


The Quest for Smart Planning & Structuring in a World of Complexity and Intertwined Regulation



Paul Knox, Managing Director at J.P. Morgan Private Bank, based in Hong Kong, is an aficionado of prescience and prudent planning. He sees his role at the bank partly as a champion of rectitude on behalf of UHNW clients who are often taken aback by the sheer complexity of estate and succession planning in what is an increasingly interconnected and complex world of compliance and regulation. He sat as one of the expert panellists at the first Hubbis Digital Dialogue event of 2024, which focused the minds of delegates on the why, when and how of robust estate planning and structuring for HNW and UHNW clients and their families. Hubbis has distilled some of his key observations from what was a detailed and thought-provoking discussion.

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PAUL KNOX

J.P. Morgan Private Bank

Paul offered some

perspectives from the point of view of working with UHNW clients for their wealth management needs. He said he agreed with an earlier comment from a panellist who had highlighted the value of diversification. He said that diversification is the starting point for everything that clients do these days, but there is also considerable value in simplification, for example some rationalisation of corporate structures.

The end of (simpler) days

“The days when a BVI company could be set up with minimal annual running costs and minimal administration are over,” he said. “The administrative needs are

far higher, there are economic substance requirements, additional accounting disclosures, and so forth. The costs of administering entities are increasing and requiring more personal time in administration. Accordingly, the simpler and clearer they can be with their structures, whilst at the same time getting that degree of diversification, the better.”

Taking expert advice is key

He opined further on the thrust towards transparency, which he said had been propelled by the arrival of CRS back some seven or so years ago. “With emergence of a new age of transparency, people are increasingly accustomed to having their [declared] information shared amongst jurisdictions,” he commented. “This is precisely why they should take professional advice as to what is disclosed, when, and to whom, so that there are no surprises if there are requests for additional information.”

Wheels within wheels

Paul explained that these types of issues are ever more prevalent in the globalised world today, with properties and assets of wealthy families dotted around the globe, and so too their family members. He said client advisors need to be on top of these matters and to make sure the clients think about such issues and also alert them, so

they can help direct them to the right structures and solutions.

“We need to be on top of information, and then we are able to better help them to prepare for what they might need to do amidst changing circumstances,” he explained. “For example, I have a client whose next of kin is relocating to Canada and becoming a Canadian resident, and he wanted them to become a protector of a new settlement, but we alerted him of the resulting tax implications in the jurisdiction.”

Challenges galore

Paul acknowledged that it is very difficult to keep on top of all these moving parts, but stated that their job is certainly to warn clients to be aware of these issues and as transparent as possible.

“It is important to take the right advice, each step of the way, to make sure that all relevant parties know where the family members are and to mine down into the implications of changes of residence,” he advised, adding that with the interconnectedness of family wealth and also jurisdictions and regulations, there are very often knock-on effects of changes in circumstances.

He continued: “For example, should a family member who is a beneficiary of a trust move countries, there should be

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an assessment as to the tax implications of that family member remaining as a beneficiary of that trust. Many ramifications mean the need for a multiplicity of different conversations, but the big picture is that you have to be able to keep on top of information and what is happening in different parts of the world.”

Don't fight the tides of change

This led Paul to later offer some advice on the remediation of structures in face of family evolution and also regulations and changing government policies. He cited the UK as a case in point, with the resident non-domicile regime under scrutiny, and most likely to be replaced in the event of a change of government in the forthcoming election.

He noted if there are countries where, for example, there are intimations that they might be changing their offshore trust rules, clients should be advised to think about preparing themselves for action well in advance of the actual changes that could take place. He said the worst situation is to bury one's head in the sand.

Being one step ahead

“In some instances, people do not take advice or do not act on it for many years, but the reality is that by doing that could lead to unfavourable implications. Liabilities and responsibilities are there; they cannot be ignored.”

A SHORT NOTE ON PAUL KNOX

Paul has been with JP Morgan for nearly 18 years, having arrived at the bank in 2006 from a prominent position at Ernst and Young LLP, where he was a Director and head of the Private Client Services group in London, as well as Chairman and original founder of the Ernst & Young International Private Wealth Group. He arrived in Hong Kong in November 2019, only a few months before the pandemic-induced lockdowns across the globe.

He originally graduated from Durham University and is also a qualified UK lawyer. He is a member of the Society of Trust and Estate Practitioners and has served as Co-Chair of its International Committee as well as being an advisor to its UK technical committee and a member of the Family Business Special Interest Group. He was also Vice Chairman of the UK charity Philanthropy Impact until relocating from London to Hong Kong.

Paul was actually born in Portugal but moved to the UK when he was less than a year old, and then grew up in Kent, known as the Garden of England. Before moving to Hong Kong, he had spent nearly the whole of his career in London, always dealing with an international client base.

After working and living in London for nearly four decades, Paul found moving to Hong Kong to be invigorating and refreshing, yet also challenging as he arrived not long before the pandemic struck.

From a work perspective, he has in Hong Kong encountered a huge range and diversity of clients from different cultural backgrounds, and enjoys working in such a vibrant global hub replete with all the sights and sounds of Asia.

Accordingly, he advised that robust planning needs to continue, and structures remediated where required in a timely manner. “But there is no magic solution for this, especially if advice is not actioned on. The better firms of fiduciary

advisors and lawyers and banks, and the big advisors, generally try and be on top of these issues. But as I cautioned, if a client refuses to confront the issue then that means they will need to be ready to face the negative implications.” ■



A SHORT NOTE ON PAUL KNOX

We're delighted that Paul is joining us as a speaker at a number of our upcoming physical and virtual events. If you want to hear more from Paul and other thought leaders on similar themes, be sure to view the below –

- » [The Hubbis Wealth Solutions Forum – Hong Kong 2024](#), which takes place on **Wednesday 23rd October** at the Island Shangri-La, Hong Kong.
- » [Residency and Citizenship – Key Trends](#) - a Hubbis Virtual Discussion taking place on **Thursday 11th April, 2024** from 3.00pm - 4.00pm HKT/SGT.
- » [Where and How to set up a Family Office?](#) – a Hubbis Virtual Discussion taking place on **Thursday 26th September, 2024** from 3.00pm - 4.00pm HKT/SGT.
- » [Business Families in Transition](#) - a Hubbis Virtual Discussion taking place on **Thursday 6th June, 2024** from 3.00pm - 4.00pm HKT/SGT.

And if you have any questions, be sure to reach out to us at content@hubbis.com.

