

Luxembourg Investment Company in Risk Capital (SICAR)

General Overview

Legal Basis: Governed by the Luxembourg Law of 15 June 2004, as amended.

Regulatory Oversight: Fully regulated and supervised by the Commission de Surveillance du Secteur Financier (CSSF).

Target Investors: Reserved for **well-informed and professional investors**.

Setup Timeframe: The setup timeframe ranges from **2 to 3 months**, though it can vary depending on the complexity of the structure.

Key Features

Corporate Flexibility: Can be structured as:

- Investment Company with Variable Capital (SICAV)
- Investment Company with Fixed Capital (SICAF)
- Limited Partnership (SCS or SCSp)

Investment Scope: Focuses exclusively on **risk capital investments** (private equity, venture capital, and similar asset classes).

No Diversification Rules: Unlike SIFs, SICARs are **not subject to asset diversification requirements**.

Umbrella Structure: Can include **multiple sub-funds** with segregated liability.

EU Passporting: If managed by an authorized AIFM, SICARs can be marketed across the EU.

Taxation

Corporate Tax Exemption: Exempt from **corporate income tax on qualifying risk capital investments**.

No Subscription Tax: Unlike SIFs, SICARs are **not subject to the 0.01% subscription tax**.

No Withholding Tax on distributions to non-resident investors.

Access to Luxembourg's Double Tax Treaty Network for tax efficiency.

Governance & Service Providers

AIFM Requirement:

Must appoint an Alternative Investment Fund Manager (AIFM) if structured as an Alternative Investment Fund (AIF).

Depositary Requirement:

Must appoint a regulated depositary in Luxembourg.

Central Administration: Required in Luxembourg.

Auditor: A Luxembourg-registered auditor must be appointed.

Advantages of SICAR

1. **No Diversification Rules:** Investors have full flexibility to focus on risk capital investments without restrictions.
2. **Tax Efficiency:** Exempt from corporate tax on eligible investments, making it attractive for private equity and venture capital.
3. **EU Passporting:** If managed by an AIFM, allows cross-border fundraising within the EU.
4. **Strong Market Recognition:** Well-established framework widely accepted by institutional investors.
5. **Scalability:** Can be structured as an umbrella fund with multiple sub-funds.

Use Cases

Private Equity & Venture Capital Funds

Debt & Mezzanine Financing Structures

Infrastructure Investments

Real Estate Development with Risk Capital Element

Setup & Support

Assistance with **CSSF approval and SICAR structuring**.

Drafting of regulatory documentation (Offering Memorandum, Limited Partnership Agreement, etc.).

Ongoing **fund management, administration, and compliance services**.

For further details or assistance in setting up a Luxembourg SICAR, please contact **KENDRIS Capital Limited**.

KENDRIS