

# Singapore, structuring and synergy - how traditional offshore structures are working with Singaporean trusts

*Singapore's drive to continue to grow as a major financial services centre and develop Singaporean law products doesn't have to be a threat to offshore models.*



BY:

Rupert Morris, Partner and Head of

**WALKERS' PRIVATE CAPITAL & TRUSTS TEAM IN GUERNSEY**

**T**HAT'S THE CLEAR MESSAGE FROM MY MOST RECENT QUARTERLY TRIP TO SINGAPORE TALKING, along with my Private Capital & Trusts colleagues from our Singapore, Hong Kong and Channel Islands teams, to local trustees, corporate services providers and legal advisers, who are clear that traditional offshore vehicles can, do, and will continue to work in conjunction with, not against or as an alternative to, the standard Singaporean structures.

Walkers' Singapore office was established a decade ago, and it is clear that the growth in the city state is continuing (you only have to look up to see the cranes).

What's coming in is not just building materials, or even financial services professionals, but financial capital - and it's being generated not just by Singaporeans, but also flowing in from all around the region, including the PRC, Malaysia, Taiwan, Hong Kong and Japan. What is also undeniable is that this growth is being driven by private wealth, with the potential to disrupt the more institutional capital space, and that mid and offshore structures remain key to helping unlock the potential of this private capital.

#### **Here are the key points from our meetings:**

■ What's driving and motivating clients is the same as it is everywhere else in the world - clients are motivated by asset protection and succession planning, and seeking to retain some limited influence (if not control) through reserved powers, protector roles, or defined share classes in companies to secure management rights whilst other more junior family members holding non-voting classes. There are a range of not only Jersey and Guernsey structures that sit up nicely for this kind of work but also the Cayman and BVI vehicles that have been so popular in the region for years.

■ On the trusts side, local administrators have always seemed to do a mix of local and offshore work - and many of the same large corporate services providers have a presence in Singapore as well as the Channel Islands and the Caribbean. The growing amount of capital in private as opposed to institutional hands is supporting this - these successful entrepreneurial families tend to be internationally-mobile, and are welcoming a jurisdictionally-agnostic approach.

■ It is also clear that such motivations are not limited simply to preserving a family's wealth. Increasingly clients are looking for more flexible structures such as foundations, family offices or collective family investment funds which will allow them not only to protect what they have but also look to grow the family wealth and ensure sustainability for the benefit of future generations.

■ There are lots of ways that offshore and Singapore structures can dovetail neatly - IPOs are leading to new work establishing Guernsey-law-governed Employee Benefit Trusts, the lighter-touch regulation for new Jersey Private Fund arrangements have created an attractive alternative to old trust models, and the Private Trust Company structure that has been so successful for family offices elsewhere continues to appeal.

■ Beyond more novel structures, there are also obvious attractions to clients of using a Guernsey, Jersey, Cayman, BVI or Bermuda trust, where decades of court judgments give more certainty about what will happen if a dispute arises in the future - not to mention the absence of the 100-year lifespan cap and with the flexibility to address, for example, the issue of influence or to provide a route by which philanthropic aims can be fulfilled.

■ The legal market in Singapore continues to expand, with significant local and regional firms strengthening their positions, alongside the associations and partnerships that some have developed with international law firms looking for a presence in the city state and with an ability to practice local law. That culture is one that has provided offshore firms with the right vision to find their own place in the market working with the onshore providers. The international showing at the sold-out STEP Asia conference last month bears out that point, with not only wealth professionals but also lawyers from the UK, Caribbean, Channel Islands, US, UAE and Switzerland (as well as a very strong showing from the broader Far East region) all gathering with Singaporean counsel for one of the big set pieces in the private wealth calendar.

■ Although a relatively young jurisdiction from a private wealth perspective, Singapore is becoming an increasingly more sophisticated player in the private wealth space - not only is it extremely comfortable with complex multijurisdictional structuring work but there is clearly also more opportunity for international legal counsel to work in Singapore than ever before with the continued growth of arbitration in the jurisdiction as a means of resolving significant high value and complex disputes, rather than through the court process.

What is clear is that there has been a noticeable shift away from the low-cost high volume approach to trust structuring that has traditionally been associated with the region over the past decade. More complex structures are becoming increasingly popular, with sophisticated clients attracted to the greater flexibility that they provide for future eventualities. Clients, now more than ever, are recognising the value of obtaining professional advice from

the outset on how best to structure their private wealth, rather than using ‘off the shelf’ structures that will likely be less ‘future proof’. After all, a private capital structure is likely to be very important during their lives and one which will govern not only their wealth but also that of future generations. So it is understandable that clients now want to get a bespoke and tailored solution that is right for their family and future aspirations from the start. ■

---

### Getting Personal with Rupert Morris

Rupert Morris is a partner and head of Walkers’ Private Capital & Trusts Team in Guernsey, and has almost 15 years’ practice as a private wealth specialist focusing on private client advisory and structuring work.

Morris also has significant experience since qualifying as a Guernsey Advocate in 2010 as a contentious practitioner, appearing before the Guernsey courts at all levels, particularly in respect of applications to vary the terms of trusts.

He is recognised as one of the leading lawyers in his field in Guernsey, and has been elected by his peers as the current Guernsey representative on the STEP Worldwide Council.

