



Swiss Association
of Trust Companies

Membership Regulations

of the

Swiss Association of Trust Companies

("SATC")

Passed by the Committee of SATC
on January 24, 2008 in Geneva, Switzerland

SATC

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1. SATC MEMBERSHIP

1.1. Application for Membership

1.1.1. Any Swiss registered entity conducting trust work may apply for SATC membership. The requirements for membership are as stated below and are of a cumulative nature:

1. Registered entity with operative offices in Switzerland
2. Registered entity mainly active in the trust business from within Switzerland for two or more years, AND either with its staff spending, on average, 50% or more of its activity on trusts or trust related mandates OR if the entity attends to at least 20 trusteeships, either as trustee or as trust administrator (in this context and for the purposes of these Regulations the term trust is to be understood as defined in the Hague Convention on the law applicable to trusts and on their recognition)
3. Registered entity with at least 3 Swiss based employees, all fit and capable of acting as trust managers or administrators, at all times able to offer a high quality service and at all times adhering to the so-called “4-eyes principle” in administering trust funds and other client assets through senior staff members with the necessary educational background and professional experience as stated in Clause 2.4.1. (i) and/or (ii).
4. Registered entity with a paid in share capital of at least CHF 100,000 or equivalent.
5. Registered entity with professional liability and directors and officers insurance coverage of an appropriate amount to provide cover for liabilities arising from its trustee and related operations.
6. Registered entity being a full member of a Swiss recognised self-regulating organisation (hereinafter “SRO”), or under the supervision of either the Central Authority in Money-Laundering matters or the Swiss Federal Banking Commission (“SFBC”) or any successor thereto.
7. Registered entity which is able to demonstrate that it is in a position to decide freely and objectively on the administration of a trust.

1.1.2. The SATC Committee may from time to time issue further guidance on the application process for future members and it may amend or add further requirements, as recommended by the SATC Advisory Board.

1.1.3. The Committee has absolute discretion on the acceptance of Members.

1.2. Decision on Admissions

- 1.2.1. The Committee decides on admissions or refusals of members to SATC (hereinafter referred to as "Member" or "SATC Member"). At least 2/3 of the Committee members must vote in favour of an applicant to be admitted as a Member of SATC. The applicant will be informed in writing of the Committee's decision as soon as possible after receipt of the completed application but no later than 90 working days after receipt thereof.
- 1.2.2. If an applicant is not considered suitable to become a Member, it will be informed in writing by the Committee. A rejected applicant may submit a written appeal to the Secretary of the Committee within a period of 30 days after receipt of the Committee's decision. The Committee will reconsider the application within a period of 60 days from receipt of the appeal, stating a reason if the rejection is upheld. Such an applicant may re-apply for membership once the Committee accepts that the reasons for the rejection have been addressed to the Committee's satisfaction.

1.3. SATC Members

A registered entity becomes a full member of SATC upon written confirmation from the Committee. Thereafter, a member may declare itself a "Certified Member of the Swiss Association of Trust Companies". The Committee will include the Member in its register and in its membership list on the SATC website.

1.4. SATC Guest Status

- 1.4.1. As determined in the absolute discretion of the Committee on a case by case basis, in particular, where an applicant does not meet all of the membership requirements as set out in Clause 1.1. above but is most likely to meet these in the near future, an applicant may be offered guest member status for a period not exceeding two years.
- 1.4.2. SATC guests have to observe the rules set out in the Code of Ethics and Business Conduct of SATC ("the Code") and Clause 2.1. hereof. Any violation of the Code will lead to an automatic termination of the guest member status.
- 1.4.3. Guest members have no voting rights and are not eligible to have their representatives elected as members of the Committee or the Advisory Board.

- 1.4.4. Guest members may attend SATC events and will be informed about SATC's activities.

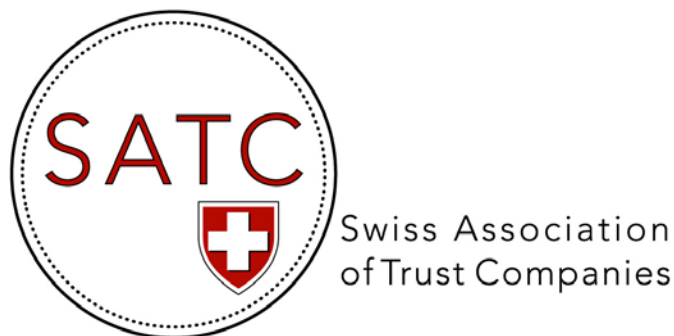
2. SATC MEMBERSHIP RULES

2.1. Adherence to the Code of Ethics and Business Conduct

- 2.1.1. Each SATC Member is, at all times, bound to act in accordance with the SATC Code, as much in spirit as to the letter.
- 2.1.2. Each Member undertakes to sign the Code upon its formal acceptance as a SATC Member and, within 14 days, confirms the signing of the Code to the Committee in writing.
- 2.1.3. Each Member provides the Committee annually with a written confirmation that it will, at all times, act according to the rules set out in the Code. It also confirms that it has informed (and will continue to do so) its shareholders (unless the Member is a public listed company), its directors, officers and any other employees involved in the administration and management of trusts that they are obliged to act in conformity with the Code.
- 2.1.4. A breach of the Code may lead to measures as specified in Clause 4.3. hereof.

2.2. The SATC Seal of Approval

- 2.2.1. Through the use of a seal, SATC intends to assure parties seeking the services of a Member (hereinafter defined as "Client" or "Clients"), prospects, the public, governments and professional partners within Switzerland and internationally that SATC Members adhere to high quality and ethical standards.
- 2.2.2. The seal of approval of the Swiss Association of Trust Companies ("the SATC Seal" or "the Seal") for the time being is the following:



- 2.2.3. The Seal has been lodged (Swiss trademark application no. 53609/2007) and will be lodged and registered as a trademark and the Committee will at all times ensure the protection of the Seal.
- 2.2.4. SATC Members are authorised to use the Seal after written approval of their membership by the SATC Committee and throughout the period of their membership on any materials, whether issued in printed form or electronically.
- 2.2.5. Upon the voluntary termination of the SATC membership, upon a Member's entering into liquidation or upon the exclusion of a Member according to Clause 5 hereof, the entity must immediately refrain from using the Seal. It must immediately destroy any printed materials bearing the SATC Seal and delete the Seal from all electronic means. Non-observance of these rules may result in sanctions (see Clause 4.3.).

2.3. SATC Member Charging Guidelines

- 2.3.1. The fee and charges structure and terms and conditions relating thereto of a Member must at all times be clear, unambiguous and complete and, where the receipt of commissions or finders' fees is allowed by the applicable laws, include full disclosure of such commissions and fees derived by the Member.
- 2.3.2. A SATC Member shall be authorised to charge a fee for its services which shall be commensurate with the services performed, the risks involved, the degree of difficulty, the value of the assets comprised and the responsibilities taken.
- 2.3.3. For existing trusts, where the fees are stipulated in the trust deed to be the trustee's scale of fees from time to time or subject to the approval, consent or agreement of a specified person, each SATC Member shall aim to obtain, within a period of three years after becoming a Member, a written acknowledgement of the applicable fees from an appropriate person, the settlor, if living, adult beneficiaries or the person specified in the trust deed. For any new trusts established after becoming a SATC Member, a fee arrangement must in any case be acknowledged by the Settlor or primary beneficiaries in writing or be comprehensively set out in the relevant trust or company documents
- 2.3.4. Fees may be asset based, flat or based on the actual time spent. For the acceptance of a trusteeship, or the setting up of a structure for a person, an acceptance fee may be charged. Upon the termination of a trusteeship a fee based on the actual time spent or a reasonable fixed fee, as agreed in writing, may be charged.

2.4. Professional Qualifications and Conduct

2.4.1. A Member is responsible for ensuring that all its executive directors, officers (including its compliance officers) and any other employees involved in the trust or trust related business have the necessary professional qualifications and are fit and able to act. In particular, the following qualifications should be met:

- (i) for executive directors or general managers: STEP membership, a university degree, a recognised professional qualification and at least 5 years of relevant professional experience OR at least 10 years of relevant professional experience
- (ii) for officers and senior management: STEP membership, a university degree, a recognised professional qualification OR at least 5 years of relevant professional experience
- (iii) for trust and company administrators, accountants and junior management appropriately supervised: an adequate education and at least 2 years of relevant professional experience
- (iv) no specific qualifications are needed for trainees and junior administrators appropriately supervised.

The Committee may issue further guidelines at any time and from time to time.

2.4.2. A Member is responsible for the furtherance of the professional development of its executive directors, officers and any other employees involved in the trust or trust related business. Their technical knowledge must be kept up-to-date through continuing professional development ("CPD"), including money laundering regulations. An annual CPT of 25 hours (pro-rated for part-time employees) is required and may include studies, in-house training, workshops, conferences, the reading of professional literature or product presentations. Each executive director, officer and any other employee shall keep records of its past CPD. A Member may be requested by the committee, at any time, to present proof of providing CPD to its directors, officers and any other employees.

2.4.3. A SATC Member must ensure appropriate supervision of all employees and it must set up and implement procedural rules to guarantee such supervision and to limit the powers of directors, officers or any other employees over Client assets.

2.5. Notifications of Changes to the Committee

2.5.1. Each Member undertakes to inform the Secretary of the Committee of any of the below changes within a period of 30 days of the occurrence of such changes:

- (a) Changes to the corporate structure of the Member including changes of shareholders owning 5% or more (unless the Member is a public listed company), changes with regard to those affiliates of the Member active in the trust business and for which the Member is providing management and/or administration services but excluding any affiliates which were set up solely for a particular client, such as private trust companies (hereinafter referred to as "Affiliate" or "Affiliates") (e.g. sales, acquisitions, liquidations)
- (b) Winding up of the Member
- (c) Change of name of a Member or its Affiliate(s)
- (d) Change of domicile of the Member and/or mailing instructions
- (e) Change of general manager of the Member
- (f) Change of executive directors of the Member
- (g) Granting of or withdrawal of a trustee licence or any other licence, authorization or registration of the Member or its Affiliate(s)
- (h) Conviction of the Member or any of its shareholders (unless the Member is a public listed company), directors or officers
- (i) Exclusion of the Member from a Swiss SRO or from supervision through the SFBC or change of SRO or supervision through SFBC

2.5.2. Notifications shall be clear and any supporting documents should be included with a notification, e.g. where applicable a new organisation chart, a new extract from the commercial register, an extract from the commercial register (or similar) for corporate shareholders, the relevant SATC Personal Information Form and any other required attachments.

2.5.3. Each Member undertakes to inform the Secretary of the Committee of any other important fact or circumstance, or if the Member can, temporarily, not meet certain requirements as set out in the Code or in these Regulations.

3. SATC APPLICATION AND MEMBERSHIP FEES

3.1. Application Fees

3.1.1. The application fee is determined by the Committee and shall be not less than CHF **2,000** and not more than CHF **5,000**.

- 3.1.2. The application fee is due upon the filing of the application with the SATC Committee. It is non-refundable.
- 3.1.3. If a Guest Member who has previously applied to become a full SATC Member and who has paid its application fee within a period of two years re-applies for full membership, no further application fee is payable.

3.2. Membership Fees

- 3.2.1. The annual membership fee is determined by the Committee. It shall be composed as follows:
 - (i) an annual flat fee of CHF 2,000, payable by SATC Members and SATC Guest Members, plus
 - (ii) an annual fee based on the number of client facing staff employed by the Member, as determined by the Committee. Such fee is only payable by SATC Members, not by Guest Members.
- 3.2.2. If membership is obtained on or after July 1 of a given year, only 50% of the first annual fee per trusteeship (or per trust administered or managed) is due.
- 3.2.3. Annual membership fees already paid are non-refundable by a corporate entity ceasing to be a SATC Member or a Guest, for whatever reason.

4. MONITORING AND SANCTIONING OF SATC MEMBERS

4.1. Monitoring of Members

- 4.1.1. The Committee is responsible for the monitoring of SATC Members, in particular their compliance with all rules and regulations issued by SATC and their living up to the standards of SATC.

4.2. Annual Member Review

- 4.2.1. A Member Review will be completed annually by each Member, based on a self-declaration for each calendar year, to be sent to the Secretary of the Committee no later than March 31st of each year, for the first time by March 31st, 2009 or in the second year after the admission of a Member.

- 4.2.2. Late filing of the Annual Member Review may result in the exclusion of a Member. The Secretary of the Committee may, on a case by case basis, grant an extension of the filing deadline, but in no case shall this be later than June 30th.
- 4.2.3. The Committee may appoint an independent reviewer to check any member's Annual Member Review and each Member shall be checked at least once in every three years at the cost of the Member.
- 4.2.4. The Committee establishes a list of independent reviewers after consultation with the Advisory Board. The independent reviewers are appointed for three years and may be reappointed. An independent reviewer may be excluded by the Committee from the list for good cause and after approval of the Advisory Board. The Committee fixes the fees and expenses of the independent reviewer and establishes the core work program to be followed by the independent reviewer and the form of the independent reviewers report to the Committee.

4.3. Investigations and Sanctions

- 4.3.1. The Committee may at any time open an investigation into a Member, in particular, if, following an independent reviewer's report to the Committee, or, upon learning of information revealing a possible violation by the Member of the Code or of the rules and regulations of the Association, the Committee considers there are sufficient grounds to open such an investigation.
- 4.3.2. For each such investigation, a disciplinary board composed of two members of the Committee and one member of the Advisory Board is appointed by the Committee. The Advisory Board member shall preside over the proceedings of the disciplinary board.
- 4.3.3. The disciplinary board may issue a warning to a Member for a minor breach. In other cases the disciplinary board may impose the following sanctions on a Member:
 - (i) a written reprimand;
 - (ii) a fine of up to CHF 100,000;
 - (iii) the obligation for the Member to prevent designated directors, officers or senior employees from continuing any trust related activity; and
 - (iv) exclusion of the Member from the Association on any of the grounds set out in Clause 5.1 hereafter.

The sanctions set out in (i), (iii) and (iv) may be cumulated with a fine.

In deciding the sanction, the disciplinary board shall take into account the seriousness of the violation and the Member's circumstances.

A Member must remedy the situation for which the Member has been sanctioned within three months following the entry into effect of the decision of the disciplinary board or the arbitral tribunal within the meaning of Clause 4.4 as the case may be.

The decision imposing sanctions also decides costs and disbursements payable by the Member. Except in particular cases which in the disciplinary board's discretion justify a departure from this principle, a Member who is sanctioned shall pay all the costs and disbursements of the Association and its own costs and disbursements, and a Member who is cleared of any wrongdoing shall pay its own costs and disbursements and a lump sum fee to be fixed from time to time by the General Meeting upon the Committee's recommendation. Any fines, expenses and disbursements paid by the Member belong to the Association.

The Member may appeal against a final decision of the disciplinary board to an arbitration tribunal by registered letter sent to the Committee within thirty days of receipt of the disciplinary board's decision.

- 4.3.4. The Member involved in disciplinary proceedings has the right to be heard. The Member may be assisted by counsel. The principle of proportionality is applicable. All parts of the proceedings must be conducted in good faith. The Member and its directors, officers and employees must lend their assistance to the investigation.
- 4.3.5. The Committee may at any time and from time to time establish rules of procedure for disciplinary proceedings.
- 4.3.6. The decisions which impose a sanction on a Member must be reasoned in writing, be signed by all members of the disciplinary board and be sent to the Member by registered mail with return receipt requested.
- 4.3.7. Any disciplinary proceedings are time barred after five years from the commission of the violation. The time limitation is suspended by any act of the Committee, the disciplinary board or the arbitral tribunal in connection with the relevant violation. Such a suspension cannot extend the overall time since the commission of the violation beyond seven and one half years. Notwithstanding the foregoing, in the event of any criminal proceedings in relation with the violation the time limitation is suspended until a final decision is rendered in the criminal proceedings at which time a new period of five years commences, which is not subject to extension to seven and one half years.

4.4. Arbitration

- 4.4.1. Decisions of a disciplinary board may be appealed before an arbitral tribunal provided that a statement of appeal is sent by the Member to the Committee by registered letter within thirty days of receipt of the disciplinary board's decision.
- 4.4.2. The arbitral tribunal shall be composed of three members. The Member and the Committee shall each appoint its arbitrator. The Member shall nominate its arbitrator in its statement of appeal and the Committee shall nominate its arbitrator in its answer to the statement of appeal, which shall be sent by registered letter to the Member within thirty days of receipt of the statement of appeal. The two arbitrators shall appoint a third arbitrator who shall act as the chairman of the arbitral tribunal.

The arbitration procedure is initiated by the Member, who must name its chosen arbitrator in its letter requesting an arbitration.

If the Committee does not name its arbitrator within 30 days following receipt of the statement of appeal or if the two arbitrators cannot agree on the nomination of the chairman within 30 days, from the appointment of its arbitrator by the Committee, the Committee's arbitrator and/or the chairman, as the case may be, shall be appointed by the President of the Swiss Arbitration Association (ASA).

- 4.4.3. The seat of the arbitration tribunal shall be Berne.
- 4.4.4. The language of the arbitration shall be English.
- 4.4.5. The arbitral tribunal shall decide costs and disbursements in its discretion, taking into account the principle applied by the disciplinary board under Clause 4.3.3.
- 4.4.6. The arbitral tribunal's award shall be reasoned in writing, be signed at least by a majority of the arbitrators and be sent to the Member by registered mail with return receipt requested. The Member and the Committee waive the deposit of the arbitral award with the judicial authority at the place of arbitration as well as the notification of the award by that authority, within the meaning of Article 35 of the Intercantonal Concordat on Arbitration of 27 March 1969.

5. EXCLUSION OF SATC MEMBERS

5.1. Grounds for Exclusion

- 5.1.1. Subject to the right of a Member to be heard, the Committee is authorised to exclude Members,

- (i) if a Member or any of its directors, officers or other senior employees has committed a breach of any of the rules and regulations issued by SATC, in particular, the Code of Ethics and Business Conduct and such breach has not been rectified by the Member within 10 working days of notification by registered post by the Committee or otherwise explained to the satisfaction of the Committee
- (ii) if a Member or any of its shareholders (unless the Member is a public listed company), directors, officers or other senior employees has been convicted of a criminal offence, in particular on the grounds of money laundering, financial misconduct, fraud or abuse of fiduciary duties and such conviction has not been explained to the satisfaction of the Committee
- (iii) if a Member or any of its shareholders (unless the Member is a public listed company), directors, officers or other senior employees is guilty of an act which damages the reputation of the Member or SATC and such act has not been rectified by the Member within 10 working days of notification by registered post by the Committee or otherwise explained to the satisfaction of the Committee
- (iv) if a Member has not, despite a reminder being issued, paid its fees as stated in Clause 3 hereof.

5.1.2. The exclusion of a Member must be commensurate with the degree of infringement and violation of responsibility.

5.1.3. An excluded Member may challenge the exclusion before an arbitral tribunal in accordance with the appeal procedure against decisions of a disciplinary board as set out in Clause 4.4.

5.2. Striking from register and Re-Application

5.2.1. The Committee will strike an excluded entity from the register of members and it will communicate the termination of a SATC membership on its website. As a standard procedure, an excluded member's entry on the list of registered SATC Members will be deleted. The same procedures apply for entities who voluntarily or by liquidation cease to be Members of SATC.

5.2.2. After the exclusion of a member subject to Clauses 5.1.1. (i), (ii) and (iii) above, such entity may only re-apply for SATC membership after a waiting period of 3 years. A member excluded subject to Clause 5.1.1. (iv) may re-apply for membership at any time.

6. JURISDICTION

Any dispute arising from, or related to, the present Regulations shall be brought before the courts of Zug, Switzerland, except for the appeals against decisions of a disciplinary board or decisions of exclusion of a Member under Clause 5, which are referred to arbitration under Clause 4.4.

7. CLOSING REMARKS

The Committee is at all times authorised to amend these membership regulations or to issue further supplemental or executive regulations.

The Chairman

The Vice Chairman