

Managed Trust Companies in Guernsey

What is a Managed Trust Company?

Managed Trust Companies are the arrangement by which an existing licensed service provider takes responsibility for the operational functions of a trust business, set up and owned by another company. For example, they allow company 'A' to beneficially own a Guernsey Managed Trust Company 'B', which then provides services to company 'A's clients. Sometimes the provision of services in this way is referred to as "white labelling".

This Managed Trust Company would be administered by a Guernsey based fiduciary services company which would provide all necessary officers and ensure it complies with local regulations.

Benefits of Managed Trust Companies

The name of the Managed Trust Company often reflects the name of its parent company rather than the fiduciary services company. The company can therefore extend their product offering to their clients without incurring the substantial expense and fixed costs of establishing, resourcing and equipping its own office.

The fiduciary services company would provide access to specialist and experienced professionals who have existing relationships with local regulators, allowing a company to establish an offshore presence whilst maintaining the high standard of service that their clients expect.

Setting up a Managed Trust Company

A Managed Trust Company must obtain prior approval from the Guernsey Financial Services Commission (GFSC) and a licence to conduct trust company business.

The GFSC's primary concern is to safeguard both the good reputation of Guernsey's finance industry and the assets of clients. It requires the following information for approving an application for a Managed Trust Company:

- Who are the proposed shareholders and directors of the Managed Trust Company?
- Which licensed Guernsey trust company is to manage the business of the Managed Trust Company?

- Confirmation that all appropriate records of the client's trusts and companies will be properly maintained within Guernsey by the licensed company.
- An independent firm of auditors will be appointed to audit the annual accounts of the Managed Trust Company as well as its procedures.

Responsibilities of the service provider

The relationship with the offshore service provider will be detailed in a formal management agreement that sets out principal responsibilities of the service provider as detailed below:

- Full compliance with all local regulations relating to trust companies including the provision of a money laundering reporting officer.
- Maintenance of detailed accounting records
- Maintenance of all statutory records
- Liaison with the duly appointed auditors
- Preparation and submission of tax returns and accounts to the Administrator of Income Tax
- Provision of dedicated telephone, fax and emails.

Why Guernsey?

Guernsey is in the premier division of international trust centres and has a workforce and infrastructure which has vast experience in managing both trusts and Managed Trust Companies. There are numerous fiduciary companies providing Managed Trust Company services and with a new Trusts Law in 2008, Guernsey is at the forefront of international trust legislation.

Summary

There are many companies which regularly advise on the establishment of offshore trusts and for these companies the Managed Trust Company option can prove to be an attractive and efficient means of maintaining their relationship with clients without the expense of establishing their own office.