QFC SPECIAL PURPOSE COMPANIES

مركــز قطــر للمــال
Qatar Financial Centre

ABOUT QFC

As one of the leading onshore business and financial centres, the QFC offers both domestic and international firms a world-class platform to establish and operate their business in Qatar, providing access to a broad range of services, regulated and non-regulated, under a legal and regulatory regime based on international best practices. Whether you are a start-up or a large company seeking to establish or expand your presence in the region, the QFC provides a transparent and flexible environment for your business to flourish and grow in Qatar and beyond.

BENEFITS OF SETTING UP IN THE QFC

- Onshore Jurisdiction
- 100% Foreign Ownership
- English Common Law
- 10% Tax on Locally Sourced Profits
- 100% Repatriation of Profits
- No Minimum Capital
- One Stop Shop
- Trade in any Currency

A Special Purpose Company (SPC) in the Qatar Financial Centre (QFC) is incorporated as a limited liability company under the QFC Companies Regulations 2005 and the Special Company Regulations and registered with the QFC Companies Registration Office (CRO) as an SPC. It has the capacity, rights, and privileges of a natural person.

An SPC may only be established for the purpose of "Transaction", which can be either an individual transaction or a series of transactions. However, it maintains the flexibility to carry out a wide range of activities to facilitate the execution of different transactions.

What is a Special Purpose Company (SPC)

- An SPC is a legal entity with its own distinct attributes and legal personality, allowing it to enter into contracts and arrangements directly while, at the same time, limiting the liability of its shareholders.
- An SPC can be used to obtain financing for a specific purpose while limiting shareholders' risk or to place assets in a structure where they can be easily managed and protected.
- An SPC may hold properties for a third party, on trust or otherwise, either by physical possession, by title or other evidence of ownership.
- SPCs are exempted from the requirements of having the firm's accounts audited or submitting them to the CRO unless specifically requested by the QFC Authority (QFCA). Furthermore, they are exempted from the requirement to hold annual general meetings.
- There is no minimum share capital requirement for an SPC, which can be structured in both conventional and Sharia-compliant form.

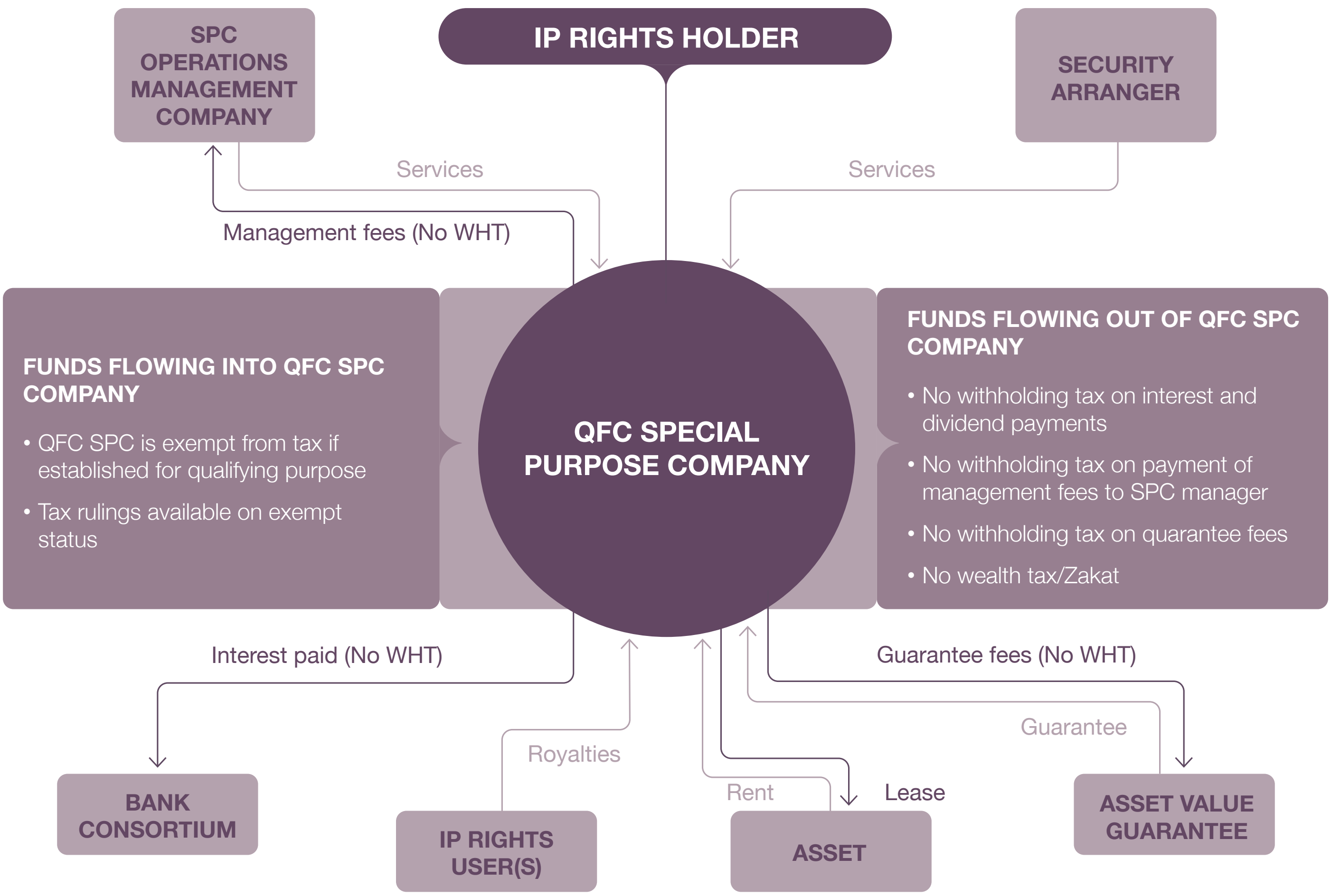
Benefits of holding a Special Purpose Company

- A non-QFC Company may migrate to the QFC as an SPC.
- Most SPCs are not subject to tax, and advance rulings are available on their tax-exempt status.
- A QFC SPC is eligible for all the QFC benefits associated with being established in the QFC.

Examples of how a QFC Special Purpose Company can be used

An SPC can be used to support a variety of activities in the field of acquiring/disposing of assets, obtaining financing, granting security interest, acting as an agent/trustee, entering into IP rights arrangements, or/and acquiring interest via a joint venture or holding contracts on behalf of the parent company.

The illustration below outlines the different scenarios for the use of a QFC SPC.



NOTE: Comments above relate to QFC tax only. Other jurisdiction tax considerations should be analysed appropriately.

Features of a Special Purpose Company

Purpose and Activities

The purpose of the SPC must be specified within its Articles of Association, and the activities of the SPC must be limited to the Special Purpose Company Activities. An SPC can only carry out the following activities:

- The acquisition, holding and disposal of any asset in connection with and for the purpose of a transaction [i.e., transactions such as mergers and acquisitions or corporate restructuring exercises and acquiring, holding, or disposing of assets (tangible or intangible)].
- The obtaining of any type of financing, the granting of any type of security interest over its assets, the providing of any indemnity or similar support for the benefit of its shareholders or the entering into any type of hedging arrangements in connection with and for the purpose of transaction (i.e., to obtain financing for a specific purpose or to place assets in a structure where they can be easily managed such as entering into hedging arrangements).
- Financing of (i) the entity for which transaction the SPC has been established or (ii) another SPC.
- Acting as trust administrator or agent for any participant in a transaction.
- Entering into arrangements or granting licenses related to Intellectual Property rights.
- Issuing any shares related to an arrangement. Purchasing, holding or selling any stocks, shares, bonds or obligations.
- Any other activity approved by the QFCA that falls within the permitted activities set out in Schedule 3 of the QFC Law, being the provision of professional services or the business activities of company headquarters, management offices and treasury operations, or which qualifies as an exemption to the QFC Financial Services Regulations (i.e. financial-type services which fall within one of the exemptions, such as transactions carried out within the same group of companies or in connection with a joint venture).
- Activities that fall within any of paragraphs 1 to 9 of Schedule 3 to the QFC Law (e.g., financial or investment business, asset management, insurance, etc.) and which are not carried on "by way of business" (as the term is defined in the QFC Financial Services Regulations).

Support Service Provider

An SPC must appoint and at all times retain a QFC-approved Support Service Provider (SSP) who shall provide the SPC with one or more of the following activities:

- Management and administrative services.
- Services as a registered agent, director or similar officer, including, where permitted, the Senior Executive Function.
- Provision of a registered office, place of business or address.

Note: Where the Incorporator of the SPC is a QFC-licensed firm, the above requirements may be satisfied if the Incorporator performs one or more of the activities otherwise provided by an SSP.

Shareholders

An SPC may have any one or more of the following types of shareholders:

- A nominee (a body corporate incorporated in or outside the QFC) holding shares in the SPC on trust for discretionary purposes.
- The Initiator or other participants in the transaction.
- Another SPC.

Director

An SPC must have at least one (1) director who may be a natural person or a body corporate.

Note: The function of the director may be provided by an appointed SSP.

Unless the SPC engages an SSP to be the director, at least one of the director(s) must be a natural person who is ordinarily a resident in the State of Qatar or a body corporate with a registered office in the State of Qatar.

Senior Executive Function (SEF)

An SPC must appoint a Senior Executive Function (SEF).

Note: The director and secretary and the SEF may be the same natural person. The function of the SEF may be provided by an appointed natural person from an SSP.

Secretary

An SPC must always have a secretary who may be a natural person, a body corporate or an SSP, or a subsidiary of an SSP.

Unless the SPC engages an SSP to be the secretary, a secretary must be a natural person who is ordinarily a resident in the State of Qatar or a body corporate with a registered office in the State of Qatar.

Note: The director and secretary may be the same body corporate.

Registered Office

An SPC must have a registered office situated in the QFC. It may use the registered office of the Support Service Provider in QFC.

Application for Establishment

- Complete the online application form for registration and licensing of an entity to conduct SPC activities.
- The application must be accompanied by:
  - A written undertaking from the Incorporator that:
    - Sets out the purpose for which the SPC is being established
    - Confirms that the SPC shall only undertake SPC Activities
  - Articles of Association that comply with QFC Special Company Regulations/Rules.*
  - Such additional information required by the QFCA, including details of the Beneficial Owner(s).

* A standard SPC Articles of Association is available to adopt.

Compliance & Disclosure Requirements

All QFC-registered entities are required to maintain certain documents at their registered office.

SPCs are required to:

- Notify the QFCA, with no less than 21 days' written notice, of any intended change in its purpose or activities and whether the SPC continues to be Passive.

In addition, SPCs are required to make certain periodic and event-driven filings to the CRO/QFCA, such as:

- Pre-approval for amendment of Articles of Association or transfer of shares.
- Annual Ultimate Beneficial Owner (UBO) Report.
- Notice of any change in the registered office, etc.
- Notice of any change in director(s), SEF, secretary, shareholder(s).
- Notice of any change in the Support Service Provider.

For the full and detailed compliance and disclosure requirements, please refer to the QFC Special Company Regulations and the QFC Special Company Rules.

Fees

Purpose	Fee USD
Application to conduct SPC Activities	500
Application for the incorporation and registration of an SPC	Nil
Annual fee for an SPC	500
Alteration of Articles of Association	200
Application for non-objection to a transfer of shares in an SPC	Nil
Application by an entity established outside the QFC for approval as nominee shareholder	Nil
Application for the revocation of status of an SPC	Nil
Change to the directors or secretary of a Special Company	200
Change concerning Special Service Provider	200
Change concerning shareholders (not including changes in Beneficial Owners)	200

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