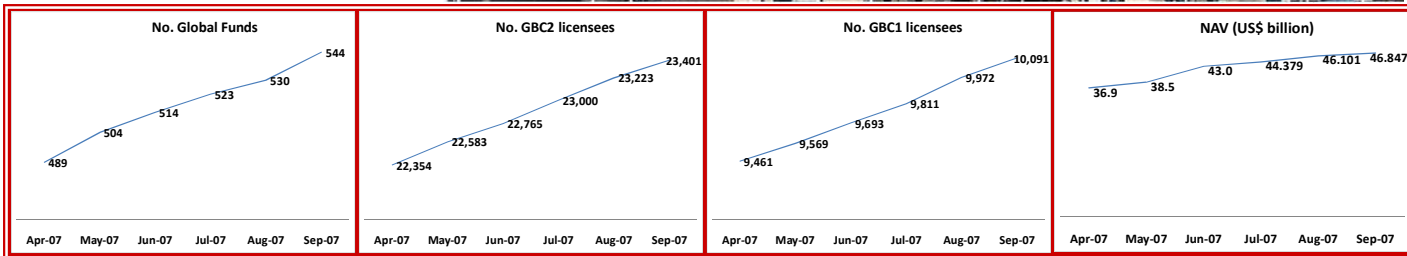




DEDICATED PROFESSIONALS AT YOUR SERVICE



Dear Readers

The funds industry worldwide is expanding at a phenomenal rate. Mauritius as an international financial services centre is continuously consolidating and improving its legal and regulatory framework in order to be able to service a wider variety of funds structures investing in different countries. The development in India are also interesting and Mauritius should be well placed to offer interesting opportunities to funds promoters. We, at DTOS, wish to be at the forefront of the developments and we are equipping ourselves in terms of human capital and technology to offer the best in class service to our clients.

Jimmy Wong
Managing Director

Securities Act 2005

The Securities Act 2005 ("the Act") together with the Securities Rules 2007 are long awaited legislations in the Financial Services industry.

The Act, which has been proclaimed on 28 September 2007 with amendments, draws on modern legislation in analogous jurisdictions and underpins the Government's intention to expand financial services in Mauritius while assuring appropriate regulatory and supervisory standards, recognising the on-going development of the Mauritian financial sector and its continuing integration into the world economy.

The Act is administered by the Financial Services Commission (FSC) and its main objectives are to:-

- a) Promote the confident and informed participation of investors and consumers in, and the efficiency of, securities markets in Mauritius;
- b) Improve the protection of investors in Mauritius from unfair, improper and fraudulent practices in relation to securities;
- c) Foster fair, efficient, transparent and informed markets for securities in Mauritius;
- d) Reduce systemic risk in the Mauritius financial sector in collaboration with other agencies;
- e) Regulate the disclosure of information by persons issuing securities and by reporting issuers to securities holders and to the public;
- f) Monitor and regulate the operation of securities exchanges and the activities of persons providing clearing and settlement services and trading systems for securities;
- g) Suppress and prevent financial crimes and illegal practices;
- h) Cooperate and collaborate with domestic and international organisations, law enforcement, supervisory and regulatory bodies and
- i) Carry out research and collect, compile, publish and disseminate data and information on the securities industry.

In line with international trend, the Act has adopted the term "collective investment scheme" to all arrangements or schemes that operate on the basis of pooling of funds from investors with the object of investment in portfolios of securities and non-financial assets. It also provides for a uniform framework of regulation governing all collective investment schemes in such legal forms as may be approved by the FSC.

The Act replaces the Stock Exchange Act, the Unit Trust Act, the Transfer of Shares and Debentures Act, the provisions of the Companies Act 1984 (in so far as they continued to be in force by virtue of the Fifteenth Schedule of the Companies Act 2001), together with all their annexed regulations.

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Hedge Funds in India

Introduction

With the Indian economy growing at more than 8% per annum and the stock market index having crossed the 19,500 mark and a stable political environment there is every reason for people wanting to invest in the Indian capital markets. Hedge funds are no exception to this trend. A few years ago there were barely any Hedge Funds operating in the Indian marketplace, today, however it's a different story. As hedge funds no longer make big returns in their countries of domicile, international hedge funds are increasingly looking to countries like India and evaluating investment opportunities and the potential gains to be made. Despite the Chinese economy being larger and growing faster than the Indian economy, India is a more attractive investment destination with the Indian capital markets being better developed.

Participatory Notes

Till recently Hedge Funds investing in India were doing so through Off-shore Derivative Instruments ("ODI")/Participatory Notes ("PN"). The Government being extremely skeptical of ODIs/PNs placed certain restrictions on such instruments. SEBI regulated that FIIs or their Sub-accounts shall not issue/renew ODIs/PNs with immediate effect and are required to wind up the current position over the next 18 months starting from October 26, 2007, during which time SEBI shall continuously review the position from time to time.

Hedge Funds Investing in India

In view of increasing interest in the Indian market, The Securities and Exchange Board of India ("SEBI") has decided that it is time to provide a limited window of operation to Hedge funds within the existing framework of the SEBI (Foreign Institutional Investors) Regulations, 1995. The Regulation defines FII as an institution established or incorporated outside India which proposes to make investment in India in securities. The SEBI is trying to provide adequate safety measures in order to address legitimate concerns associated with these funds and the investment strategies they employ. However, SEBI understands that the alternative investment pools if allowed to invest in Indian markets will be a source of additional liquidity and will diversify the pool of foreign investments in Indian market

Application to SEBI for Registration as FIIs

In order for Hedge Funds to get registered and thereby recognized as FIIs, they would have to make an application to SEBI under Form A to the SEBI FII Regulations.

While considering the application, SEBI shall take into consideration amongst other things the track record, professional competence, financial soundness, experience, general reputation of fairness and integrity of the applicant. SEBI shall also consider whether the applicant is regulated in its country of domicile or not. However in case of pension funds, endowments, university funds and charitable trust, which are not regulated in their country of domicile, this requirement may be waived.

Once SEBI is satisfied with the information provided by the applicant, it may grant a certificate to the applicant.

Once the Hedge Fund is registered as an FII, it shall have to comply with certain obligations such as it shall have to appoint a domestic custodian, appoint a designated bank, furnish investment advice in publicly accessible media, maintain proper books of accounts and records, preserve books of accounts and records, appoint a compliance officer and furnish information to SEBI from time to time.

In the past the process of FII registration was tedious and time consuming. However the Finance Minister recently went on record stating that all future applications for registration of FIIs shall be dealt with as expeditiously as possible.

Conclusion

The current growth curve of the Indian economy and the near phenomenal growth of the Indian capital markets has added to the appeal of investing in Indian markets. Just to give an estimate of how attractive the Indian markets are to Hedge Funds, a recent report stated that 40% of all FII investments in the Indian markets are by Hedge Funds operating through PNs.

The regulators in Indian have come to realize that they can no longer hold back Hedge Funds from playing the Indian markets. However Hedge Funds registering with SEBI as FIIs shall be subject to SEBI regulatory norms.

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Mauritius-Emerging centre for fund structuring

The Funds industry is a fast growing segment of the global business sector in Mauritius. At September 2007, Mauritius was the chosen country of domiciliation of 544 Funds, also known as Collective Investment Schemes (CIS), totalling assets under management of USD 46.8 billion.

The most common types of CIS in Mauritius are corporate vehicles set up in accordance with the Companies Act 2001, and which hold a Category 1 Global Business Licence (GBL1) pursuant to the Financial Services Act 2007 and the Securities Act 2005, as amended in 2007. As a GBL 1 corporate, the CIS can also be structured as a Protected Cell Company (PCC) whereby for each cell created, the assets and liabilities are legally segregated and thus ring fenced from risks and rewards of each cell. A PCC is governed by the Protected Cell Companies Act 1999 as amended, and it is possible to convert an existing fund into a PCC under this Act.

The Mauritius Financial Services Commission, the regulator of CIS, has recently streamlined the application procedures by introducing a checklist driven form making the application for a Global Business Licence more user friendly. With this new checklist, it is now possible to set up a Fund within 2 - 4 weeks, when all documents are available.

CIS can be set up as Venture capital fund, Private equity fund, Hedge fund, Debt fund and open and closed ended portfolio funds.

The low fiscal regime in Mauritius has made the country an attractive investment destination for potential investors. As a GBL 1, the CIS is liable to an effective maximum tax rate of 3%, and can have access to the benefits of the Double Taxation Agreements (DTAs) that Mauritius has signed. To date, Mauritius has concluded DTAs with 33 countries, including India, Singapore, Malaysia and South Africa amongst others. Moreover, there is no capital gains tax in Mauritius and no withholding taxes dividends and interests.

A fund structure and its administration is a crucial element for its long term success. Through our time honoured experience in this field, we, at DTOS Ltd, have serviced our valued clients effectively. Our recently investment in Microgen 4Series has enabled us to further enhanced our competence and provide value added services for our client needs.

Promoters from around the world are favouring DTOS Ltd for the setting up and on-going administration of their offshore funds. We act as a one-stop-shop for our clients by providing advice on initial structuring, tax and regulatory issues and acting as administrator, registrar and secretary. Our management and administration services also include fund accounting and NAV calculation for daily, weekly or monthly reporting. For many clients, in addition to their Fund structure, we have set up and provide day-to-day administration of their investment management companies and other investment holding companies of their group.

Deputy Prime Minister and Minister of Finance, R. Sithanen reports on his investment mission to the US

In broadening terms, the Finance Minister hinted that contact with IT companies like Google, HP and Cisco were promising.

US funds companies are attracted towards investment opportunities in Mauritius. Various meetings were held with top US Investment funds, and the edge points for investing, Tax Competitiveness here were explained, as measures been implemented to capture those sources of investment.

Mr. Sithanen also referred to the potential for launching Legal Business Outsourcing with US legal firms. The preliminary contact been very involved, expectations are on the high side. Legal outsourcing has expanded to many countries, and Mauritius stands in good stead to have a share of this most lucrative business. The outlook on the development of Legal outsourcing for the republic is vital, both on accounts of injecting legal knowledge of international business, and the wide scope for job opportunities.

THE US-AFRICA BUSINESS SUMMIT- Nov. 14-16, 2007 - Cape Town, South Africa

Many business leaders predict that Africa is the next emerging market of the future, with U.S. trade to the

continent rising.

What an important time for your business to explore global investments in the next emerging market. Partnerships between U.S. and African businesses will be formed, during The Corporate Council on Africa's (CCA) 2007 U.S.-Africa Business Summit. Businesses of all sizes, representing various industries will be in attendance, eager to find new opportunities to grow and impact the bottom line. Many business leaders predict that Africa is the next emerging market of the future, with U.S. trade to the continent rising.

Mauritius Tops African Ease Of Business Rankings.

The government of Mauritius is to be awarded the 'Doing Business 2008: Highest Ranked country in Africa' award, after topping the rankings of the World Bank/IFC's African ease of doing business index.

Attractiveness of Mauritius for FII/sub-account registration with SEBI in India

Section 115AD of the Indian I-T Act prescribes special rates of tax for notified FII in respect of its income from investment in securities and capital gains on transfer of such securities. The taxability of the gains arising out of sale of shares in the hands of FII (also applicable to sub-accounts), under the provisions of the IT Act is summarized below (for corporate entities):

For listed shares/securities/units, through recognized stock exchange and STT (security transaction tax) being paid, long-term capital gains tax is nil, and the short-term one is 10.558 per cent.

For other cases, long-term capital gains tax is 10.558 per cent; and, short-term, 42.23 per cent. However for both the cases, business income is taxed at 42.23 per cent.

The FIIs that are tax residents of Mauritius and eligible for double tax avoidance agreement (DTAA) benefit on tax rates. Tax rates applicable to such cases are: 'Nil' capital gains tax, both long-term and short-term; and business income taxed at 42.23 per cent, except where the FII does not have a PE in India, in which case the business income tax is 'nil'.

Furthermore with revised criterion of FII registration in India, we feel that Mauritius would be come a centre of choice for global funds for investing into India. SEBI has proposed revised guidelines for track record, broad based and regulated entities. **The fund entity (CIS) is a regulated entity by CIS regulations of the Securities act 2005 amended 2007 and is closely regulated by the FSC, a regulator classified as ordinary member by IOSCO, an international body of security commissions.**

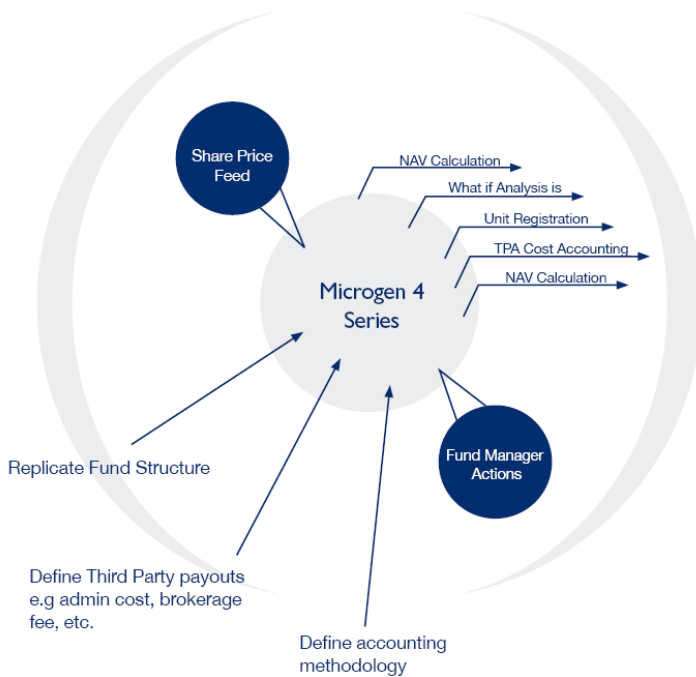
THIRD PARTY FUND ADMINISTRATION

DTOS Ltd has extensive experience in the administration of different types of funds that covers the traditional one tiered structure funds, master feeder funds, private equity funds, hedge funds. It offers an array of services to funds located in other jurisdictions. The services encompass the following areas:

- Fund accounting (NAV)
- Financial accounting
- Compliance
- Registrar and transfer agency
- Reporting and client services

With the proven capability to deliver high quality services for any size of fund, we offer a truly integrated service that can vary from fund accounting and administration amongst others. Our team services a vast client base including large pension funds, mutual funds, reputable international banks, Fortune 500 companies, institutional investors and their investment managers throughout the world

Microgen 4 Series Powers DTOS Funds Services



DTOS Fund Services provides a complete and comprehensive range of services regarding set up and administration of funds. Accounting and fund valuation services are provided for funds located in Mauritius and other jurisdictions.

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Jimmy Wong (Managing Director)
Eric Venpin
Gaëtan Lan
Simon Pierre Rey
Amit Verma

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