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| ***THE INVESTMENT COMPANY IN RISK CAPITAL (SICAR)*** |

The Société d’Investissement en Capital à Risque (“SICAR”) was created by the law of June 15th, 2004.

A SICAR must be **authorized by the CSSF**, the authorization procedure includes the approval by the CSSF of its constitutive documents, its directors, the choice of the depository bank, the auditor and the place of central administration.

Due to the high risk associated to the investments made by a SICAR, the investors have to be aware of the risk undertaken (“**well-informed” or “qualified” investors**), i.e., institutional investors, professional investors or an investor who invests a minimum of 125.000 € and who has confirmed in writing that he is well-informed. These conditions do not apply for directors and other persons involved in the management of the SICAR.

The **object of a SICAR** is to invest its assets in securities representing risk capital, so that its investors benefit from the result of the management of its assets in consideration of the risk which they incur, where risk capital is to be understood as the direct or indirect contribution of assets to entities in view of their launch, their development or their listing on a stock exchange.

The law does not limit the type of investment which enables a SICAR to invest directly or indirectly via intermediary structures in securities (shares, debts, warrants), issued by unlisted companies.

Therefore, the underlying assets may be: buy-outs, venture capital, mezzanine, opportunistic real estate, infrastructure, renewable energy, microfinance.

A SICAR may have multiple compartments, each one corresponding to a distinct part of the SICAR’s assets. In the constitutional documents of the SICAR, this possibility and the modalities relating thereto must be expressly provided. The prospectus must describe the investment policy of each compartment. The investors’ and creditors’ rights with regard to a compartment, or arising on the occasion of the creation, operation or liquidation of a compartment, are limited to the assets of this compartment, unless otherwise provided in the constitutional documents.

There are no diversification rules.

All equity and debt instruments are eligible for investment purposes, including shares, bonds, notes, mezzanine loans, convertible or straight loans.

The SICAR can issue equity, debt instruments and loans. The SICAR is not subject to any leverage restrictions.

A SICAR can also be set up as fund of funds or as a feeder fund, provided that the investment policy of the funds or the master fund is in compliance with the criteria of a SICAR.

A SICAR may not invest in hedge funds or in listed companies.

A SICAR, established under a non-transparent entity (SAC, SCoSA, Sàrl or an SA) is a **fully taxable entity**.

The SICAR benefits from an exemption from corporate tax on income resulting from transferable securities as well as on income resulting from the sale, contribution or liquidation of these assets. This mainly includes dividends, interest and capital gains. In addition, the exemption is extended to income arising from funds held for a period of 12 months pending their investment in risk capital.

In principle, a SICAR **may benefit from DDT**; however the eligibility must be reviewed on a case-by-case basis depending on the jurisdiction of the target company.

There is no withholding tax on dividends and liquidation proceeds distributed by SICARs.

The SICAR is subject to a capital duty (upon incorporation or further capital increase) at a fixed maximum amount of 75 €. The SICAR is not subject to the Net Worth Tax or a subscription tax.

The **minimum share capital** is fixed to 1.000.000 € (must be paid in within the 12 months following the incorporation).

The assets of the SICAR have to be stated at their “fair value”. NAV has to be computed at least once a year. Annual Accounts should be reported under **Lux GAAP** (except fair value and the exemption to present consolidated accounts). However, the SICAR may obtain the approval from the CSSF to report under IFRS.

The **custodian bank** must be located in Luxembourg. The custodian’s key function is the safekeeping of the assets of the SICAR.

The **administrative agent** must be Luxembourg based. No special license or status as a PSF is required to fulfill this role, but the CSSF will approve the agent based upon the level of expertise, sufficient technical and human resource, ...