

Equiom Champions Corporate Services Professionalism as Global Regulation Tightens

International corporate services provider Equiom announced the appointment of James Russell as Managing Director of Equiom Hong Kong in May this year. Hubbis caught up with Russell in July after he settled into his new role. He explained how the somewhat disparate corporate services market in Asia is becoming more regulated, benefitting the small number of high-quality competitors who operate at scale. Despite the recent disruptions, he believes Hong Kong is an ideal hub for the rapidly expanding Chinese private wealth market as it goes ever more global, as well as for other Asian money diversifying within the region and beyond. And he sees both Hong Kong and Singapore continuing their growth paths as hubs for global money moving into Asia.



REGULATION

“THE OPPORTUNITY OF LEADING EQUIOM’S HONG KONG operations

was one I immediately grasped,” Russell begins. “We believe we have somewhat unique positioning within Hong Kong, as we have both the scale to be professional and also the size where we can still be personable and hands-on with our clients.”

Russell describes Equiom as a leading worldwide provider of trust and corporate services, providing services to the high net worth segment as well as to international or multinational corporates and also to what he calls budding entrepreneurs.

Russell is an award-winning trust professional with almost 20 years’ experience in the industry and with a deep understanding of private and corporate client matters. Prior to joining Equiom, he worked in senior roles serving clients in the Isle of Man, Cyprus, Hong Kong and Singapore within international companies, and has extensive experience of building innovative trust and foundation structures for Asian families.

Russell has responsibility for managing the company’s strategy in Hong Kong and for overseeing the overall performance of the business. He leads a team of specialists focused on the delivery of professional services including private trust, company administration, tax and legal compliance, accounting and immigration. As a member of the Equiom’s Asia Board, Russell also contributes towards Equiom’s strategic and tactical corporate development.

On the expansion trail

Equiom’s Global Chief Operating Officer, Nick Evans, commented at the time of Russell’s appointment

Key Priorities

“First, I want to see the Equiom brand recognised as being one of the go-to providers for clients at the high-quality end of this market,” he reports. “I want us to grow our network, become more visible and to exude quality.”

Another mission is to build the group’s talent to ensure that Equiom can deliver. “Behind the scenes, Equiom has to strengthen the already good team we have got in place, to make sure that we have more staff to deliver at the required level of expertise and proficiency.”

His third priority is to explore the potential of the Bridges business. “I see having a serviced office offering as being the logical end goal of establishing real substance for a client in a jurisdiction, and I think that’s a real USP that we have not yet fully explored and exploited as much as we could potentially. For example, I think there is an opportunity for that model in Singapore and Japan, and potentially in a couple of other places as well.”

Russell recalls that in a previous role many clients’ relationship curtailed soon after they reached the point of setting up in an office. “But if we offer the serviced offices, at a reasonable cost and great ease of access, we are better able to retain the client for perhaps several more years. Perhaps, later on, they really expand and spread their wings, but we will have been able to keep close to them until that time, from the point where they first began operations.”

that the firm has ambitious growth plans in Hong Kong. After first entering the Asian market in 2015 via an acquisition in Hong Kong, Equiom then added two new businesses in 2016 in Hong Kong and Singapore, followed by another in Japan in 2017.

“Our acquisitions in Hong Kong quickly gave the firm a solid platform in private wealth and corporate structuring services,” Russell explains, “after which we then soon had the scale and capabilities to handle a wide range of assignments, including for foreign capital

coming into the region, generally using Hong Kong as their base.”

Hong Kong offers an excellent base from which to expand regionally and globally, Russell adds. “There are beneficial tax rates and advantages and a robust network of double tax treaties, making this a great hub,” he reports. “Our worldwide operations and connections provide clients here with the right support to set up worldwide business structures, and also for clients worldwide looking at Hong Kong as their starting point to expand their businesses into Asia.”



JAMES RUSSELL
Equiom Hong Kong

Hong Kong's ideal position

From Hong Kong, the primary business source is mainland China, where the rise in wealth at all levels has been dramatic in the past several decades. "The growth in international investment amongst China's wealthy is exponential," Russell reports. "As it is challenging for them to seek offshore investment options Hong Kong is a natural conduit and springboard, so demand for trusts, independent trustees and company directors who actually understand what they are doing has grown dramatically."

But Hong Kong, Russell explains, is also an appealing hub jurisdiction for individuals and companies from around the region, including ASEAN countries, as well as Japan and Korea. "Of course, Mainland China is a large portion of the business, but we are also increasingly diversifying our reach into other Asian countries that can benefit from structures here," says Russell.

Hong Kong's resilience

He also hopes Hong Kong will soon be able to settle the unrest in the city. "Hong Kong as a jurisdic-

Getting Personal

Born in Essex, near London, Russell's family moved to the South-west of the UK when he was still very young, living in Penzance, Cornwall and later Yeovil in Somerset. He then went on to study linguistics at the University of Wales in Bangor.

After a somewhat uninspiring first stint for a year as a graphic designer, a trip to visit a friend in the Isle of Man resulted in a job offer in trust and corporate services. "I became a sort of trouble-shooter," he recalls. "Every time one of their offices ended up in a complete mess, they would send me out to go and fix it. I spent about nine years in the Isle of Man, two and half years in Cyprus, two and half years in Hong Kong, and then a year down in Singapore before I came back here to Hong Kong. I have enjoyed seeing first-hand the different ways that different cultures interpret the same industry."

Hong Kong, he says, is a fascinating place to work. "I really enjoy the culture here, most people here are non-confrontational by nature, which actually means sometimes it is tough to get the message across. But it does make for a fairly amenable and pleasant working environment on a day to day basis."

Russell enjoys travelling and exercise in his spare time. "I try to do at least a half marathon or two each year," he explains, "and the last one was in Hanoi. I also like visiting Vietnam regularly, and also Korea, and even went into North Korea for a week last year, that was fascinating."

An unusual hobby Russell enjoyed when in the Isle of Man was sport commentating on the radio. "We used to do three shows a week," he explains jovially, "and I would get to cover events such as the junior Commonwealth Games. Someone called me up and said I should cover some swimming at those games. Well, I said I know little or nothing about it. They said, look it is simple, the winner is the first one to the end and gave me some crib sheets on the competitors' personal best times and so forth. It was all going fine, until I declared a winner, but quickly saw that they still had another two lengths to go, perhaps not my finest hour!"

tion has a long history of proving able to imagine and create structures and solutions and is a

truly global centre with a long history of expertise and accomplishments," he comments.

Equiom has two businesses in Hong Kong. One is Equiom Corporate Services (Hong Kong) Limited. The other is Bridges Executive Centre, providing high quality virtual and serviced office services to a huge variety of worldwide businesses, from small to large. Both entities are with Trust or Company Service Provider licensee regulated by the Companies Registry.

Equiom provides accounting, payroll, company secretarial, trustee and tax services to international companies and high net worth individuals, working with a global network in many leading jurisdictions including the British

This helps us to keep clients close to us and build long-term relationships as they grow and expand their own operations in Asia.

A substantial presence

Equiom's Hong Kong operations have in recent years grown rapidly to roughly 85 staff in total, and it is now the second-largest office for Equiom after the Isle of Man HQ.

"We are able to offer top-quality experts for our clients and optimal performance," Russell remarks. "We are working both directions well, with about 40% of the business coming from Europe, with European investors and businesses

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Crown Dependencies, Dubai, Singapore, Japan, the US, and several European financial centres.

And Russell explains that Bridges Executive Centre has provided new growth opportunities for Equiom in Hong Kong - the provision of serviced offices - which is becoming more and more important. "The offering of corporate services and office solutions is more squarely aimed at people setting up new entities," he explains. "One of its main focus points is on entrepreneurs starting out, or smaller companies, and providing services right through to serviced offices where clients can commence efficiently and easily.

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The group also has a Singapore office with around 50 staff and a Japan office of around a dozen people. "The client types are similar across all these jurisdictions," he reports.

Preservation priorities

Much of the demand in the region is driven by asset protection, more so Russell observes than in Europe where he notes that structures are largely driven by tax planning. "Here in Asia the

focus is a lot more on cross-generational planning," he reports, "and on asset protection and keeping wealth offshore that perhaps the client has made outside of their home country."

A typical client might, for example, be a founder-owner in Hong Kong who wants to make sure his businesses and assets are appropriately and professionally passed on to the family, or perhaps a family in China or Indonesia that wants to keep money outside their home markets in trusts, within stable jurisdictions, perhaps as a hedge for the future.

Russell adds that whereas perhaps 10 years ago most of the market was looking for somebody who could simply do company formation services and then never speak to them again, today with all the new global regulations, management and control needs to be one step ahead. "Not all the market has realised that yet," he remarks, "but the quality end of it has."

The cream rises to the top

As global regulation intensifies and as Hong Kong's corporate services market inevitably becomes more regulated, Russell believes this will serve to help the quality end of the service providers, at the same time as enhancing reliability and security for the clients.

"The increasing regulation provides the providers at the quality end of the market a real opportunity to capitalise on the need to help those holding the escalating wealth in the region protect that wealth and reduce their risks," he comments. "There is little doubt this trend towards greater industry regulation will continue. Quality providers in the market should welcome a tighter regulatory framework and will certainly benefit from it."

Regulation driving consolidation

Russell observes that the Asian market is still relatively crowded, with a vast array of corporate service providers in Hong Kong alone, although many of them are very small players. “But only a handful of those are truly capable of offering a global, professional service,” he states.

There is also a trend towards professionalisation amongst the clientele. “Increasingly, we’re seeing clients reach out to us with well-planned structures delivered from top quality advisors in the region,” Russell remarks. “This is an improvement on the old days, when structuring advice

came from a friend over dinner, and a client would source the cheapest solution to emulate that advice without understanding the principles behind it. We see our role as challenging the ideas these people might have heard on the grapevine and addressing their real issues by helping them find relevant advice. Quite a lot of our business comes from private bank referrals or from our established network. We’re always willing to help the private banker find solutions for their client.”

Russell speaks highly of Equiom’s Chief Executive Officer, Sheila Dean.

“Sheila Dean has always been the powerhouse behind the busi-

ness and remains so today,” he comments, “and with the right private equity backer that recognises that the real value in the business is in long term relationships, the business is set for growth rather than simply for optimisation of the numbers. One of the reasons I joined Equiom is because I could see that there is a strong management team here, building for the decade ahead and beyond.”

Ideally positioned

He concludes with a perspective that Equiom is positioned neatly as a professional services provider that is also independent, as well as enjoying a strong shareholder base and a substantial network. ■

