

# STEP CERTIFICATE IN INTERNATIONAL TRUST MANAGEMENT

Syllabus

# INTRODUCTION

**This document contains the detailed syllabus for the STEP Certificate in International Trust Management.**

This syllabus should be read in conjunction with the course brochure, which explains the method of delivery and assessment, entry requirements and personal and business benefits of completing the programme.

The course brochure, course dates and enrolment application form can also be found on the programme website [www.cltint.com](http://www.cltint.com)

## MODULE 1: INTRODUCTION TO INTERNATIONAL WEALTH MANAGEMENT

### **This module covers:**

- An overview of the concept of wealth management
- The typical clients and methodologies used to classify them according to common characteristics
- The range of wealth management service providers
- How trustees fit into the wealth management landscape

### **By the end of this module you should be able to:**

- Give a broad overview of the concept of wealth management
- Identify typical clients and the methods used to classify them
- Describe the range of wealth management service providers
- Explain how trustees fit into the wealth management landscape
- Use this knowledge as a foundation upon which to build a more detailed understanding of wealth management as the course progresses

## MODULE 2: THE EVOLUTION OF EQUITY AND THE LAW OF TRUSTS

### **This module covers:**

- How common law and equitable principles developed
- Common law and civil law (continental) jurisdictions and how the two systems of law evolved
- A definition of the relationship of the parties to a trust
- The general principles applicable to the exercise of a trustee's decision-making powers
- How trustees should comply with their fiduciary obligations and meet appropriate standards of care.

### **By the end of this module you should be able to:**

- Understand the evolution of, and relationship between, common law and equity
- Appreciate how the trust concept was allowed to develop
- Distinguish between common law (trust) and civil law (non-trust) jurisdictions
- Define a trust and explain its essential characteristics
- Understand and comply with the equitable duties owed by trustees, namely the fiduciary duty and the duty of care.

## MODULE 3: THE CREATION OF A VALID TRUST

### **This module covers:**

- The requirements for creating a valid trust
- An explanation as to how a trust must be properly constituted
- The settlor's capacity – both personal and proprietary
- The 'three certainties'
- An introduction to the topic of sham trusts.

### **By the end of this module you should be able to:**

- Appreciate the fundamental requirements to create a valid trust
- Apply the 'three certainties'
  - Of intention
  - Of subject matter
  - Of objects
- Understand how a trust may be affected by conflict of laws
- Understand the different formalities necessary for transferring various types of property into trust
- Ensure that the settlor has personal and proprietary capacity to create a trust and transfer property to constitute the trust
- Advise on which, if any, powers may be reserved by a settlor and ensure that a trust is established with essential certainty and that it is not liable to be set aside as a formal sham.

## MODULE 4: TYPES OF TRUST AND INTERESTS

### **This module covers:**

- An examination of the basic anatomy of a typical trust instrument
- A detailed review of certain types of express trusts and equitable interests
  - Life interests
  - Interests in remainder
  - Vested interests
  - Contingent interests
  - Discretionary trusts
  - Protective trusts.

### **By the end of this module you should be able to:**

- Navigate your way around a standard trust instrument
- Understand and explain to a third party the features of:
  - Fixed interests such as a life interest, a determinable life interest, a contingent interest
  - Discretionary trusts
  - Protective trusts.

## MODULE 5: MODERN USES OF OFFSHORE TRUSTS

### **This module covers:**

- The main advantages of offshore trusts, namely in the fields of:
  - Tax planning
  - Risk management and asset protection
  - Estate planning.

### **By the end of this module you should be able to:**

- Understand how tax is levied on individuals and companies that are domiciled or deemed resident for tax purposes in an onshore jurisdiction
- Understand how income and capital taxes are levied upon trusts, and how tax advantages accrue to trusts whose trustees reside and carry on trust business offshore
- Appreciate how and in what circumstances a trust structure can offer protection to assets against
  - Claims made by creditors of a beneficiary
  - Claims made by creditors of the settlor
- Explain how an *inter vivos* trust can be used for estate planning purposes to plan who gets what upon an individual's death
- Appreciate that certain countries impose 'forced heirship rules' and understand how this could affect a trust created by a settlor from a forced heirship state.

## MODULE 6: THE ADMINISTRATION OF TRUSTS

### **This module covers:**

- The trustee's due diligence anti-money laundering duties
- The files that trust companies usually maintain
- The effect of a settlor's letter of wishes
- The role of a protector
- How a trust must be administered with integrity to avoid it being set aside as an administrative (or substantive) sham
- A review of the decision-making process of trustees, in particular in relation to the exercise of their
  - Powers of investment, and
  - Dispositive powers

### **By the end of this module you should be able to:**

- Comply with 'know your client' due diligence obligations
  - Upon accepting new trust business, and
  - Upon taking on existing business, and
  - Throughout the business relationship
- Appreciate the need for, and be able to create and maintain, trust files to record and retain information in a logical, clear and efficient manner
- Appreciate the legal effect of the settlor's letter of wishes and be able to comply with the trustee's overriding duties in light of such letter
- Comply with the prudent investor role imposed upon a trustee when exercising his power to invest trust funds
- Exercise a trustee's dispositive powers to distribute trust funds in a proper manner
- Comply with a trustee's overriding duties in the light of the a trust instrument that appoints a protector and confers typical powers
- Understand how a trust may become at risk of being set aside as a sham and avoid that situation occurring.



## MODULE 7: THE OFFSHORE ASSET-HOLDING COMPANY

### **This module covers:**

- The historical evolution of a company
- An exploration of the features of a private limited company
- How incorporation of a company in an offshore jurisdiction may carry certain advantages to a private client.

### **By the end of this module you should be able to:**

- Appreciate how companies evolved from sole trader and partnership arrangements to the modern limited company
- Understand the features of a limited liability company and the protection it offers to shareholders
- Explain the uses of offshore companies in managing and protecting privately held assets
- Describe the advantages of offshore incorporation and management in terms of:
  - Tax avoidance
  - Confidentiality
  - Convenience.

## MODULE 8: INCORPORATION, FUNDING AND DISSOLUTION OF COMPANIES

### **This module covers:**

- A review of the procedures to incorporate a company
- An exploration of the constitution of a company
- An introduction to the two methods by which a company may be funded, namely
  - Raising capital in consideration for the issue of shares, and
  - Borrowing from creditors in consideration for the issue of debt instruments
- An explanation of how a company may be dissolved.

### **By the end of this module you should be able to:**

- Know the basic procedure to incorporate a company
- Find your way around the constitution of a typical company
- Understand how funding a company by loan is able to circumnavigate the capital maintenance doctrine
- Appreciate when and in what circumstances a company may be wound up.

## MODULE 9: SHAREHOLDERS, DIRECTORS AND OTHER OFFICERS

### **This module covers:**

- How the theories and principles that have governed the development of traditional company structures onshore have been exported to offshore financial centres and there modified
- Separation of power between shareholders and directors
- A working knowledge of:
  - The rights and powers of shareholders
  - The powers and duties of directors
- Some of the administration issues that may confront an offshore corporate administrator in practice.

### **By the end of this module you should be able to:**

- Understand how and why basic company law principles developed to separate power between shareholder and director
- Understand the position, role and rights of shareholders
- Fulfil the position as nominee shareholder for a managed company
- Understand the position, role, powers and, most importantly, duties of directors
- Fulfil the role as director of a managed company.

## MODULE 10: OFFSHORE CORPORATE SERVICES

### **This module covers:**

- A review of some of the services offered by company management service providers from offshore financial centres
- Some of your firm's standard documentation

### **By the end of this module you should be able to:**

- Give an overview of the range of services offered by offshore company management service providers, including:
  - Incorporation
  - Provision of registered office
  - Provision of company secretary and associated services
  - Provision of directors and nominee shareholders
- Understand the risks that a service provider undertakes in providing directors and the ways to mitigate these
- Understand with your firm's standard documentation used in the management of offshore, asset-holding companies

# CONTACT US

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