FACT SHEET

PROTECTED CELL COMPANY ("PCC")

A Protected Cell Company (PCC) (or Segregated Portfolio Company (SPC) as known in other jurisdictions), is a single legal corporate vehicle within which multiple legal identities may be established in the form of cells.

The name of a protected cell company must contain the suffix "PCC" after the name of the company.

1. What are the Core Cell and Core Shares?

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3. What are Cells and Cellular Shares?

The cell is not an entity in itself. It is simply a separate set of accounts in the books of the PCC.

Cellular shares have no voting rights outside of the specific cell and are issued to investors. These shares represent the voting rights within the cell (if held by more than one party) and pay dividends to the cellular shareholders.

Each cell should have its own bank account or invest in clearly separated assets.

Once a cell has been created, all assets (including profits and reserves) of, and all matters and acts relating to, that cell must, by law, be identified by the cell name (or number, if applicable). For example, separate accounting must be conducted and recorded with respect to each cell, and each cell's assets must, at all times, be separately ascertainable and identifiable - as assets distinct from the assets of other cells and the assets of the PCC itself (the non-cellular assets).

4. How many cells can I create?

There are no limits on the number of cells that can be created by the PCC. However, the creation of each cell is subject to the approval of the FSC.

5. What legislations/regulations govern a PCC?

In addition to the Companies Act 2001, Mauritian legislation enabling the formation of protected cell companies came into effect on 1st January 2000 through the enactment of the Protected Cell Companies Act 1999 (the "PCC Act"), as amended.

6. How does ring-fencing operate?

The PCC allows legal segregation of the assets attributable to each cell whether owned by individuals or corporations, thus enabling ring-fencing among the various protected cells. Irrespective of the number of cells that the PCC has, each cell will be treated as a separate "entity" within the company.

As per the PCC Act, if a creditor has a valid claim that exceeds the value of the assets in a cell, that creditor can claim the Core assets of the company but not the assets of the other cells. Should this claim result in the destruction of the entire contents of that cell and all the core assets, the company will be liquidated. However, in this worst case scenario, the other cells will be allowed to migrate to another PCC, or make distributions to their specific cellular shareholders.

7. Can creditors of a cell claim against another cell?

No. Where assets have been allocated to a particular cell, those assets are held exclusively for the benefit of the owners of that particular cell.

Only persons who have entered into transactions with the cell, or who otherwise have become creditors of the cell concerned, will have recourse to that cell's assets. Any asset which attaches to a particular cell is not available to meet liabilities of the PCC or any of the other cells.