



Key Takeaways: Jersey Finance Family Office Roundtable on Connectivity and Reputation

Update prepared by Jersey Finance, March 2020

On 7 February 2020, Jersey Finance hosted the third in a series of five planned roundtable events focussed on family offices. These events are intended to encourage dynamic debates and explorations into what is important for private clients when it comes to establishing, redomiciling or relocating family offices around the globe. Held at the Haymarket Hotel in central London, this roundtable focussed on the topics connectivity and reputation.

Our event started with a networking breakfast, followed by a welcome note from Robert Moore, UK Director at Jersey Finance before a 50-minute discussion between all attendees.

Attendees

Alvaro Aznar, Associate Private Wealth, Child & Child
Namukale Chintu, Senior Director, EFG Private Bank
James Ditcham, Relationship Manager, Standard Chartered Bank
Steven Footer, Relationship Manager, Standard Chartered Bank
Ayda Habboush, Partner, Trowers & Hamblins LLP
Emma Heelis-Adams, Senior Associate, Burges Salmon LLP
Richard Le Liard, Partner, Bedell Cristin
Heather Maizels, Senior Advisor, Charles Russell Speechlys
Robert Moore, UK Director, Jersey Finance
Robin Pitcher, Relationship Manager, Garfield-Bennett Trust Company
Michael Powell, Private Client Director, Hawksford (Jersey)
Tristan Ward, Partner, BDB Pitmans LLP

The importance of a jurisdiction's reputation

“I feel there is a huge world of international families who don't really know the risks they have if they are not using a robust jurisdiction. Using Jersey is a good safe choice.” - *Heather Maizels*

Working with international families/clients

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- International clients with UK situs assets are looking to Jersey given its location, paired with its positive, established and recognised reputation for stability and expertise to manage their aspirational needs and requirements.
- Tax is no longer the key driver from a private wealth perspective. Families and individuals are seeking a reputable jurisdiction with the appropriate caliber, flexibility and infrastructure to meet their ever increasingly complex requirements. Jersey's innovative environment and proactive approach to financial services makes the Island very attractive to those families or individuals.
- Due to the work undertaken across our respective jurisdictions, families for example, in the Middle East, Oman and UAE are using Jersey structures, are becoming increasingly familiar with the Island's reputation and speak very positively about the jurisdiction. This positive reputation supports the Jersey offering and makes the Island attractive to other potential clients in those regions.
- Jersey's reputation for administering Sharia structures and knowledge of cultural characteristics has positioned the Island as the go-to jurisdiction for Middle Eastern clients.
- For international families visiting Jersey for business, the high-quality restaurants, hotels and hospitality sector has encouraged families to make more of their time in Jersey.
- Jersey's direct flights to key UK business centres and easy access to Europe, facilitates fast and frequent travel opportunities to major European and Worldwide destinations.

Defining and supporting family offices

- Descriptions of what defines a family office were varied but all agreed that : a family vehicle delivering a core-led package of services to a single family; is a consistent description of a single family office.
- Intermediaries act as facilitators for families/clients; ideally being able to anticipate the client's needs and to put in place appropriate framework for the families/clients structures.

- The process of educating clients about the importance of regulation involves taking them through the long-term benefits, cost-benefit analysis and explaining how spending more in a stable, well-regulated jurisdiction is better at protecting assets.

“With a first-time investor client, it's part of **the** education process that you take them through the long-term benefits.” - *Ayda Habboush*

“The next generation, when they're taking over the family business, want to be sure about wealth preservation, that they're protected, that they're with somebody who is legitimate, and that their wealth isn't going to suddenly disappear one day. That's what we, as advisors, are there for; to educate them through that process.” - *Ayda Habboush*

Reputation: data protection, regulatory standards and transparency

- A jurisdiction's reputation carries great importance, since the well-publicized data leaks of the past. HNW/UHNW families have concerns around their personal data and require their adviser to make appropriate enquiries when considering a jurisdiction to mitigate those reputational risks.
- With a strong focus towards transparency, a good reputation within the regulatory framework is also important to clients today. Alongside a jurisdiction's ability to meet high regulatory standards, it must also value a client's privacy and offer data protection.
- Jersey's high anti-money laundering standards require thorough and robust processes to be upheld by financial services businesses.
- Jersey was one of the first jurisdictions to be white-listed on economic substance.
- Jersey has received recognition from the OECD, IMF and World Bank as an international finance centre of excellence.

“We do a lot of hard work making sure that our Island is fit for purpose in terms of the highest international standards. If you come to Jersey, you don't get an easy life in terms of AML questions about your structuring and your tax arrangements. Actually, if you're successful in getting a trust company business to take you on, that's almost a badge of honour.” - *Richard Le Liard*

- The Jersey Financial Services Commission's (JFSC) regular and robust practices to include, themed examinations, unannounced visits, engagement with the industry, ensure businesses in Jersey comply with the highest standards.
- From a legal perspective, the high standards of judiciary in Jersey have led to some Jersey trust litigation cases being used as exemplary/leading the way/best practice in this area.
- The size of the Island enables the industry, regulator and government to work closely together.
- 'Integrity' best described the qualities both clients and advisors look for in working in a jurisdiction.
- Tensions between international transparency initiatives (i.e. beneficial ownership and public registers) and drive towards data protection (e.g. GDPR) are still being felt by advisors and clients
- Jersey firms have disaster recovery facilities and measures in place. These are tested regularly. This is a key consideration for clients as well.