

Procedures for carrying Paper Trading Activities

- 1) Pursuant to the provisions of Section 8 (2) of the Freeport Act 2004, any private Freeport developer or Freeport operator willing to carry out paper trading activities, in addition to his Freeport activities, may be authorised to carry such activities on applications being made to the Managing Director.
- 2) Paper trading activities shall refer to the international buying and selling of tradable commodities by a private Freeport developer or Freeport operator, either in his own name or as an agent, whereby the shipment of such commodities is made directly by the shipper in the original exporting country to the final importer in the importing country, without the goods being physically landed in Mauritius.
- 3) No Freeport licensee shall be able to carry out paper trade activities unless authorised by the Managing Director.
- 4) Any **private Freeport developer** willing to carry out paper trade activities shall submit an application to the Managing Director on the prescribed form available and downloadable from the Board of Investment's web portal.
- 5) Any **Freeport operator** willing to carry paper trade activities shall submit, through a Third Party Freeport developer, an application to the Managing Director on the prescribed form available and downloadable from the Board of Investment's web portal or through the Freeport License Management System.
- 6) Electronic or hard copy of the completed application forms, as the case may be, shall be submitted to the Managing Director for consideration and approval.
- 7) Paper trade activities shall be incidental to physical Freeport trade, whereby no Freeport operator or private Freeport developer shall carry paper trade activities unless he also carries out physical Freeport activities for which a Freeport certificate was issued.
- 8) The maximum value of paper trade activities shall be limited to 60% of the total export trade, whereby total export trade shall include both physical Freeport activities and paper trade activities.
- 9) The quantum of paper trading activities shall be clearly spelt out in the terms and conditions of the authorisation.

- 10) Any Freeport operator or private Freeport developer authorised to carry paper trade activities shall not later than 20 days after the end of every month submit to the Managing Director a return, with respect to its paper trade activities carried during the month, in such form and in such manner as may be approved by the Managing Director.
- 11) Any Freeport operator or private Freeport developer authorised to carry paper trade activities shall not later than six month after the end of its accounting period submit to the Managing Director a statement duly certified by a qualified auditor showing the value of paper trade activities and the customs value of goods physically re-exported from the Freeport during the accounting period.
- 12) For the purpose of paragraph (11) above, qualified auditor shall have the same meaning as in the Companies ACT 2001.
- 13) The requirements of the monthly return and the annual return shall form part of the conditions attached to the authorisation and shall be fully complied with.
- 14) A monitoring unit shall be set up to monitor compliance with terms and conditions attached to paper trade activities and shall be responsible to monitor the returns submitted by licensees authorised to carry paper trade activities.
- 15) Any private Freeport developer or Freeport operator authorised to carry paper trading activities shall on request made by the Board of Investment provide documentary evidences of transactions made during a specified period. Documentary evidences shall include among others, openings of Letters of Credits, transfers of funds, financial statements and returns.
- 16) Any private Freeport developer or Freeport operator authorised to carry paper trade activities who do not comply with the terms and conditions of its Freeport certificate, in relation to paper trade activities, or fail to furnish information as may be required under paragraph 15 may have his authorization curtailed.
- 17) Any private Freeport developer or Freeport operator authorised to carry paper trade activities who do not comply with the terms and conditions authorisation, in relation to paper trade activities, or fail to furnish information as may be required

- under paragraph 15 shall commit an offence and may be liable to penalties under the Investment Promotion Act 2000.
- 18) Any private Freeport developer or Freeport operator who repeatedly fails to comply with the terms and conditions of the authorisation may pursuant to section 16 of the Investment Promotion Act 2000 have his Freeport certificate suspended or revoked.
- 19) A Freeport licensee carrying out paper trade activities without an authorization shall be deemed to have committed an offence and shall be liable to penalties under the Investment Promotion Act 2000 or may have its certificate suspended or revoked under the same Act.