

## Private Trust Companies

### Background

Private Trust Companies (“PTC”s) are an established and increasingly attractive asset holding structure used by high net worth individuals, families and companies with a range of benefits including wider discretion as to who can act on the board of the PTC which is the trustee.

PTCs are not licenced by the Cayman Islands Monetary Authority (“CIMA”) although they are required to retain their registered office at the offices of a trust company holding a CIMA issued Unrestricted Trust License (the “Licensee”). PTCs are governed under the Private Trust Companies Regulations (as revised) of the Cayman Islands (“PTC Law”).

### Benefits of using a Registered Private Trust Company

Amongst the benefits of using a PTC to act as trustee are:

- PTCs allow for family or group structuring under a single trustee, independent of a traditional trust company;
- PTCs enable family members or independent directors to be appointed to the board of the trustee retaining involvement and, depending on board composition, control of the trusts affairs;
- PTCs can often enhance the commercial value of a venture by allowing for marketing that is independent from a traditional trust company, this can be preferable for private, commercial and philanthropic ventures;
- no audit requirement;
- by introducing a STAR Trust to hold the shares of the PTC succession issues are often reduced; and
- PTC’s can offer significantly more flexibility and efficiency as compared to alternatives that may be considered in similar situations such as Restricted Trust Licence Companies. PTCs are normally simpler to set up and administer while reducing operational costs.

### Requirements of a PTC

The records that a PTC must maintain at its registered office (being a licensed Cayman Island Trustee) must include:

- copies of all deeds or other core trust documents in respect of all trusts over which the PTC is trustee including all deeds or equivalent documents that vary the trust, its powers or its provisions;
- all documentation relating to the name and address of the trustee and any contributor to the trust as well as any beneficiaries to whom a distribution is made from the trust.

Other requirements of the PTC include, but are not limited to:

- a PTC can only undertake connected trust business, this refers to the limit on the trust business conducted needing to be only with connected persons such as family members of the same family or corporate entities within the same group of companies; note, what constitutes “connected trust business” is defined in the PTC Law;
- must not solicit or receive contributions from the public or anyone not related to each other as connected persons;

- file an initial declaration for approval listing:
  - its name;
  - names and addresses of its directors;
  - names and addresses of its shareholders;
  - name and address of its sponsoring trustee providing its registered office; and
  - that it is a company to which the regulations apply and it is in compliance with those regulations;
- file an annual declaration prior to the 31<sup>st</sup> of January each year confirming the above; and
- pay an initial registration fee at the time of registration to CIMA and an annual fee by the 31<sup>st</sup> of January each year as well as other fees described below.

A PTC name must include the words “Private Trust Company” or the letters “PTC” in its name, which must be approved by CIMA prior to incorporation.

It is important to note that the PTC Law is clear that the various requirements including conduct, record keeping, filing and fees are the responsibility of the PTC itself and so the board of the PTC should ensure that the requisite skills are present. Given the requirement to engage a fully regulated trust company as registered office, the trustee will seek to be sufficiently engaged in the activity of the PTC to be able to monitor and review the PTC’s compliance with the PTC Law. It is therefore usual practice to engage an officer of the fully regulated trustee with the PTC as a director or administrator; such an appointment is highly beneficial to the PTC given the specialist experience and knowledge of such an individual in the legal, regulatory and accounting requirements associated with the smooth operation of a trust company.

## Costs

The statutory fees for incorporating and registering a PTC are:

- an initial registration fee of US\$8,537
- an initial company registration fee (assuming Exempted Company with share capital <US\$50,000) of US\$732;

Annual statutory fees thereafter are:

- annual registration fee of US\$8,537: and
- annual Company fee (assuming Exempted Company with capital <US\$50,000) US\$854.

JP Integra Trust Company (Cayman) Limited (“JPITC”) is able to provide registered office, trustee, director(s) and officer(s) to PTC’s as required as well as associated services. JPITC is also able to provide the appropriate shareholding vehicle; typically, this would be a STAR Trust, settled with the sole purpose of holding the shares in the PTC. JPITC fees will be determined by the facts of each case and the extent of its engagement in it.

JPITC typically quotes a minimum fee for the provision of one director and registered office to the PTC of US\$15,000 with a range of other services being available as required.

A detailed fee proposal, in accordance with the JPITC’s published fee schedule, would be provided after initial discussions.

Considerations given when providing a fee proposal include the complexity of structure being implemented, services provided to the structure, assets held, beneficial ownership and any other factors increasing the administration of the structure.

### Further Information

For more information on how JP Integra can assist with the construction and operation of your PTC, please contact:

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