



## Recommended Structures for Middle Eastern Clients

## INTRODUCTION

Appleby is the leading provider of offshore legal and fiduciary services to individuals, families and businesses in the Middle East. In 2010 The Lawyer named Appleby as Offshore Law Firm of the year. Our clients range from ruling families, to multinational companies, to wealthy individuals seeking to structure their personal and business assets with a view to the future.

With offices in eight major offshore jurisdictions including Bermuda, the British Virgin Islands, the Cayman Islands, Guernsey, the Isle of Man, Jersey, Mauritius and the Seychelles as well as offices in London, Hong Kong, Zurich and Bahrain, we offer our Middle East clients an unequalled choice of offshore jurisdictions and a full range of legal, fiduciary and administration services.

Over 800 lawyers and professional specialists deliver sophisticated, specialised services, primarily in the areas of Corporate and Commercial; Litigation and Insolvency; Private Client and Trusts; and Property. We advise global public and private companies, financial institutions, and high net worth individuals, working with them and their advisers to achieve practical solutions, whether in a single location or across multiple jurisdictions.

## PRIVATE, FAMILY AND BUSINESS STRUCTURES

With the use of offshore structures, families and individuals can ensure that:

- Personal wealth is held in a safe and discreet manner
- Wealth is preserved for the benefit of future generations
- Businesses are run in an efficient and secure manner
- Assets are protected from claims by future creditors or against local rules which apply to asset distribution upon death
- Family members can play an active role in relation to the management of family trusts

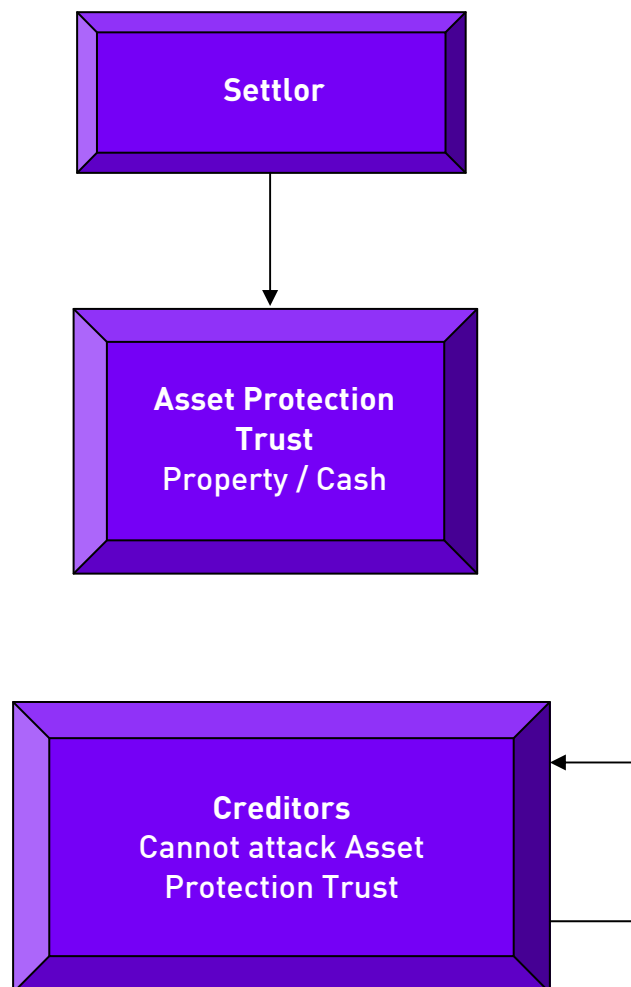
Appleby has been advising clients on family business holding structures and succession planning with the use of family offices, private trust companies, conventional trusts and foundations, and asset holding vehicles for more than a century and can adapt any such structures to work within Shari'a principles whenever required.

In this brochure, we explore some of the structures which may bring significant benefits to you and your clients.

## STRUCTURES

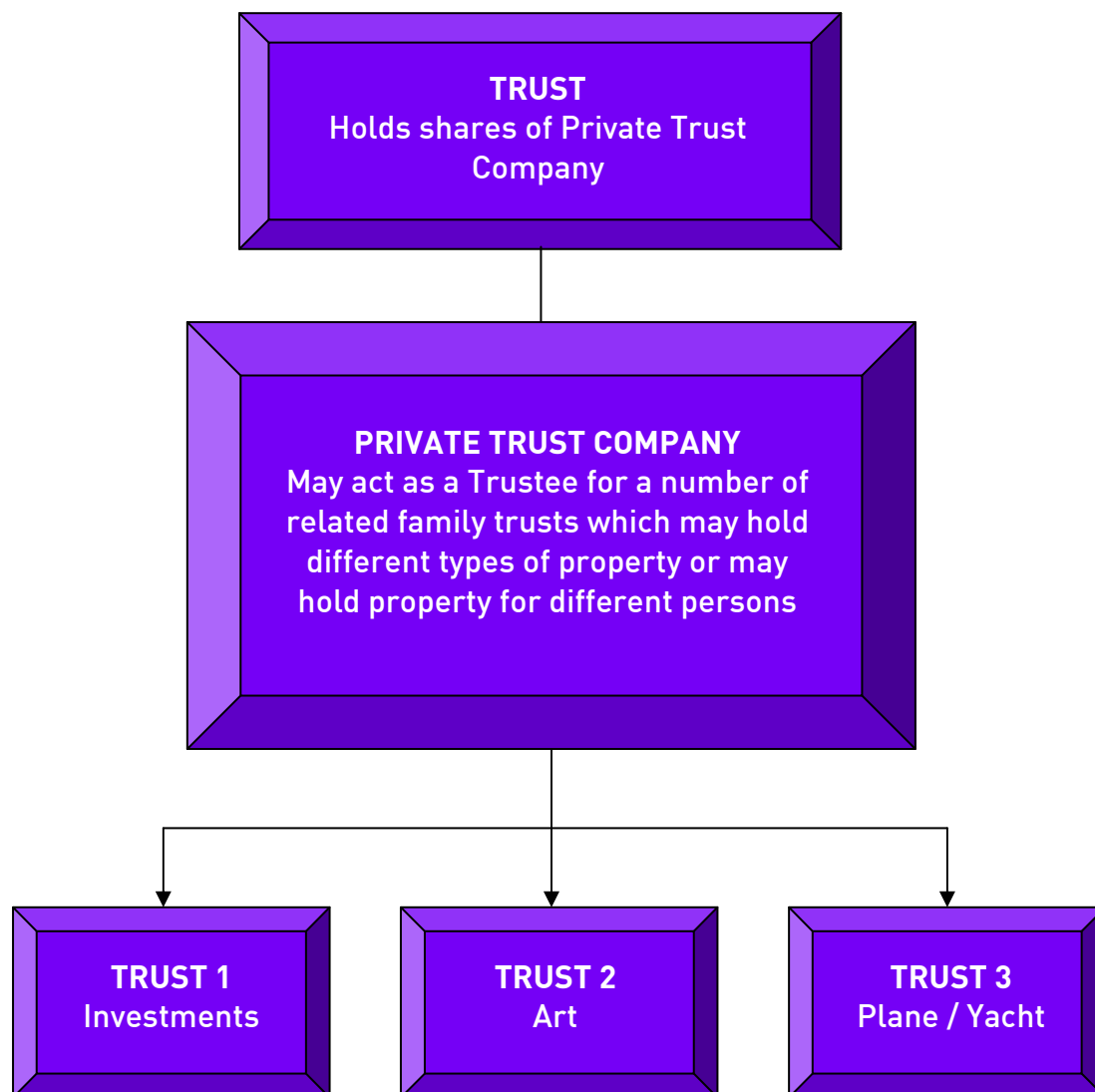
### 1. Asset Protection Trust

The purpose of the asset protection trust (“APT”) is to allow the settlor to protect and preserve his assets from future creditors by placing the property and/or cash into a trust so that the settlor no longer has ownership of the settled property and such property is therefore not available for creditors. Creditors cannot successfully attack the APT unless the APT is established with the intention to defraud creditors.



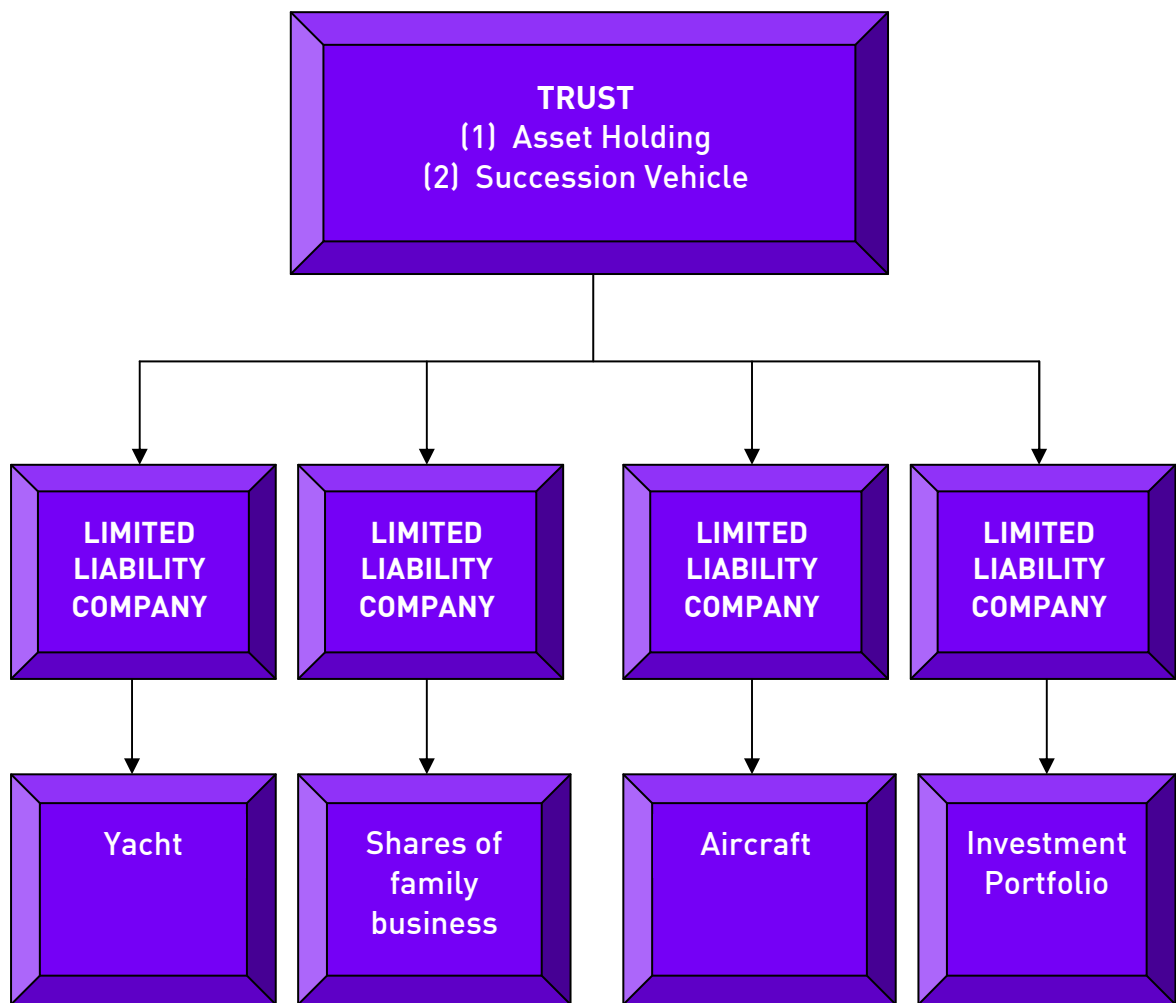
## 2. Private Trust Companies

Private trust companies (“PTCs”) have become very popular structures over the last decade due to the many benefits they offer. A PTC is a company which acts as trustee of family trusts, allowing the settlor and his family to take part in the active management of the trusts. PTCs are particularly useful in cases where there is a wide range of assets held in the structure for the benefit of a large number of extended family members of different generations. Trusted advisors and family members can all serve on the board of the PTC ensuring that the trustee will always be aware of the situation of the beneficiaries, responsive to their needs and the information on the dealings of the trusts will be kept confidential.



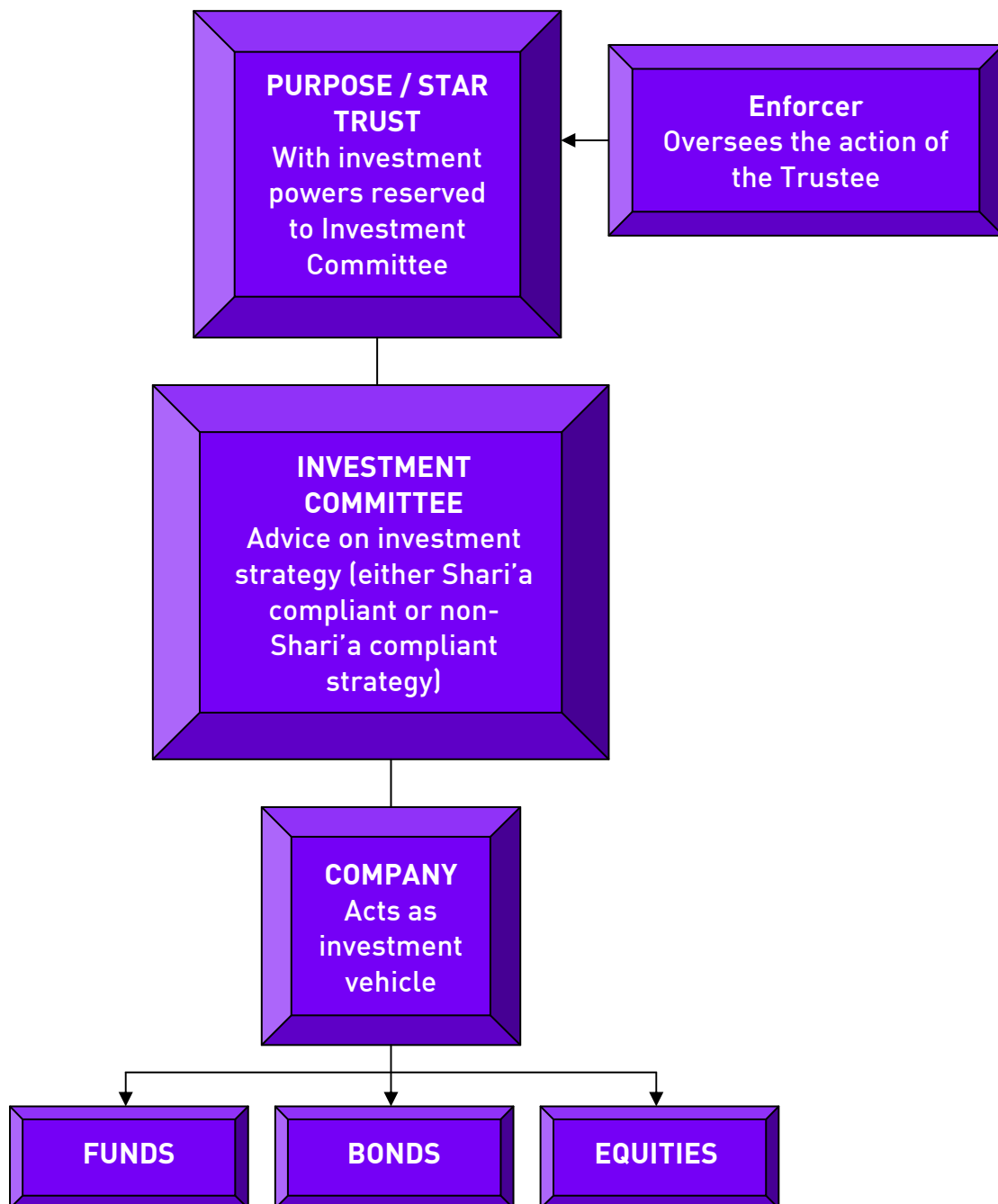
### 3. Asset Holding and Succession Planning

This structure works well both as a basic asset holding vehicle and as a succession planning structure. A trust holds a number of underlying companies which in turn own diverse assets. Ownership of these assets is no longer vested in the client, providing a good degree of asset protection and simultaneously preserving the assets for future generations. As a trust structure is used, the trustee would be obliged to distribute assets to family members or other beneficiaries according to the wishes of the creator of the trust. This structure can last in perpetuity should the creator of the trust so wish.



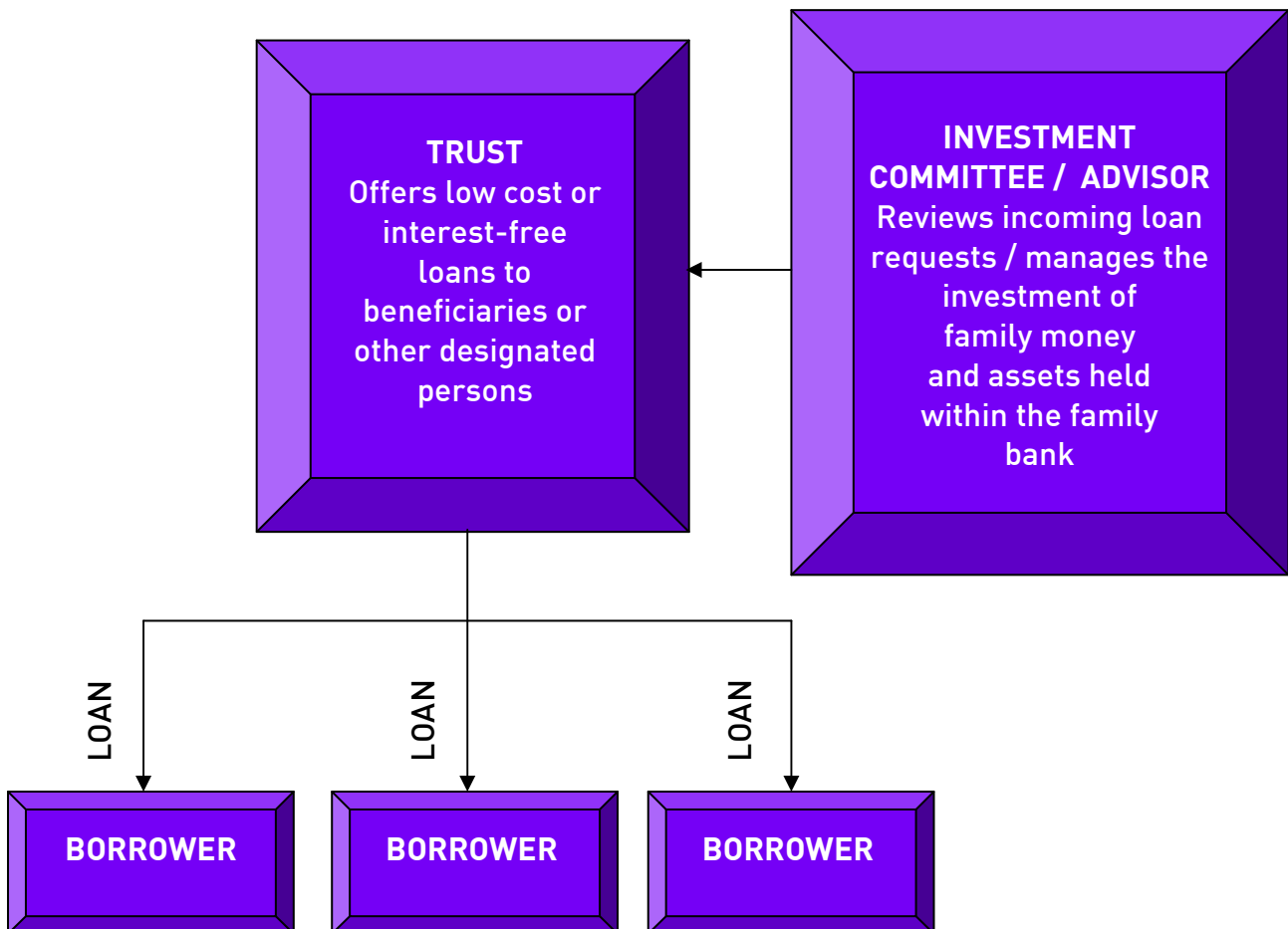
#### 4. Investment Structure

This investment structure again divorces the ownership of assets by using a trust, but allows a degree of control to be retained by the settlor. There is an enforcer whose duty is to oversee the actions of the trustee. There is also an investment committee which the settlor or his family can sit on which sets and reviews the investment policy for the structure. The investment committee has powers reserved to it in the trust deed that they can exercise for the duration of the trust and they are free to set their own investment parameters and employ investment advisors of their choice.



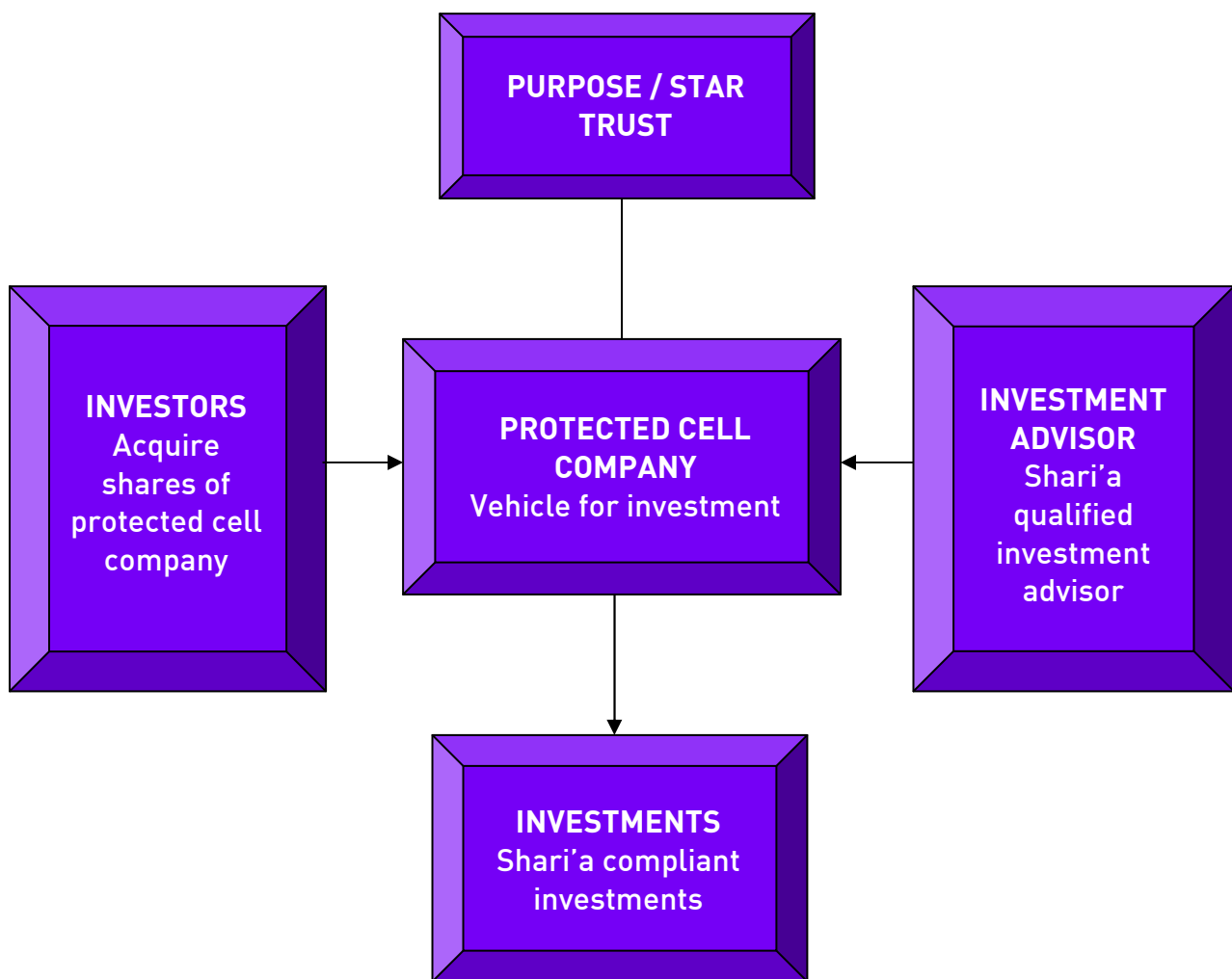
## 5. Family Bank

This structure works well in situations where families wish to provide a mechanism to give low cost or interest-free loans to family members. This would avoid the need for family members to seek loans from commercial banks. The investment committee can also act as investment advisor with responsibility for managing the investment of the family money and assets.



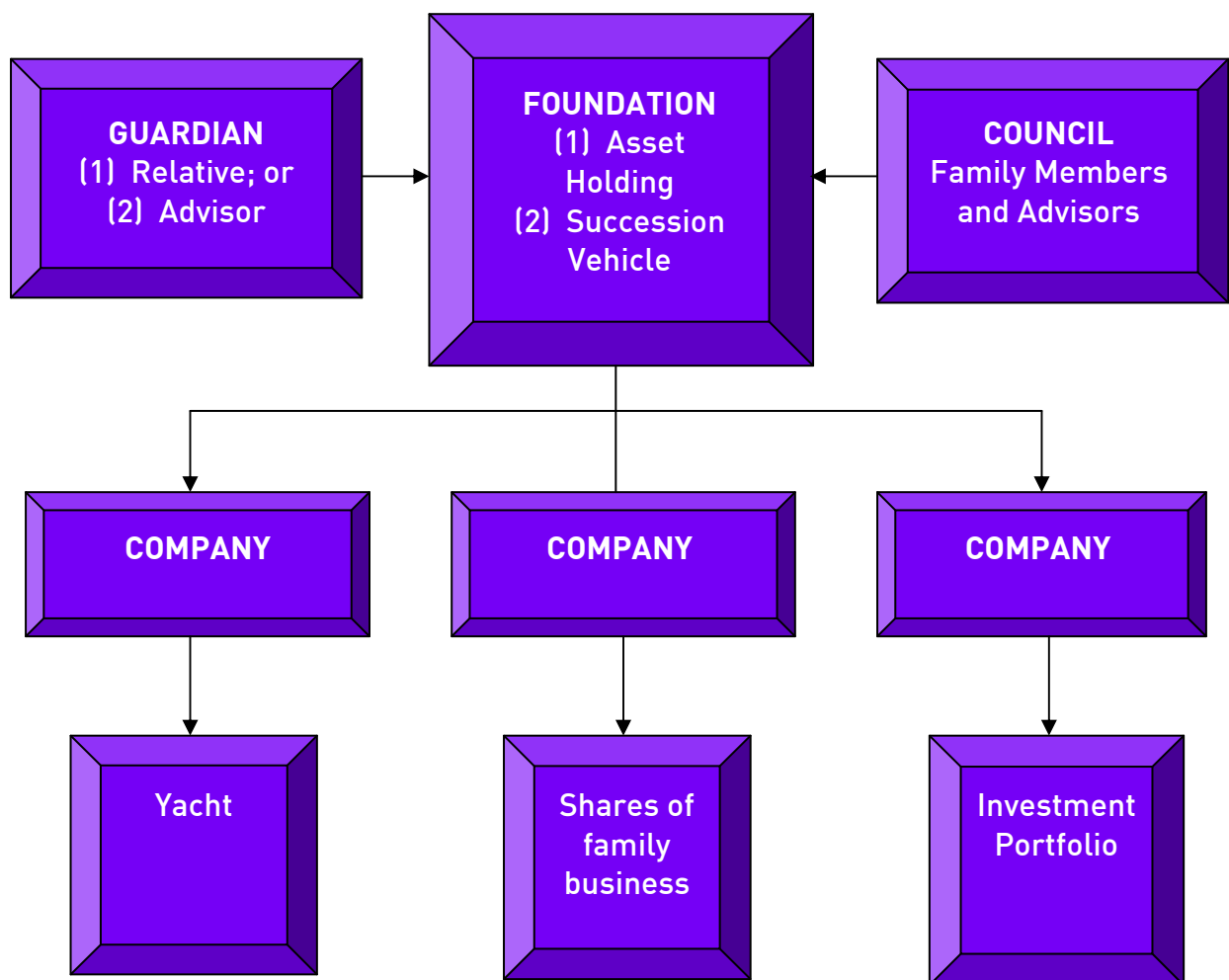
## 6. Shari'a Compliant Investment Structure

This structure allows investors to acquire shares in a protected cell company (similar to a unit trust or corporate fund) owned by a trust. The protected cell company would enable the investments to be segregated according to investor and type of asset, ring-fencing their potential distributions and liabilities. The type of investments held in the protected cell company would be vetted and/or controlled by an investment advisor who would only invest in Shari'a compliant investments.



## 7. Foundations

A foundation is a good asset holding or succession planning vehicle which divorces ownership of its assets from its founder and its beneficiaries. The foundation itself is a legal entity separate from the founder, the guardian or the council and it has a charter and rules that set out how it is to function. The guardian's duty is to monitor the correct running of the foundation to ensure that the aims of the foundation are carried out and that any beneficiaries receive their correct benefits. The council carries on the administration of the foundation and is its decision-making body and is usually made up of family members and trusted advisors. Through the offices of both guardian and council, a foundation offers the benefits of good client control and confidentiality of information. Foundations may also continue in perpetuity.



## OFFICE AND CONTACT DETAILS

Our office in Bahrain operates as a regional base from which we promote and deliver Appleby's global services to the entire Middle Eastern region.

Our office in Zurich works regularly with Swiss banks and advisors in both Zurich and Geneva in order to provide the full range of offshore services to their Middle Eastern clients. Representatives from our Zurich office are also happy to meet with clients or their advisors anywhere in Switzerland in connection with client business. We will also happily arrange for meetings to be held at a client's home or office in the Middle East.

For more specific advice on Recommended Structures for Middle Eastern Clients, we invite you to contact one of the following:



Jeanne Bartlett  
Managing Director, Appleby (Middle East) Limited  
Bahrain office  
[jbartlett@applebyglobal.com](mailto:jbartlett@applebyglobal.com)



Carlos de Serpa Pimentel  
Practice Group Head, Partner  
Cayman office  
[cpimentel@applebyglobal.com](mailto:cpimentel@applebyglobal.com)



Jonathan Vanderkar  
Managing Partner  
Zurich office  
[jvanderkar@applebyglobal.com](mailto:jvanderkar@applebyglobal.com)

This publication is intended only to provide a summary of the subject matter covered. It does not purport to be comprehensive or to provide legal advice. No person should act in reliance on any statement contained in this publication without first obtaining specific professional advice.

Bahrain  
Bermuda  
British Virgin Islands

Cayman Islands  
Guernsey  
Hong Kong

Isle of Man  
Jersey  
London

Mauritius  
Seychelles  
Zurich