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Switzerland Enters Race to Attract Trust Companies

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in Geneva

Following closely the initiative to enhance Switzerland's position as a centre of excellence for the global financial industry with the announcement that the country's stock exchange will merge with two clearing and settlement companies to form a seamless trading partner, another project has been announced. That is the creation of the Swiss Association of Trust Companies.

Launched at particularly well attended meetings held in the Swiss cities of Geneva and Zurich, SATC's primary objective is to encourage the growth of the trust industry while upholding a high standard of quality, integrity, and professionalism.

In July, Switzerland ratified the Hague Convention on the Law Applicable to Trusts and their Recognition, providing the legal foundation for the development of a local trust industry.

There are more than 700 individual members of the worldwide Society of Trust and Estate Practitioners registered in Switzerland and the number of companies offering trust services has more than doubled over the past five years. And Swiss graduates of STEP educational courses are providing a pool of new talent that is feeding the enormous expansion of the industry in the country.

According to Kecia Barkawi-Hauser, founder of VALUEworks and President of SATC, Switzerland is a very favourable market for trusts: "The status Switzerland enjoys as an international financial market, the proximity to private banks, internationally renowned management and investment companies, along with the resulting synergies, all represent a major asset for the growth of the trust industry in this country. Furthermore, Switzerland benefits from an extremely qualified, multilingual and multicultural workforce that proves particularly valuable to trust activities. In this context, SATC will provide trust companies in Switzerland with an industry association devoted to best standards."

At the Geneva launch event, Xavier Isaac, managing director of Investec Trust, Switzerland and vice president of SATC, explained that although

trusts have been around since the times of the Crusades, they are no longer the preserve of Anglo-Saxons. Today, trusts represent an indispensable wealth planning tool for the affluent of all nationalities.

The founding members of SATC have already enacted its bylaws and a code of ethics and conduct that members undertake to observe. The association also aims to encourage the federal bodies to develop a set of specific rules applicable to trust companies that complements the existing regulations under the Swiss anti-money laundering regulations, drawing inspiration from SATC's professional qualification criteria for membership and from the principles contained in its code of ethics and conduct. SATC intends, therefore, to also act as a partner for dialogue with the Swiss government.

Advisor to SATC, Professor Luc Thévenoz, Geneva Centre for Banking and Financial Law and Member of the Swiss Federal Banking Commission, congratulated those responsible for the timely launch of STAC and under-scored the importance of a strong professional association that could take responsibility for regulating and policing the industry. According to Professor Thévenoz the authorities are not competent to do this at the present time due to lack of training and experience.

He predicted that soon Switzerland would be competing for business with the other key global locations for trust work. Namely, the Bahamas, British Virgin Islands, Channel Islands and the UK.



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