

# Key Facts

## Foundations

On 25 July 2012, The States of Guernsey approved The Foundations (Guernsey) Law 2012. Guernsey has taken the opportunity to review the different features offered by the Foundations legislation in other jurisdictions to create its own distinctive Foundation hybrid.

In addition to the specific features of its Foundation legislation, Guernsey is a highly regarded financial centre, with a reputable Royal Court that provides sensible jurisprudence in the event that directions are required or there is a dispute.

### Features of a Guernsey Foundation

- The Guernsey Foundation has separate legal personality, but is not described as a 'body corporate'. Therefore it looks like a company and is registered as such, but acts more like a Trust.
- Guernsey's Foundations legislation allows for inward and outward migration of Foundations.
- Beneficiaries are not essential in a Guernsey Foundation. The legislation allows a Foundation to be formed with no beneficiaries at all. Instead it can be formed for a designated purpose, such as acting as Trustee of a family trust structure.
- A Guernsey Foundation can either have 'enfranchised beneficiaries' or 'disenfranchised beneficiaries'. The former have rights to information, while the latter do not. It is also possible to have a combination of both classes of beneficiaries and provision can be made for the promotion or demotion of beneficiaries between these two classes.
- Unlike a Trust, the beneficiaries of a Foundation cannot come together to seek to collapse a Foundation.
- The Founder may reserve certain powers for him or herself, but these powers are only valid for the duration of the Founder's lifetime. If the Founder is a legal entity, then the powers may only be reserved for 50 years after the establishment of the Foundation. The role of the Founder must be clearly set out in the Foundation Charter. The Founder can be appointed to the Foundation Council.
- The Foundation Council of a Guernsey Foundation can comprise individuals or be corporate and its composition must be noted on the Guernsey Registry of Foundations. The Council owes a duty to the Foundation to act in good faith.
- A Foundation Guardian is required if:
  - The Foundation has no beneficiaries, in which case the Guardian acts as the Enforcer of the purpose of the Foundation (as described above); or
  - The Foundation has disenfranchised beneficiaries.
- The Guardian owes a fiduciary duty to the Founder and the disenfranchised beneficiaries.
- The Founder is permitted to act as Guardian.
- A licensed fiduciary can act either as the Guardian or as a member of the Foundation Council, but not both.

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## Uses of a Guernsey Foundation

The range of possible uses for a Guernsey Foundation is wide. However, many industry commentators expect that a Guernsey Foundation may be particularly attractive in the following scenarios:

- A family may wish to take advantage of the enfranchised and disenfranchised beneficiary classes to distinguish between the rights and roles of certain family members within the family business.
- Many jurisdictions that do not recognise Trusts do recognise Foundations, meaning that a Guernsey Foundation can be used as part of the ownership structure for property assets located in these jurisdictions. For example, a Foundation could own a JAFZA company (the only company currently allowed to own immovable property in Dubai) that in turn holds Dubai property.
- A Guernsey Foundation set up to fulfil a specific purpose (i.e. with no beneficiaries) can provide a practical variation in a Private Trust Company structure, offering a potential cost saving and structural simplification. In cases where a standard Purpose Trust is used to hold a Private Trust Company, a separate Enforcer Vehicle is required within the structure. However, by using a Guernsey 'Purpose Foundation' the Foundation Guardian can fulfil the Enforcer role.

## Registration of a Guernsey Foundation

Guernsey has its own online Foundations Register with a maximum registration turnaround time of 24 hours. The following information is publicly available via the register:

- The name and registered number of the Foundation
- The name and address of the Councillors

- The name and address of the Guardian (if applicable)
- The name and address of the Guernsey Registered Agent

To register a Foundation, a licensed fiduciary must complete an application form and file the following with the Guernsey Foundations Registrar:

- A copy of the Foundation Charter
- A signed Declaration by the Founder or Registered Agent confirming the accuracy of the details in the Charter
- A Declaration regarding the existence of disenfranchised beneficiaries or the future expectation disenfranchised beneficiaries
- The names and addresses of the Councillors and their signed Declaration that they are willing to act
- The name and address of the Guardian (if applicable) and his/her signed Declaration showing willingness to act
- The name and address of the Guernsey Registered Agent
- The address of the Guernsey Registered Office

# Offices

## The Americas/Caribbean

### Bahamas

Trident Corporate Services  
(Bahamas) Ltd  
T: +1 242 322 6154  
bahamas@tridenttrust.com

### Barbados

Trident Corporate Services  
(Barbados) Ltd  
T: +1 246 621 0760  
barbados@tridenttrust.com

### British Virgin Islands

Trident Trust Company (BVI) Ltd  
T: +1 284 494 2434  
bvi@tridenttrust.com

### Cayman Islands

Trident Trust Company  
(Cayman) Ltd  
T: +1 345 949 0880  
cayman@tridenttrust.com

### Nevis

Morning Star Holdings Ltd  
T: +1 869 469 1817  
nevis@tridenttrust.com

### Meridian Trust Company Ltd

T: +1 869 469 1333  
nevis@tridenttrust.com

### Panama

Trident Trust (Panama) S.A.  
T: +507 302 7494  
panama@tridenttrust.com

### United States Atlanta

Trident Corporate Services, Inc  
T: +1 404 233 5275  
usa@tridenttrust.com

### Miami

Trident Fund Services  
T: +1 305 405 9006  
miami@tridenttrust.com

### New York

Trident Corporate Services, Inc  
T: +1 212 840 8280  
nyc@tridenttrust.com

### Sioux Falls

Trident Trust Company  
(South Dakota) Inc  
T: +1 605 679 4355  
sd@tridenttrust.com

### US Virgin Islands

Trident Trust Company (VI) Ltd  
T: +1 340 774 7322  
usvi@tridenttrust.com

## Asia

### Hong Kong

Trident Corporate Services (Asia) Ltd  
and Trident Trust Company (HK) Ltd  
T: +852 2805 2000  
hongkong@tridenttrust.com

### New Zealand

Trident Trust Company (NZ) Ltd  
T: +64 9 300 6067  
nz@tridenttrust.com

### Singapore

Trident Trust Company  
(Singapore) Pte Ltd  
T: +65 6653 1800  
singapore@tridenttrust.com

## EMEA

### Cyprus

Trident Trust Company (Cyprus) Ltd  
T: +357 258 20 650  
cyprus@tridenttrust.com

### Trident Fiduciaries (Middle East) Ltd

T: +357 253 53 520  
fiduciariesme@tridenttrust.com

### Dubai

Trident Trust Company (UAE) Ltd  
DMCC Branch  
T: +971 4 423 9988  
dubai@tridenttrust.com

### Guernsey

Trident Trust Company  
(Guernsey) Ltd  
T: +44 1481 727571  
guernsey@tridenttrust.com

### Isle of Man

Trident Trust Company (IOM) Ltd  
T: +44 1624 646700  
iom@tridenttrust.com

### Jersey

Trident Trust Company Ltd  
T: +44 1534 733401  
jersey@tridenttrust.com

### Luxembourg

Trident Trust Company  
(Luxembourg) S.A.  
T: +352 26 30 28 48  
luxembourg@tridenttrust.com

### Malta

Trident Trust Company (Malta) Ltd  
T: +356 21 434 525  
malta@tridenttrust.com

### Mauritius

Trident Trust Company  
(Mauritius) Ltd  
T: +230 210 9770  
mauritius@tridenttrust.com

### Seychelles

Trident Trust Company  
(Seychelles) Ltd  
T: +248 4 422 000  
seychelles@tridenttrust.com

### Switzerland

Trident Corporate Services AG  
T: +41 44 396 1080  
switzerland@tridenttrust.com

### United Kingdom

Trident Trust Company (UK) Ltd  
T: +44 20 7935 1503  
uk@tridenttrust.com

### Trident Company

Services (UK) Ltd  
T: +44 20 7487 0460  
corpsservices@tridenttrust.com