

Private Trust
Companies

SMP Partners

trusted to deliver...

About SMP Partners

SMP Partners is a group of professional service companies based on the Isle of Man. Where appropriate, the group companies hold relevant licenses issued by the Isle of Man Financial Supervision Commission. With over one hundred and forty employees, SMP Partners is one of the largest providers of these services on the Isle of Man.

With a highly experienced, multi-disciplined team encompassing company secretarial and trust experts, tax and legal specialists, SMP Partners can meet the varied requirements of dynamic entrepreneurs and start ups to large international, multi dimensional groups. Independently owned by its Executive Directors, SMP was formed following the management buy out of the trust and corporate services operation of Fortis Intertrust (IOM) Ltd from the Fortis Intertrust Group in June 2007. SMP Partner's clients benefit from a unique combination of scale and resource, agility and flexibility.

SMP Partners is a well established business with a strong pedigree:

Bankers: Barclays Bank plc

Auditors: KPMG

Insurers: AON underwritten by syndicates within Lloyds of London

Whilst based in the Isle of Man, SMP Partners is truly international. Although its major geographical areas of focus are the UK, Eastern Europe, Asia, Italy and Switzerland, it has a client base spread across over eighty countries. Associated with that international client base is a large network of contacts established over the last twenty years; high quality professionals – lawyers, accountants, bankers – operating in all the major jurisdictions supporting SMP Partners and its clients with specialist and country specific tax advice.

With a well resourced professional team, managing and administering the affairs of trusts and corporate entities settled and/or incorporated in over sixty international jurisdictions, the solutions developed and managed by SMP Partners are also international.

SMP Partners is a highly experienced provider of trust, company formation and management services whether for holding, investment or trading purposes. SMP Partners provides an integrated approach which blends the commercial ambitions of the entrepreneur and his business with the private aspirations for wealth and asset protection.

Trust Services

A bespoke, fully integrated service for the private, corporate or institutional client

- Private arrangements for High Net Worth international clients:
 - Wealth protection and management strategies
 - Asset protection and anonymity
 - Tax optimisation and succession planning

- Corporate and Institutional Clients:
 - Complex capital market transactions – IPO planning
 - Securitisation transactions
 - Project and Structured Finance

SMP Partners is focused on the delivery of a high quality client experience:

- The quality of our client relationships and the service we provide are the key foundations upon which our business is built
- The scale and resources to provide a broad range of services across varied client requirements.
- Highly qualified teams with exacting professional standards and a passion for excellence
- The expertise and international network to deliver in all major jurisdictions
- Personable, straight-talking people; focused on delivering against the long term needs of clients

The Isle of Man

The Isle of Man is recognised as being a sophisticated and well regulated financial centre with many attributes which make it attractive to international businesses and their advisers:

- Accredited by Moody's and Standard & Poor as a "AAA" rated financial jurisdiction
- Politically stable; self regulating
- The Island's company law is derived from English law, providing familiarity and comfort to lawyers, investment banks, institutional and private investors
- An Isle of Man company will not pay any Isle of Man tax
- There is no income tax for non-residents, no capital gains or inheritance tax and no stamp duty
- Share trading on CREST has been prescribed in legislation
- The Island has a highly regarded professional community

In addition the Isle of Man:

- Is independent of the United Kingdom with its own Parliament and Legislature
- Is renowned as a centre of excellence for Trust and Corporate services
- Has enjoyed 25 consecutive years of growth
- Has a regulatory environment conducive to the provision of discreet and confidential professional services
- Has an advantageous tax regime with no capital gains tax and a zero rate of corporation tax.

A combination of regulatory robustness and a well resourced professional community has made the Isle of Man an attractive, highly credible jurisdiction for both the private and corporate client.

It is within this framework that SMP Partners provides a broad range of innovative trust and corporate services.



Private Trust Companies (“PTCs”) and Bespoke Corporate Trust Companies (“BCTCs”)

PTCs and BCTCs are becoming increasingly popular. They are established for a number of reasons, mainly providing an element of involvement in the trust assets and the ability to hold assets that are perceived to be of higher risk, such as trading companies, highly speculative or illiquid assets.

The involvement element very much defines these arrangements from regular discretionary trusts and has to be carefully balanced with potential tax implications and asset ownership issues. It is important that the documents are drafted in such a way as to provide the necessary comfort, without rendering the structure null and void or merely a redundant nominee.

There are two options when looking at the provision of private trust companies, one is a trust company established by a purpose trust, which acts as the corporate trustee of one specific trust, the other is a trust company established and owned by SMP Trustees Limited (“SMP”), which acts as a ring-fenced, bespoke corporate trustee of one specific trust.

Purpose Trust/PTC/Trust

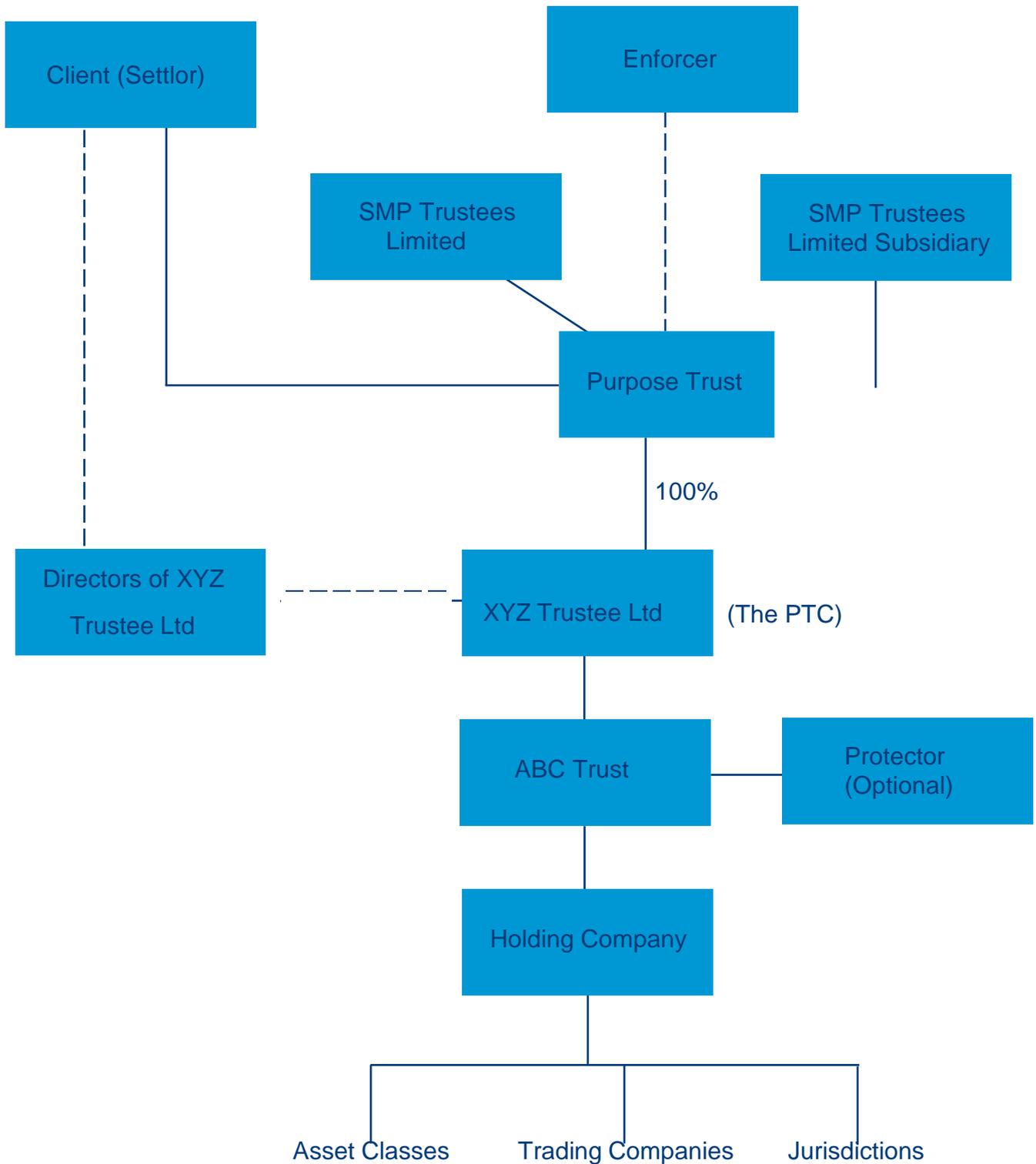
The Settlor would establish an Isle of Man Purpose Trust, the purpose of which is to establish and hold the shares in an Isle of Man company; the PTC. An Enforcer of the trust must be appointed, this would be someone the Settlor wishes to appoint to add an element of control and oversight and they must be independent of the trustees. They would have an absolute right of access to any information or document which relates to the trust, the assets of the trust or to the administration of the trust and their role would be clearly outlined within the trust deed. At least two trustees must be appointed; SMP Trustees Limited (“SMPT”) (which is a direct subsidiary of SMP Group Ltd) and a subsidiary of SMPT would carry out these roles.

The PTC would be a corporate trustee vehicle, specifically established by the Purpose Trust to act as a trustee. Senior SMP staff, most likely from the existing SMP Trustees’ board, would be appointed as directors to the PTC as we must show our regulator that the administration of the trust is carried out by a regulated and licensed service provider, in order for the PTC to be exempt from holding its own license. This should also provide comfort to the ultimate client.

The underlying (likely discretionary) trust is then established as normal, by a Settlor, with beneficiaries and a protector if required, which also adds a further level of comfort and control via consent provisions, with, for example, the power to appoint and remove the trustee and to give consent to any distributions made out of the trust, including, say, material investments or disposals. The PTC would be the trustee of this trust.

The main benefit of this arrangement is driven by the shareholder of the PTC being an unregistered Purpose Trust, in so doing providing a dual ‘control’/oversight through the Enforcer and Protector combination, whilst also adding a very tangible additional level of confidentiality and ring-fencing. There is also reduced risk of tainting by other trusts of the trustee, although this is a remote consideration.

Private Trust Companies (“PTCs”)

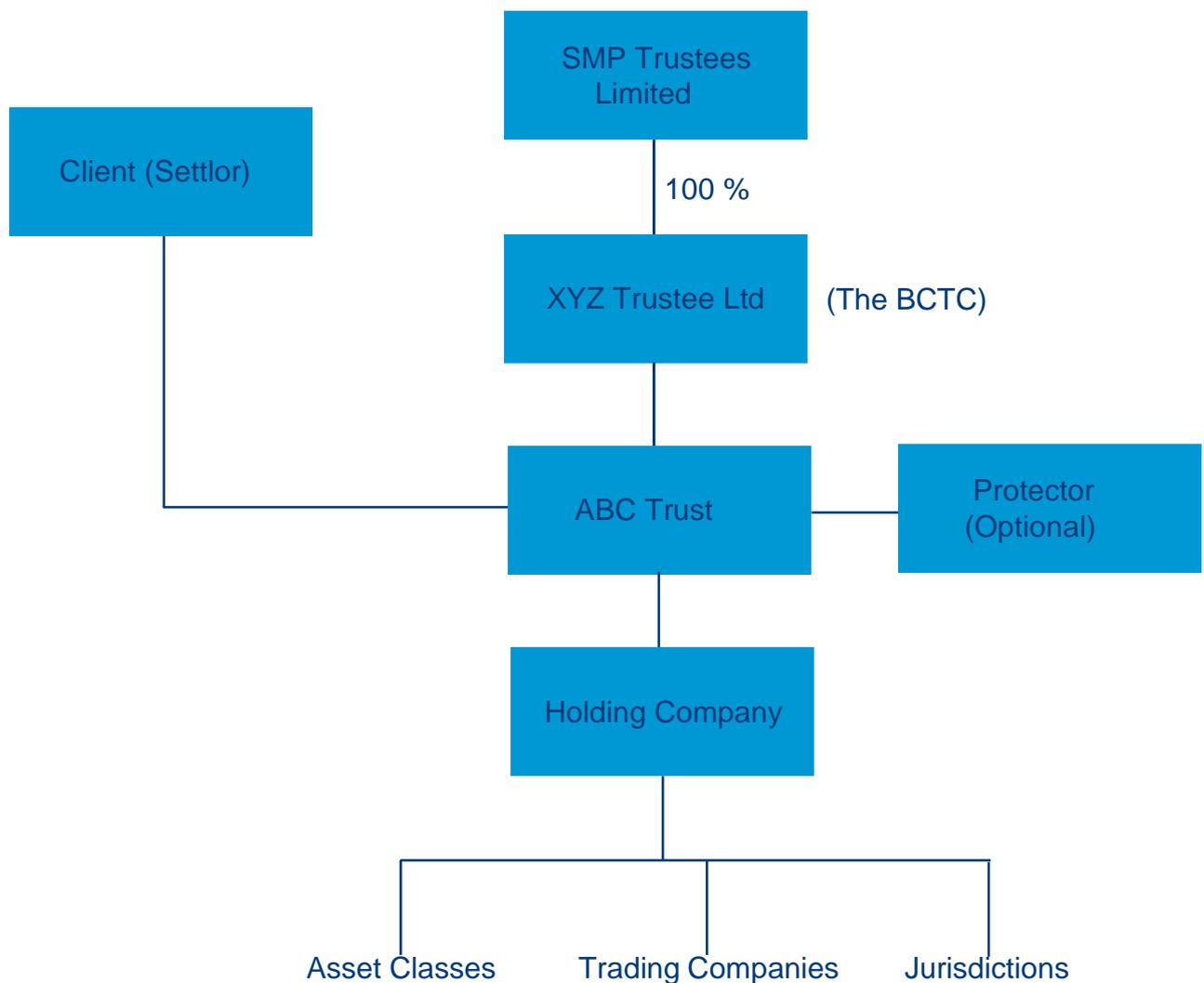


Bespoke Corporate Trust Companies (“BCTCs”)

SMP would establish a BCTC, which would be a direct subsidiary and 100% owned by SMPT. The BCTC would be a corporate trustee vehicle, specifically established to act as a trustee. SMP staff would be appointed as directors to the BCTC, as above. The trust is established as normal, by a Settlor, with beneficiaries and a protector if required, adding a level of comfort and control via consent, as detailed above.

In this case, the main distinguishing feature is the reduced risk of tainting to the trustee, remote as it is. It does, of course, provide an additional layer of confidentiality, albeit the ultimate owner is still SMP.

The main differences, both between Option 1 and Option 2, and indeed ‘ordinary trustee arrangements’, are levels of control, oversight, ring-fencing and, of course, commensurate cost.



For further information please contact:



Oliver Peck

Managing Director
SMP Trustees Ltd
Tel: + 44 (0) 1624 683 231
Email: oliver.peck@smppartners.com



Anne Baggesen

Director
SMP Trustees Ltd
Tel: + 44 (0) 1624 683 253
Email: anne.baggesen@smppartners.com

SMP Trustees

Clinch's House
Lord Street
Douglas
Isle of Man IM99 1RZ
Tel: + 44 (0)1624 683 229
Fax: + 44 (0)1624 612 624
Email: info@smppartners.com
www.smppartners.com

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