

# Private Trust Companies

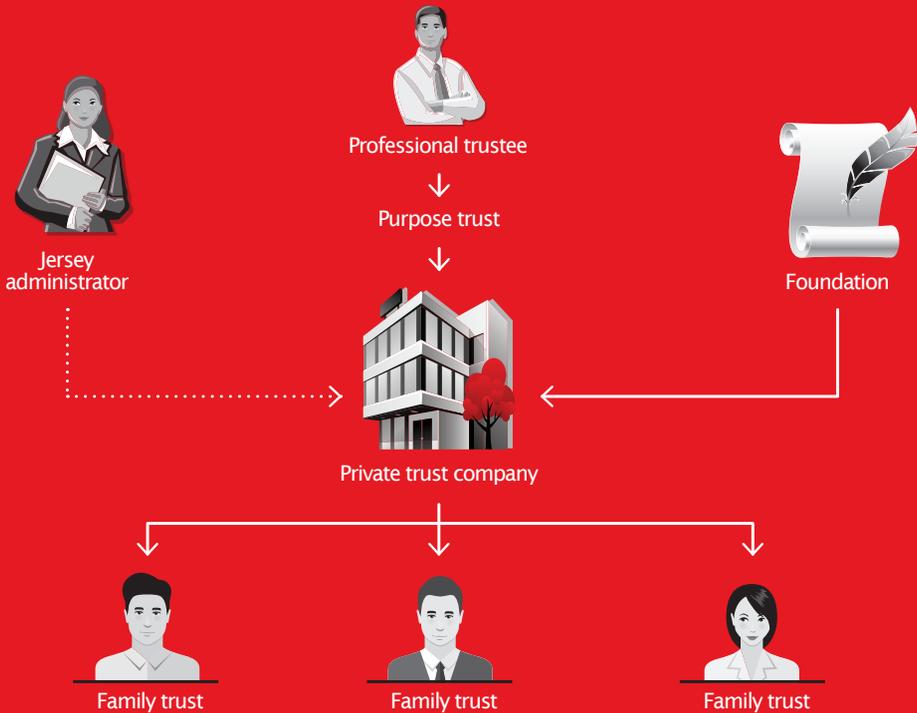
## A private trust company in overview

A private trust company (PTC) is a useful vehicle to consider in the planning and establishment of trust structures for high net worth and ultra-high net worth families. Rather than transferring assets to a service provider's professional trustee company, some families may prefer to establish their own corporate trustee (a PTC) to be trustee of the trusts which they plan to create.

PTCs are valuable in a number of situations, including as trustees of private family trusts for wealthy families, especially where the family desires maintaining a degree of control in relation to the assets settled on trust, or as trustees of commercial trusts and to hold special purpose vehicles (SPVs) that are used in financial or other structures.



## How it works



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## What are the advantages of a PTC?

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- Family members can retain involvement and decision making powers in relation to the family trust. For example, the settlor and people connected with the settlor may sit on the board of the PTC, or be protector or enforcer of the trust which holds the PTC's shares
- Management of the PTC lies with the board of directors; a change of directors is generally less burdensome than a change of trustees
- By keeping the trusteeship of a family trust within the family, confidentiality can be preserved
- A PTC can be used to allow younger members of the family to be introduced to a family's wealth and values in a controlled and structured manner
- A PTC can be structured to ensure that the trustee will have a working knowledge in relation to the assets held within the underlying family trusts (such as a family business) and will be able to respond speedily whenever commercial decisions need to be made
- There is no requirement in Jersey to seek express exemption from regulation, to pay any PTC fees or to capitalise the PTC in a particular way. Jersey's regulator, the Jersey Financial Services Commission (JFSC) does however need to be notified of the PTC, and this is usually done by way of a letter
- A PTC can be established in Jersey on a fast track basis within 24 hours

## Possibility of using a foundation instead of a PTC

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Alternatively, it is also possible for a foundation to act as a trustee, where that is considered appropriate to meet the requirement of a particular family, and the exemption from registration (as referred to above) is available to foundations as well as to companies.

## Ownership structures

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The structure selected for a PTC will be influenced by the particular circumstances (including family dynamics and tax considerations) and wishes of the individual client. One option for consideration is for the PTC shares to be held directly by the client and other family members. Alternatively, the PTC may be owned by a trust or a foundation.

## Directors of the PTC

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The board of directors may comprise a mix of family members and professionals.

The physical location of the directors of the PTC is an important consideration not only because of the potential fiscal and management implications, but also because of disclosure obligations that may be imposed on directors in certain jurisdictions.

In addition, all PTCs should be mindful of continuity and succession planning issues at board level. Often this is best dealt with by the appointment of one or more independent, professional co-directors.

## Additional regulatory aspects

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A PTC, by way of exception to the usual rules for trust businesses, will not be required to obtain a licence from the JFSC to conduct trust company business, provided the PTC fulfils all the following criteria:

- the purpose of the PTC is (i) solely to provide trust company business services to a specific trust or trusts (ii) to act for that purpose and to act as a member of the council of a foundation or foundations (otherwise than as a qualified member, as that term is defined by the Foundations (Jersey) Law 2009)
- the PTC does not solicit from or provide trust company business services to the public
- the administration of the PTC is carried out by a person registered to carry out trust company business in Jersey

## Contact us

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For more information on private trust companies, please contact a member of the Jersey Finance team on:

T: +44 (0) 1534 836000 | E: [jersey@jerseyfinance.je](mailto:jersey@jerseyfinance.je) | [www.jerseyfinance.je](http://www.jerseyfinance.je)



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