



Private Trust Companies

In 2008, Guernsey enacted legislation with the specific intention to enhance the appeal of the island as a jurisdiction for the establishment of Private Trust Companies. The legislation was complemented in the same year by the introduction of an electronic Company Registry which is proving to be the global benchmark for company formation both in terms of cost effectiveness and speed. These innovative advances together with a pragmatic "risk based" approach to the new client acceptance process has put Guernsey at the very forefront of Private Trust Company development and administration.

Features of a Private Trust Company (PTC)

A PTC is a privately owned company formed specifically to act as a trustee of a single family trust or a series of related family trusts.

The PTC may be owned by the settlor, his or her family or, more often than not by a "purpose trust".

A purpose trust usually has no beneficiaries but instead has a purpose, such as the holding of the shares in a PTC. Using a purpose trust in this manner can mitigate the need to give an ultimate controlling interest to a particular party or individual.

The board of the PTC may consist of the settlor, family members and professional advisors. The board will also usually include a representative from a professional trustee based in Guernsey.

The professional trustee will generally perform the day to day administration of the underlying trusts under a contractual management agreement and attend to the necessary requirements to ensure the continued good standing of the PTC.

The PTC is a private arrangement and may not be used for commercial purposes. It may not advertise its services nor operate for a profit.

A PTC and associated trusts established in Guernsey would be governed respectively by The Companies (Guernsey) Law, 2008 and The Trusts (Guernsey) Law, 2007.

Advantages

- In the PTC structure the settlor, family members and their own professional advisors may be appointed onto the board and, as directors, exercise direct influence at trustee level
- The settlor retains a far stronger degree of control over the trust assets
- The settlor may also exercise significant influence over the manner in which underlying trust assets are administered
- There is increased flexibility and scope for the operation of family business activities which might otherwise be restricted by the involvement of a sole professional trustee
- The speed of decision making is likely to be greatly enhanced owing to the composition of the board of the trustee and the familiarity with underlying business assets
- Given the familiarity the family and their professional advisors may have with underlying business assets, trustee expenses and the need to take potentially expensive independent third party professional advice can be significantly reduced
- The settlor can use the PTC to introduce younger family members via the board to assist with succession and provide continuity for the future
- Avoids the possible costs associated with appointment and retirement of professional trustees

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