

Is transparency the new norm?

Sebastien Hayoz, Managing Director at Asiaciti Trust, spoke at the Hubbis Philippines Wealth Management Forum in Manila. Hayoz gave an overview of the current transparency situation and its effects upon wealth management strategy.

[Link to Partner Profile](#)
[Link to Article on website](#)
[Link to Event Homepage](#)
[Link to Content Summary page](#)
[Link to Photos](#)
[Link to Video Highlights](#)

ASIACITI TRUST, AN INTERNATIONAL trust and corporate services provider, offers specialised wealth management solutions to high net worth individuals, intermediaries, business owners and corporations. Hayoz is well-qualified to advise upon transparency as Asiaciti offers a broad range of services in many countries, including Singapore, Hong Kong and New Zealand.

“Every day there is a new regulation, a new proposal, a new register,” Hayoz began. “It creates feelings of uncertainty, and nobody knows what to do and how to plan ahead; we have no international standards.”

The root of all transparency legislation is political pressure, as the tax authorities gain in power. “As this influence increases,” warns Hayoz, “the level of transparency demanded increases exponentially. The issue with this is that it is beginning to disregard privacy and personal data protection.”



SEBASTIEN HAYOZ
Asiaciti Trust

The many faces of transparency legislation

The current mechanism for transparency began with the Tax Information Exchange (TIE). This was created in 2000 by the Organization for Economic Cooperation

and Development (OECD), and was an exchange between countries to obtain tax, or information on taxes in response to a civil or criminal tax investigation.

“Interestingly, FATCA was the first legislation to reverse respon-

OVERVIEW CURRENT MECHANISMS FOR TRANSPARENCY

- Tax Information Exchange Agreement
- The EU Savings Directive
- FATCA
- Common Reporting Standards
- The Persons with Significant Control regime
- Registers of beneficial ownership or effective controller
- Country by country reporting

sibility,” explained Hayoz. “Previously, the responsibility was on the tax schedule. Now FATCA put the responsibility on the financial institution to disclose any potential wrongdoing.”

CRS is based on the same model, it is the responsibility of the financial institution to provide information for a then automatic exchange. “I advise you all to be very careful when advising clients, as we are still in the firing line,” warned Hayoz.

Overseas businesses cannot escape transparency law

Another current factor in transparency is The Person with Significant Control register, legislation that was created in the UK in 2015 and which is now being replicated in the EU and other places around the world. It means that if you have a UK or EU company there must be an entry into a public register about who owns the company and who has significant control over it.

“The question is,” asked Hayoz rhetorically, “what will happen in our territories? Our registers are not currently public, but some overseas territories will have to

comply by 2020. Does this mean that we will have to follow suit domestically?”

The legislation regarding transparency measures and to a certain extent the pressure for public registration of offshore companies means that certain jurisdictions have been blacklisted by the EU. This, Hayoz indicated, means that it will be increasingly difficult to operate wealth management structures from these countries.

Another part of transparency initiative that will be of interest to wealth managers and their clients is a mechanism used when a company has an international footprint across various jurisdictions. “The countries involved will then have an obligation to exchange their tax reports between each other,” Hayoz explained.

“When we look at the development of responsibility, it began with the individual, then moved to the financial institution, then finally possibly to the country,” remarked Hayoz.

Transparency: the political pawn

Transparency remains high on the political agenda of every country.

“You as a banker, as a service provider, together with your clients,” Hayoz told the audience, “must take it upon yourselves to understand the current framework, as difficult and as changeable as it may be, you must ensure that you are following it to the letter.”

Hayoz wrapped up the presentation with some helpful guidance: “Advise your client to accept that their information must be shared, arrange an audit of their current arrangements and consider how future proposals may affect them.”

Finally, Hayoz advised that clients should be encouraged to seek out a single financial advisor to examine their unique disclosure requirements, in order to consolidate reporting and keep everything simple, rather than spreading information to many partners and risking something being overlooked or being shared amongst too many parties.

In summary, it seems that transparency is not only here to stay, but that legislation is increasing exponentially, driven by political agendas and competing markets. Advisers and clients must not fight it, but must try to work within its ever-tightening grip. ■