



SPECIAL PURPOSE COMPANIES

➤ THE AIFC AND SPECIAL PURPOSE COMPANIES (SPCs)

Special Purpose Companies (SPCs) play an important role in financial markets by offering a new legal entity as a company limited by shares, incorporated under AIFC Regulations and Rules to arrange specific structured financial transactions. SPC's in the AIFC are governed by [AIFC Special Purpose Company Rules](#). They are typically used for either structured Islamic or conventional finance transactions (such as securitisation, structured debt or sukuk issuance), as a loan facility or finance transaction as part of a corporate acquisition.

➤ WHAT ARE THE RULES APPLICABLE TO SPCs?

WHAT IS A TRANSACTION?

A "Transaction" is defined as an "Islamic or conventional structured finance transaction for the benefit of the Initiator in connection with which the SPC has been established, which shall include, any type of securitisations or other capital markets transaction."

The "Initiator" is defined as being the Person for whose transaction the SPC has been established.

The purpose of an SPC, as set out in the Special Purpose Company Rules, must be limited to "**Exempt Activities**", which means any of the following, whether undertaken in an Islamic or conventional manner:

- The acquisition (by way of leasing, title transfer, risk transfer or otherwise), the holding & the disposal of any asset (tangible or intangible, including but not limited to receivables & shares) in connection with and for the purpose of a Transaction;
- The obtaining of any type of financing (banking or capital markets), the granting of any type of security interest over its assets, the providing of any indemnity or similar support for the benefit of its Shareholder(s) or any of its subsidiaries, or the entering into any type of hedging arrangements, in connection with and for the purpose of a Transaction;
- The financing of the Initiator or another Special Purpose Company;
- The acting as trustee or agent for any participant in the Transaction;
- Any other activity approved in writing by the Registrar.

WHAT IS CORPORATE SERVICE PROVIDER?

Means an entity:

- (a) registered in the AIFC, or
- (b) authorised in any Recognised Jurisdiction or any other jurisdiction as approved by the AFSA or the Registrar of Companies to undertake corporate services business.

➤ SPCs IN THE AIFC BENEFIT FROM A NUMBER OF FEATURES NOT SHARED BY OTHER NON-SPC ENTITIES, SUCH AS:

- No requirement to take physical office space (but must maintain a registered office address)
- No requirement to maintain, file or audit accounts
- Limited liability status equal to the share capital
- Must appoint a Corporate Service Provider (CSP) to act as majority directors and company secretary of the SPC
- No Commercial license will be issued
- The minimum share capital is USD 100 and must be stated in multiple of USD 100.

➤ WHO CAN APPLY?

Any person seeking structured finance transaction which includes (without limitation) any type of securitisation or other type of capital market transaction.

An SPC shall not have more than 3 Shareholders. Every shareholder must be:

- A Nominee holding the shares in the SPC on trust for discretionary purposes;
- The Initiator or another participant in the Transaction; or •
- Another SPC.

🗨️ GET IN TOUCH

Our Registration and Licencing team can help you on all AIFC SPC related matters, for further information, please contact:

E. registration@afsa.kz
authorisation@afsa.kz

