable to income tax in respect of its own income
  - > the Mauritius Revenue Authority shall not recover income tax due by a cell from:
    - > the cellular assets of another cell of the company; or
    - > the non-cellular assets of the protected cell company except where such assets are directly attributable to that cell of the company

## PERMISSIBLE ACTIVITIES FOR PCC HOLDING A GLOBAL BUSINESS LICENCE

- > Asset holding<sup>1</sup>
- > Structuring finance business<sup>1</sup>
- > Specialised collective investment schemes<sup>1</sup>, collective investment schemes (open-ended)<sup>1</sup> and closed-ended funds<sup>1</sup>
- > Insurance business<sup>1</sup>
- > External pension scheme<sup>1</sup>
- > Real estate development

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<sup>1</sup> Subject to being issued with a Global Business License and wherever applicable, any additional license(s) required under the Securities Act/Insurance Act/Captive Insurance Act

## PRACTICAL USES OF PROTECTED CELL COMPANIES

INVESTMENT FUNDS	Umbrella or multi-class funds with various classes of shares providing each individual share class the same limited liability that would be obtained if separate corporate structures were used for each category of investors
CONGLOMERATES	Several cells are established, each holding a particular insurance exposure of the parent and segregated, for example, in relation to the various geographical locations, corporate division or types of risk of those exposures
MULTINATIONALS	Companies can operate their captive insurance, treasury and other functions globally in a single entity using the same core capital
LIFE ASSURANCE COMPANIES	Can legally separate the assets of life, pension and individual policyholders
COMPOSITE INSURERS	The assets of life insurance business must be legally separated from those of non-life business
REINSURANCE	Finite reinsurance contracts and securitisation issues can be placed within separate cells
CAPTIVE INSURANCE COMPANIES	Segregate distinct areas of risk and activity into different "cells"
RENT-A-CAPTIVE	The owners of the PCC offer capital financing to clients who, because of their own size, would find it impractical to set up their own individual captive insurance arrangements
REAL ESTATE DEVELOPMENT	Segregate distinct projects can be "housed" into different cells thereby preventing financial contagion among projects and also offering the possibility to have different partners for each project

- PEOPLE LED
- TECH ENABLED
- GLOBAL COVERAGE
- TAILORED SERVICE

- 1,100 STAFF
- 25 JURISDICTIONS
- 47,000 ENTITIES
- \$177BN AUA

- FUNDS
- PRIVATE CLIENTS
- CORPORATE CLIENTS
- MARITIME

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