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Head Office, Liechtenstein

## Dear Reader



The regulatory world is moving at a fast pace, especially in Europe and the USA. The European Union has agreed to implement an automatic exchange of information. The goal is to exchange automatically the details of the ultimate beneficial owner between countries. This will happen mostly on a bank-

ing level it seems. While the general goal and intent seems clear, the details of what will be exchanged and the starting point is not yet fixed. The current discussion also shows that there will very likely be exemptions to the rule and these are also not yet clear and agreed on. The general assumption is that we will see this starting in two to three years.

The USA has convinced large parts of the world that they should all implement FATCA (Foreign Account Tax Compliance Act). FATCA will make sure that the relevant countries will proactively send financial information on US Persons to the tax authorities in the USA. Every country will have a so-called Intergovernmental Agreement (IGA) to formalize the process and there is more than one model available. The basic intent is to make it virtually impossible for a US Person not to declare all its income etc. to the US tax authorities. Almost every financial intermediary currently has to deal with FATCA in order to make sure he is correctly registered.

What the foregoing clearly shows is that a lot of care has to be taken when setting up structures in order to hold and administer various assets. The fact that some information in the future will be exchanged automatically will create a new situation where the clients and trustees partly are not in control of what information is being exchanged. This might well be seen as an unwanted loss of privacy but it will become an inevitable situation at least in Europe and the USA. I have no doubt that the rest of the world will be joining in the exchange of information, even if it is not automatic.

One of the positive aspects of the above initiatives is that the focus will be on succession and tax planning rather than on secrecy which arguably is no sustainable planning anyway.

We see a large number of existing clients embracing the new world and are ready to adapt if and when necessary.

Please feel free to contact us should you have any question to the foregoing.

Yours sincerely,

Alexander Jeeves  
Group CEO

## New Era for Hong Kong's Company Law

The new Hong Kong Companies Ordinance (Cap. 622) („the new CO“) came into effect on 3 March 2014. The new CO aims to provide a modernized legal framework for the incorporation and operation of companies in Hong Kong.

Among the key changes are both the requirement to have at least one individual natural person director for private companies and the emphasis of a director's role and responsibilities.

### Restriction of corporate directorship in private companies

Under the new CO, private companies are required to have at least one director who is a natural person. This natural person can be resident outside of Hong Kong. The Registrar of Companies may direct a company to appoint a director who is a natural person in compliance with the requirement. If a company fails to comply with the direction, the company and every responsible person of the company commit an offence. Each is liable to a fine of \$ 100,000. For a continuing offence, a further fine of \$ 2,000 will arise for each day during the period.

If you have a Hong Kong company under Jeeves Group administration currently without at least one individual director, our Hong Kong office will be in touch with you shortly with a solution. At this stage we plan to keep your current corporate director and add one individual to comply with the Ordinance.

There is a grace period of 6 months to September for companies to comply with this new requirement.

### Emphasis of director's role and responsibilities in corporate governance

The new CO clarifies the standard of directors' duty of care, skill and diligence. The new CO sets out a mixed objective and subjective test for the standard of a director's duty to exercise reasonable care, skill and diligence. The following measures are introduced in order to avoid Director's conflict of interest:

- Expanding the prohibitions on loans and similar transactions to cover a wider category of persons connected with a director
- Requiring ratification of conduct of directors by disinterested members' approval
- Requiring disinterested members' approval for various prohibited transactions in the case of public companies, and for loans and similar transactions in the case of a private company or company limited by guarantee that is a subsidiary of a public company
- Expanding the prohibitions on payments to directors for loss of office
- Requiring members' approval for directors' employment exceeding 3 years
- Widening the ambit of disclosure required

With the new CO Hong Kong is moving towards more the Singaporean regime of added responsibility and risk and with it added cost. While we will attempt to keep costs down, our new fees for Hong Kong Companies from 1 September will have to reflect these added responsibilities and the necessity to take out liability insurance to cover all individuals taking on the roles.

All in all, the new CO is a comprehensive rewrite of Hong Kong company law and has introduced many sweeping changes. It modernises Hong Kong's company law and enhances Hong Kong's international business and financial centre status.

Cathy Odgers BCom LLB TEP, Director,  
Jeeves Fiduciary Services Limited, Hong Kong



View from the Peak: Thousand of skyscraper in Hong Kong at night.

## Singapore, the new trust jurisdiction of choice for HNWI's

Increasingly over the past few years Singapore has become the jurisdiction of choice for high net worth individuals (HNWI's) given the upheaval in the global markets and a growing migration of assets toward the Far East. But what is it that is attracting HNWI's to look towards Singapore as the jurisdiction of choice? Here we have identified 5 key areas that help explain this inflow of assets.

### Stability

Singapore is both politically and economically stable. Clients are looking to place their assets in politically and economically non-volatile jurisdictions. This burgeoning Republic with a parliamentary system of government has a strong reputation for innovative and forward thinking since achieving independence in 1965. Its growth into a high developed market based economy based on manufacturing, IT and the life sciences coupled with one of the world's busiest ports places it at the vanguard of economic growth, logistics and investment in Asia. It has become a highly recognised international financial and banking centre under the strict supervision of the Monetary Authority of Singapore (MAS).

### Safety, Security & Transparency

The rule of law is paramount and Singapore has the reputation of being one of the least corrupt jurisdictions in the world. The government and judiciary have a reputation of being highly intolerant of crime and corruption and place great emphasis on transparency. This gives great comfort to individuals who seek to have their personal and financial security protected from any potential corruption.

### Taxation

Singapore has a territorial tax system with no Capital Gain Tax (CGT) nor estate duty. Since 2006 foreigners setting up Qualifying Foreign Trusts (QFTS) and Singapore residents who set up Qualifying Domestic Trusts (QDTS) enjoy very attractive tax exemptions. This allows clients the free movement of capital whilst minimising their tax exposure and the ability to attain easy access to their assets.

### Resources

Singapore has shown a strong willingness to do whatever necessary to develop its finance and trust industry and bring it in line with other leading jurisdictions. Based primarily on the UK's Trustees Act 2000 the trust industry is in the early stages of development and already the jurisdiction has risen to the challenge. Access to resources is key to this and Singapore now boasts some of the most experienced trust professionals in the world. In tandem with actively recruiting the finest professionals from outside Singapore it has placed great emphasis on the development of home grown talent with significant subsidies and incentives for training.

### Investment

A majority of the world's top asset management firms have a presence in Singapore. At the core of the Singapore International Finance Corporation (IFC) is the Singapore Stock exchange. This gives clients ready access to the capital markets and its world class investment management services and advice.

In general choosing an appropriate jurisdiction for a HNWI's trusts is a critical part of the estate planning process. Singapore offers many advantages making it a leading trust jurisdiction.

Ciaran McNamee Solicitor (N.P.), Director,  
Jeeves Trustees Pte Ltd., Singapore



Aerial view of Marina Bay Skyline in Singapore at twilight.

## Are SPVs a thing of the past?

So-called Special Purpose Vehicles (SPVs) have been used widely in the past. We are convinced that they will continue to have an important role in the future. There are many countries where it is still possible and efficient to hold properties with a simple SPV. The same applies to bank accounts which are held by SPVs as subsidiaries of a trust or foundation.

However, in a time where costs are being increased by additional regulatory requirements and investment performance is moderate, the cost efficiency of any entity has become an important factor. St. Vincent & the Grenadines offers very cost-efficient international business companies and remains our jurisdiction of choice for SPVs. Even the liquidation procedure is refreshingly simple compared to other well-known jurisdictions.

Please ask us for a quote!



Tropical bay on Bequia Island, St. Vincent in the Caribbean

### Contact

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