



Family Office vs. Investment Office Trust

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Agenda

- Family Office Typology
- Investment Office Trust
- Family Office Trust
- Summary →

Typology:

- **North Asia Client:**

- Financial Assets
- Founder Generation
- Young Children (<21 yrs)
- Migration Requirement
- Predominant users of Single Family Office
- Moderate Structuring Requirements and Complexity
- Investment Office Trust 

Typology:

- **Southeast Asia Client:**
 - Business and Financial Assets
 - Multiple Generations
 - Multiple Branches
 - Limited Migration Requirement
 - Emerging users of Single Family Office
 - High Structuring Requirements and Complexity
 - Family Office Trust →

Investment Office Trust

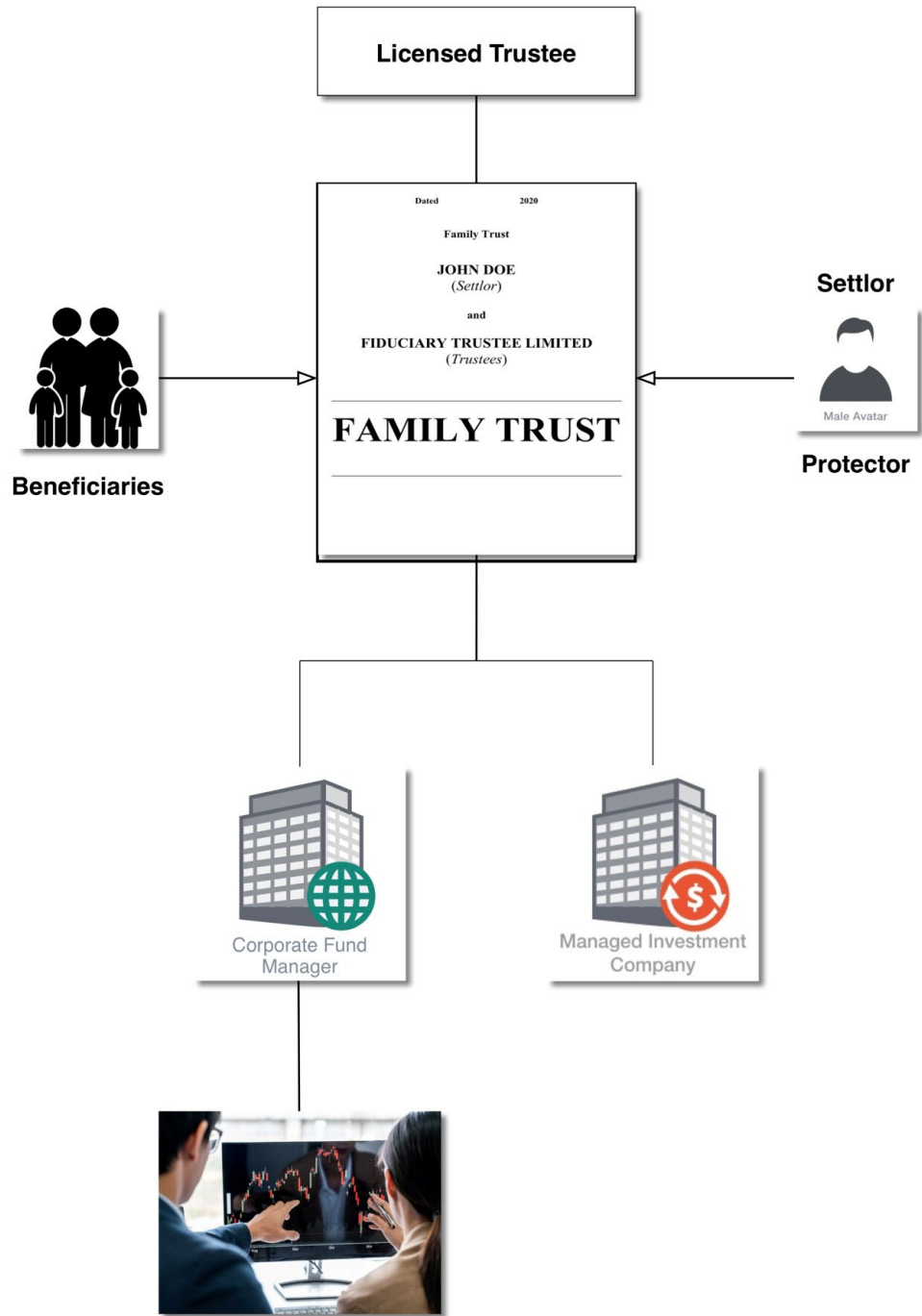
Investment Office Trust

- Overview
- Key Provisions
- Drafting Errors
- Summary →

Overview

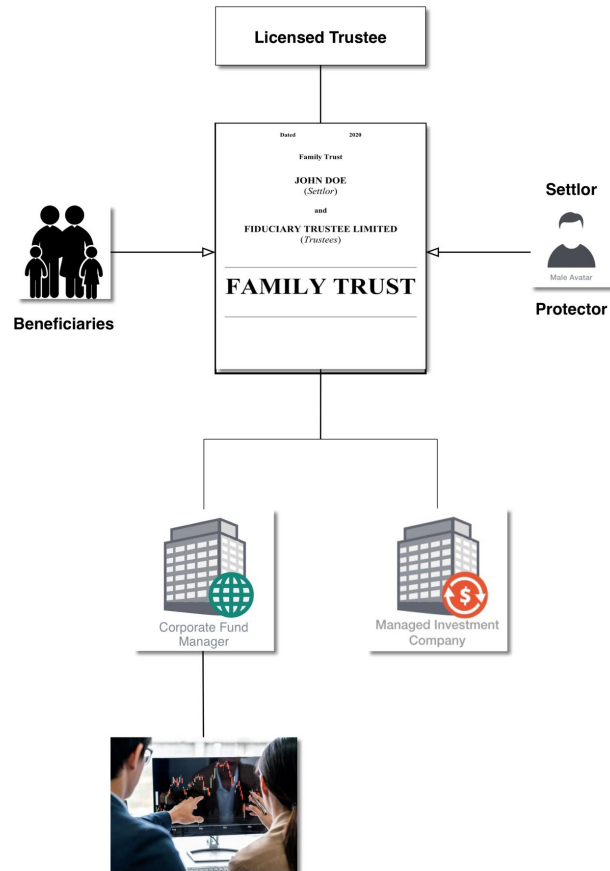
Key Objectives

- Secure Wealth Management Structure
- Direct Founder Control
- Cost Efficiency
- Enhanced Privacy
- Asset Protection
- Single Generation Succession
- Flexibility →



Key Provisions

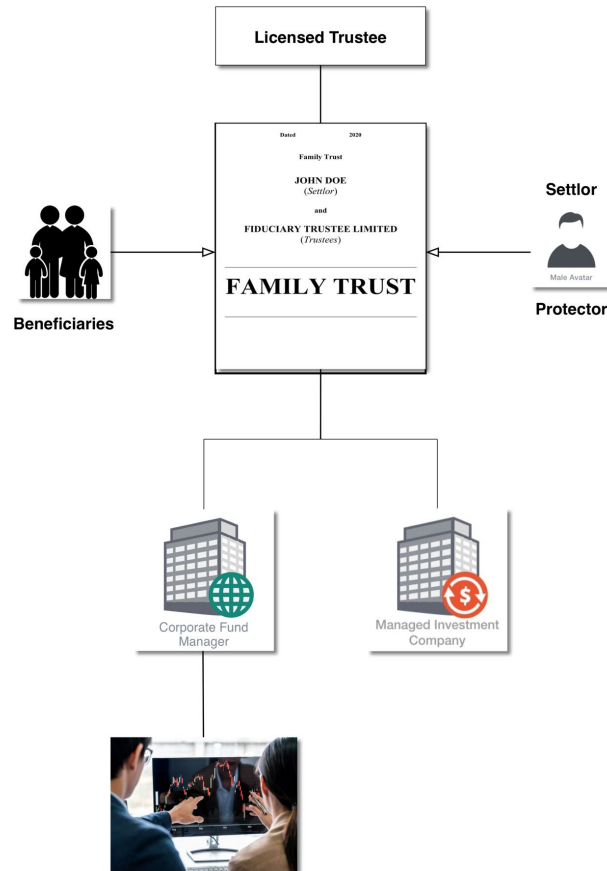
Key Provisions



- Reserved Investment Power Trust (RPT)
- Anti-Bartlett Clause
- Discretionary Trusts
- Power to Add and Remove Beneficiaries
- Power to Amend
- Power to Revoke
- Singapore Proper Law →

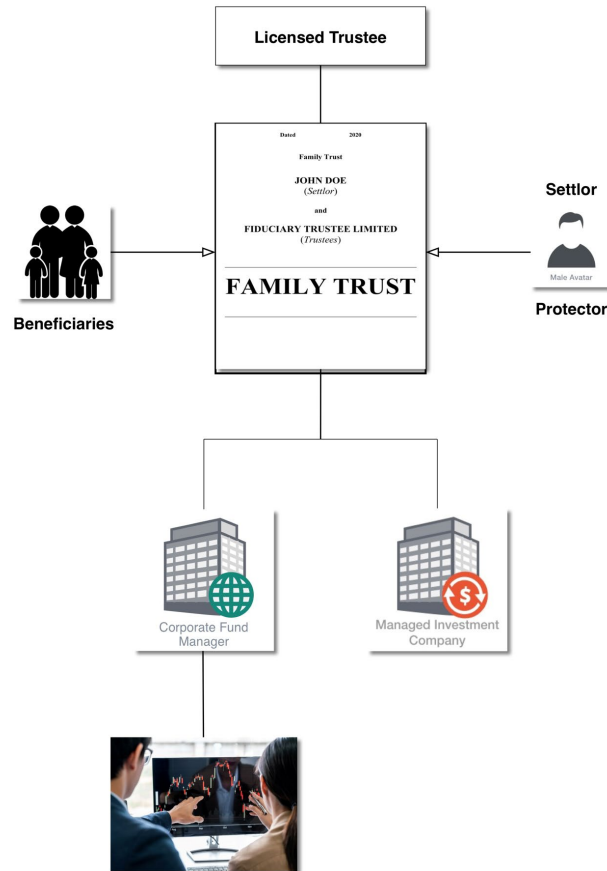
Drafting Errors

Drafting Errors



- Investment Power – Governance Gap – “*No Beneficiary Rights*”
- Quality of Powers: Limited, Omitted or Ambiguous
- Parallel Investment Powers – No Express “*Trust to Retain Provisions*”
- Trustee Power of “Delegation” Substituted for Express Reserved Power
- Overloaded Trust – Settlor Dispositive Powers →

Drafting Errors



- Limited Contingency Planning:
 - Narrow Definition Settlor Incapacity: “Mental Impairment”

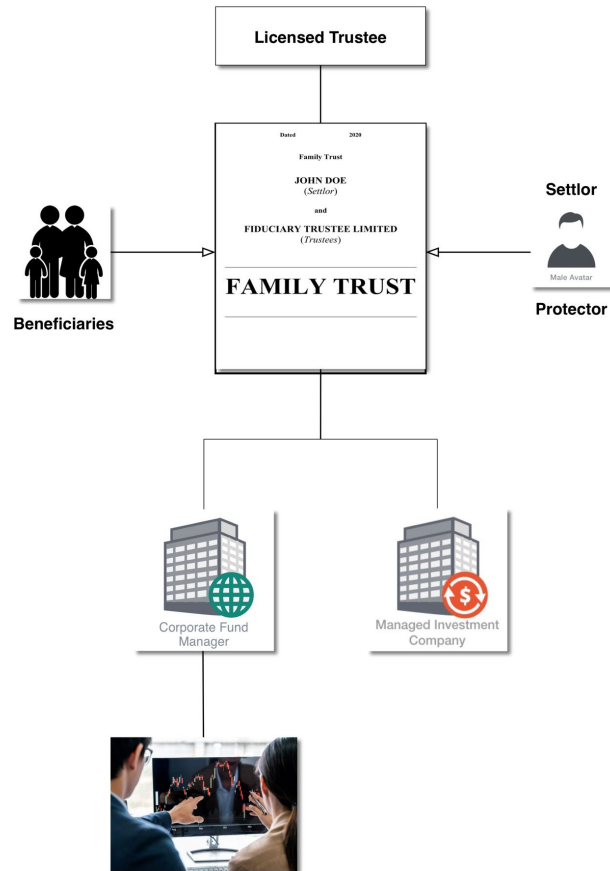
Not Cover:

- Unaccountable
- Incarceration
- Duress / Undue Influence

Unsupervised Structure Risk

- No Successor Investment Power Holder Provisions (misunderstand section 90(5) Trustees Act) →

Drafting Errors



Miscellaneous Errors:

- Invalid Arbitration Clause
- Invalid Absolute Restriction Rights of Access to Information
- No Domicile Statement →

Summary

Summary

Best Practice Guidance:

- Structure must be designed to survive a Settlor “*failure*” (unaccounted, incarceration or undue influence) build in automatic provisions:
 - Substitute Directors (Fit and Proper Criteria)(Outsourced CFO)
 - Director Oversight (Enhanced Financial Reporting)
 - Periodic Audit Assessment
 - Investment Restrictions – No Private Equity, Swaps, Penny Stocks, Junk Bonds, Leveraged ETFs or Unregulated Collective Investment Scheme
- No Liability Lacuna
- No Overloaded Settlor Trust Powers →

Family Office Trust

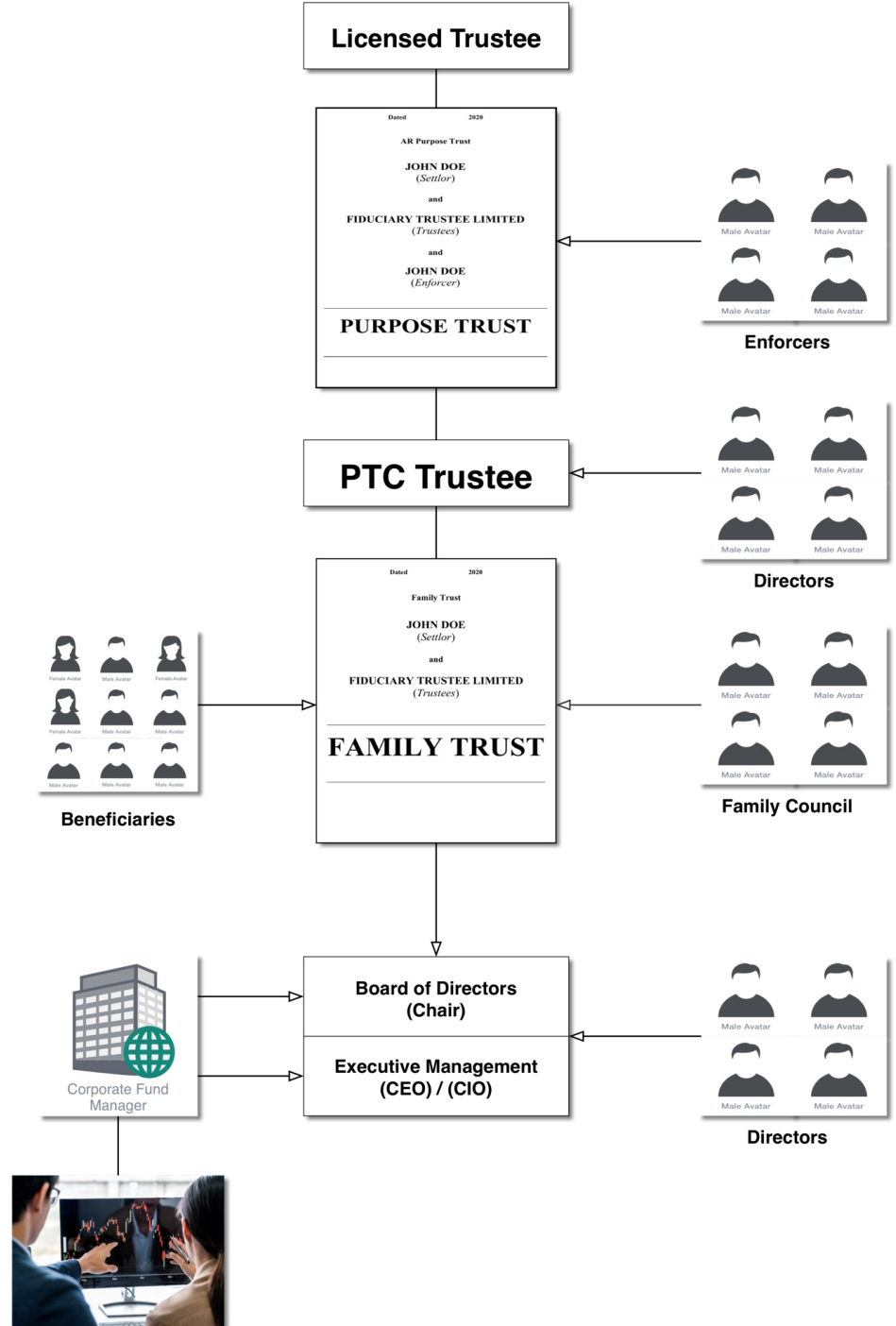
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Overview

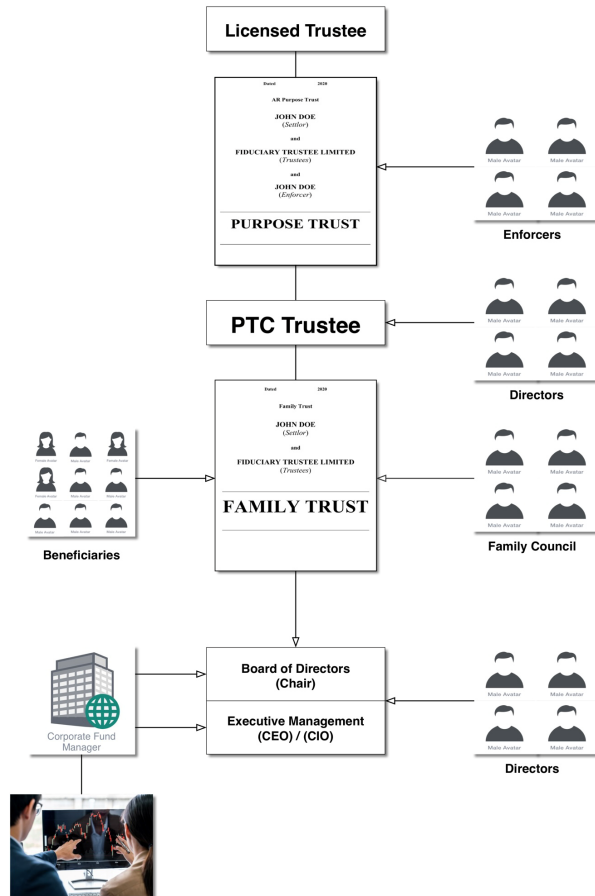
Key Objectives

- Collective Wealth Management
- Collective Business Management
- Collective Participation
- Accountable Stewardship
- Transparent Operations
- Multiple Generation Succession
- Multiple Generation Governance →



Key Provisions

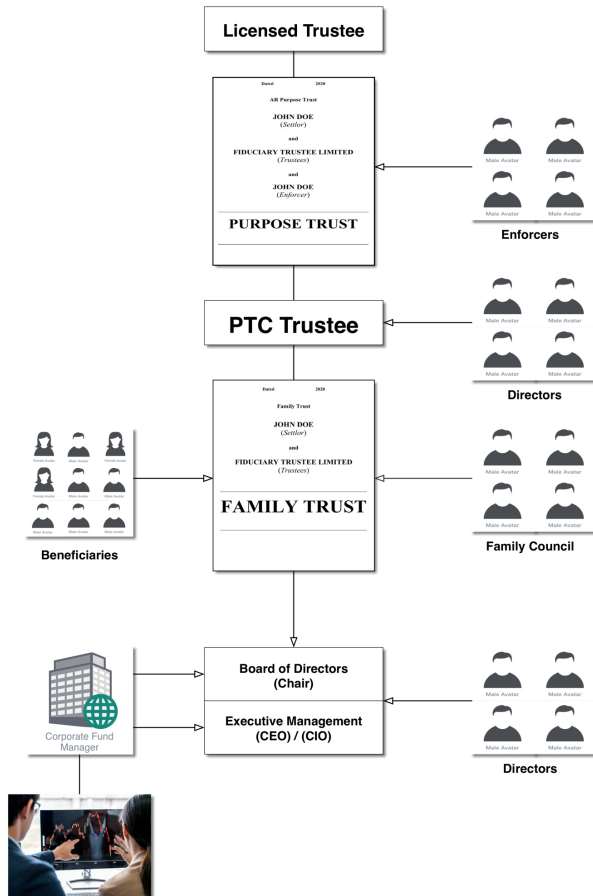
Key Provisions



- Representative “Enforcer Committee”
- PTC Director Rules – Criteria, Branch Directors, Fiduciary Professional Requirement
- Representative “Family Council” (Co-Governance Rules)
- Family Office Director Rules – Criteria (Fit-and-Proper and Competency Requirements) →

Drafting Errors

Drafting Errors



- No Representative “Enforcer Committee”
- No PTC Director Rules
- No Representative “Family Council”
- No Family Office Co-Governance Rules
- No Family Office Director Rules
- No Effective Framework of Supervision or Accountability
- No Generational Governance Rules




Summary

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Best Practice Guidance:

- Create Framework of Professionalized “Checks and Balances”
- Create Separate Interaction Family Forums – PTC (Enforcer Committee), Family Office Trust (Family Council)
- Create Transitional Rules – Founder Rules –to- Sibling Rules
- Effectively Deal with 4 Key Governance Requirements:
 - Control
 - Participation
 - Benefit
 - Abuse →

Overall Summary

- Investment Office vs. Family Office Trust – Radically Different Markets and Totally Different Trust Solutions
- Investment Office Trust – Key Consideration “Survivability”
- Family Office Trust – Effective Governance Framework 

Thank You!

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