Glossary:Special-purpose entity (SPE)

Statistics Explained

A **special-purpose entity** , abbreviated as **SPE** and sometimes also called **special-purpose vehicle** (**SPV**) or **financial vehicle corporation** (**FVC**), is:

- a legal entity (an enterprise or sometimes a limited partnership or joint venture) formally registered with a national authority and subject to the fiscal and other legal obligations of the economy in which it is resident,
- established to perform specific functions limited in scope or time, with one or a few primary creditors,
- having no or few non-financial assets and employees, little or no production or operations and sometimes no physical presence beyond a "brass plate" confirming its place of registration,
- related to another corporation, often as a subsidiary and often resident in a territory other than the territory of residence of the related corporation (lacking any physical dimension, the residence of a SPE is determined by the economic territory under whose laws it is incorporated or registered),
- its core business function consists of financing its group activities or holding assets and liabilities of its group, that is the channelling of funds from non-residents to other non-residents, and with only a minor role for managing and directing activities.

There can be different reasons for setting up a SPE:

- to protect a company from financial risk, often in the context of a large project;
- to separate different layers of equity infusion in complex financing operations;
- to own and more easily dispose of assets and associated permits and rights;
- to engage in a public-private partnership relying on a project-finance structure.

As there is no universally accepted definition of a special-purpose entity yet, not all of the above-mentioned characteristics or reasons have to be applied to be called such.

A multinational enterprise (MNE) often diversifies its investments geographically through a SPE; examples are financing subsidiaries, conduits, holding companies, shell companies, shelf companies and brass-plate companies.

Further information

- European PPP Expertise Centre
- ESA 2010 Special purpose entities - paras 2.17-2.20
- Special purpose entity (SPE) - Foreign direct investment (Ramon - Eurostat's Concepts and Definitions Database)
- Special purpose entity (SPE) - SNA (Ramon - Eurostat's Concepts and Definitions Database)

Related concepts

- Active enterprise
- Enterprise
- Multinational enterprise (MNE)

Statistical data

Balance of payments statistics

- Foreign direct investment (in chapter 4) .
- National accounts and GDP