



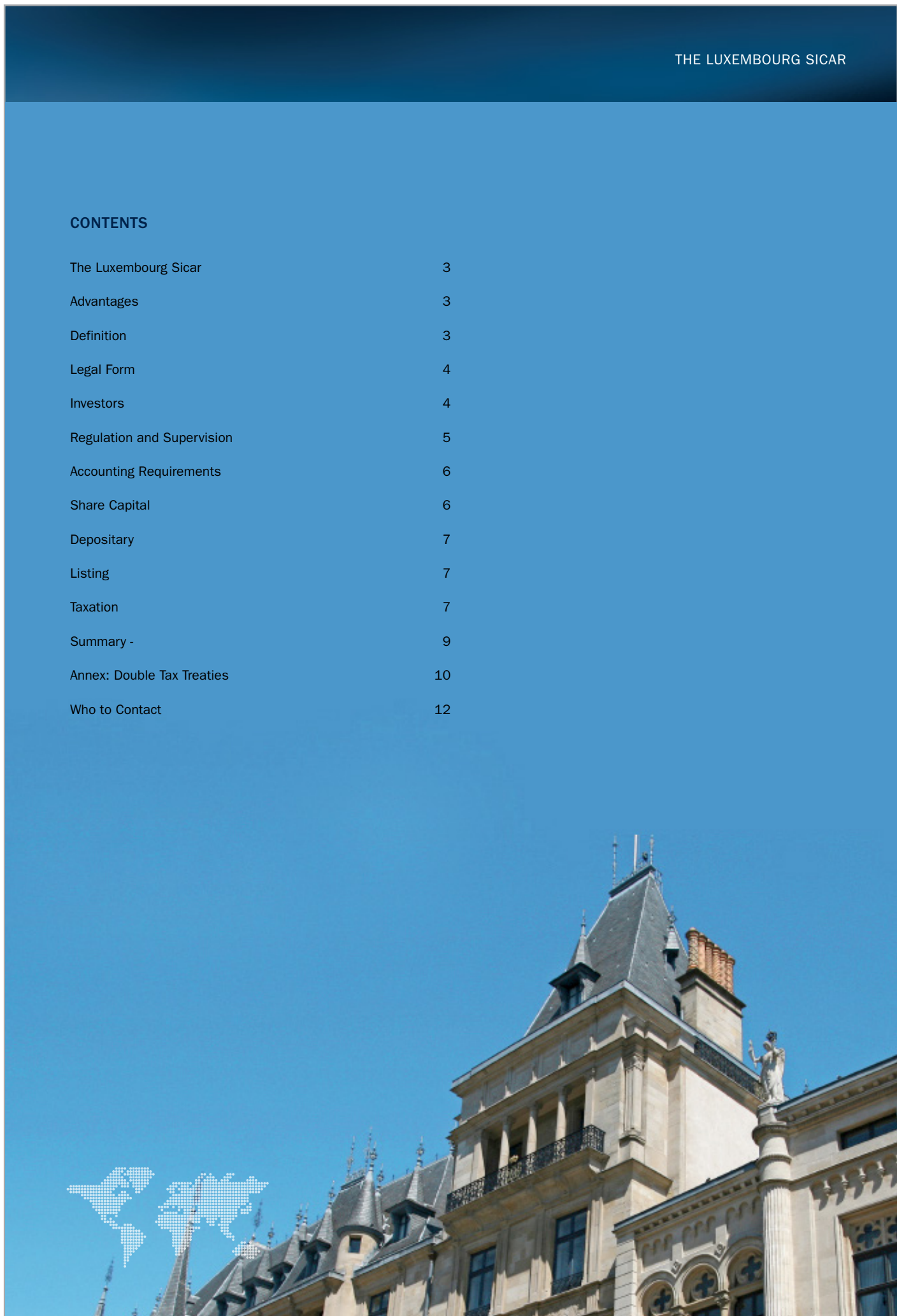
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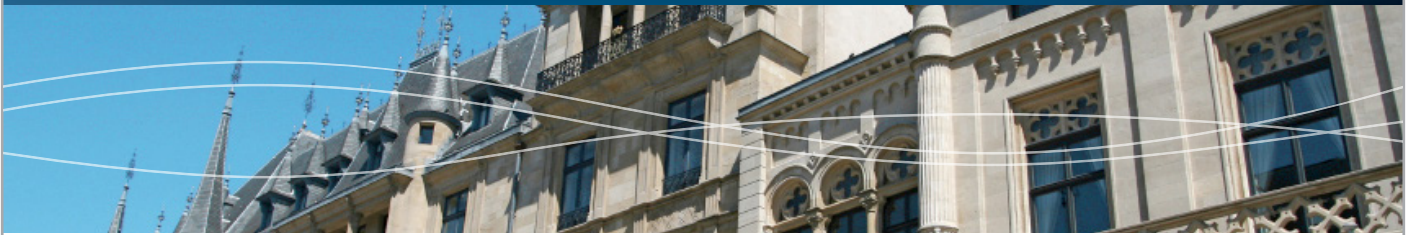
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THE LUXEMBOURG SICAR

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THE LUXEMBOURG SICAR

The investment company in risk capital, known as “Société d’Investissement en Capital à Risque” (SICAR) is regulated by Luxembourg Law of 15th June 2004. This attractive and tax efficient venture/private equity investment vehicle, provided multinationals with one more tax planning instrument.

ADVANTAGES

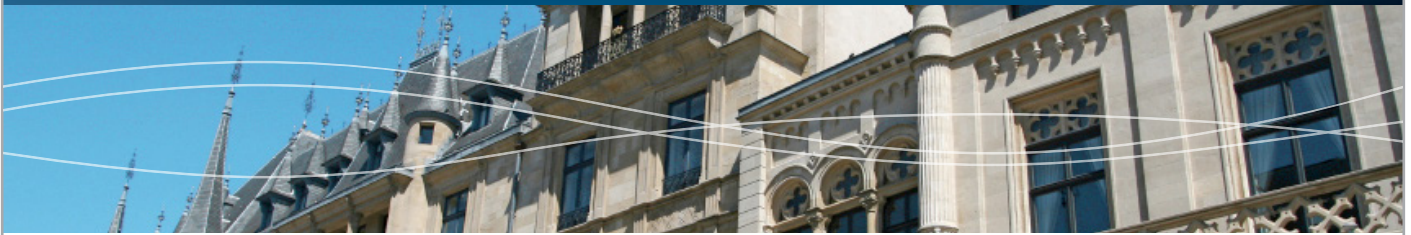
Flexible and tax efficient, it is aimed to attract new investors to Luxembourg by offering them the following advantages:

- Flexibility regarding investment targets;
- No investment spreading restrictions;
- Ability to invest in a wide range of assets and to be divided into multiple sub-funds;
- No income tax;
- No wealth tax;
- No withholding tax on dividends, interest and liquidation proceeds;
- Tax exemption for income derived from transferable securities and for one year for income on cash held for the purpose of a future investment;
- Exemption from the annual 0.5 % wealth tax;
- Benefit from Luxembourg double tax treaties (see Annex) and from application of the EU directives.

DEFINITION

The SICAR can be defined as a regulated entity whose object is to invest directly or indirectly (equity or debt financing) in private equity or risk capital with the potential of high returns for investors.

The Luxembourg Law defines the risk capital as a direct or indirect contribution of funds to entities in view of their launch, development or listing on a stock exchange. Although this definition is yet not clear, it must be regarded in its widest sense, including all investments that create a high risk for investor with expectation to receive benefits in proportion to the incurred risk.



The Law imposes no restrictions on investment policy, i.e. there is no rules on the risk diversification and no limitations on redemption of shares. Therefore, the SICAR may invest up to 100% of its net assets in one single entity. There is also no geographical restriction on investments. The SICAR may invest in any jurisdictions. Finally, there is no reference in the Law regarding the minimum period for which an investment must be held.

LEGAL FORM

The SICAR may take the form of:

- a public limited company (“société anonyme”- SA);
- a private limited company (“société à responsabilité limitée”- SARL) ;
- a partnership limited by shares (“société en commandite par actions”- SCA);
- a limited partnership (“société en commandite simple”- SCS);
- a cooperative company (“société coopérative sous forme de société anonyme”- SCSA).

The SICAR may be set up as an umbrella structure with multiple compartments.

The choice of the form will depend on tax considerations. In any case, the registered office of the SICAR and its central management must be located in Luxembourg. Nevertheless, there are no residency restrictions regarding the management function.

INVESTORS

Due to the high degree of risk associated to the investments, the SICAR is intended for institutional, professional (i.e. credit institutions, insurance or reinsurance companies, investment funds, pension funds and commercial companies) and “well informed” investors.

An investor will be regarded as “well informed” if he meets the following conditions:

- confirms in writing the acknowledgement of risk, and
- either:
 1. invests a minimum of €125.000, or

2. delivers a written assessment made by a credit institution or another professional of the financial sector or by a regulated management company certifying his expertise, his experience and his knowledge in adequately appraising an investment in risk capital.

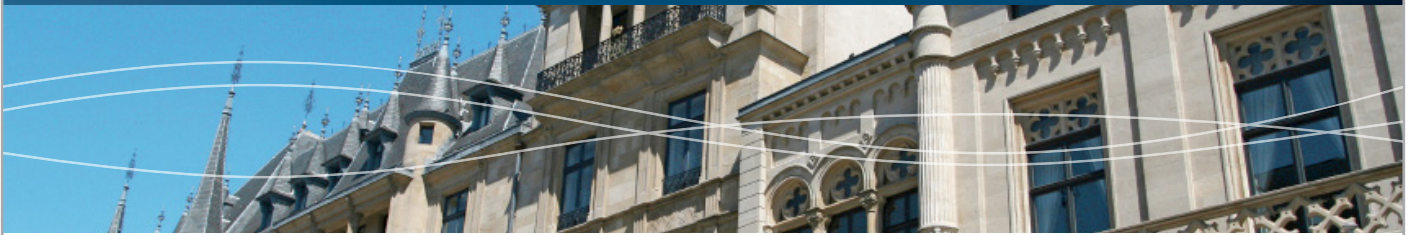
The before mentioned conditions are not applicable to general partners of limited partnerships (SCS) or partnerships limited by shares (SCA) which are automatically eligible to invest in the SICAR.

REGULATION AND SUPERVISION

The SICAR is subject to prior authorization by the Luxembourg regulatory and supervisory authority: the CSSF (“Commission de Surveillance du Secteur Financier”). However, it is supervised to a lesser extent than traditional investment funds in Luxembourg.

Unlike other Luxembourg-based investment funds, potential promoters and managers do not require authorization by the CSSF. However, CSSF shall approve the following documents and management bodies:

- Constitutional documents;
- Eligibility of investors (institutional, professional or “well informed”);
- Choice of the depository. Such agreement must be obtained within a month of the incorporation of the SICAR;
- Any modification made in the constitutional documents and any change of directors, managers unlimited shareholders in partnerships and depository;
- Prospectus containing the description of the investment project of the SICAR;
- Appointed independent auditors
- Directors of the SICAR in terms of their professional experience and reputation. In particular, the following management bodies have to be approved by the CSSF:
 - general partners of partnerships limited by shares (SCA) and limited partnerships (SCS);
 - board members of public limited companies (SA) and cooperative companies set up as public limited companies (SCSA);
 - managers of private limited companies (SARL).
- In case of liquidation, the CSSF shall approve the choice of the liquidator and control the liquidation procedure.



ACCOUNTING REQUIREMENTS

The following accounting requirements apply to the SICAR:

- The SICAR must keep regular accounts in accordance with Luxembourg commercial law;
- It is required to publish prospectus for each financial year;
- The SICAR must publish annual accounts within six months of the end of the relevant accounting year. Accounts must be audited by an authorized independent auditor. However, neither bi-annual accounts nor consolidated accounts are required.
- Finally, the SICAR is required, at least once every six months, to inform its investors about the net value of its securities.

SHARE CAPITAL

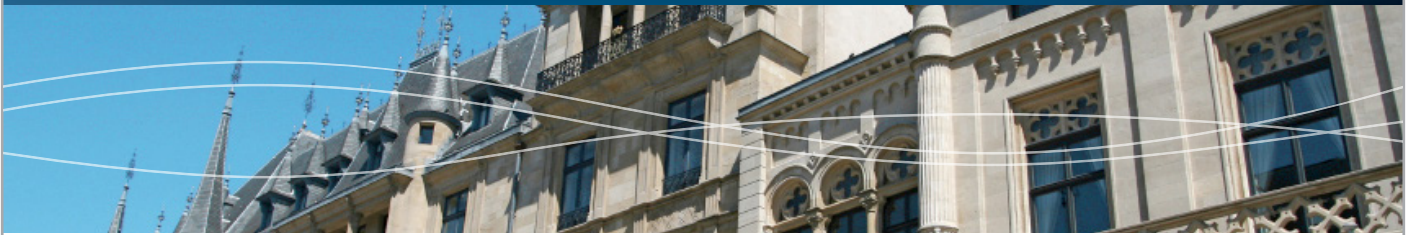
Upon incorporation, a public limited company (SA) and a partnership limited by shares (SCA) must have a minimum capital of €31,000. For a private limited company (Sàrl) the minimum share capital required upon incorporation is €12,500.

The subscribed share capital must reach €1 million euros within 12 months upon the approval of the SICAR by the CSSF.

The capital may be fixed or variable. This is particularly interesting for companies which provide in their articles of incorporation that their share capital will be equal to their net assets, giving the possibility to increase it without any need for publication or registration.

The latter form may not however be adopted by limited partnerships.

Shares may be paid in cash or in kind and there is no requirement for legal reserves. A SICAR can issue partly paid shares (which must be paid up to the extent of a minimum of 5% on issue). In addition, the SICAR is authorized to issue new securities according to the methods and forms set out in the articles of incorporation. This allows the SICAR to issue new shares whenever required without further formalities. It may also create as many classes of shares as required allowing to accommodate investors undertakings to subscribe for future shares.



DEPOSITARY

The assets of the SICAR must be entrusted to a depository which can be either:

- a Luxembourg credit institution or bank; or
- a foreign credit institution or bank having its registered office in Luxembourg.

Obligations of the depository are similar to those of a depository of Luxembourg-based investment funds. It acts independently and exclusively in the interest of the investors. Nevertheless, it is not part of its duties to verify the conformity of the investment decisions to the investment policy defined in the prospectus of the SICAR. The depository is liable to the SICAR and to its investors for any losses suffered by them as result of a bad execution of its obligations.

LISTING

Once authorized, the SICAR will be entered onto an official list maintained by the CSSF.

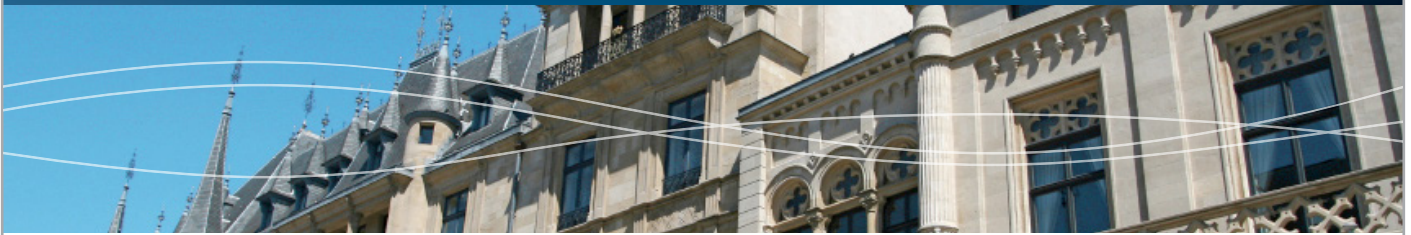
A SICAR is allowed to seek a listing of its shares on any stock exchange. In case of application for listing on the Luxembourg Stock Exchange (the 'LSE'), a SICAR should comply with the requirements of the LSE and, in particular, with the requirements that the shares are freely negotiable. Assurance should be provided, that trading on the exchange does not permit non-eligible investors to become shareholders of a SICAR.

TAXATION

The tax regime of the SICAR presents a variety of attractive features for investors:

Capital duty

The normal 0.5% capital duty does not apply to the SICAR. Instead, a fixed capital duty of €1.250 is levied by the tax authorities. In addition, the SICAR and its investors are exempt from wealth tax, as well as from annual subscription tax (taxe d'abonnement) applicable to Luxembourg investment funds.



Income tax

SICAR (except a SICAR organised as tax transparent partnership) is subject to income tax on their worldwide profits and is considered a “resident” of Luxembourg. A SICAR established in corporate form is, in principle, covered by the EU Directives (parent-subsidiary, interest-royalty) and should be entitled to benefit from the provisions of the tax treaties concluded by Luxembourg. In terms of income tax regulations, a SICAR may take advantage of double tax treaties concluded by Luxembourg with third countries (see Annex).

A tax exemption for income derived from transferable securities and for one year for income on cash held for purpose of a future investment is applicable. The remaining income is subject to the ordinary income tax (i.e. 29.22% in 2013). However, income resulting from investments in risk capital is not subject to tax in Luxembourg. All income resulting from transferable securities and gains from the sale, redemption or liquidation of assets remains also tax exempt.

Debt-to Equity Rules

No debt-to-equity rules apply to the SICAR.

VAT

Management and administration services provided to the SICAR are exempt from VAT in Luxembourg.

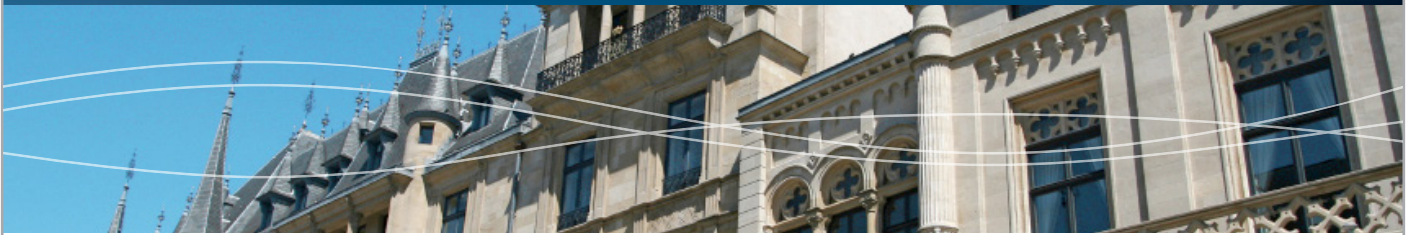
Taxation of Dividends

Luxembourg law does not provide for any restriction on payment of dividends by a SICAR, provided minimum share capital requirements are respected. As opposite to regular companies, there are no restrictions regarding dividends distribution policy for the SICAR. As there are no requirements for legal reserves, all profits can be distributed as dividends.

Taxation of Investors

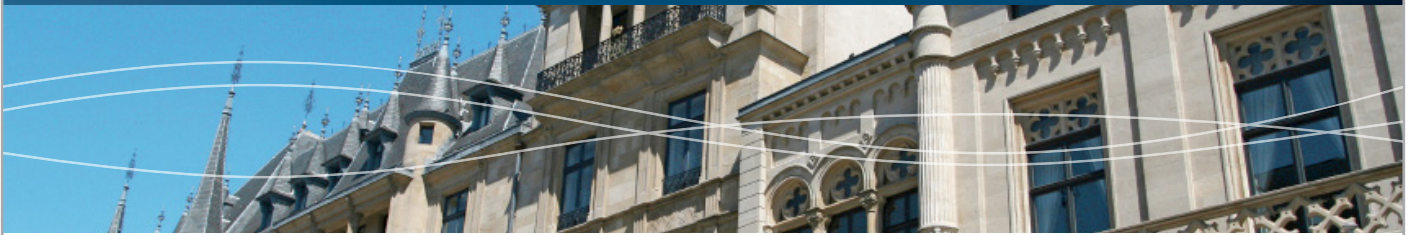
Non-resident investors are not subject to tax on capital gains from disposal of shares in the SICAR. Also, no withholding tax is applied on payment of dividends or interest (where the Savings Directive is not applicable) by the SICAR, even in case where no tax treaty applies. Distributions made on liquidation of a SICAR can usually be made free of withholding tax.

Since a SICAR is subject to general corporate tax in Luxembourg, investors in their home jurisdiction may, in relation to income received from the SICAR, benefit from domestic participation exemption regimes for dividends or capital gains.



SUMMARY

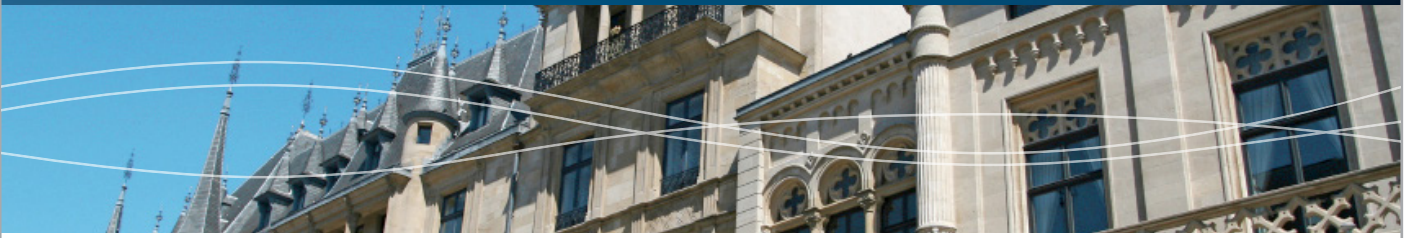
SICAR	
Legal Form	<ul style="list-style-type: none"> - a public limited company ('société anonyme'- SA); - a private limited company ('société à responsabilité limitée'- SÀRL) ; - a partnership limited by shares ('société en commandite par actions'- SCA); - a limited partnership ('société en commandite simple'- SCS); - a cooperative company ('société coopérative sous forme de société anonyme'- SCSA).
Minimum Capital	<ul style="list-style-type: none"> - for SA or SCA min. €31,000 - for SÀRL min. €12,500 - The subscribed share capital must reach €1 million within 12 months of the authorisation
Approval by CSSF	Yes
Legal Reserve	No
Capital Increase	No requirements
Registered Office	In Luxembourg
Investments	<ul style="list-style-type: none"> - No geographical restrictions - No risk spreading requirements - No investment rules
Investors	<ul style="list-style-type: none"> - Institutional - Professional - Well informed
Administration	In Luxembourg
Promoter	<ul style="list-style-type: none"> - No subject to a minimum capital requirement - No authorisation by the CSSF
Reporting	Yearly reports
Audit	Required
Debt	No debt-to-equity restrictions
Capital Duty	Fixed capital duty of 1.250
Subscription Tax	Not applicable
Net Worth Tax	Not applicable
Corporate Income Tax	29,22% (exemption on qualifying income)
Dividends	<ul style="list-style-type: none"> - €1.000.000 minimum net assets after distribution - No limits on payment of interim dividends other than those set forth in the articles of incorporation
Withholding Tax	No
Double Tax Treaties and EU Directives	Yes



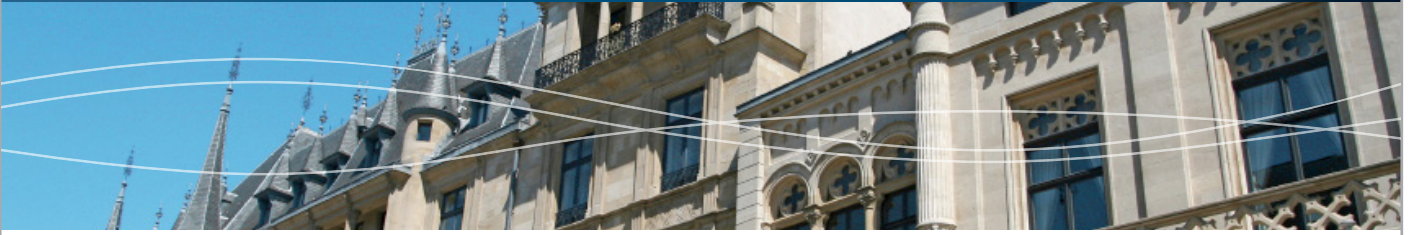
ANNEX

Double Tax Treaties: Luxembourg

Treaties	Dividends	Substantial Holdings	Interest	Royalties
Armenia	15	5	10	5
Austria	15	5	-	0/10
Azerbaïdjan	10	5	10	5/10
Belgium	15	10	0/15	0
Brazil	25	15	-/15	15/25
Bulgaria	15	5	0/10	5
Canada	15	0/5	0/10	0/10
China, P.R	10	5	0	6/10
Czech Republic	15	5	0	0/10
Denmark	15	5	0	0
Estonia	10	5	0/10	5/10
Finland	15	5	0	0/5
France	15	5	10	0
Georgia	10	0/5	0	0
Germany	15	10	0	5
Greece	7.5	7.5	8	5/7
Hong Kong	10	0	0	3
Hungary	15	5	0	0
Iceland	15	5	0	0
India	10	10	10	10
Indonesia	15	10	10	12.5
Ireland	15	5	0	0
Israël	15	5	5/10	5
Italy	15	15	10	10
Japan	15	5	10	10
Kazakhstan		5/10	0/10	0/10
Korea (Rep. of)	15	10	10	10/15
Latvia	10	5	10	5/10
Lithuania	15	5	10	5/10
Malaysia	10	0/5	10	8
Malta	15	5	0	10
Mauritius	10	5	0	0
Mexico	15	5	0/10	10



Moldova	10	5	0/5	5
Mongolia	15	5	0/10	5
Morocco	15	10	10	10
Netherlands	15	2.5	0/2.5/15	0
Norway	15	5	0	0
Poland	15	5	0/10	10
Portugal	15	15	10/15	10
Romania	15	5	10	10
Russia	10/15	10	0	0
San Marino	15	0	0	0
Singapore	10	5	10	10
Slovak Republic	15	5	0	0/10
Slovenia	15	5	5	5
South Africa	15	5	0	0
Spain	15	5	10	10
Sweden	15	0	0	0
Switzerland	15	0/5	0/10	0
Thailand	15	5	10/15	15
Trinidad & Tobago	10	5	0/7.5/10	10
Tunisia	10	10	7.5/10	12
Turkey	20	5	10/15	10
United Arab Emirates	10	5	0	0
United Kingdom	15	5	0	5
United States of America	15	0/5	0	0
Uzbekistan	15	5	0/10	5
Vietnam	15	5/10	7/10	10



WHO TO CONTACT

The OCRA Worldwide Group has a presence spanning every continent in the world with offices in 20 locations. We are open 24/7 around the world, speak many languages and are in tune with the world's many cultures, but above all else 'our business' is about people and we have people to serve you!

If you have read this document and found something that relates to your circumstances, then be assured that we are dedicated to the delivery of business solutions designed to reduce costs and maximise profits.

The consulting office for doing business in this country follows below. Should you prefer to deal with another of our offices, please visit our website at www.ocra.com for a full listing of office contact details.



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