



The Abu Dhabi Global Market Special Purpose Vehicle

SPV Factsheet

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IN BRIEF

In a world of highly intensified and complex cross border transactions, intrusive transparency & optimised competitive profitability, it is paramount in a regulatory and a liability perspective to minimize systemic risks, to segregate assets, mitigate taxation exposure, improve confidentiality and enhance holding structure to adapt to 3.0 industrial revolution. ADGM SPV is a Key flexible vehicle to reach such targets in a reliable & robust legal framework.

“SPV is the key vehicle to fulfill the challenging planning targets of the 3:0 industrial revolution”

1. WHY CHOOSING SPV?

In an increasingly regulated, higher risk exposure and amplified cross border transactions environment it is paramount to **segregate financial and legal risk** by ring-fencing assets and liabilities attached to related transactions without jeopardizing the integrity of the whole transactions or assets held for corporate or private purpose. In this instance, SPV could be used to serve to fulfil narrow, specific or temporary **corporate or private family objectives** such as **subsidiaries, project or joint venture vehicles, financing, risk sharing, raising capital, IP rights structuring, holding companies, real estate sheltering structures**.

A non-substantiated vehicle (SPV, special purpose vehicle), which is a free zone company, to conduct “Exempt activities” pursuant to the ADGM Special Company Regulations such as:

- Acquisition, holding or disposal of any asset;
- Securitizing assets, Investing in UAE real estate property;
- Issuing investments;
- Redeeming or terminating or repurchasing, whether with a view to re-issue or to cancel, an issue in whole or in part, of investments;
- Entering into transactions or terminating transactions involving investments in connection with the issue, redemption, termination or re-purchase of investments.

2. WHY THE ADGM AS INTERNATIONAL FINANCIAL CENTER FOR SPVS?

- **TOP TIER FINANCIAL CENTER** with numerous international Memorandums of Understanding in place facilitating international recognition
- Part of **OECD & EU WHITE LISTS** of tax cooperative Jurisdictions – Not only any black list
- **COMMON LAW JURISDICTION:** Common law of England and Wales on civil and commercial matters directly applicable which provides high level of legal certainty and reliability. ADGM SPVs are subject to the ADGM Companies Regulations 2015
- **INDEPENDENT ADGM COURTS**
- **BEST-IN-CLASS RISK BASED INDEPENDENT REGULATORY FRAMEWORK**
- **ADGM’s THREE INDEPENDENT AUTHORITIES** (Registration Authority, Financial Services Regulatory Authority and ADGM Courts) provide a consistent, reliable and stable legal environment enabling registered companies to conduct business in confidence
- **ACCESS TO BROAD UAE DOUBLE TAX TREATY NETWORK** (Subject to meeting requirements as set out by Ministry of Finance to obtain tax domicile certificate)
- **NO ATTESTATION REQUIRED FOR CORPORATE DOCUMENTS**
- SPVs are granted a commercial licence mentioning that the company is conducting Special Purpose Vehicle activities
- Use of standard form of transactional documentation for increased efficiency
- **TAX BENEFITS:**
 - 0% direct Tax
 - 0% Withholding Tax
 - No restriction on repatriation of capital
 - No foreign exchange controls
 - Access to UAE network of double tax treaties

3. WHAT ARE THE KEY USES & ADVANTAGES OF A SPV?

- SPVs are **corporate vehicles**, typically private companies limited by shares, incorporated to **segregate financial and legal risk** by ring-fencing assets and liabilities to **avoid systemic risk** within a Group of Companies - *claims made by the SPV's creditors cannot be attached to the assets of the SPV's shareholders or any of its sister companies* - and ensure that only assets attached to a related transaction are exposed to the associated liabilities.
- SPV serve to fulfil narrow, specific or temporary corporate objectives such as subsidiaries, project or joint venture vehicles, holding companies.
- SPV's cost-effective, straightforward set up process, due diligence procedure & reporting requirements. However, a more **limited public disclosure** requirement can be met by the use of a **'Restricted Scope Company' SPV**.
- SPV can use the registered address of an ADGM registered agent, its ADGM parent company's address.
- **A Foreign company can re-domicile/ migrate to ADGM** pursuant to section 102 (application to Registrar for continuance within ADGM for the issuance of a certificate confirming that it continues as a company registered pursuant to ADGM Companies Regulations) in appliance with main jurisdictions 'legislations such as BVI, Cayman Islands, Jersey and Guernsey.

4. WHAT ARE THE TYPES OF A SPV?

The ADGM Companies Regulations framework provides the following types:

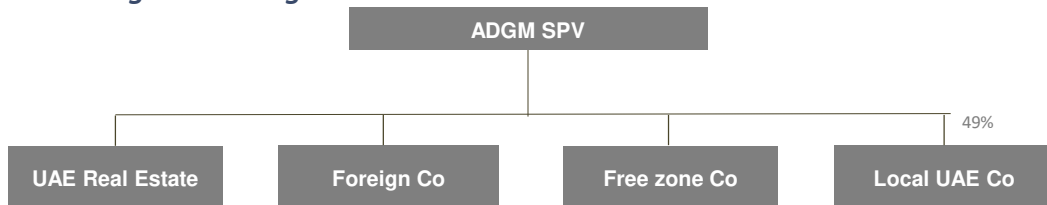
TYPE	USES
Private Company (Limited by Shares) – LTD	<ol style="list-style-type: none"> 1. Standard private limited company 2. Passive holding company
Restricted Scope Company – RSC	<p>A unique ADGM SPV offering-limited information disclosure on the public register but full disclosure to the ADGM Registrar</p> <p>RSCs may be incorporated as the following:</p> <ol style="list-style-type: none"> 1. A subsidiary of a group which publicly files consolidated accounts 2. A subsidiary of a company formed by Emiri decree 3. A subsidiary of a Single-Family Office

5. WHAT ARE THE TYPICAL USES FOR SPVs?

TYPE	USES
SECURITISATION	Can be used by an originating party to securitise loans (or other receivables) by creating an SPV which purchases these assets by issuing debt, secured on these underlying assets. This ensures that the holders of the asset-backed securities have first priority right to receive payments on the debt while limiting recourse to the originator of the assets.
REAL ESTATE INVESTMENT	Can be used to acquire title to real property and limit recourse of mortgage lenders depending on the location of the asset . In some jurisdictions the sale of the SPV's shares can result in lower taxes and transaction fees when compared to transferring the asset.
FINANCING	Can be used to ring-fence investments , permitting financing without increasing debt levels for the parent company or exposing the parent's assets (or SPV's assets) to cross-liabilities .
ASSET TRANSFER	Can be used to transfer assets along with associated material agreements which may permit the transfer of all or part of ownership of the enterprise while keeping intact material agreements which may be necessary to maintain the value of the asset.
RISK SHARING	Can be used to form project companies for joint ventures , reflecting agreed management responsibility while legally isolating joint venture partners from risks associated with the venture .
RAISING CAPITAL	Can be used to raise capital at favorable rates in certain situations, with credit worthiness determined by the available collateral of the SPV , rather than the credit rating of the parent company.
INTELLECTUAL PROPERTY	Can be used to separate valuable IP into a standalone SPV which has minimal liabilities and can be used to raise funds and enter into license agreements with third parties . Also, a useful tool to manage products with a variety of IP components .

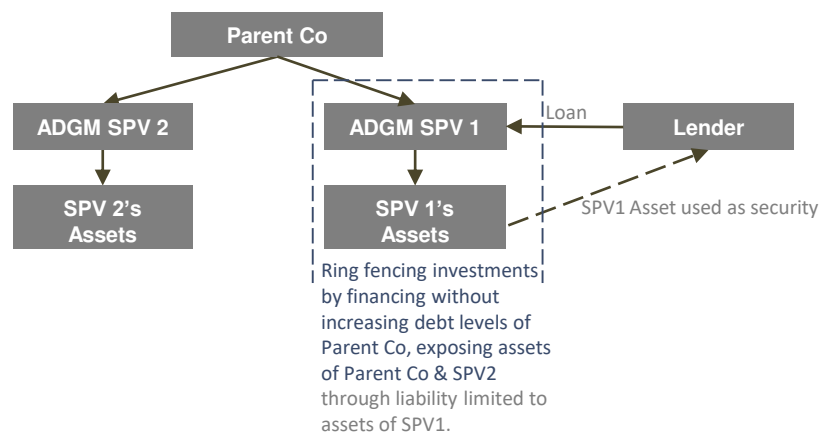
EXAMPLE 1:

Passive Holding Structuring:



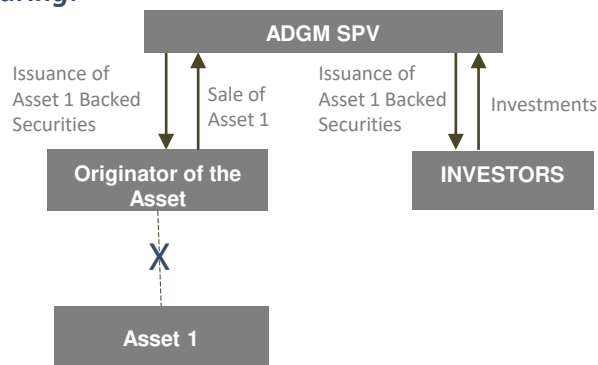
EXAMPLE 2:

Financing – Asset Ring Fencing Structuring:



EXAMPLE 3:

Securitisation Structuring:



6. WHAT ARE THE DOCUMENT REQUIRED FOR SPVs?

DOCUMENT	STANDARD SPV LTD	SPV RESTRICTED SCOPE COMPANY
Full disclosure to ADGM Registrar	YES	YES
Publicly accessible records of Directors	YES	NO
Publicly accessible records of Shareholders	YES	NO
Beneficial ownership publicly disclosed	NO	NO
Annual return requirement	YES	YES
Minimum natural person director requirement	1	1
Filing of accounts	YES	NO
Audit requirement	NO	NO

LET'S GET IN TOUCH

If you wish to discuss the many benefits of **ADGM SPVs**, or any other legal entity, feel free to contact us.

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Under a private and independent ownership, our goal and commitment is to provide high quality pragmatic, confidential, flexible and efficient solutions to address our clientele's specific needs in the fast-moving international business and tax law environment.

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To keep pace with the changing international marketplace, we also continuously work to strengthen our international networks to deliver seamless and first-class services.