

Partnership Limited by Shares (SCA) in Luxembourg

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The following text is an extract from LCG's brochure "Business Luxembourg Company Formation".

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Your LCG Team

Partnership Limited by Shares (SCA) in Luxembourg

I. Legal structure of a Partnership Limited by Shares (SCA)

1. Concept

A Partnership Limited by Shares (Société en commandite par actions, SCA) is a corporation which, at the same time, shows the characteristics of a partnership. A Partnership Limited by Shares (SCA) consists of at least two shareholders, namely one shareholder subject to unlimited liability (general partner) and one limited liability shareholder. The latter is liable for the liabilities of the Partnership Limited by Shares (SCA) only for a sum matching his contribution.

Insofar as is not otherwise provided, the provisions on Public Limited Companies (PLC., Corp./SA) in Luxembourg also apply to Partnerships Limited by Shares (SNC) resident in Luxembourg.

2. Foundation

A Partnership Limited by Shares (SNC) in Luxembourg is formed through the recording of its articles of association by a notary as well as its registration in the Trade and Companies Register. At least one personally liable shareholder (general partner) is required to be mentioned by name in the said articles of association.

3. Minimum capital

The provisions on Public Limited Companies (PLC., Corp./SA) in Luxembourg apply in respect of the minimum capital of the limited liability shareholders of a Partnership Limited by Shares (SCA). The minimum capital of a Partnership Limited by Shares (SCA) in Luxembourg is accordingly 31,000 EUR. In contrast thereto, the Partnership Law provisions which contain no minimum capital requirements apply in respect of the capital contributions of the general partners.

4. Company name

The company name of a Partnership Limited by Shares (SCA) is permitted only to contain the name of one or more than one of the personally liable shareholders (general partners).

5. Organisation

5.1 General meeting

The general meeting of a Partnership Limited by Shares (SCA) in Luxembourg has significantly fewer competences in comparison to those of a Public Limited Company (PLC., Corp./SA) in

Luxembourg. In particular, its resolutions on the amendment of the articles of association require the consent of the Partnership Limited by Share's (SCA) managing director.

5.2 Board of directors

The board of directors of a Partnership Limited by Shares (SCA) in Luxembourg is not elected. Instead, it mandatorily consists of those shareholders subject to unlimited liability (general partners). The said shareholders are responsible for the management and representation of a Partnership Limited by Shares (SCA).

5.3 Commissaire

At least three commissaire are required to carry out the supervision of a Partnership Limited by Shares (SCA) in Luxembourg.

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For the purposes of taxation, a distinction is made between the general partners and the Partnership Limited by Shares (SCA) itself together with the limited partners due to its hybrid structure. The general partners and their capital contributions are taxed in accordance with the Partnership Law provisions whilst the Partnership Limited by Shares (SCA) and the limited partners are treated as a corporation and/or shareholders for corporate taxation purposes.

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