

APPROVED INVESTMENT INSTITUTION RULES

Rules made by the Stock Exchange Commission under the Stock Exchange Act 1988 Govenunent Notice No.167 of 1992

THE STOCK EXCHANGE ACT 1988

Rules made by the Commission under section 50B of the Stock Exchange Act 1988

1. These rules may be cited as the Stock Exchange (Approved Investment Institution) rules 1992.
2. In these rules -
"approved investment institution" means an investment institution designated by the Minister as an approved investment institution under section 50A of the Stock Exchange Act 1988
- 3.(1) An application for the designation of an investment institution as an approved investment institution shall be made through the Commission and shall be accompanied by -
 - (a) its memorandum and articles of association;
 - (b) an investment plan or a prospectus; and
 - (c) particulars, if any, of the person appointed to manage its investments, the terms and duration of his appointment and the basis of his remuneration.

(2) No investment institution shall apply under paragraph (1) for designation as an approved investment institution unless it -

 - (a) is a public company incorporated in Mauritius for the purpose of holding and managing securities or other property for the making of revenue and for profit and not specifically for the purpose of control; and
 - (b) undertakes to have a minimum paid-up capital of 20 million rupees within one year of its formation.
4. A person appointed by an approved investment institution to manage its affairs shall -
 - (a) make investments in accordance with such guidelines as may be issued by the board of management of the investment institution;
 - (b) ensure in all circumstances that the interests of present, and potential shareholders are safeguarded; and
 - (c) exercise, especially in relation to such shareholders, due care and diligence in the discharge of his duties.
5. An approved investment institution shall -
 - (a) submit, within one year of its designation as an approved investment institution, its prospectus for the approval of the Commission before issuing, distributing or circulating it;
 - (b) submit to the Commission, within three months of the closing of accounts in every year, its Annual report, containing -
 - (i) a management report on the investment performance;
 - (ii) a statement of assets and liabilities;
 - (iii) a statement of income and distribution, distinguishing realised and unrealised surplus, stating profits and losses on quoted and unquoted investments;
 - (iv) a copy of the auditors report,
 - (v) a certified statement from the auditors of the institution that the rules governing approved investment institutions have been complied with;
 - (vi) such other information as may be required by the Commission to enable investors to reach an informed judgement on the performance of any other investment;
 - (c) Submit to the Commission, and within 14 days thereafter publish in at least two daily newspapers-
 - (i) a valuation of its investments on a six monthly basis;

- (ii) financial statements and performance reports on a six-monthly basis;
- (iii) audited accounts within 3 months of the end of its financial year;
- (d) before proceeding with a bonus or rights issue or publishing any information note to that effect, obtain the approval of the Commission;
- (e) notify in writing to the Commission all such investments exceeding 20 per cent of its assets made in a group of companies or in any one company comprised in that group either of which is the promoter or the institution or any other group of companies;
- (f) notify to the Commission any proposed amendments to its memorandum and articles of association;
- (g) submit such other information as the commission may require

6 All accounts, books and other records required to be maintained and preserved by any approved investment institution or by any person appointed as the manager of its investment, shall, at the request of the Commission, be made available to it for examination.

7 (1) The Commission may recommend to the Minister to withdraw his designation of an investment institution as an approved investment institution where the institution -

- (a) fails to comply with these rules;
- (b) fails to have an amount of not less than 40 percent of its capital subscribed within one year of the formation of the company by means of shares offered to members of the general public other than its directors; or
- (c) without the prior approval of the Commission -
 - (i) invests more than 20 percent of its assets in any one company or group of companies; or
 - (ii) holds shares in less than 10 different companies

(2) Where the approval is withdrawn, the Commission shall give notice in writing to the institution-

- (a) of the withdrawal; and
- (b) of the date of coming into force of such withdrawal.

Made by the Commission on 27 October 1992 and approved by the Minister on 29 October 1992.

Amended by The Financial Services Development Act 2001