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A jurisdictional guide to SPVs: the why, how and where

Introduction

The use of special purpose vehicles (SPVs) has increased in recent years as businesses seek new levels of efficiency and security. Creating entities that are separate from a parent company can isolate risk, protect assets and help attract investors.

Many businesses establish SPVs as simple holding companies, while others use them to house and administer securitised assets such as mortgage-backed loans. An asset manager might set up an SPV to raise funds. There are many things SPVs can be used for. Some are routine, others deeply complex.

Establishing and administering SPVs is not without challenges. Depending on the type of entity selected, SPVs face a range of reporting and compliance obligations.

Where you set up an SPV is an important consideration. Tax treatments differ between jurisdictions, as can the cost and speed of incorporation. Not every economy supports SPV creation, and those that do have differing rules and regulations. Some jurisdictions have specialist experience in setting up and administering SPVs for particular purposes.

The bottom line is that SPVs are hugely useful corporate vehicles. As separate legal entities, they allow businesses to experiment with riskier transactions, clear assets from balance sheets and raise fresh capital.

In this guide we use our years of experience to highlight these benefits and look at SPV creation and maintenance in 13 key jurisdictions. We'll describe the process of setting up an SPV and the factors to take into consideration before selecting a third-party partner. In short, we'll help you cut through the complexity of establishing and using SPVs.

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CHAPTER 1

Why use an SPV?

At its simplest, an SPV is a separate entity set up for a specific purpose. It can be a limited liability company, a trust, a corporation or a partnership, among other options.

SPVs are created whenever companies need a separate legal entity. The vehicle's assets, debts and equity are recorded on its own balance sheet and not on that of its parent company. Thus, SPVs are established as an off-balance-sheet solution that isolates financial risk from the parent company, providing protection against bankruptcy. In addition, SPVs often have more operational freedom than their parent company due to a lighter regulatory burden.

The challenges around SPVs tend to centre on the regulations governing their incorporation and use. These can change over time, creating an administrative burden and the potential for non-compliance.

Many economies don't accept SPVs at all, while those that do have regulations that differ quite widely. Some jurisdictions have established themselves as specialists in the establishment and management of SPVs for specific purposes.

Jurisdictions have different strengths and it's worth taking time to consider which of the key SPV markets best fits your corporate vehicle.

Here are four key reasons for setting up an SPV:

1. **Separating financial risk**
   By setting up an SPV, companies isolate risk. SPVs are separate legal entities with their own assets and liabilities, distinct from the parent company.

2. **Creating a bankruptcy-remote structure**
   As separate legal entities, SPVs are generally "bankruptcy-remote", which means they can carry on operating even if the parent company fails.

3. **Facilitating a structured-finance transaction**
   SPVs are used to attract equity and debt investors through securitisation. They are also commonly used in property deals and joint ventures.

4. **Raising capital**
   SPVs are used to raise capital for future projects, ring-fencing this cash for a specific purpose.

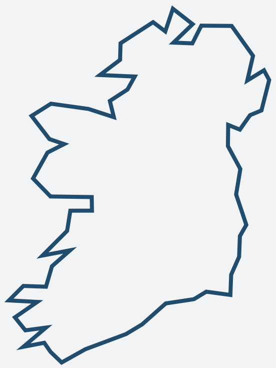
CHAPTER 2

Where to set up your SPV: Ireland

There are more than 3,500 SPVs in Ireland, holding over €1.1 trillion in assets, and the number is growing. SPVs are established in Ireland for a range of purposes, with businesses of all types attracted by minimal bureaucracy and taxation.

Specifically, the country has become the European hub for SPVs created for capital markets transactions, including those holding collateralised loan obligations. Ireland is also popular for companies raising finance and listing debt. US and UK sponsors are responsible for nearly two-thirds of Irish-domiciled SPVs.

"There's complexity around the wider obligations of these vehicles that companies have to be aware of as regulations evolve, so on-the-ground expertise is essential. A major positive in Ireland is that industry bodies work closely with the government and are very proactive in flagging up issues and helping organisations find ways to deal with them."



Five reasons to choose Ireland for your SPV

Ireland is a highly regarded centre for international finance, with a legal framework based on common law and well-established rules around the creation and maintenance of SPVs. Its membership in the EU and OECD give security, certainty and reassurance to investors. Proximity to the UK and European mainland, and status as an English-speaking country, make it an attractive jurisdiction for international organisations.

Ireland has an extensive network of double taxation agreements and offers special tax treatment for qualifying SPVs.

Businesses have flexibility and choice when it comes to the structure of entities. Irish SPVs are incorporated as private companies limited by shares, public limited liability companies (LLCs) or designated activity companies (DACs). DACs are especially popular for securitisation and structured-finance transactions and can be established to meet Section 110 requirements.

As a major financial centre, Ireland has a well-developed infrastructure of specialist service providers. This includes directors, advisors, listing agents and trustees. There is a wide network of legal and tax specialists, and a thriving ecosystem of entity administrators. The Irish workforce is highly educated and young, with 40% of the population under 29 years of age.

Incorporating an Irish SPV is fast and efficient, commonly completed in three to five working days. An Irish bank account is not mandatory and relevant documents can be submitted online. Moreover, the costs of incorporation are low.

CHAPTER 3

Where to set up your SPV: Luxembourg

Many cross-border businesses are attracted by Luxembourg's stellar reputation as a global financial centre, with 60% of the country's total financial activity focused on international transactions.

SPVs are incorporated for a wide range of purposes in Luxembourg, though the country's financial prowess means many are focused on raising investment and capital. Luxembourg is the second-largest investment fund centre globally. In addition, Luxembourg's unique securitisation law makes the country an attractive choice for structured-finance transactions, offering legal certainty alongside flexibility.

> " Incorporating an SPV in Luxembourg is generally straightforward, but there can be delays, especially when it comes to banking. Here, an experienced service provider with local relationships can help smooth the process. A good provider will also help entities stay compliant with the spider's web of EU regulations, which can be daunting for overseas businesses. "

Five reasons to choose Luxembourg for your SPV

Luxembourg is renowned for stability. Politically, socially and legally, the country is a model of consistency, creating a solid foundation for international business. Its safe and secure environment, coupled with a high standard of living, attracts skilled professionals from around the world.

Luxembourg has a wide network of double taxation agreements, with treaties in place with 86 countries, including China, the US and all EU member states. While many SPVs are subject to corporate income tax and municipal business tax, in practice many of them benefit from a tax regime that aims to achieve tax neutrality. There's no withholding tax or VAT on Luxembourg SPVs.

Luxembourg is the largest investment fund centre in Europe, and one of the world's most important locations for domiciling private-equity and real-estate funds. A comprehensive funds toolkit includes a range of vehicles designed to fit the needs of various asset classes and investor types.

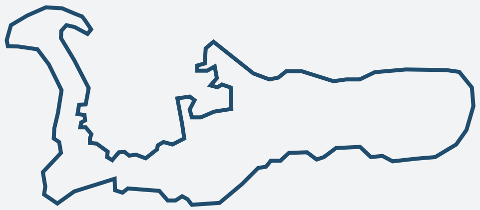
While SPVs can be created as nearly any kind of company, in practice they're usually set up as public limited liability (SA) or private limited liability (SARL) companies. The SA is considered the structure of choice for larger companies, while the SARL is more suited to mid-sized businesses and investments.

SPV incorporation is relatively fast and efficient, typically taking between five and 10 days. The main challenge is stringent KYC requirements. The need for these deep screenings has reduced banks' appetite for securitisation business in Luxembourg. Opening a bank account can also take a number of weeks.

CHAPTER 4

Where to set up your SPV: Cayman Islands

The Cayman Islands operates a light-touch regulatory regime and has extensive experience as an SPV market. Businesses can draw on a large and mature service-provider ecosystem. The jurisdiction's robust legal system is founded on English common law, while its political system is modelled after the English parliamentary system. With an engaged and business-friendly government, the Cayman Islands is a stable and well-regarded environment for the incorporation of SPVs.



" The Cayman Islands offers a wide range of benefits for SPVs, including tax neutrality, legal certainty and the flexibility required to make them tax-efficient and operationally viable. However, businesses should be aware of ongoing legal updates that enhance the effectiveness of the Cayman Islands' financial regime. Therefore, engaging local expertise is essential. "

Five reasons to choose the Cayman Islands for your SPV

The Cayman Islands is renowned for its tax-neutral status, meaning that no income tax, capital gains tax or withholding tax is imposed on SPVs. Furthermore, SPV owners have the option to apply to the government for a tax exemption certificate, which guarantees the continuation of this tax neutral status for a period of 20 years.

The Cayman Islands operates a robust and creditor-friendly regulatory framework, which is proportional to the sophisticated nature of its investors and the low-risk status of most SPV transactions. The majority of SPVs are incorporated as Cayman Islands exempted companies, offering a high degree of flexibility.

Substance requirements for various activities such as fund management, banking, insurance, financing and leasing, shipping, distribution and service centres, headquarters, intellectual property and holding companies have been introduced in recent years to comply with international standards. SPVs conducting one or more of these activities must meet specific economic substance tests, which vary depending on the activity conducted. For holding companies, the requirement is limited to maintaining a registered office address with a registered office services provider.

Creating an SPV is a straightforward process that usually takes five to seven business days to complete. However, an express service is available, which can expedite the process to 24 to 48 hours. Since no regulatory approval is generally required for standard SPV business activities (e.g. holding companies), SPVs can commence operations immediately after incorporation.

As an established financial centre, the Cayman Islands features a deep pool of service providers, including directors, share trustees, major international banks and experienced legal advisors.

CHAPTER 5

Where to set up your SPV: UK

London has been a centre of finance since the 17th century and the UK has a long-established reputation for high standards of corporate governance and transparency. Many multinational businesses choose to establish SPVs in London for peace of mind in an increasingly regulated world. Financial services contribute significantly to UK GDP; for this reason, the government is keen to welcome international investors and support the sector with a light touch regulatory regime.

SPVs are created for a wide range of purposes, though many involve real-estate or infrastructure investment. A UK SPV is considered a robust vehicle for ring-fencing risk.

" Some countries have turned SPV creation into something of a cottage industry. That's not the case with the UK, which is more of a specialist jurisdiction. SPVs that are incorporated in the UK tend to be more complex and involve counterparties who want the reassurance of the country's reputation for good and transparent governance alongside legal and regulatory certainty. "

Five reasons to choose the UK for your SPV

- SPVs can be formed as any company type in the UK, but are most commonly Ltds (private companies limited by shares) or PLCs (public limited companies). Online filing means SPVs can be incorporated within 24 hours and entity maintenance can generally be done digitally, too.
- The City of London has a long history of financing global trade and remains the largest foreign-exchange centre in the world. The London Stock Exchange is considered the world's most international market for the trading of primary and secondary equity and debt securities.
- Company law in the UK is fair, robust and comprehensive – meaning the country is an attractive option for clients who want to advertise their commitment to transparency and compliance.
- The UK legal system is based on common law and is considered business-friendly and flexible. It tends to evolve quickly with the needs of business. Compliant organisations have access to the UK's extensive network of double tax treaties which currently includes more than 130 countries.
- The UK sits in a central time zone. This makes it easier to trade with both Eastern and Western markets.

CHAPTER 6

Where to set up your SPV: Bermuda

While Bermuda can and does establish and administer SPVs for a wide range of purposes, it has become known as a centre for SPVs that house insurance-linked securities. These structures are designed to allow insurance or reinsurance companies to transfer risk from their balance sheets to capital markets, while offering diversity for investors. Local legislation has evolved to facilitate this kind of vehicle, making Bermuda the world's largest market for insurance-linked transactions.

SPVs are also set up as holding companies and serve a range of industries, from energy and mining to aviation and retail. Most are structured as Bermuda-exempted companies and are not subject to tax.

" Bermuda is seen as a specialist jurisdiction in terms of insurance-linked securities. The island has developed the expertise and talent to facilitate these kinds of transactions. But businesses also choose Bermuda to establish holding companies and other corporate entities, attracted by its strong regulatory framework, advantageous location and skilled workforce. "

Five reasons to choose Bermuda for your SPV

Bermuda is a tax neutral jurisdiction. A minimum corporate income tax rate of 15% was introduced at the beginning of 2025, but this only applies to Bermuda entities that are part of multinational enterprise groups with annual revenue exceeding €750m, and there are a number of exceptions. There is no withholding tax, capital gains tax, capital transfer tax, inheritance tax, VAT or sales tax.

Insurance-linked securities are a growing asset class, allowing investors in public markets and private equity to diversify their portfolios. They are not without risk, but returns can be good. Current stock market volatility means insurance-linked securities are a major driver of new SPV incorporations in Bermuda.

The Bermuda Monetary Authority is internationally recognised for strong guidance and providing a flexible business environment. The regulatory system is highly regarded and international investors are attracted by the island's reputation for reliability and compliance. Dialogue between regulator, government and industry means rules are continually updated to meet new challenges and opportunities.

Strategically located just two hours from the US east coast, Bermuda's time zone allows same-day business to be done with North America, Europe and Asia. It has a large service-provider ecosystem and excellent physical and digital infrastructure, including a fully electronic stock exchange.

As a British Overseas Territory, Bermuda has a reputation for strong and stable governance.

CHAPTER 7

Where to set up your SPV: Delaware

When businesses want to establish a presence in the US, they usually turn to Delaware. The state is the legal home of 1.5 million companies thanks to its business-friendly environment, well-established corporate infrastructure and favourable tax regime. The state also offers a high degree of privacy to business owners, alongside a large service-provider ecosystem.

> " Delaware has been established as a jurisdiction of choice for the incorporation of business entities since the early 1900s. This has created a strong legal framework and a business-friendly environment. Nevertheless, incorporating an SPV in Delaware does come with complexities, and careful planning and execution are required, alongside an understanding of the US market. "

Five reasons to choose Delaware for your SPV

Delaware offers flexible and firm legal foundations. The Delaware General Corporation Law is considered one of the most advanced corporate legal frameworks in the world, allowing companies to structure governance arrangements in a way that best suits their needs. The state's legal infrastructure is widely understood and familiar to investors, lenders and partners around the globe, reducing the complexity of cross-border business.

Delaware's Court of Chancery is a specialised court with expertise in corporate law. Its rulings help ensure a consistent and predictable business environment.

Delaware's tax structure is particularly favourable to international investors and cross-border entities. For businesses whose operations are based outside of Delaware, there are generally no state income taxes, property taxes or value-added taxes.

Incorporation is generally fast and straightforward, with same-day filing available for new SPV incorporations. Moreover, Delaware does not require public disclosure of directors or officers in annual filings, ensuring privacy, which is a key advantage for some businesses. Minimal bureaucracy and flexible substance requirements – meaning officers, directors and shareholders do not have to reside in the state – enhance its appeal.

Corporate structures include LLCs and limited partnerships, allowing businesses to reduce their exposure to personal liability. These flexible structures provide entities with a strong legal shield.

CHAPTER 8

Where to set up your SPV: the UAE

The United Arab Emirates (UAE) has positioned itself as a significant player in the global economy through rapid modernisation and the proactive implementation of pro-business policies. The UAE is also proving an increasingly compelling destination for international investment and securitisation.

While SPVs can serve numerous purposes in the UAE, they are most commonly used for the structuring of real-estate investments, capital raising and intellectual property management.

"In a world of highly intensified and complex cross-border transactions, the UAE has been growing in popularity as a leading commercial hub. The incorporation of SPVs to segregate financial and legal risks has become commonplace. SPV structuring in the UAE is based on sophisticated common law, ensuring good corporate governance and attracting international investors who may be deterred by civil law jurisdiction limitations."

Five reasons to choose the UAE for your SPV

The UAE has a robust legal framework to govern the formation and operation of SPVs. The Companies Law and relevant regulations permit the establishment of different types of SPVs, including mainland companies, free zone companies and offshore companies, each with its own specific regulations and advantages.

SPVs can offer tax efficiency and structuring benefits. Depending on their legal structure and operations, corporate entities are eligible for favourable tax treatments, which can enhance the overall profitability and return on investment for stakeholders. Registered companies can also apply for a tax residency certificate from the UAE's Federal Tax Authority to benefit from the country's network of double tax treaties.

The UAE has a well-established regulatory framework to govern SPVs, ensuring transparency, investor protection and alignment with international best practices.

The UAE is home to two of the world's most sophisticated financial services centres: the Dubai International Finance Centre (DIFC) and the Abu Dhabi Global Market (ADGM). Together, these centres form a business-friendly, efficient and legally robust entity framework. The ADGM has emerged as a leading jurisdiction for establishing SPVs, offering a favourable legal structure based on English common law.

The DIFC Prescribed Company is a popular choice for setting up an SPV in Dubai due to low set-up and maintenance costs, tax benefits, advanced legal structures and strategic location.

CHAPTER 9

Where to set up your SPV: Mauritius

Mauritius has developed into a jurisdiction of choice for fund managers and investors looking to establish a presence in Africa. The country is ranked highly for market transparency, regulatory environment robustness and favourable tax laws, and is regularly used for structuring vehicles that facilitate impact funding across the continent.

SPVs are mainly structured as Global Business Licence Companies (GBCs), with licences issued by the Financial Services Commission of Mauritius. GBCs are tax resident entities, controlled and managed from Mauritius with substance required in the country. Non-citizen shareholders, directors and employees of a Mauritius SPV may apply for occupation and residence permits to work and live in the country.

" Many Mauritius SPVs are established as Africa- and Asia-focused investment holding companies. Demand for SPVs has grown considerably in recent years and international businesses should enlist local expertise to help them navigate Africa's diverse business rules and cultures. "

Five reasons to choose Mauritius for your SPV

Mauritius is well-positioned as a robust financial centre thanks to its highly skilled, bilingual, multicultural workforce, stable political environment, dynamic legal and regulatory framework and long-established expertise in financial services. Mauritius is home to a wide range of international banks, legal firms and corporate services companies.

Mauritius maintains the most attractive tax environment in Africa. GBCs benefit from double tax treaties with over 40 countries. Additionally, there is no withholding tax on dividends, interest and royalties in Mauritius, and no capital gains tax, estate duty or inheritance tax.

Through a wide network of Investment Promotion and Protection Agreements with African counterparts, investment risks can be mitigated by using Mauritius as a stepping stone to the African continent.

The banking system in Mauritius is one of the most sophisticated in Africa, offering access to conventional banking, Islamic banking, investment banking and private banking.

The coexistence of laws derived from both the French and British systems has fused into a distinct legal environment recognised for its effectiveness and adaptability.

CHAPTER 10

Where to set up your SPV: Jersey

Jersey is a well-established and well-located SPV domicile with strong links to major financial centres in the UK and EU. Many entities incorporated in Jersey are headquartered in one or other of these locations. The island's business-friendly stance and consistent, stable government add to its appeal.

In addition, Jersey's time zone is convenient for clients in both the US and Asia, and Jersey entities are used to list on many key global stock markets. Jersey is gaining a reputation as a go-to jurisdiction for housing sustainable finance vehicles and entities facilitating ESG investing.

" Jersey's location is a strong selling point, as is the presence of a proactive regulator. The Jersey Financial Services Commission works closely with industry to help Jersey meet new threats or grasp new opportunities. Companies looking to establish SPVs in Jersey need to navigate detailed KYC, due diligence and documentation processes, where local knowledge is needed. "

Five reasons to choose Jersey for your SPV

Stability is essential in the current global landscape and Jersey offers strong and consistent government, robust regulations and a long track record in fiduciary services. There is little in the way of party politics in Jersey and governments of all stripes are committed to maintaining Jersey's business-friendly reputation.

The Companies (Jersey) Law 1991 is recognised for its clarity and flexibility, and is regularly updated to reflect the changing global business environment. Jersey companies enjoy a light bureaucratic touch and enhanced privacy, with no public register of ownership.

Jersey is a tax neutral jurisdiction for the large majority of entities, with no withholding or capital gains tax and no stamp duty on the transfer of shares.

Jersey's wide range of company structures means businesses incorporating in Jersey can usually find the right fit for their needs. Structures include companies limited by shares, unlimited or limited liability companies and cell companies.

Jersey has a deep pool of fiduciary, legal and accounting expertise. According to the latest figures, more than 13,000 people (over 10% of the population) work in finance.

Where to set up your SPV: the Netherlands

The Netherlands is an open, prosperous and technologically advanced economy. A convenient gateway to Europe, the country shares a land border with Germany and Belgium and a sea border with the UK. Excellent transport infrastructure includes the largest port on the continent and the third-busiest airport.

Companies establish their business in the Netherlands for many reasons, but the nation has a reputation for supporting innovative businesses in life sciences, pharmaceuticals and agrifood. It is also a leading player in Europe's march to sustainability. SPVs are incorporated for a wide range of purposes in the Netherlands. While they used to be set-up to benefit from the extensive tax treaties the Netherlands has in place, nowadays they tend to be established to support the investment structure of international organisations and investors.

> "The Netherlands is an extremely attractive and mature place to do business. The infrastructure to support international business was established decades ago, and the Ocorian team has the relevant experience to support their clients in a continuously evolving regulatory environment. In addition, the Netherlands is a stable and prosperous country with a high standard of living, a multicultural society, and easy access to both the EU and UK."

Five reasons to choose the Netherlands for your SPV

The Netherlands is a mature financial services centre with a long history of establishing SPVs for a wide range of purposes. The speed and seamlessness of incorporation is guaranteed by a large and experienced professional services ecosystem of notaries, law firms, tax advisors, banks and corporate outsourcers.

The Netherlands is set up for businesses that want to innovate. A favourable corporate tax structure and a number of specific incentives encourage R&D. Infrastructure investment means the Netherlands has one of the highest rates of broadband penetration in the world.

An open economy is encouraged by stable government, a business-friendly environment and a well-educated and multilingual workforce. Nearly everyone speaks English as well as Dutch. For these reasons, large numbers of multinational companies choose the Netherlands as their entry point into Europe.

The Dutch tax framework is supportive. Companies that establish SPVs in the country enjoy access to a large network of double tax treaties. At 19% on the first €200,000 of taxable profits and 25.8% thereafter, the corporate tax rate is competitive in a European context and the tax regime is straightforward and stable. These tax rates have not changed over the past three years.

International businesses can structure an SPV in a number of ways. As well as limited companies and partnerships, many entities are set up as foundations, branch offices and orphan structures, which attract different regulatory treatments. The most common entity structure is the *besloten vennootschap*, an extremely flexible LLC that is popular as both a holding and an operational company.

Where to set up your SPV: Hong Kong

Hong Kong is an obvious choice of SPV domicile for companies that are looking for a way into Asia including China, and for Chinese companies looking to international markets. It is a full-service financial centre in the middle of Southeast Asia, with a large ecosystem of specialists in Chinese corporate law and business culture. SPVs are often set up to channel international investment into Asian and Chinese markets.

" Hong Kong's physical and economic proximity to China makes it an obvious choice for international companies looking for a gateway to Asian and Chinese markets, but the region is attractive for SPV creation in a number of other ways. Hong Kong is a well-established financial superpower with favourable tax and regulatory regimes and a highly skilled, multilingual workforce. Doing business in China can be complex, so we would always advise investors to enlist on-the-ground expertise. "

Five reasons to choose Hong Kong for your SPV

Hong Kong is a low tax jurisdiction with minimal government intervention in the economy. Corporate tax is levied at a maximum of 16.5% and there is no capital gains tax or tax on dividends. Businesses can also take advantage of a network of double tax agreements, including a treaty with China.

A Hong Kong SPV gives international investors access to China, the world's second-largest economy. It also allows foreign companies to own Chinese entities as Wholly Foreign-Owned Enterprises.

Hong Kong is a major fund centre and its home-grown fund entity structures are hugely popular with international investors. In particular, the Hong Kong Limited Partner Fund is a common structure for private-equity and other closed-end funds.

Hong Kong has a long history as a trading centre and is a mature and sophisticated financial services hub. It attracts a highly educated international workforce and light touch regulation makes it an easy place to do business. Hong Kong also has a growing reputation as a welcoming economy for startups.

Incorporating an entity in Hong Kong is relatively quick and easy. Normally, it can be accomplished in less than a week, and businesses can apply online or submit hard copies.

CHAPTER 13

Where to set up your SPV: Singapore

Singapore's appeal as an SPV domicile stems from its long history as a global financial hub. The financial services sector employs around 200,000 people and accounts for more than 10% of the country's GDP. Companies looking to incorporate in Singapore will find a ready supply of legal, tax, regulatory and administrative expertise.

The city state is also seen as a portal to the wider Asia-Pacific and it consistently ranks as one of the world's most business-friendly locations. It is a go-to domicile for international investors looking to establish a presence in the region.

" Singapore has set itself up as Asia-Pacific's premier business and finance hub, with a transparent and consistent regulatory environment, a large service-provider ecosystem and a business-friendly government. It is an easy place to do business, but local expertise can help overseas entities navigate complexities around governance and access any relevant tax incentives. "

Five reasons to choose Singapore for your SPV

Singapore is a magnet for professionals from around the world, attracting overseas talent with a high standard of living and generous income tax allowances. More specifically, it operates an Employment Pass scheme that funnels a continual stream of highly qualified executives and managers into the city's multiple financial institutions.

Singapore's corporate tax rate of 17% for both foreign and domestic companies is the lowest among ASEAN member states. There is no tax on dividends and no capital gains tax, and a number of tax exemptions for new businesses. The city operates an extensive network of double tax treaties.

Singapore is considered a highly stable and well-regulated jurisdiction. The Monetary Authority of Singapore and Accounting and Corporate Regulatory Authority are committed to compliance and rigorously enforces AML and counter-terrorism financing regulations.

Singapore has a reputation as a fund-friendly location. In 2020, the city introduced the Variable Capital Company, a highly flexible fund vehicle designed for overseas investors. It has proved hugely popular, both as a standalone structure or as an umbrella for sub-funds which can be established as SPVs.

Costs of setting up an entity in Singapore are relatively low and the city operates an electronic filing system that combines all tax and business requirements in a single form. Many applications are processed on the same business day.

CHAPTER 14

Where to set up your SPV: British Virgin Islands

The British Virgin Islands (BVI) is a long-established jurisdiction for investments in emerging markets. The islands are home to nearly 400,000 active companies, with thousands more incorporated every year.

The BVI occupies a sweet spot between light and stable regulation, keeping up with global regulatory standards while retaining a reputation for ease of doing business. Its tax neutrality and investor privacy also make it a popular SPV jurisdiction.

" The BVI is considered a highly stable offshore jurisdiction. That, and its tax neutrality, flexible company law and light but vigilant regulatory environment has made it a jurisdiction of choice for investors looking to channel funds into developing economies. The regulatory regime has tightened recently with more emphasis on economic substance, but a local partner can help companies meet these requirements quite easily. "

Five reasons to choose the BVI for your SPV

The rule of law in the BVI, which is based on English common law, is strong, making the islands a secure and reliable jurisdiction for international investors. It is a British Overseas Territory, offering stability and consistency.

The BVI is tax neutral. There is no corporation tax, capital gains tax or wealth tax. Taxes are paid outside of BVI.

The BVI offers a high degree of commercial confidentiality and privacy to investors. There is no requirement to file public accounts and the register of members is not publicly available. This may be particularly attractive to high-net-worth individuals with security concerns.

BVI company law, enshrined in the BVI Business Companies Act, is flexible and business-friendly. Incorporation is typically completed within 24 hours. Substance requirements are modest, with no residency requirements for directors. Nor is there a requirement to file an annual audit or hold an annual general meeting, though an annual financial return is expected.

SPVs in BVI are generally established as equity holding entities. There are a number of company structures to choose from, including companies limited by shares, unlimited companies, restricted purpose companies and segregated portfolio companies.

CHAPTER 15

Location matters: comparing jurisdictions

Which SPV jurisdiction is right for you? It depends on factors such as your own location, the purpose of your SPV and (if applicable) the preferences of your investor base. But each jurisdiction also has its own rules and obligations that should be taken into consideration. This table lets you compare the main features of thirteen key SPV markets.

Setting up an SPV

The details of setting up an SPV differ between jurisdictions. Nevertheless, in almost all cases establishing your SPV will require these steps:

1. **Name your SPV**
   This generally requires reserving the name with the relevant authority. In some jurisdictions, naming conventions have to be followed (like use of Limited or Ltd in the title). In others, incorporation can't be completed until the name has been registered.

2. **Make key appointments**
   You'll need at least one director and one shareholder. You may need a company secretary.

3. **Prepare your company details**
   Take advice from legal and tax experts and decide on the structure your company will take. Rent a registered office or contract a registered agent. It's common at this point to engage the services of a third-party administrator with jurisdictional knowledge.

4. **Draft legal documents**
   Draft necessary documents in conjunction with your legal advisor. That might include a Memorandum of Association, Articles of Association and an Operating Agreement.

5. **Register**
   Pay any registration fee and register your SPV with the relevant authority. This can usually be done more quickly and cheaply online.

Jurisdiction	Ireland	Luxembourg	Cayman Islands	UK	Bermuda
On / offshore	On	On	Off	On	Off
Typical SPV structure	Designated activity company (DAC) or limited company (LTD)	Public limited liability company (SA) or a private limited liability company (SARL)	Cayman Islands exempted company	Limited company (LTD) or public limited company (PLC)	Bermuda exempted company
Typical time to incorporation (excl bank account opening)	3–5 business days	5–10 business days	2–5 business days (24 hours with express service)	24 hours online (up to 8 days offline)	3–5 business days
Regulatory regime	Moderate	High	Low	Moderate	Low
Tax	Tax neutral for qualifying vehicles (Section 110)	Nominally high but many exemptions apply	Tax neutral	Tax exemptions but not tax neutral	Tax neutral
Reporting obligations	An SPV has to file accounts, undergo an annual audit and hold an AGM.	An SPV has to file accounts, undergo an annual audit (for a SA – optional for a SARL) and hold an AGM.	No mandatory requirement to file annual accounts or have an annual audit or AGM.	An SPV has to file accounts and undergo an annual audit. PLC companies must hold an AGM.	No mandatory requirement to file annual accounts or have an annual audit or AGM.
Personnel and substance	Minimum of one director, plus company secretary and registered office in Ireland.	Minimum of one manager, who preferably resides in Luxembourg, plus registered office or agent in Luxembourg. No company secretary required.	Minimum of one director, plus registered office or agent in Cayman. No company secretary required.	Minimum of one director, who must be a natural person (not an entity), and a registered office in the UK is required. A company secretary is not mandatory.	Minimum of one director, plus registered office in Bermuda. A company secretary is required.

Jurisdiction	Singapore	Netherlands	Delaware	BVI	Hong Kong
On / offshore	On / Off	On	On	Off	On / Off
Typical SPV structure	Public limited company (PLC) or Limited company (LTD)	Limited liability company (BV)	Delaware limited partnership (LP) or limited liability company (LLC)	BVI Business Company (BC)	Public listed company (PLC) or variable capital company (VCC) for funds
Typical time to incorporation (excl bank account opening)	24 hours	3–5 business days	24 hours	24 hours	4 business days
Regulatory regime	Moderate	High	Low	Low	High
Tax	Moderate	Nominally high but many exemptions apply	Low	Tax neutral	Low to moderate
Reporting obligations	Requirement to file accounts, undergo an annual audit and hold an AGM.	Requirement to file an annual report, but there is no requirement for an audit, depending on applicable exemptions.	LLCs and LPs are not required to file an annual report. An AGM is required, but may be virtual.	SPVs need to file an annual financial return, but there is no requirement for an audit or AGM.	Audited financial statements are required. An AGM is required unless the SPV is a single shareholder company or shareholders pass an agreement to waive the requirement.
Personnel and substance	One director must be normally resident in Singapore, as must a company secretary. There must be a registered office in Singapore. For VCC, a permissible fund manager is required.	A Dutch registered office is required. It is recommended that at least 50% of directors are Dutch tax residents. No company secretary or personnel are required.	One director is required, but residency is not. No company secretary is required.	No residency requirements for directors. A company secretary, though recommended, is not mandatory. An address in BVI is required.	One director must be a natural person (not an entity) and a company secretary must reside in Hong Kong. There is no nationality requirement for directors. There is no requirement for a local office.

Jurisdiction	Mauritius	Jersey	UAE
On / offshore	Off	Off	Freezone / Off
Typical SPV structure	Global business company or authorised company (AC)	Limited liability company (LLP) or limited partnership (LP)	Private company limited by shares for DIFC SPVs (known as prescribed companies) / for ADGM can be both private company limited by shares or restricted scope company
Typical time to incorporation (excl bank account opening)	10 working days	10–14 days (or same day for an additional fee)	7–10 days
Regulatory regime	Moderate	Moderate	Moderate
Tax	Low to moderate	Generally tax neutral	Low
Reporting obligations	Annual audited financial statements to be filed with the authorities not more than 6 months after balance sheet date. Annual tax returns to be filed not more than 6 months after balance sheet date. Tax residence certificate to be renewed annually.	Private companies are not required to file audited accounts and no AGM is required.	DIFC SPVs have reduced regulatory and compliance burdens, such as an exemption from filing annual audited accounts. Every ADGM SPV must file annual accounts with the ADGM registration authority.
Personnel and substance	GBCs must have at least 2 directors who are resident in Mauritius and must have a management company licensed by the Financial Services Commission as company secretary.	No legal requirement for resident directors or local board meetings. A corporate secretary (resident or non resident) is required.	DIFC SPVs can lease an office space within the DIFC or may elect to appoint a CSP (like Ocorian) to utilise its office as a registered address. ADGM SPVs are not permitted to have an office space and must instead utilise the appointed CSP's office as a registered address. In order to incorporate a non-exempt SPV in ADGM, an ADGM registered CSP must be appointed.

CHAPTER 16

Choosing your perfect SPV partner

Most companies use a third-party corporate services provider to help establish and manage SPVs.

There are a number of reasons for this. Your business may not have boots on the ground in the relevant jurisdiction and administering an SPV can be challenging without local knowledge. Even if your business has a local team, it may lack the bandwidth to take on another time-consuming task. Many companies have estates of tens or even hundreds of SPVs dotted around the globe.

A good third-party partner can reduce your administrative burden, ensure SPVs meet all compliance and reporting obligations and give in-house legal counsel time to focus on higher-value activities.

Here's what to look for in a third-party partner:

Experience

Look for a partner that has helped establish and maintain SPVs for a wide range of purposes, whether securitisation, asset segregation, risk management, fund raising or something else.

Geographical coverage

Your partner should have people on the ground in the jurisdiction where you plan to establish an SPV. A global footprint is also valuable when assets or investors are based in different locations, and to horizon scan for emerging international regulations.

Service

You can reduce cost, simplify supplier management and benefit from a consistent and joined-up approach if one provider can manage the full lifecycle of your SPV. Look for a complete range of services, including SPV administration, trustee and director provision, substance and compliance.

Relationships

Your partner should have close working relationships with a range of intermediaries, including banks, legal counsel and tax advisors, and relevant local authorities.

Ocorian has the expertise you need, wherever you need it

SPVs are increasingly popular as holding companies and in property deals, asset-holding and leasing arrangements, and securitisation and structured-finance transactions. Asset managers often use them to raise funds. They're a useful way for businesses to segregate assets, free up balance sheets and manage risk. They range in complexity from simple holding companies to multi-jurisdictional financing vehicles.

Companies need different SPV structures for different purposes. The nature of these vehicles matter and so does their location. Establishing the right SPV in the right place can make the SPV more efficient, cost-effective and useful.

If you need an SPV, always discuss legal and tax implications with relevant advisors, who can highlight local best practice. Expert advisors can help you steer a clear path to successful incorporation. After that, you should talk to a corporate services provider like Ocorian.

Ocorian is a global provider of securitisation and SPV services, with expertise in corporate services, fund administration and capital markets. We offer a complete oversight and administration service from key jurisdictions around the world.

Our dedicated local teams will take over the management of your SPV completely or fill in gaps in your in-house provision.

Working alongside your legal and tax advisors, we can help you establish the best structure in the most beneficial location for your needs. We combine wide experience with international and local knowledge, a wide network of contacts and boots on the ground.

In short, Ocorian makes SPVs easier to set up, manage and dissolve. Contact us for more information.

Get in touch

Ocorian has teams of experts in all these jurisdictions and beyond ready to discuss any SPV management questions or needs you have.

Start a conversation with us

Contact our team

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Contact
our team

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