

Family Office Privacy



2 March 2022 | 4:00 PM SGT

KROLL

IQEQ

SPENCER
WEST

BEDELL
CRISTIN

HARNEYS

BUTLER
SNOW



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Managing Director,
Cyber Risk, Kroll, Singapore

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Agenda

- Privacy vs. Transparency
- Single Family Office Assessment
- Wealth Planning Implications
- Cyber Security Risks
- Q&As

Privacy vs. Transparency

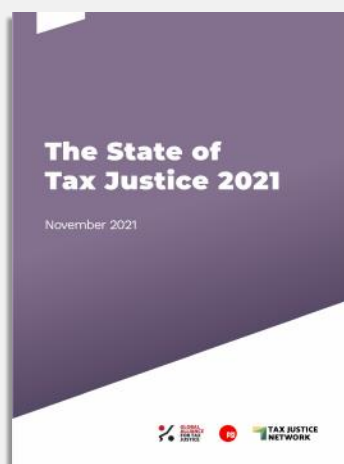
Covid-19 Policy Response

- Significant Economic and Fiscal Impact
- Restricted Policy Choices
- High Net Worth Engagement Strategy

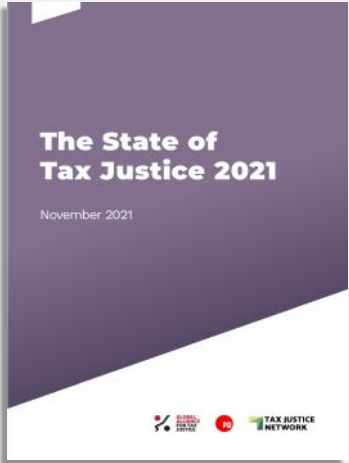


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Policy Reports



US\$171 Billion Annual Tax Loss



Offshore tax abuse

As the Pandora Papers leaks have once again confirmed, financial secrecy remains a defining feature of offshore finance. Secrecy jurisdictions – countries that provide opportunities for non-residents to hide their identity and their wealth from the rule of law – attract an ever-rising volume of financial assets owned by wealthy individuals. Financial secrecy doesn't just enable individuals to abuse their tax responsibilities and launder money – it keeps drug cartels bankable, human trafficking profitable and terrorist financing feasible.

We find that the world is losing US\$171 billion a year to offshore tax evasion related to financial wealth alone. The UK spider's web is responsible for fully a half of the world's offshore tax evasion losses. The axis of tax avoidance is responsible for two thirds. And in total, OECD member countries and their dependencies account for more than nine of every ten dollars lost.



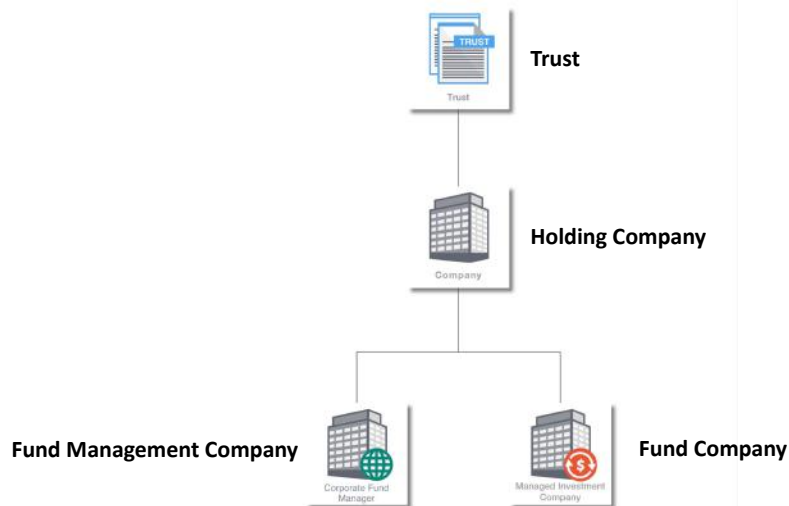


Single Family Office Assessment

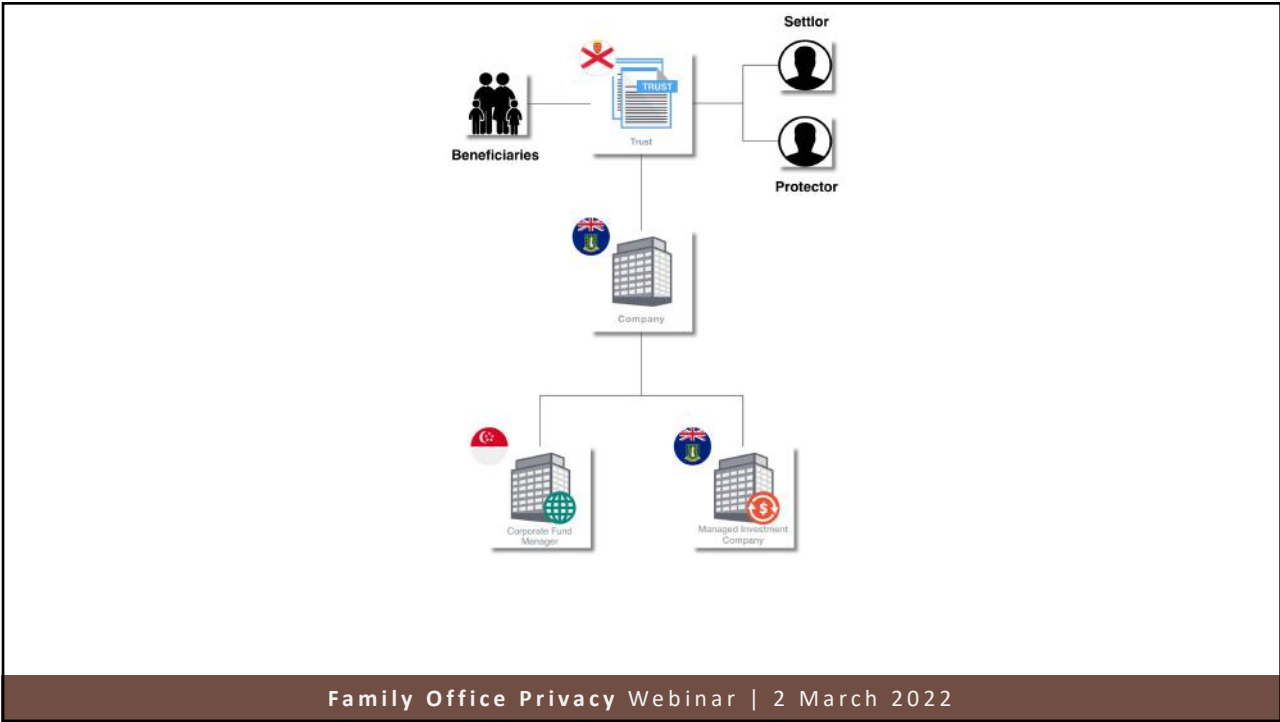
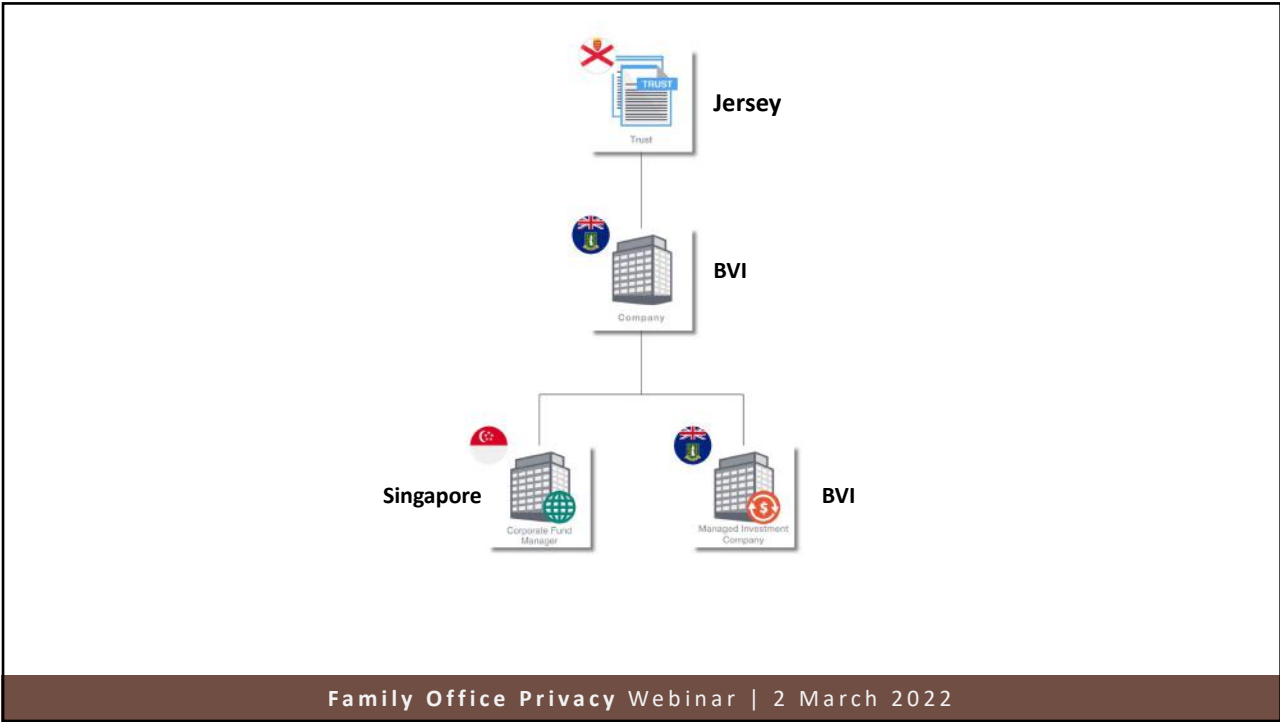
Agenda

- Beneficial Ownership Registers
- Opaque Offshore Structures
- Economic Substance Rules
- Common Reporting Standard
- Foreign Account Tax Compliance Act
- US Real Estate
- UK Real Estate

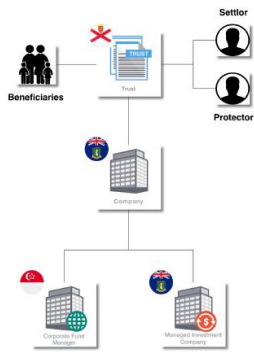
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Beneficial Ownership Register



- How Does it Work?
- **Public** Access?

Beneficial Ownership Register



- How Does it Work?
- **Public** Access - British Overseas Territories | 2023

Beneficial Ownership Register

*Joint commitment by Germany, Jersey and the Isle of Man
Registers of beneficial ownership of companies*

1. The Crown Dependencies (Guernsey, the Isle of Man and Jersey) have a long-standing, and independently verified, track record of meeting international standards. We are proud of our global leadership in tax cooperation, transparency and in combating money laundering and countering the financing of terrorism.

2. Through our work with the EU, the OECD and with other international partners, we meet international standards in respect of transparency of beneficial ownership information. As responsible jurisdictions, we have a proven good neighbour policy with respect to cooperation with the EU in matters relating to taxation, fighting financial crime and countering the financing of terrorism.

3. It is in our strategic interests and our standing as responsible jurisdictions to commit to further develop the accessibility and transparency of our register of beneficial ownership for companies consistent with the approach being adopted by the EU. We will do so in a way that is in line with the principles of the EU 4th Anti-Money Laundering Directive (4th AMLD) within a timeframe that we consider deliverable.

4. We are committed to the following staged approach:

a) During 2021, to work collaboratively with the EU on the interconnection of the islands' central registers of the beneficial ownership of companies with the registers in the EU. This is part of existing political commitments made by each of us to the EU to ensure that, on a regional basis, legal and beneficial ownership information can be shared with EU designated competent authorities and financial intelligence units (FIUs).

b) To enable access to our central registers of beneficial ownership of companies to obliged entities for due diligence purposes as soon as reasonably practicable following this interconnection referenced in 4) above and, in any event, before the end of 2022.

c) The EU is due to publish an implementation review of the 4th AMLD in January 2022. Within 12 months of that publication, we will each bring forward to our own parliament legislative proposals to establish public access to beneficial ownership data of companies held on a central register, in line with the principles of the EU 5th AMLD.

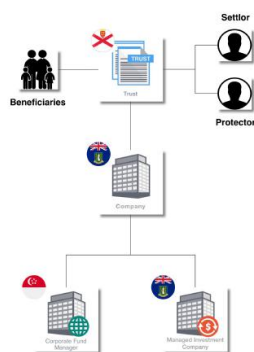
5. In order to develop and implement the legislation referenced in 4) above, we will be informed by global best practice including the progress being made in EU Member States to introduce processes to verify, vet and regulate trust and company service providers and the submission of beneficial ownership information.

June 2019

- How Does it Work?
- **Public** Access - British Overseas Territories | 2023
- **Public** Access - Crown Dependencies | 2023

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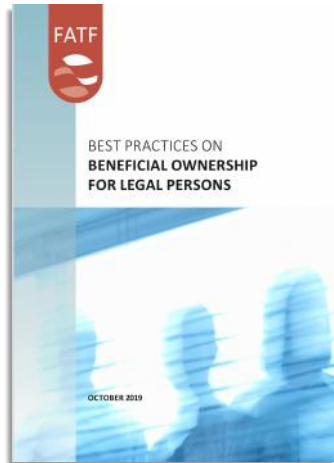
Beneficial Ownership Register



- How Does it Work?
- **Public** Access - British Overseas Territories | 2023
- **Public** Access - Crown Dependencies | 2023
- Trust Register?
- EU / UK Connected Trust
- EU / UK Connected Company

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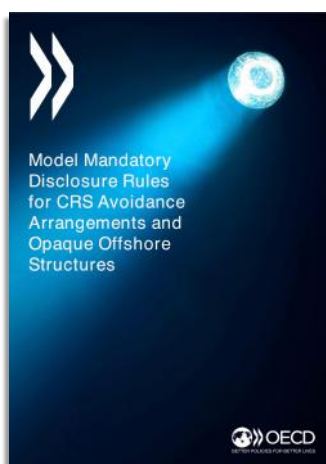
FATF Position?



- How Does it Work?
- **Public** Access - British Overseas Territories | 2023
- **Public** Access - Crown Dependencies | 2023
- Trust Register?
- EU / UK Connected Trust
- EU / UK Connected Company
- FATF Position?

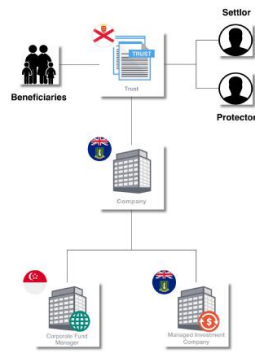
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Opaque Offshore Structure



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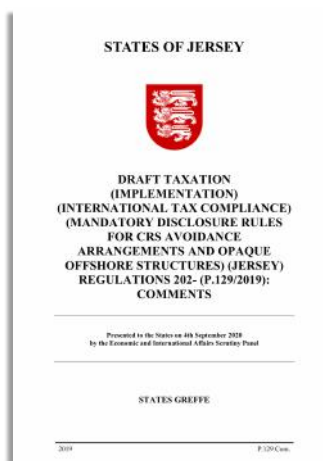
Opaque Offshore Structure



- How Does it Work?

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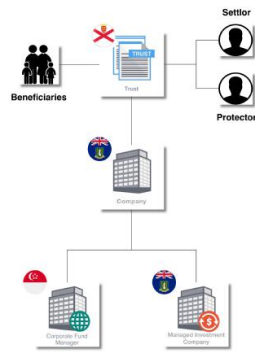
Opaque Offshore Structure



- How Does it Work?
- Implementation: Crown Dependencies?
- Economic Substance Interaction?

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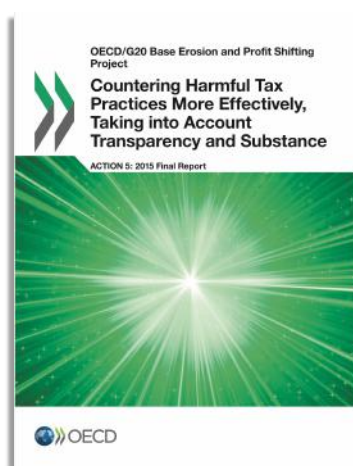
Opaque Offshore Structure



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- Implementation: Crown Dependencies?
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- Implementation: British Overseas Territories?

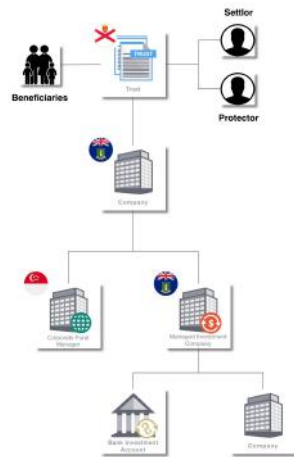
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Economic Substance Rules



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Economic Substance Rules



- How Does it Work?
- What is a “Pure Equity Holding” Company?
- What is “Adequate” Substance?
- Active Trading vs. Passive Holding?
- FHTP Peer Review Status?
- Application to Trusts?

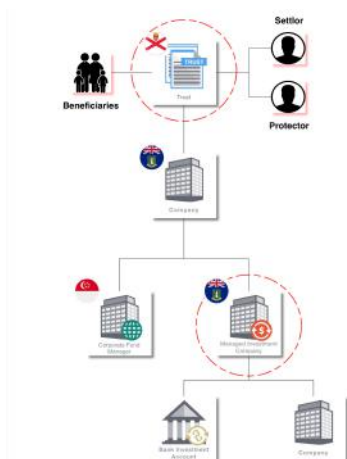
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Common Reporting Standard



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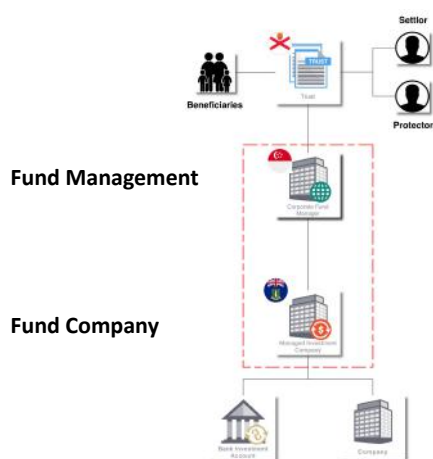
Common Reporting Standard



- Standard Reporting:
- **Fund Company** - Managed Investment Entity Financial Institution
- **Family Trust** - Managed Investment Entity Financial Institution
- Double Reporting – Passive NFE Holding Company

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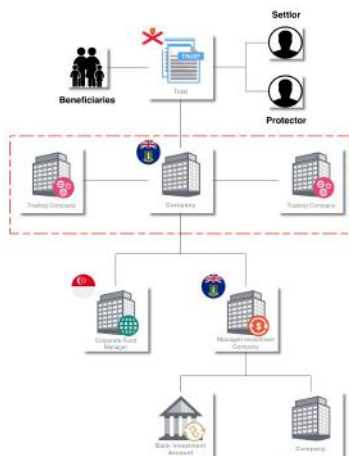
Common Reporting Standard



- Standard Reporting:
- “Stacked” Family Office | CRS Anti-Avoidance
- OECD FAQ 9 pg. 18

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Common Reporting Standard

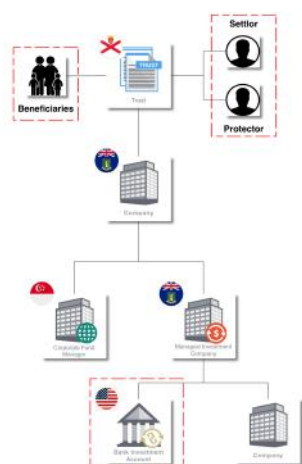


- Standard Reporting:
- “Stacked” Family Office | CRS Anti-Avoidance
- “Enveloped” Family Office | Holding Company Trading Subsidiaries
- Deemed Active NFE Status
- CRS Section VIII 6.(b)(Proviso)

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Foreign Account Tax Compliance Act

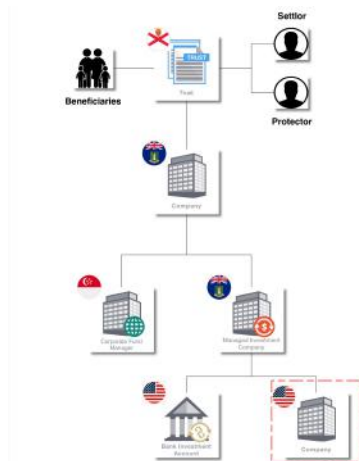


- Scope of Reporting
- CRS Reporting Mismatch
- Reciprocal IGAs

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Corporate Transparency Regulations

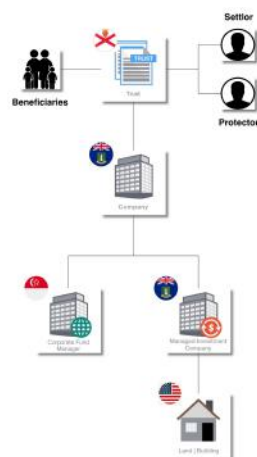


- Scope of Rules
- **Public** Register?
- Implementation Date?

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US Real Estate Disclosure

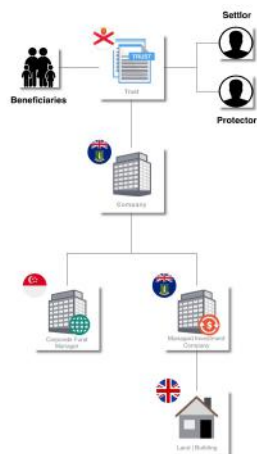


- Scope of Disclosure?

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UK Real Estate Disclosure



- Register of Overseas Entities
- Scope of Disclosure
- Implementation Date

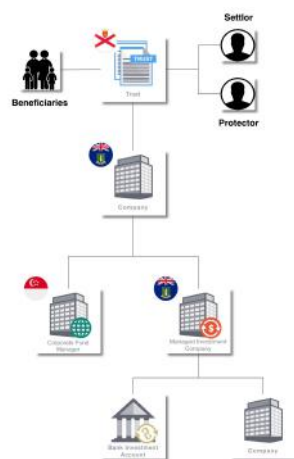
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Initiative:	Processing Agent:	Access:
Corporate Beneficial Ownership Register	RA / Corporate Registry	Public Access (BOTs CDs EU UK)
Trust Beneficial Ownership Register	Trust Registry	Qualified Public Access (UK EU)
Economic Substance Rules	RA / Corporate Registry	Tax Authorities Breach Spontaneous Exchange
Opaque Offshore Structures	Intermediary / Tax Authority	Tax Authorities Reportable Jurisdictions
Common Reporting Standard / Foreign Account Tax Compliance Act	Financial Institution / Tax Authority	Tax Authorities Reportable Jurisdictions

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Wealth Planning Implications

Industry Implications



- Industry Awareness
- Client Awareness
- Best Practice Guidance
- Future Industry Implications

Cyber Security Risks

Cyber Security



- Level of Risk
- Types of Risk
- Specific Family Office Risk
- Risk Mitigation Strategies

Q & A

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