



Swiss Association
of Trust Companies

TRUST SWISS EXPERTISE



The Swiss Association of Trust Companies is constituted as an association and organised in accordance with articles 60 to 79 of the Swiss Civil Code and its Bylaws.

The updated & revised translation of the Swiss AEOI Guidelines is now available!

This user-friendly publication from the SATC provides an authoritative English translation of the Swiss Federal Tax Administration's official guidelines on the OECD Standard for the Automatic Exchange of Financial Account Information in Tax Matters (AEOI) and the Swiss implementing regulations.

The translation is of great value to organisations and individuals needing to understand the Swiss approach to the AEOI and is available to all staff of subscribing organisations and to individuals.

Topics include:

- Fundamentals of the AEOI Standard
- Obligations of Swiss Financial Institutions
- Application to Swiss-based Financial Institutions
- Reporting obligations of a Swiss Financial Institution
- Special due diligence obligations
- Reporting Rules
- Procedural Law

For further information please contact: info@satc.ch

SATC members CHF60- / Non-members CHF120-

Swiss Association of Trust Companies

GUIDELINES ON THE AUTOMATIC EXCHANGE OF INFORMATION IN TAX MATTERS (AEOI)



This is the English translation of the revised version of the official AEOI Guidelines, which took effect on 8th January 2021. The text was translated by the Swiss Association of Trust Companies (SATC) and is based on the translated version prepared in collaboration with Lenz & Staehelin.

Our thanks go to Stephanie Jarrett, Philipps de Sallie (Stonehage Fleming), Charlie Wilcox (Helm Advisors) and Konrad Häuptli (Kendria) for their time and effort invested in this translation, which also benefitted from the input of external fiduciary and insurance experts.

The translation has highlighted a number of smaller points within the Guidelines that have been brought to the attention of the Swiss Federal Tax Administration for their consideration.



TRUST SWISS EXPERTISE

This translation has not been approved by the Swiss Federal Tax Administration and is thus not to be considered an official text. The official binding versions can be found on the homepage of the Swiss Federal Tax Administration in the three Swiss official languages.

WELCOME

Welcome to the Swiss Association of Trust Companies (SATC) and Switzerland, the land of trust experts!

Switzerland is not only one of the most sophisticated banking and wealth management centres in the world, it is also home to an international, dynamic and vibrant community of trust experts attracted by a regulatory framework that includes tax-exempt status for international trusts.

Indeed, since adopting the Hague Trust Convention in 2007, Switzerland has made giant strides to become a global centre of excellence for private express trusts. This is thanks to the work of prominent experts, among them Prof. Luc Thévenoz, a recognised expert and leading academic authority in this field and an early-stage advocate of trusts in Switzerland. I am sure you will find Luc's article on pages 6-7 typically thought-provoking and insightful.

It was also in 2007 that the SATC was founded; an initiative inspired by visionary members of the Society of Trust and Estate Practitioners (STEP) who recognised that Switzerland would benefit from the lobbying and intellectual impetus of an organisation dedicated to advancing the cause of the Swiss trust sector at home and abroad.

Of course, Switzerland has a long history of honouring client confidentiality. It is an innate concept that is woven into every aspect of its professional and cultural life. The SATC wanted to build on this to ensure the Swiss trust industry led the world in the excellence of its professional and ethical standards; a situation made possible because its members undertake a detailed selection process and submit voluntarily to rules that go beyond the statutory requirements (SATC's values, vision and mission, on page 5).

From its inception the SATC also actively promoted the adoption of comprehensive business regulation for trustees at the statutory level, above and beyond the existing anti-money laundering legislation. As can be seen from the timeline on pages 8 - 9, these efforts first materialised in a White Paper on the Regulation of Trust Companies in Switzerland published in 2012.

However, our breakthrough moment occurred a few years later when the SATC persuaded the Federal Department of Finance to widen the

scope of the draft Financial Institutions Act to include trustees. As a result, Swiss trustees are now subject to comprehensive business regulation and licensing requirements comparable with the sector's highest international standards. They will thus act as a mark of quality, increasing the competitiveness of Switzerland's trustees and further highlighting its attractiveness as a jurisdiction for such work.

The Swiss Financial Market Supervisory Authority (FINMA) is responsible for granting the licence and taking any enforcement measures, whilst the day-to-day supervision is entrusted to a small number of FINMA-authorised supervisory organisations. The SATC's advisory work with FINMA is exemplified in the comments from Mr Thomas Hirschi, Head of the Asset Management Division and member of the Executive Board of FINMA, on page 11.

Our focus is now on the project to introduce a Swiss substantive trust law (the 'Swiss trust law project'); a matter that has been debated in Parliament over the last few years. If passed, this law will provide an invaluable domestic wealth planning vehicle tailored to the Swiss legal framework for private clients in Switzerland and abroad.

So, while much has been achieved, we remain ambitious for the future as we pursue our vision of cementing Switzerland as a top tier global destination for trust services.

I conclude with the words of a senior trust manager who, when asked to summarise his optimism for our sector and jurisdiction said: *'Switzerland is one of the leading locations for trusts and trustees, with its rock-solid infrastructure, excellent banking facilities and reliable public services, to name but a few. Not only does it have a first-class regulatory environment thanks to the SATC, it also has an ideal combination of political and economic stability which attracts a skilled, multi-lingual workforce. This unique and diverse international platform is truly the pièce de résistance amongst other global trust locations.'*

So, come to Switzerland because you can trust Swiss expertise!

Philippe de Salis

Chairman

Swiss Association of Trust Companies

SATC'S EXECUTIVE COMMITTEE



Philippe de Salis
Chairman

Head of Fiduciary
Switzerland,
Stonehage Fleming

Philippe de Salis heads up the Swiss Fiduciary Operations of the Stonehage Fleming Group. He is a qualified attorney-at-law (Berne) and a TEP. Philippe joined Stonehage Fleming in 2007 after several years in private practice, where he was specialising in corporate and commercial law. Philippe is also a member of the Editorial Board of STEP's Trust Quarterly Review.



Andrew McCallum
*Treasurer and Finance
& Treasury Committee*

Senior Partner, R&H Trust Co.
(Switzerland) AG,
Zurich, Geneva

Andrew McCallum is a Chartered Accountant (ICAS) and a registered auditor in Switzerland. He is a TEP and is trustee on various family trusts. He also leads a portfolio of accounting and audit mandates for private and corporate clients. Andrew is Chair of the Swiss and Liechtenstein STEP Federation, is Treasurer and a committee member of STEP Geneva, is a member of the STEP Worldwide Governance Committee.



Ariane Slinger
*Vice-Chairwoman and
Membership Development*

CEO and Owner,
ACE International SA

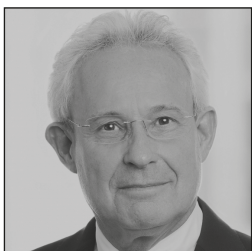
Ariane Slinger is the CEO and principal owner of ACE International, Geneva, an operation acquired through the 2009 MBO of the Swiss subsidiary of British banking group, Rathbones where she was General Manager. Having begun her career as a corporate lawyer, Ariane joined CITCO Group in 1991, becoming managing director of its subsidiaries in Luxembourg, Geneva, Zurich and Monaco.



Thomas Frey
Member

Partner,
KENDRIS

Thomas Frey is a partner of KENDRIS, one of the leading independent Swiss providers for family office, trust and fiduciary services as well as Swiss and international tax and legal, accounting, outsourcing and art management services. Thomas joined KENDRIS in 2012, after having gained his professional experience in the wealth management and trust advisory industry at Bär & Karrer AG and HSBC Guyerzeller Trust AG.



Konrad K Häuptli
*Vice-Chairman and
Legal & Tax Committee*

Of Counsel,
KENDRIS

Konrad K Häuptli joined KENDRIS in 2016 after retiring from HSBC Private Bank SA; former CEO of HSBC's Trust Companies in Switzerland and member of the HSBC Global Wealth Solutions Executive Committee. Konrad is member of mixed expert groups (AEoI, FATCA, QI) representing SATC in Berne.



Judith Chatoo
Member

Client Director,
Saffery Champness
(Suisse) SA

Judith Chatoo is a Client Director at Saffery Champness (Suisse) SA. As Solicitor, Judith has over 25 years of trust, estates and succession planning experience both in private practice in the UK and with Trust companies offshore in the Cayman Islands and in Switzerland.

SATC'S ADVISORY BOARD



**Stephanie
A Jarrett**

Principal,
Offices of
Stephanie
A Jarrett



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Pease**

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Director,
TEM Consulting

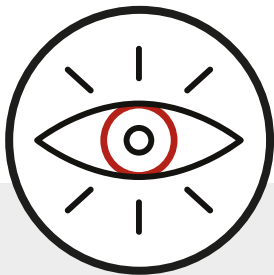


**David Wallace
Wilson**

Partner,
Schellenberg
Wittmer

SATC'S STATEMENTS

On its formation the SATC not only defined its vision and mission to reflect its own scope and scale of ambition, it also identified the principles and values expected of its members.



VISION

Through its elite panel of members, the SATC seeks to establish Switzerland as the trust sector's preeminent global centre of expertise.



MISSION

To inspire continual improvement in Switzerland's trust sector by ensuring it exceeds the expectations of its clients and sets the highest benchmarks in technical and professional excellence.



VALUES

We are united in our determination to enhance the reputation of the trust sector in Switzerland and elsewhere. We will uphold the highest standards of professionalism and competence in all our dealings, acting with diligence, fairness, and transparency, while honouring the demands of confidentiality. Above all we will serve with utter integrity in all we do.

WHAT IS IT ABOUT SWITZERLAND?



Luc Thévenoz

Professor of Law at the University of Geneva and an honorary member of STEP

What is it that makes a small country a place of choice for administering trusts?

Some would probably suggest “insular” with a mental image of shores washed by the cold tides of the Channel or by the gentler currents of the Caribbean Sea. They would be excused for not thinking of Switzerland, an alpine sort of island at the very centre of Europe with no seashore of its own.

In 1874, a commercial court in Geneva had to deal with a pre-nuptial trust settled a few years before in London. The trust was for the benefit of the wife. The husband had been declared bankrupt, and the insolvency administrator had listed all property in the couple’s possession as part of the insolvent estate. The trustees, two very Victorian gentlemen, asserted their title to the trust assets – probably comprised of furniture, linens, silverware, and we might hope some jewels and gilts. While the judges had perhaps never seen the like of this trust, they decided for the trustees to the extent that their claims were supported by formal written evidence.

That case was summarily reported in the *Clunet Journal du Droit International*. (Clunet 1874 334). Unfortunately, we do not know if this early recognition of trusts gave legal comfort to the many British and American nationals who would settle over the years around Lake Geneva.

However, the expatriates, lawyers and trustees who moved to Switzerland since then did so in large enough numbers to inspire the incorporation of the STEP Suisse Romande in September 1992; the first overseas chapter of the Society of Trusts and Estate Practitioners, which had been founded in London only 15 months before.

People moving to Switzerland from common law jurisdictions is undoubtedly one reason why Swiss lawyers, judges, notaries, and bankers soon learned to work with trusts and trustees and address their needs and concerns. Of course, this does not account for the increasing number of reputable trust companies established in the alpine country to serve beneficiaries living throughout the world.

Some reasons may seem obvious. Switzerland has been spared from wars and civil unrest and while it is not an international power and with no aspiration to become one, it is firmly rooted in Europe but strongly independent of European political integration. It participates actively in international and multilateral cooperation and maintains close ties with OECD and G20 countries. Its political stability is anchored in federalism, a government representing the four main political parties (which has been always the case for more than 60 years), and at least a dozen popular referendums a year. As a consequence, politicians are inclined towards balanced solutions and away from radical reforms. Laws are therefore only adopted after rounded and informed debate.

This political environment naturally promotes a high level of legal and fiscal stability and nurtures an open economy with a moderate degree of regulatory intervention by international comparison. Yet despite its reluctance to adopt reams of red tape, Switzerland takes the stability of its financial system and the integrity of its professionals very seriously.

This argument also applies to trustees, the alpine country being possibly the only jurisdiction regulating and supervising trustees while not (yet) having its own trust law. Anti-money laundering regulation has been applied to professional trustees for more than 20 years. Prudential and conduct regulation is recent, and most trustees are still adapting their organisation and processes to qualify for the licence they must apply for before the end of 2022.

The Swiss Association of Trust Companies (SATC) has been at the forefront of this development for almost 10 years. Over this time, it has been a vigorous advocate of the merits of a strict but fair regime and worked closely with the government and the Financial Market Supervisory Authority to design the specifics of the new regulation.

A strong financial centre with worldwide expertise in wealth management and related services is a crucial complement to the administration of a trust. Financial assets must be invested in the long-term interest of beneficiaries. Efficient asset services, access to sophisticated financial advice, and the capacity to delegate asset management and supervise its quality and performance are core concerns for trustees.

However, I believe that the human factor is the main reason why trust companies find Switzerland so attractive. With four national languages plus English as its lingua franca, people here learn how to serve clients from diverse cultures and backgrounds from an early age.

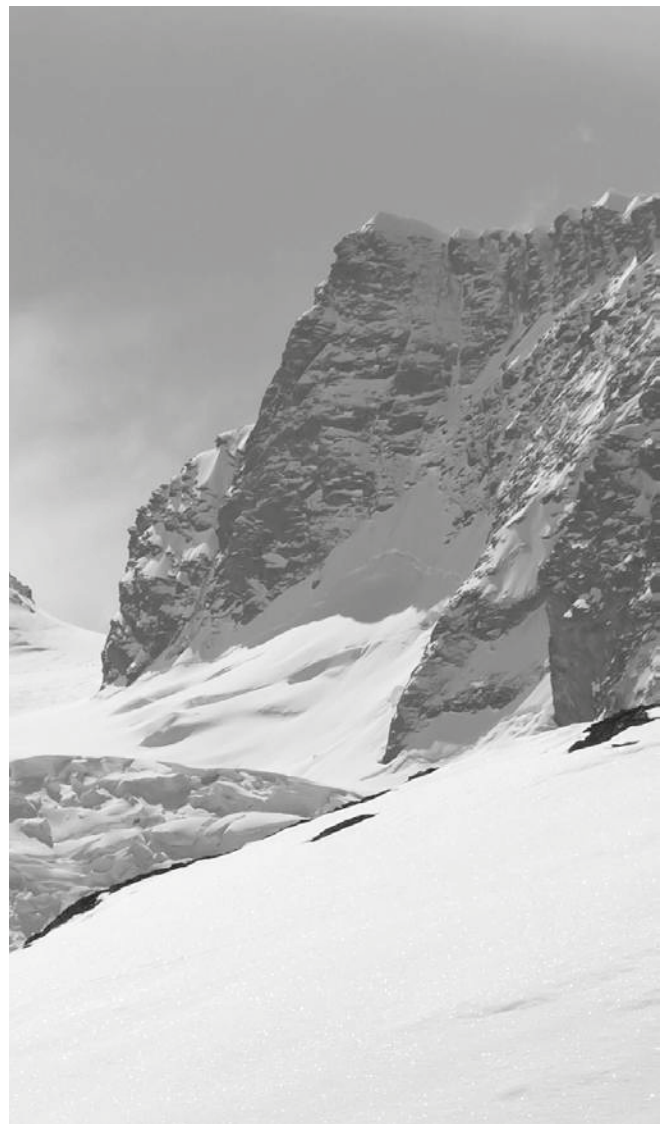
Ironically, the country's lack of natural resources has contributed to this process as it has required the public and private sectors to focus on investing massively in education. Most university-educated professionals hold a bachelor's and a master's degree often obtained from other countries: an education that may have been further rounded with valuable work experience while abroad. The labour market is therefore very flexible by European standards. Because the economy outgrew Switzerland's demography a long time ago, firms are now used to hiring specialists and managers from abroad to enrich and diversify their workforce.

I have noted above that Switzerland is one of the few jurisdictions with a full-fledged trustee regulation but no trust law of its own. That might change, however. The government has announced it will soon open a public consultation on a draft law. But should that be a concern for the professionals who administer trusts governed by one or the other law picked out of an outstanding choice available?

I think this is unlikely. Provided the tax regime is not adversely affected (and one can probably rely on the parliament to oppose any reform that would adversely impact existing business vigilantly), the launching of a Swiss trust will

provide more opportunities, not less. It is unlikely that foreign settlors would want to have their trust governed by a yet untested new law. Swiss individuals and firms are likely to be drawn to the flexibility of a trust without having to resort to a law operating in a different legal environment and language. The legitimacy of trusts, Swiss and others, would undoubtedly benefit from a legislative endorsement. A Swiss trust could only increase awareness of the strengths and flexibility of trusts within the business and legal community.

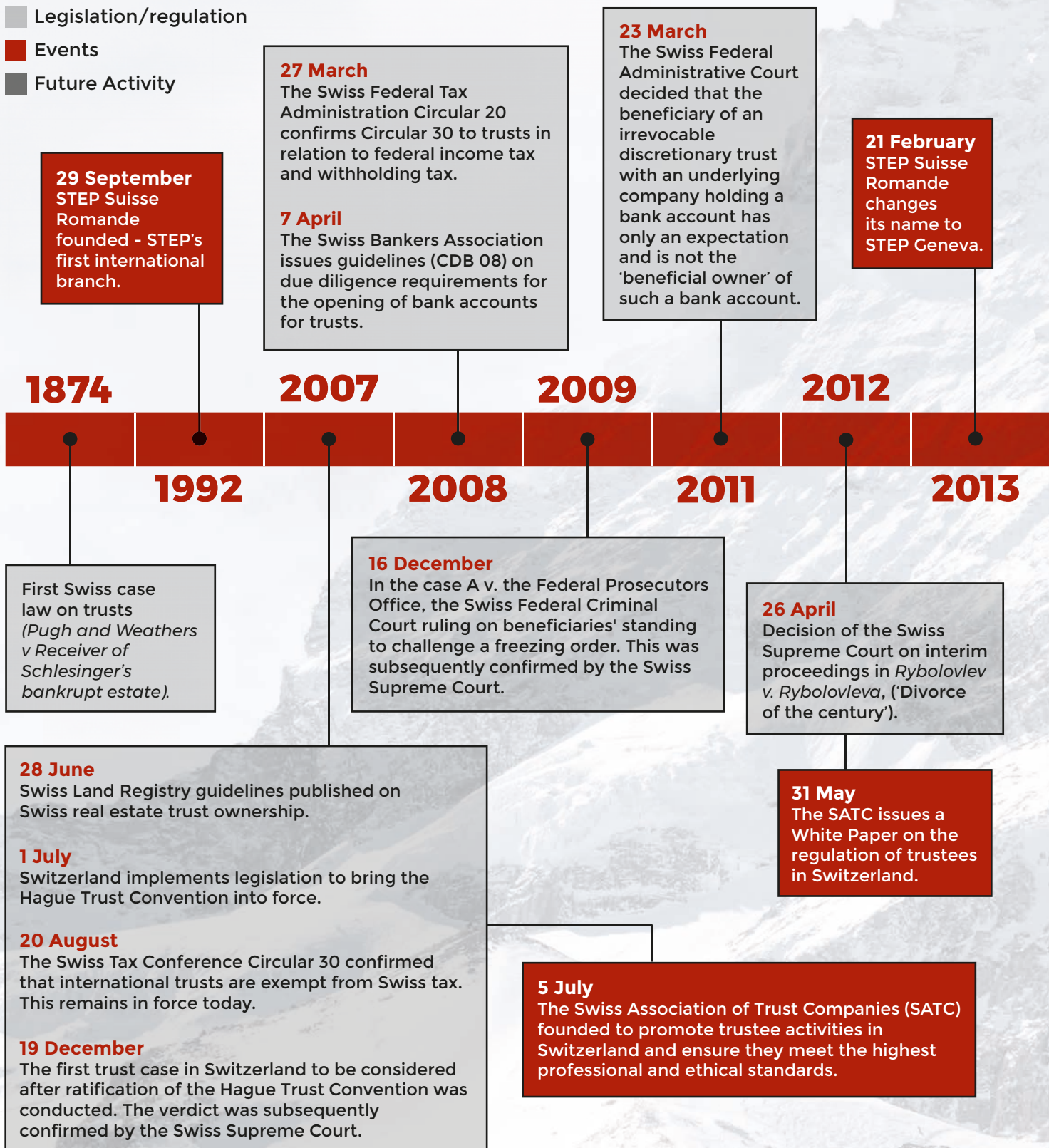
There are many reasons why Switzerland is a desirable location for trust companies, and the SATC an outstanding partner for those who make that choice. "Prediction is very difficult, especially if it's about the future!". But the experience so far is definitely encouraging.



SWISS & SATC TRUST HISTORY

Switzerland is synonymous with sound, enterprising and innovative financial management and its handling of trusts is founded on legal principles that evolved in Europe over the centuries.

As the scale and sophistication of Switzerland's trust sector evolved so it was recognised that the industry would benefit from the leadership of an organisation dedicated to fostering its professional and ethical development at home and promoting its interests abroad.



The SATC was formed with these aims in mind, and by working closely with the Swiss federal government, FINMA, STEP and other distinguished partners it has given the Swiss trust sector a powerful and unifying voice.

The following timeline details how the Swiss trust sector has evolved through a combination of regulatory innovation and case law and highlights the role the SATC has played in promoting the sector's interests and the reputation of its elite panel of members.

With thanks to Richard Pease, Andrew McCallum and David Wallace Wilson



FACTS & FIGURES

The SATC's 34 full members and one adherent member represent the very best in the Swiss trust sector and are a mix of independent trust companies and private-equity held and bank-owned trustees. Around 400 trustees were registered with FINMA in October 2021.



Switzerland is ranked 1st among 45 countries in the European region.

Index of Economic Freedom, The Heritage Foundation, Washington's No. 1 think tank, 2021



Switzerland ranks 1st for wellbeing.

Happy Planet Index, 2016



Switzerland is assessed the world's least risky country for foreign investors.

GlobalData's Global Country Risk Index (Q1 2021)



Switzerland is rated the world's most innovative country, for the eleventh consecutive year.

Global Innovation Index, 2021 (Cornell University, INSEAD and the World Intellectual Property Organisation)



11 of Switzerland's 12 universities feature in THE's World University Rankings.

World University Rankings Times Higher Education, 2021



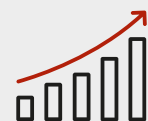
Switzerland is the No. 1 country in the world in terms ranging from economic influence and power to citizenship and quality of life.

Best Countries 2018 (U.S. News & World Report, VMLY&R's BAV Group and the Wharton School of the University of Pennsylvania)



Switzerland is rated as the best country in which to headquarter a corporation. This is based on the verdict of 4,919 business decision-makers across nine attributes (connected to the rest of the world, economically stability, having an educated population, a favourable tax environment and a well-developed legal framework).

Best Countries (US News), 2021



Switzerland's market share (23%) and the overall value of its international market volume in 2020 (\$US2.6tn) was greater than all other wealth management centres.

The report says that Switzerland's wealth management market is also the most competitive in its survey.

The Deloitte International Wealth Management Centre Ranking, 2021

TESTIMONIALS

SATC-RELATED

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“It’s been very fruitful for us [FINMA] to engage from very early days with the SATC and other relevant stakeholders. These conversations increased the mutual understanding about the authorisation process, the inherent risks as well as expectations.”

Thomas Hirschi, FINMA, Head of Asset Management Division

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“The SATC has been key in ensuring the implementation of trustee regulation designed for trustees, recognising the differences to other intermediaries in a civil law jurisdiction.”

Senior Private Client Lawyer

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“The SATC’s position as an entrepreneurial organisation is pivotal.”

Ex CEO TrustCo/Attorney at Law

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“There is no equivalent to the SATC – they are the gold-standard in driving quality and most importantly adherence to both professional and ethical standards for trustees across Switzerland.”

Country Head, Trust Company

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“More than ever, the SATC has an important role to play, by ensuring information sharing amongst its members, guiding the debate on future changes to the industry, and ensuring the standards and conduct of its members remain high.”

Senior Partner, International Trust Company

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“What I have witnessed ever since [2007] is a growing and thriving trust industry, forming an integral part of the Swiss private wealth ecosystem. The relentless work of organisations like SATC, launched in 2007, and STEP have contributed positively to the professionalisation of the sector, culminating with the introduction of trustees licence from FINMA and the current drawing up of a law on Swiss trusts”.

CEO, International Trust Company

SWITZERLAND-RELATED

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‘...the Rybolovlev decision demonstrates how well they [Swiss courts] recognise trusts in complex disputes.’

STEP TQR, 12 Sept 2016

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‘Switzerland is one of the leading locations for trusts and trustees, with its rock-solid infrastructure, excellent banking facilities and reliable public services, to name but a few. Not only does Switzerland have a first-class regulatory environment (thanks to the SATC), it also has an ideal combination of political and economic stability which attracts a skilled, multi-lingual workforce. This unique and diverse international platform is truly the pièce de résistance amongst other global trust locations.’

Country Head, Trust Company

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‘Highly skilled professionals able and ready to work with trusts governed by the laws of multiple jurisdictions. Ideal for UHNW families wishing to protect their wealth in a stable political environment.’

Senior Private Client Lawyer

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‘No other jurisdiction has its attention to detail, quality, approach, and mindset. It is the DNA of an evolutionary entrepreneurial nation able to absorb international themes and ideas and exploit and develop them for mutual advantage.’

Ex CEO TrustCo/Attorney at Law

+++++++

‘Long recognised as a leading jurisdiction for the secure management of private wealth Switzerland now offers an ideal location where the recognition of trusts and the availability of skilled fiduciary services make it a pre-eminent choice for the administration of trust structures.’

Consultant in international tax and estate planning

+++++++

‘This is an exciting time for Switzerland with the regulation of Swiss trustees (in addition to existing anti-money laundering laws) having commenced in 2020 and a substantive trust law possibly being introduced in 2023-2025. Such initiatives further strengthen Switzerland’s position as a leading trust jurisdiction.’

Senior Partner, International Trust Company

SATC'S MEMBERS

Those wishing to join the SATC's elite panel as *Full Members* undertake a rigorous selection process to ensure they truly represent the highest standards expected of the Swiss trust industry. Composed of Swiss-based trust companies noted for their impeccable reputation, *Full Members* are entitled to use the SATC's logo as a quality kitemark.

Adherent Members are those being monitored in anticipation of them meeting all required entry criteria.

Members benefit from the value of the SATC's kitemark as an endorsement of excellence in business presentations, as well as having the ability to influence discussions with federal authorities reviewing future policy. Members can also leverage marketing potential from their association with the SATC's international outreach programme.



SATC CONTACT

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FULL MEMBERS

- Accuro Trust (Switzerland) SA, Geneva, Zurich*
- ACE International S.A., Geneva
- Altiqua, SA, Lugano
- Amicorp Switzerland AG, Zurich
- ATAG Private & Corporate Services Ltd., Zurich, Basel
- Athos Trustees (Switzerland) AG
- Butterfield Trust (Switzerland) AG, Geneva
- Capital Trustees AG, Zurich, Lugano
- CISA Trust Company (Switzerland) SA, Geneva
- Cititrust (Switzerland) Ltd., Zurich
- Clermont Consultants (CH) SA, Geneva
- Core Services SA, Geneva
- Dixcart Trustees (Switzerland) SA, Geneva
- Dominion Fiduciary Services (Switzerland) SA
- Earl Fiduciary AG, Zurich
- Geneva Trust Company (GTC) SA, Geneva
- IQEQ (Switzerland) Limited
- Julius Baer Family Office & Trust AG, Zurich*
- KENDRIS AG, Zurich*
- Kestrel SA, Neuchatel
- L & S Trust Services SA, Geneva, Zurich*
- Mandaris AG, Basel, Zurich, Zug*
- Noble Trust Company AG, Zug
- NW Trust (Switzerland) SA, Geneva
- Paicolex Trust Management AG, Kusnacht-Zurich*
- Quiltrust Limited, Zurich*
- Reliance Trust Company SA, Geneva
- R&H Trust Co. (Switzerland) AG, Zurich, Geneva
- Rhone Trust and Fiduciary Services SA, Geneva
- Saffery Champness (Suisse) SA, Geneva, Zurich
- Stonehage Fleming SA, Neuchatel, Zurich, Geneva
- TMF Services SA, Geneva, Zurich
- Treuco AG, Zurich
- VALUEworks AG, Zurich*

*Founder members

ADHERENT MEMBER

- Veco Trustees SA, Lugano