

What Private Clients and Institutional Clients Need from their Corporate Structures

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Is there a Real Difference Nowadays?

At first appearance, private clients and institutional clients are like chalk and cheese. As a result, the Fiduciary sector has maintained different approaches to servicing these two sets of clients. However, at Dixcart Group, we feel that this is an oversight and have noticed that private clients and institutional clients have demands and requirements that are much more alike nowadays. This is perhaps because the pressures of transparency, governance, accountability and substance are affecting private and institutional clients in the same way.

Private Client Needs

Outside the normal company and day to day administration, and dependent on whether other advisers are already appointed, there can be a varying degree of involvement by the corporate service provider. This can range from liaising with family members and advisers and reporting to meet specific individual needs, to advising on operational procedures and providing proactive advice on structures and structural changes.

Family members often want to become board members of the company, underlining the paramount importance of proper governance, decision making and domicile of the company.

Institutional and Corporate Needs

When considering the needs of institutional and corporate groups, there are generally very specific requirements. This is because these groups usually have advisers (inhouse

or external), who will have already specified a required structure's needs and therefore service requirements.

Service considerations range from adopting consistent, group reporting and consolidation of information requirements and liaising with group functions and auditors around shareholder information and records, to involvement in group procedures and regulations to meet specific group company secretarial procedures and corporate governance requirements.

So, is there a Difference in the Approach to Administration, Secretarial and Compliance Services?

As detailed above, each client type may have differing needs (and often different asset classes), but does this effect what the underlying services are to be provided?

The answer is, not really, as the underlying services required by each, will effectively be very similar i.e. ensuring that each corporate entity meets its regulatory and legal obligations. This is achieved through the delivery of a complete range of administration services to ensure that substance, tax and other related planning requirements are being met, whether it be a private or institutional client.

Key services include:

- Day to day administration and company secretarial services
- Director services
- Registered office and agent services
- Tax compliance services
- Accountancy services
- Dealing with transactions, including all aspects of acquisitions and disposals

Institutional client services may also include:

- Escrow services
- Securitization services
- Exchange listing services
- Employee Benefit Schemes

In all cases, where a complete suite of services, as detailed above, is provided, this can greatly assist in the setting up of bank accounts, particularly with the banks where a service provider, such as Dixcart, already enjoys a close working relationship.

What are Private Clients Learning from the Institutional Structures?

Private clients can have a vast variety of asset types within their structures, ranging from; routine investment portfolios, real estate and holding companies through to operating companies and alternative assets such as yachts, planes, cars, art and wine. These differing asset classes often require a variety of corporate structures under a trust or foundation, with the most common and recognised being the use of a limited company i.e. the 'Trust and Company' structure.

However, the influence of the corporate world is seeing an increase in the use of such structures as; Private Trust Company (PTC), General Partner and Limited Partnership (GP/LP), Protected Cell Company (PCC), and Private Investment Fund (PIF). This is because these alternative structures to the Trust and Company' structure can offer increased flexibility in terms of client involvement and provide elevated levels of corporate governance.

As a result, the industry is seeing an alignment in the structure types now being adopted by private clients to those of Institutional and corporate groups where the traditional Trust/Foundation structure is not providing the required flexibility and corporate governance.

Lessons are also being learnt in the other direction as well. Institutional and corporate groups and their respective service providers are seeing the benefits of building up the long-term trusted relationship with each other that is typically found with private clients and their service providers.

Conclusion

The private client and institutional worlds do have different needs, but the underlying services and structures required (outside of regulated and listed entities), are now often not that different, as the underlying services need to meet the same regulatory and legal obligations.

There is a trend towards private clients realising that there are advantages in using alternative corporate structures to the traditional trust or foundation structures, where corporate governance, transparency and flexibility of structure is of greater importance.

For institutional and corporate groups along with their respective service providers, they now see the benefits of building up a long-term trusted relationship with each other.

Final Thought – Global Corporate Administration and Company Secretarial Services

Dixcart are experienced in providing company administration, director and company secretarial services in multiple jurisdictions. Where private clients, family offices, institutions or corporate groups have multi-jurisdictional entities to look after, these services could be consolidated through a single Dixcart office.

This would have the following advantages:

- provides a single and consistent point of contact
- provides a consistent high level of service and reporting standards
- can be in a time zone that is most convenient to each client team

This can be achieved by working alongside our other Dixcart offices, and in the jurisdictions, we do not have a presence, alongside our network of contacts worldwide. This global service is to aid family offices and/or corporate secretarial teams, by taking over the burden of dealing with many different service providers, in different time zones working to different corporate governance standards, so your teams can concentrate on running the core business and operations.

Additional Information

The type and complexity of corporate services required by private clients and institutions vary from case to case. The most important factor for both client groups is to choose a service provider with sufficient experience and professionalism to coordinate a range of services that fully meet corporate governance, efficiency and corporate objectives.

For further information regarding corporate services, please speak to Steve de Jersey in the Dixcart office in Guernsey: advice.guernsey@dixcart.com. Alternatively, please speak to your usual Dixcart contact.

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