



Setting an agenda

Daniel Martineau looks at the founding of the Swiss Association of Trust Companies

The Swiss Association of Trust Companies (SATC) was established on 5 July 2007. The formation of the association was the culmination of more than a year of preparation by a small band of likeminded industry practitioners who had the desire to put in place an association that could set an agenda for sensible, relevant industry regulation as well as to encourage and foster the growth of a rapidly expanding trust services industry in Switzerland.

The origins of the association

The concept of the organisation was originally the idea of Stephanie Jarrett of the law firm of Baker & McKenzie in Geneva and Professor Luc Thevenoz of the University of Geneva's law faculty. By way of background to readers outside of Switzerland, Professor Thevenoz is a highly respected legal authority in Geneva who was very instrumental in raising the profile of trust legal issues in the jurisdiction, leading to the eventual ratification in June 2007 of the Hague Convention on the law applicable to Trusts.

The founding 12 trust companies were Barclays, Bonhote, Close, Experta, Investec, Julius Baer, Kendris, Paicolex, Quiltrust, Rothschilds, Settlements SA and Valueworks. It was important to the founding committee that a good 'sampling' of trust companies was achieved in the original membership; the committee was keen to demonstrate that trust companies large or small, bank-owned or independent, whether they were located in the French, German or Italian part of the country – all trust companies were welcome to join the association as long as they shared the same ideals and demonstrated in their practices the rigours of sound trust and

company management.

Since its founding, the association has welcomed four new members; HSBC Guyerzeller, Schroders, ATC and Maitland and has a further five applications that are at various stages of the approval process. An additional 15 potential members have shown serious interest in joining the association. In addition, there are five organisations that for a number of reasons will not (or not yet) qualify under the membership criteria but are interested to join as 'guest' members to participate in the aims and objectives of the association.

The main objectives

The main objectives of the association are:

1. to be the leading organisation to engage in the furtherance and development of trustee activities in Switzerland;
2. to ensure a high level of quality, professionalism and integrity in the trust business in Switzerland;
3. to bring together entities with operative offices in Switzerland that are active in the trust industry for the exchange of know-how, information and ideas on trust related matters;
4. to strengthen the standing of the trust industry in Switzerland, to enhance the reputation of trustee activities and to increase the acceptance of the services of those engaged in the trust business;
5. to advance technical knowledge and support high-level education in respect of managerial, legal, administrative and other relevant trust related subjects;
6. to be recognised and supported by the Swiss government and other influential bodies, associations and commissions in Switzerland and internationally, to undertake and support studies and

research and to make suggestions and representations of a technical, practical, but non-political nature to governments and other bodies, thereby improving the legal basis of trust activities in Switzerland.



Hand in hand with STEP

STEP can take a great deal of credit for the establishment and encouragement of the SATC. Without the blessing and the backing of STEP in Switzerland, SATC could have never been born. There are obvious similarities in the objectives of the two organisations: to encourage a strong, competent and reputable trust industry; however, STEP is an association of individual members while SATC has companies as its members. This is a subtle, but distinct difference between the two organisations. To take a couple of practical examples, STEP will continue to be at the forefront of their member's professional education and accreditation while SATC has set a code of conduct for its member companies to uphold. Both will be interested in any future trust regulation in Switzerland, and even though there may be some interests particular to each, there is a strong case for commonality on these issues. SATC will have a logical interest in developing relations with other corporation-based organisations in the financial services industry (such as the Swiss Bankers Association or the Swiss Association of Asset Managers) to pursue common



objectives and to strengthen the finance industry in Switzerland.

SATC's governing bodies

SATC's Executive Committee is comprised of persons who were influential in getting the fledgling organisation off the ground: Kecia Barkaowi of Valueworks in Zürich is its first chairman, Xavier Isaac of Investec Trust in Geneva is Vice-Chairman, Adrian Escher of Kendris Private AG in Zürich is Treasurer, while Mark Barmes of Settlements SA and the author (of Close Trustees in Geneva) round out the five person committee.

The committee is ably assisted by Stuart Clements who also acts as the Secretariat for the Swiss German branch of STEP, located in Zug.

An Advisory Board of professionals has been established who have complete independence from the association's members. The Advisory Board currently has three members; Luc Thevenoz and Stephanie Jarrett, who as noted above, have been instrumental in founding the SATC and David Zollinger of Bank Wegelin, a private bank in Zürich. It is the intention to increase the Advisory Board membership to eventually have up to five members.

Suite of documentation

The committee has been busy assembling an impressive array of initial documentation including the Association's Statutes, the

Code of Ethics and Business Conduct, the Membership Regulations, and the Membership and Guest Member Applications.

Perhaps the most important aspects of documentation are the rules that determine requirements for prospective members. The membership requirements, by design, are meant to be measures of quality for organisations and are meant, as best as possible, to replicate what regulatory requirements might look like in the future. In setting the requirements, the committee took into account the existing requirements for trust companies in licensed jurisdictions. The requirements include:

1. Minimum activity measurements (greater than 50 per cent trust activity or a minimum of at least 20 trusts) to ensure that the prospective applicant is indeed a company that is concentrated on the establishment and management of trusts.
2. Minimum representation requirements (at least three senior managers, companies with a minimum of two years in business) within Switzerland to justify a substantial presence in the jurisdiction.
3. Minimum educational and professional experience thresholds for senior managers (STEP or other professional qualifications) acting within Switzerland.
4. Adequacy of professional indemnity insurance coverage.
5. Existing, good standing membership in

a Swiss self-regulatory organisation or under the supervision of the Swiss Central Authority for Anti-Money Laundering.

6. Adequacy of internal processes and controls such as the 'four-eyes principle'.

Opening events

The SATC was officially launched with parties in Zürich on 11 September and in Geneva on 12 September 2007. Both events were extremely well attended by trust professionals, lawyers, accountants, bankers, investment managers, and other participants in the financial services industry as well as the news media. On the back of the ratification of the Hague Convention in Switzerland in June 2007, the media has been extremely interested to find out more about the trust industry as a relative newcomer to the wealth management landscape in Switzerland.

It has become clear that trusts have become an important strategic element as part of the overall wealth management service requirements of high and ultra high net worth families and for the continued prosperity of the financial community in Switzerland.

For additional information or to contact the SATC, please refer to its website: www.sact.ch.

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