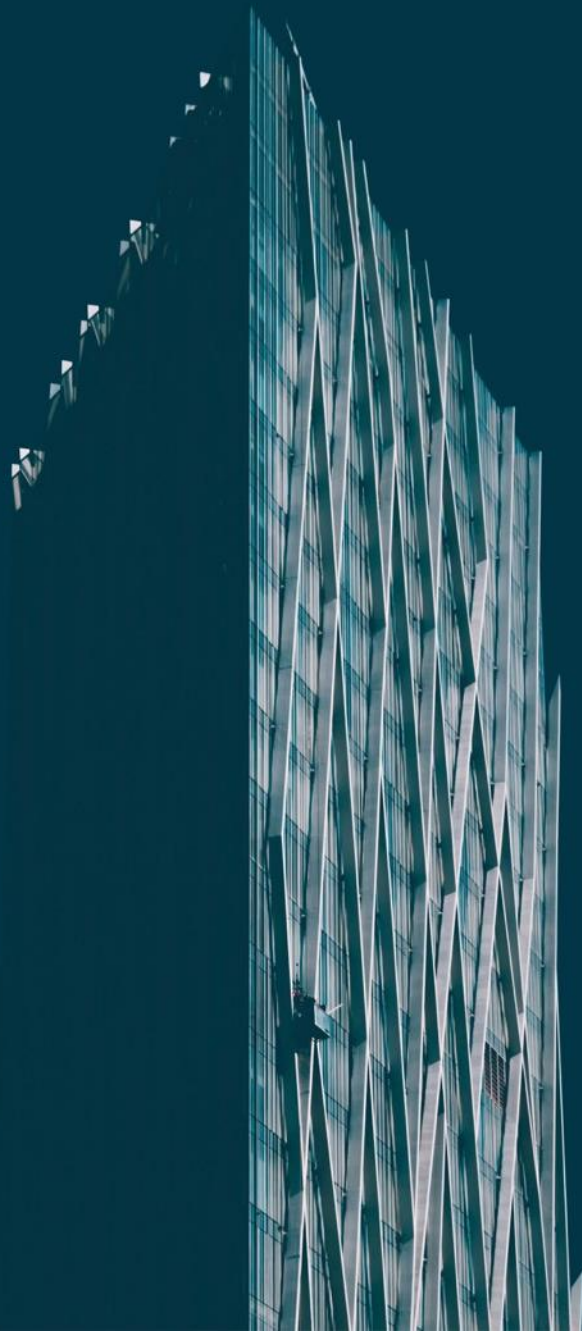




MAIN ALTERNATIVE INVESTMENT VEHICLES IN SPAIN

Madrid, October 2025



ALTERNATIVE INVESTMENT VEHICLES IN SPAIN

INTRODUCTION

Alternative investment vehicles are becoming increasingly widespread and sophisticated at national and international level. This document outlines the main aspects of alternative investment vehicles in Spain.

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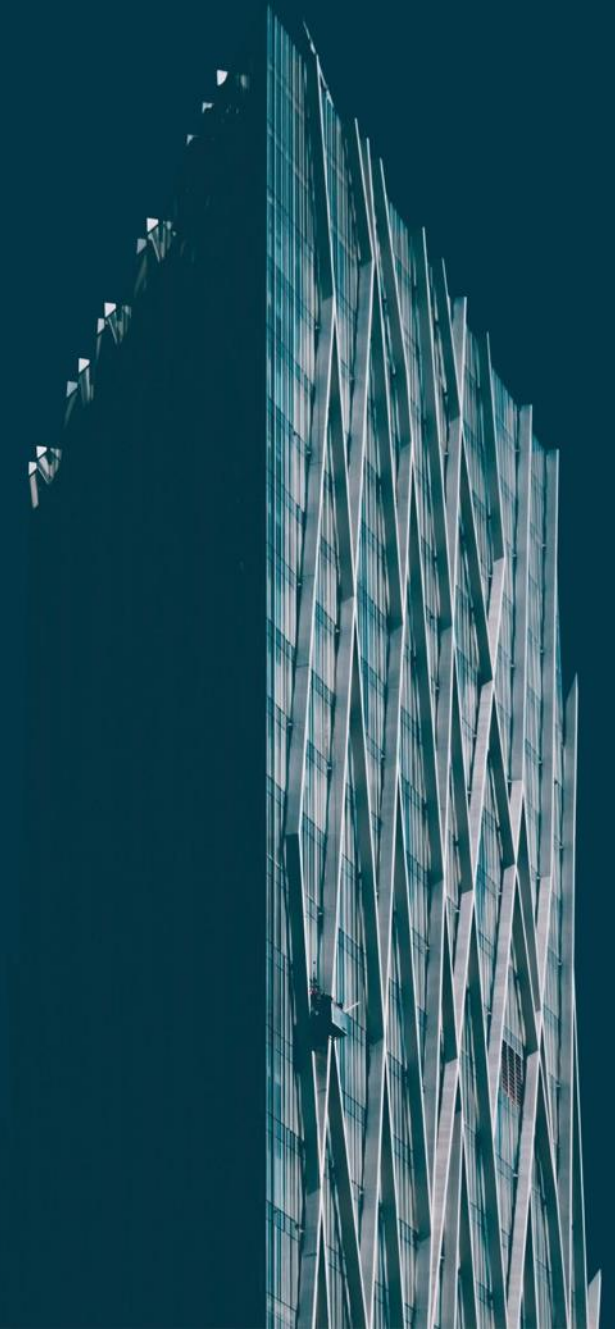
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ALTERNATIVE INVESTMENT VEHICLES IN SPAIN

DEFINITIONS



Act 22 / 2014

Act 22/2014, of November 12, regulating venture capital entities and other closed-end collective investment undertakings and their management companies, and amending Act 35/2003, of November 4, on collective investment institutions.

Act 35 / 2003

Act 35/2003, of November 4, on collective investment institutions.

CCIC / SICC

Closed-ended collective investment company.

CCIE / EICC

Closed-ended collective investment entity.

CCIF / FICC

Closed-ended collective investment fund.

CITA / LIS

Act 27/2014, of November 27, on corporate income tax.

CIT / IS

Corporate income tax.

CLCIE / EICCP

Closed-ended loan collective investment entity.

CNMV

Spanish Securities and Exchange Commission.

DTT / CDI

Doble Taxation Treaty.

ELTIF / FILPE

European long-term investment fund.

ELTIF PLC / FILPE SA

European long-term investment fund structured as a public limited company.

ELTIF Regulation / Reglamento FILPE

Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds.

EU / UE

European Union.

EuVECA / FCRE

European venture capital fund.

EuVECA PLC / FCRE SA

European venture capital fund structured as a public limited company.

FATF / GAFI

Financial Action Task Force.

Hedge Funds PLC / SIL

Hedge fund structured as a public limited company.

MTF / SMN

Multilateral trading system/facilities.

NRIT / IRNR

Non-resident income tax.

OECD / OCDE

Organization for Economic Cooperation and Development.

PEC PLC / SCR SA

Private equity structured as a public limited company.

PEE / ECR

Private equity entity.

PEE SME / ECR-Pyme

SME private equity entity.

PEF / FCR

Private equity fund.



ALTERNATIVE INVESTMENT VEHICLES IN SPAIN

DEFINITIONS

PIT / IRPF

Personal income tax.

PITA / LIRPF

Act 35/2006, of November 28, on personal income tax, partially amending the Spanish Corporate Income Tax Act, the Non-resident Income Tax Act and the Wealth Tax Act.

SCA / LSC

Royal Legislative Decree 1/2010, of July 2, approving the consolidated text of the Spanish Companies Act.

UCITS Directive

Directive 2009/65/EC of the European

Parliament and of the Council of 13 July 2009, on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities.

UCITS FOIICIL / IICIICIL

UCITS fund of hedge funds.

UCITS Hedge fund / FIL

UCITS Hedge fund.

UCITS Hedge Fund / IICIL

UCITS hedge fund.

1

ALTERNATIVE INVESTMENT VEHICLES IN SPAIN PRIVATE EQUITY ENTITIES (PEEs)



PEEs can take the form of:

- Funds (PEFs): Separate equities without legal personality that belong to a plurality of investors. They are managed and represented by a management company that exercises control without owning the fund.
- Public limited companies (PECs): The bylaws may provide for a management company to manage their assets.
- Act 22/2014 also includes rules for SME private equity entities (PEE SMEs) regarding investee companies, mandatory ratios and diversification that differ from those applicable to PEEs. This document does not deal with PEE SMEs.

APPLICABLE LAW

- Act 22/2014.
- In the case of private equity companies (PECs), the applicable law is the Spanish Companies Act (SCA).

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ALTERNATIVE INVESTMENT VEHICLES IN SPAIN PRIVATE EQUITY ENTITIES (PEEs)



ELIGIBLE INVESTMENT ASSETS

➤ **Main investment:** Temporary stakes in non-real estate nor non-financial companies which, at the time of investment, are not listed on the primary stock exchange or on any other equivalent regulated market in the EU or other OECD member countries.

➤ **It may extend to:**

- Investment in securities issued by companies whose assets consist of more than 50% real estate, provided that at least the real estate representing 85% of the total book value of the real estate is assigned to an economic activity.
- Temporary stakes in non-financial companies listed on the primary stock exchange or on any other equivalent regulated market in the EU or other OECD member countries, provided they are delisted within 12 months of investment.
- Investment in other PEEs.
- Investment in fintech companies (financial institutions

focused on applying technology to new business models, applications, processes or products).

➤ **Complementary activities:**

- To develop their main corporate purpose, PEEs may grant equity loans, as well as other forms of financing (only to investee companies within the mandatory investment ratio).
- They may also provide advisory services to companies that are the primary investment targets of the PEEs, regardless of whether they are investee companies.

1

ALTERNATIVE INVESTMENT VEHICLES IN SPAIN PRIVATE EQUITY ENTITIES (PEEs)



MANDATORY INVESTMENT RATIO

- **Mandatory investment ratio:** They must invest at least 60% of their calculable assets in certain assets listed in article 13 of Act 22/2014 (including shares in companies with the same corporate purpose).
- **Free ratio:** The remaining assets not subject to the mandatory investment ratio may be held in the assets listed in article 15 of Act 22/2014.

DIVERSIFICATION

- PEEs cannot invest more than 25% of their investable assets in a single company or more than 35% in a single group.
- “Investable assets” refer to the committed equity (at the time of investment) plus borrowed funds, minus the maximum fees, charges and expenses outlined in the prospectus.

MINIMUM CAPITAL REQUIREMENTS

- **Funds (PEFs):** Minimum committed equity of the PEFs at the time of incorporation, shall be €1,650,000, of which at least 10% must be paid-up with a commitment to pay the rest within a maximum period of 6 months.
- **Companies (PECs):** The minimum subscribed share capital shall be €1,200,000, with at least 25% paid in capital at the time of incorporation and the remainder of the subscribed share capital must be fully paid within 12 months from its registration with the Spanish Securities and Exchange Commission (CNMV).

1

ALTERNATIVE INVESTMENT VEHICLES IN SPAIN PRIVATE EQUITY ENTITIES (PEEs)



ELIGIBLE INVESTORS TO SUBSCRIBE INVESTMENT COMMITMENTS

- Investors considered as clients or who, on request, may be treated as professional clients.
- Investors that:
 - a) commit to investing at least €100,000 and state in writing, in a separate document from the investment commitment contract, that they are aware of the associated risks; or
 - b) make their investment based on a personalized recommendation from an intermediary advisor—provided that, if their financial equity do not exceed €500,000, the investment is at least €10,000, is maintained, and does not represent more than 10% of that equity.
- Executives, directors or employees of the management company or self-managed PEEs, with respect to the PEE itself or to those managed or advised by the management company.
- Investors that invest in PEEs listed on stock exchanges.
- Investors with proven experience in the management or advice of PEEs similar to the one they wish to invest in.

REQUIREMENT FOR CNMV's AUTHORIZATION

- Not required.
- Only subject to registration procedure with the CNMV.



TAXATION

> Of the vehicle:

- > PEEs are subject to corporate income tax (CIT) at the general rate of 25%.
- > PEEs can obtain a tax residence certificate for the purposes of DTTs signed by Spain.
- > Capital gains arising from the transfer of shares will be 95% exempt, provided that the requirements to apply the general exemption to avoid double taxation under article 21 CITA are met (minimum 5% shareholding, one-year holding period, and minimum foreign taxation for non-resident investees).
- > Alternatively, where those requirements are not met PEEs can apply a 99% exemption on capital gains arising from the transfer of shares that constitute their mandatory investment ratio, as long as the transfer takes place between the 2nd and 15th year of holding.
- > The 99% exemption will not apply where (i) the acquirer resides in a country or territory classified as a non-cooperative jurisdiction; (ii) the acquirer is related to the PEEs, unless it is another PEE, in which case it will assume the value and acquisition date of the transferring entity; or (iii) the transferred securities have been acquired from a person or entity related to the PEE.
- > Dividends will be 95% exempt under article 21 CITA, regardless of the shareholding and the holding period, with respect to investments that make up the mandatory investment ratio. Dividends from shares in non-resident entities must meet the minimum taxation requirement.
- > This special regime does not apply to income obtained through a non-cooperative jurisdiction or if the acquirer resides in that jurisdiction.

1

ALTERNATIVE INVESTMENT VEHICLES IN SPAIN PRIVATE EQUITY ENTITIES (PEEs)



TAXATION

- **Spanish legal entity investors:** Legal entities' investors subject to CIT can apply the 95% exemption to avoid double taxation on dividends and capital gains under article 21 CITA, regardless of the shareholding and holding period (effective taxation of 1.25%).
- **Spanish individuals:** Individual investors who are PIT taxpayers will be taxed on any dividends and capital gains in accordance with general regulations. This means the income will be included in the taxable savings base and taxed at a rate between 19% and 30%.
- **Non-resident investor without permanent establishment in Spain:** Dividends and capital gains from PEEs will not be considered as obtained in Spanish territory if the recipient is a natural person or a non-resident taxpayer without a permanent establishment in Spain. This does not apply to income obtained through a non-cooperative jurisdiction or if the acquirer resides in that jurisdiction.
- **Wealth tax:** Subject to certain requirements, indirect investments in PEEs that grant more than 5% of voting rights may qualify, fully or partially, for the exemption applicable to holdings in family businesses under the wealth tax and the temporary solidarity tax on large fortunes and, consequently, for the reduction in inheritance and gift tax. This exemption or reduction is applicable under both the general regime and based on a mandatory investment ratio criterion.

2 ALTERNATIVE INVESTMENT VEHICLES IN SPAIN

CLOSED-ENDED COLLECTIVE INVESTMENT ENTITIES (CCIEs)



CCIEs can take the form of:

- Funds (CCIFs): Separate equities without legal personality that belong to a plurality of investors. They are managed and represented by a management company that exercises control without owning the fund.
- Public limited companies (CCICs): The bylaws may provide for a management company to manage their assets.
- Act 22/2014 also governs closed-end loan collective investment entities (CLCIEs). These are CCIEs whose main purpose is to invest in bills, loans, credit and commercial paper commonly used in commercial deals. CLCIEs are subject to additional requirements under Act 22/2014.

APPLICABLE LAW

- Act 22/2014.
- In the case of CCICs, the applicable law is the SCA.

ELIGIBLE INVESTMENT ASSETS

All kinds of financial or non-financial assets, in accordance with a defined investment policy.

2 ALTERNATIVE INVESTMENT VEHICLES IN SPAIN

CLOSED-ENDED COLLECTIVE INVESTMENT ENTITIES (CCIEs)



MANDATORY INVESTMENT RATIO

N/A

DIVERSIFICATION

N/A

MINIMUM CAPITAL REQUIREMENTS

- **CCIFs:** There is no minimum committed or paid-up capital requirement at the time of incorporation, so CCIFs can be set up with the minimum capital decided by their promoter.
- **CCICs:** as required by the SCA.

ELIGIBLE INVESTORS TO SUSCRIBE INVESTMENT COMMITMENTS

Investors considered as clients or who, on request, may be treated as professional clients.

REQUIREMENT FOR CNMV's AUTHORIZATION

Not required. Only subject to registration procedure with the CNMV.

2

ALTERNATIVE INVESTMENT VEHICLES IN SPAIN

CLOSED-ENDED COLLECTIVE INVESTMENT ENTITIES (CCIEs)



TAXATION

> Of the vehicle:

- > CCIEs are subject to CIT at the general rate of 25%. There is no special regime that is applicable.
- > Dividends and capital gains from the transfer of shares will be 95% exempt, provided that the requirements to apply the general exemption to avoid double taxation under article 21 CITA are met (minimum 5% shareholding, one-year holding period, and minimum foreign taxation for non-resident investees).

- > **Spanish legal entity investors:** There is no special regime. Legal entities' investors subject to CIT can apply the 95% exemption to avoid double taxation on dividends and capital gains from CCIEs under article 21 CITA.

- > **Spanish individuals:** Individual investors will be taxed on any dividends and capital gains from CCIEs in accordance with general regulations. This means the income will be included in the taxable savings base and taxed at a rate between 19% and 30%.

- > **Non-resident investors without permanent establishment in Spain:** Individual investors or entities subject to non-resident income tax without a permanent establishment will be taxed in accordance with general regulations. A case-by-case analysis will be necessary to determine whether any exemption under domestic law or a DTT is applicable.
- > **Wealth tax:** Subject to specific requirements under general regulations, indirect investments in CCIEs that grant more than 5% of voting rights may qualify, fully or partially, for the exemption applicable to holdings in family businesses under the wealth tax and the temporary solidarity tax on large fortunes.



European venture capital funds (EuVECAs) can take the form of:

- Funds (EuVECAs): Separate equities without legal personality that belong to a plurality of investors. They are managed and represented by a management company that exercises control without owning the fund.
- Public limited companies (EuVECA PLC): Their bylaws may provide for a management company to manage the assets.

APPLICABLE LAW

- Regulation (EU) 2013/345 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds.
- Act 22/2014.
- In the case of EuVECAs structured as public limited companies (EuVECA PLCs), also the SCA.



ELIGIBLE INVESTMENT ASSETS

- Investment in **qualifying portfolio undertakings**, i.e., an undertaking that:
- (i) at the time of the first investment by the EuVECA/ EuVECA PLC, the corporation must have complied with either one of the following:
 - not to be admitted to trading on a regulated market or on a multilateral trading facility (MTF) and employs fewer than 500 persons; or
 - is a SME listed on a SME market;
 - (ii) is not a collective investment undertaking;
 - (iii) is not one or more of the following:
 - a credit institution,
 - an investment firm,
 - an insurance undertaking,
 - a financial holding company, or
 - a mixed-activity holding company;
 - (iv) is established within the territory of a Member State, or in a third country provided that the third country:
 - is not listed as a non-cooperative country and territory set out by the FATF on anti-money laundering and terrorist financing,
 - has signed an agreement with the home Member State of the manager of the EuVECA / EuVECA PLC, and with each other Member State in which the units or shares of the EuVECA / EuVECA PLC, are intended to be marketed to ensure that the third country fully complies with the standards laid down in article 26 of the OECD Model Tax Convention on Income and on Capital and ensures an effective exchange of information in tax matters, including any multilateral tax agreements.



ELIGIBLE INVESTMENT ASSETS

- Investment in **qualifying portfolio undertakings** must be made through:
 - equity or quasi-equity instruments issued by qualifying portfolio undertakings; or
 - secured or unsecured loans granted by the qualifying EuVECA/ EuVECA PLC, to a qualifying portfolio undertaking in which the qualifying EuVECA/ EuVECA PLC, already holds qualifying investments, provided that no more than 30% of the aggregate capital contributions and uncalled committed capital in the qualifying EuVECA/ EuVECA PLC, is used for those loans.
- EuVECAs/ EuVECA PLC, can also invest in units or shares of one or several other qualifying EuVECAs/ EuVECA PLC,, provided that those EuVECAs/ EuVECA PLC, have not themselves invested more than 10% of their aggregate capital contributions and uncalled committed capital in other qualifying EuVECAs/ EuVECA PLC,.

MANDATORY INVESTMENT RATIO

- **Mandatory investment ratio:** they must invest at least 70% of their aggregate capital contributions and uncalled committed capital in assets included in the previous section (eligible investment assets), calculated on the basis of the amounts investible after deduction of all relevant costs and holdings in cash and cash equivalents, within a time frame laid down in its rules or instruments of incorporation.
- **Free ratio:** EuVECAs cannot use more than 30% of their aggregate capital contributions and uncalled committed capital for the acquisition of assets other than qualifying investments, calculated on the basis of amounts investible after deduction of all relevant costs and holdings in cash and cash equivalents.



DIVERSIFICATION

There are no diversification requirements, so EuVECAs/ EuVECA PLC can invest in a single company.

MINIMUM CAPITAL REQUIREMENTS

- There is no minimum committed or paid-up capital requirement at the time of incorporation, so EuVECAs can be set up with the minimum capital decided by their promoter.
- However, EuVECAs structured as public limited companies (EuVECA PLC) must comply with the minimum subscribed and paid-up capital requirements set out in the SCA.

ELIGIBLE INVESTORS TO SUSCRIBE INVESTMENT COMMITMENTS

- Investors considered as clients or who, on request, may be treated as professional clients.
- Other investors that:
 - a) commit to investing at least €100,000; and
 - b) state in writing, in a separate document from the investment commitment contract, that they are aware of the risks associated with the contemplated commitment or investment.
- Executives, directors or employees involved in the management of a manager of a EuVECA/ EuVECA PLC, when investing in the qualifying EuVECA/ EuVECA PLC, that they manage.

CNMV's AUTHORIZATION

Not required. Only subject to registration procedure with the CNMV.



TAXATION

> Of the vehicle:

- > EuVECAs/ EuVECAs PLC, are subject to CIT at the general rate of 25%.
- > EuVECAs can obtain a tax residence certificate for the purposes of DTTs signed by Spain.
- > Capital gains from the transfer of shares will be 95% exempt, provided that the requirements to apply the general exemption to avoid double taxation under article 21 CITA are met.
- > While not explicitly stated in the Law, the General Directorate of Taxes's administrative criteria suggests the PEE tax regime should apply.
- > Therefore, alternatively, EuVECAs can apply a 99% exemption on capital gains from the transfer of shares that constitute their mandatory investment ratio, as long as the transfer takes place between the 2nd and 15th year of holding.
- > The 99% exemption will not apply where (i) the acquirer resides in a country or territory classified as a non-cooperative jurisdiction; (ii) the acquirer is related to the EuVECA, unless it is another EuVECA or PEE in which case it will assume the value and acquisition date of the transferring entity; or (iii) the transferred securities have been acquired from a person or entity related to the EuVECA.
- > Dividends will be 95% exempt under article 21 CITA, regardless of the shareholding and the holding period, with respect to investments that make up the mandatory investment ratio. Dividends from shares in non-resident entities must meet the minimum taxation requirement.
- > This special regime does not apply to income obtained through a non-cooperative jurisdiction or if the acquirer resides in that jurisdiction.



TAX

- **Spanish legal entity investors:** Legal entities subject to CIT can apply the 95% exemption to avoid double taxation on dividends and capital gains under article 21 CITA, regardless of the shareholding and holding period (effective taxation of 1.25%).
- **Spanish individuals:** Individual investors will be taxed on any dividends and capital gains in accordance with general regulations. This means the income will be included in the taxable savings base and taxed at a rate between 19% and 30%.
- **Non-resident investors without permanent establishment in Spain:** Dividends and capital gains from EuVECAs will not be considered as obtained in Spanish territory if the recipient is a natural person or a non-resident taxpayer without a permanent establishment in Spain. This does not apply to income obtained through a non-cooperative jurisdiction or if the acquirer resides in that jurisdiction.
- **Wealth tax:** Subject to certain requirements, indirect investments in EuVECAs structured as public limited companies (EUVeca PLC) that grant more than 5% of voting rights may qualify, fully or partially, for the exemption applicable to holdings in family businesses under the wealth tax and the temporary solidarity tax on large fortunes and, consequently, for the reduction in inheritance and gift tax. This exemption or reduction is applicable under both the general regime and based on a mandatory investment ratio criterion.

4

ALTERNATIVE INVESTMENT VEHICLES IN SPAIN EUROPEAN LONG-TERM INVESTMENT FUNDS (ELTIFs)



European long-term investment funds (**ELTIFs**) can take the form of:

- Funds (ELTIFs): Separate equities without legal personality that belong to a plurality of investors. They are managed and represented by a management company that exercises control without owning the fund.
- Public limited companies (ELTIF PLCs): The bylaws may provide for a management company to manage the assets.

APPLICABLE LAW

- Act 22/2014.
- ELTIF Regulation.
- In the case of ELTIF PLCs, also the SCA.



ELIGIBLE INVESTMENT ASSETS

Eligible investment assets are:

- equity or quasi-equity instruments issued by a Qualifying Portfolio Undertaking;
- debt instruments issued by a Qualifying Portfolio Undertaking;
- loans granted by the ELTIF to a Qualifying Portfolio Undertaking with a maturity that does not exceed the life of the ELTIF;
- units or shares of one or several other ELTIFs, EuVECAs, EuSEFs, UCITS and EU AIFs managed by EU AIFMs, subject to certain requirements;
- real-estate assets;
- simple, transparent and standardized securitizations where the underlying exposures correspond to one of the categories listed in the ELTIF Regulation, provided that the proceeds from the securitization bonds are used for financing or refinancing long-term investments; and

- bonds issued, pursuant to a Regulation of the European Parliament and of the Council on European Green Bonds, by a Qualifying Portfolio Undertaking.

ELTIFs may also invest in financial assets listed in article 50(1) of the UCITS Directive.

Qualifying portfolio undertakings are those that, at the time of the initial investment, fulfill the following requirements:

- a) They are not financial undertakings, with some exceptions.
- b) They are not admitted to trading on a regulated market or on a MTF, except if their market capitalization does not exceed €1.5 billion.
- c) They are established in a Member State, or in a third country provided that the third country (i) is not identified as high-risk third country; and (ii) is not mentioned in Annex I to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes.

4

ALTERNATIVE INVESTMENT VEHICLES IN SPAIN EUROPEAN LONG-TERM INVESTMENT FUNDS (ELTIFs)



MANDATORY INVESTMENT RATIO

Mandatory investment ratio: ELTIFs must invest at least 55% of their capital in eligible investment assets.

DIVERSIFICATION

General limit of 20%, subject to exceptions depending on the type of asset and on whether the ELTIF is marketed solely to professional investors.

MINIMUM CAPITAL REQUIREMENTS

- There is no minimum committed or paid-up capital requirement at the time of incorporation, so ELTIFs can be set up with the minimum capital decided by their promoter.
- However, ELTIFs structured as public limited companies (ELTIF PLC) must comply with the minimum subscribed and paid-up capital requirements set out in the SCA.

ELIGIBLE INVESTORS TO SUSCRIBE INVESTMENT COMMITMENTS

- Investors considered as clients or who, on request, may be treated as professional clients.
- Retail investors, with no initial minimum investment requirement.
- Members of senior staff, or portfolio managers, directors, officers, or agents or employees of the manager of the ELTIF, or of an affiliate of the manager of the ELTIF with sufficient knowledge about the ELTIF.

4

ALTERNATIVE INVESTMENT VEHICLES IN SPAIN EUROPEAN LONG-TERM INVESTMENT FUNDS (ELTIFs)



REQUIREMENT FOR CNMV's AUTHORIZATION

CNMV's authorization is required.

TAXATION

> Of the vehicle:

- > ELTIFs are subject to CIT at the general rate of 25%. There is no special regime.
- > Dividends and capital gains from the transfer of shares will be 95% exempt, provided that the requirements to apply the general exemption to avoid double taxation under article 21 CITA are met (minimum 5% shareholding, one-year holding period, and minimum taxation for non-resident investees).

> **Spanish legal entity investors:** There is no special regime. Legal entities subject to CIT can apply the 95% exemption to avoid double taxation on dividends and capital gains under article 21 CITA.

> **Spanish individuals:** Individual investors will be taxed on any dividends and capital gains from ELTIFs in accordance with general regulations. This means the income will be included in the taxable savings base and taxed at a rate between 19% and 30%.

4

ALTERNATIVE INVESTMENT VEHICLES IN SPAIN EUROPEAN LONG-TERM INVESTMENT FUNDS (ELTIFs)



TAXATION

- **Non-resident investors without permanent establishment in Spain:** Individual investors or entities subject to non-resident income tax without a permanent establishment will be taxed in accordance with general regulations. A case-by-case analysis will be necessary to determine whether any exemption under domestic law or a DTT is applicable.
- **Wealth tax:** Subject to certain requirements, indirect investments in ELTIFs structured as public limited companies (ELTIF PLC) that grant more than 5% of voting rights may qualify, fully or partially, for the exemption applicable to holdings in family businesses under the wealth tax and the temporary solidarity tax on large fortunes and, consequently, for the reduction in Inheritance and Gift Tax. This exemption or reduction is applicable under both the general regime and based on a mandatory investment ratio criterion.



UCITS hedge funds can take the form of:

- Funds (hedge funds): Separate equities without legal personality that belong to a plurality of investors. They are managed and represented by a management company that exercises control without owning the fund.
- Public limited companies (hedge fund companies): The bylaws may provide for a management company to manage the assets.
- There are also UCITS funds of hedge funds, which primarily invest in UCITS hedge funds (IICCILs) incorporated in Spain and in similar foreign funds, or domiciled in EU or OECD member states, or whose management has been entrusted to a management company subject to supervision domiciled in an EU or OECD member state. This document does not analyze IICCILs.
- There are also IICCILs dedicated to granting loans. These entities cannot use leverage, must meet stricter diversification requirements, and are only permitted to grant loans—not to acquire them.

APPLICABLE LAW

- Act 35/2003.
- Royal Decree 1082/2012, of July 13, approving the implementing regulation of Act 35/2003.
- In the case of hedge funds structured as public limited companies (SILs), also the SCA.



ELIGIBLE INVESTMENT ASSETS AND LEVERAGE

Any type of financial asset:

- Securities and financial instruments admitted to trading.
- Shares and units of other authorized and unauthorized UCITS.
- Traded and non-traded derivatives (subject to conditions).
- Bills, loans, commercial paper commonly used in commercial deals.

- Financial assets linked to investment strategies with a time horizon of more than one year.
- There is no leverage limit, but it may only incur debt up to a maximum of five times its equity.

LIQUIDITY

Specific liquidity rules regarding redemption windows and payment periods.

Possibility of operating as a closed-ended vehicle.

DIVERSIFICATION

N/A. Hedge funds are not subject to diversification requirements, although the prospectus must state the portfolio diversification levels.

MINIMUM NUMBER OF INVESTORS

Hedge funds must have at least 25 shareholders/investors.



MINIMUM EQUITY

➤ **Funds (FILs):** €3,000,000

➤ **Hedge funds structured as public limited companies (SILs):** €2,400,000

ELIGIBLE INVESTORS TO SUSCRIBE INVESTMENT COMMITMENTS

➤ Investors considered as clients or who, on request, may be treated as professional clients.

➤ Investors who meet any of the following conditions:

- a) commit to investing at least €100,000 and state in writing, in a separate document from the investment commitment contract, that they are aware of the risks associated with the contemplated commitment. This documentary requirement is waived for discretionary portfolio management contracts that authorize investment in these types of UCITS and include similar risk warnings; or

b) make their investment based on a personalized recommendation from an intermediary advisor—provided that, if their financial assets do not exceed €500,000, the investment is at least €10,000, is maintained, and does not represent more than 10% of that equity.

➤ Directors, managers or employees of the management company or self-managed entities, with respect to the entity itself or to those managed or advised by the management company, as well as investors with proven experience in the management or advice of similar hedge funds, from that in which it intends to invest.

REQUIREMENT FOR CNMV's AUTHORIZATION

CNMV's authorization is required.



TAXATION

> Of the vehicle:

- > UCITS hedge funds are subject to CIT at a special rate of 1%, subject to the requirement regarding the minimum of 25 shareholders/ investors (i.e. 25 shareholders or investors).
- > Dividends and capital gains from the transfer of shares cannot benefit from the general exemption to avoid double taxation under article 21 CITA, nor can they apply the deductions to avoid international double taxation under articles 31 and 32 CITA.
- > **Spanish legal entity investors:** Legal entities subject to corporate income tax cannot apply the general 95% exemption to avoid double taxation on dividends and capital gains under article 21 CITA, nor the deductions to avoid international double taxation under articles 31 and 32 CITA.

> Spanish individuals:

- > Individual investors will be taxed on any dividends and capital gains in accordance with general regulations. This means the income will be included in the taxable savings base and taxed at a rate between 19% and 30%.
- > Subject to the requirements set out in article 94 LIRPF, where the proceeds from the redemption or transfer of shares in the hedge fund are used to acquire other shares in UCITS hedge funds, no capital gain or loss is computed. The new shares will retain the value and acquisition date of the shares transferred or redeemed (tax deferral regime).



TAXATION

- **Non-resident investors without permanent establishment in Spain:** Individuals or entities subject to non-resident income tax without a permanent establishment will be taxed in accordance with general regulations. A case-by-case analysis will be necessary to determine whether any exemption under domestic law or a DTT is applicable.
- **Wealth tax:** Investments in hedge funds do not qualify for the exemption applicable to holdings in family businesses under the wealth tax and the temporary solidarity tax on large fortunes. Consequently, they are also ineligible for the reduction in Inheritance and Gift Tax.



HOW CAN WE HELP YOU? OUR PRACTICE



Team with specialty and experience in the private equity industry, offering high-quality legal and tax advice covering all areas necessary for creating funds and advising managers.

During the private equity boom, we became pioneers in creating a multidisciplinary fund formation team made up of specialists in regulatory, tax and commercial matters, capable of offering innovative solutions for creating and distributing private equity funds.

Our team has extensive experience in incorporating funds and advising managers. Our lawyers advise different types of clients in the context of different strategies, such as private equity, infrastructure, real estate, debt, funds of funds, venture capital and secondaries

We also advise large institutional investors and funds of funds on analyzing investments in other funds, including secondaries. We perform tax analyses of the different investment structures and advise family offices on developing investment strategies in alternative funds, as well as structuring managers' remuneration.

With the vision of an industry group, our team is a single point of contact for management companies, capable of offering global advice based on our experience drawn from our ongoing relationship with the different industry players, regulators, tax authorities and associations.

"The firm's strengths are its deep technical knowledge and its commitment to the client, which is exceptional. Its attention makes us feel highly valued."

Chambers, 2025

"They offer enormous professionalism, commitment and determination. The team conveyed a lot of confidence in their execution."

Chambers, 2024





HOW CAN WE HELP YOU? OUR PRACTICE



OTHER SERVICES

- Advising management companies, including handling applications for authorizations.
- Advising on incorporating Spanish and foreign private-equity funds.
- Advising on the tax aspects of structuring financial vehicles.
- Advising on fund restructuring transactions, including secondary market transactions.
- Advising institutional investors on participating in national and international funds.
- Corporate and tax advisory on remuneration systems and carried interest.

Highly recommended firm –
Tier 2 in Fund Formation

Chambers
AND PARTNERS

RECOGNITION AND EXPERIENCE

- **Relevant experience:** We provide ongoing legal advice to developers and some of the most active international investment funds in Spain, both on creating funds and on distressed debt and alternative financing transactions.
- **Key players in fund formation:** We are the first Spanish law firm advising on creating funds managed by Spanish managers. Our practice is one of the references, both at the industry and institutional level.

Leading firm – Tier 1
in Fund structuring


LEADERS LEAGUE





FACT SHEET

25

Offices

+2000

Professionals

12

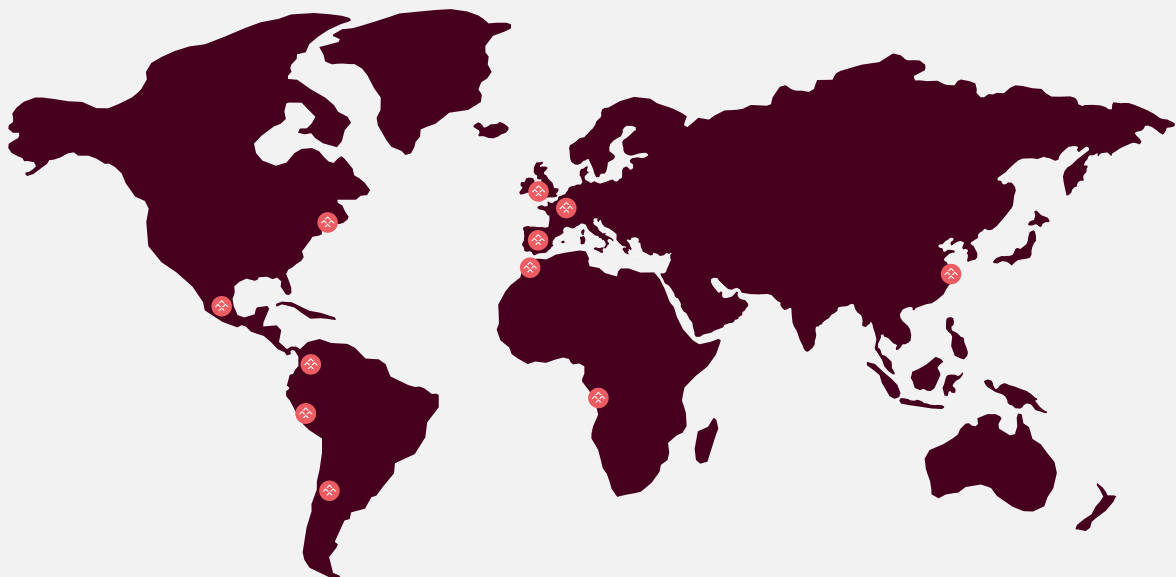
Countries

29

Nationalities
& 16 languages

25%

Women in top
positions



*Sixth most popular
international law firm
in Latin America, 2024*



*EU Firm
of the Year,
2025*



Experts in all practice areas of business law

- Business-oriented knowledge with a sectorial approach.
- Maximal specialization combined with the latest technology.
- Knowledge and innovation team, with over 45 academics and specialists for innovative solutions.

Maximum presence on the Iberian Peninsula

- 13 offices in Spain
- 2 offices in Portugal

Consolidated presence in Latin America

Over 20 years' experience in the Latin American market and offices in **Chile, Colombia, Mexico and Peru.**

Offices in Brussels, Casablanca, London, Luanda*, New York and Shanghai.

4 international desks.

A **European network** with leading law firms in France, Germany and Italy.

* In collaboration with a local firm.



CUATRECASAS

La información contenida en esta presentación se ha obtenido de fuentes generales, es meramente expositiva, y se debe interpretar junto con las explicaciones que la acompañan. Esta presentación no pretende constituir en ningún caso un asesoramiento jurídico.

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The information provided in this presentation has been obtained from general sources. It is for guidance purposes only and should be interpreted in relation to the explanations given. This presentation does not constitute legal advice under any circumstances.

