



Syllabus



STEP Certificate in International Trust Management

STEP
ADVISING FAMILIES ACROSS GENERATIONS

Our education partner
 **CLTI**

In association with
MANCHESTER
1824
The University of Manchester
Alliance Manchester Business School

Introduction

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

For more information about the course and how to apply, please visit the [course page](#) on the CLTI website.



Module 1

INTRODUCTION TO INTERNATIONAL WEALTH MANAGEMENT

The purpose of this module is to:

- introduce the concept of wealth management
- describe typical clients and examine methodologies used to classify them according to common characteristics
- explore the range of wealth-management service providers
- explain where trustees fit into the wealth-management landscape
- identify modern trends in the trust and corporate services market.

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

- understand the historical development of the wealth management industry and appreciate the range of financial and advisory services offered
- appreciate some of the typical characteristics of a HNWI client/settlor and the ways in which they can be categorised, including amount and source of wealth, and behavioural and geographical characteristics
- be familiar with the types of firm that offer wealth management services: private banks, universal banks, investment banks, family offices and trust companies
- understand where private banks and trust companies fit into the wealth management landscape and the characteristics of the service they must offer to be successful
- identify modern trends affecting trust and corporate service providers.

Module 2

THE EVOLUTION OF EQUITY AND THE LAW OF TRUSTS

The purpose of this module is to:

- explain how common law and equitable principles have evolved
- distinguish common law and civil law (continental) jurisdictions
- define a trust and review its essential characteristics
- outline the general equitable duties owed by trustees
- explain 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 the common law and the importance of precedent
- understand how and why the system of equity evolved and how it differs from common law
- appreciate how the trust concept allows two types of property ownership in the same item
- define a trust, including the definition in the Hague Convention on the Law Applicable to Trusts and their Recognition, and explain the essential characteristics of a trust
- explain the roles of the settlor, trustee and beneficiaries of a typical trust
- understand the equitable duties owed by trustees, namely the fiduciary duty and the duty of care, understand what they entail in practice and be able to comply with them
- distinguish between common law (trust) and civil law (non trust) jurisdictions.

Module 3

THE CREATION OF A VALID TRUST

The purpose of this module is to:

- consider what is required to create a valid trust
- explain how a trust must be properly constituted and describe the formal requirements for transferring property into trust
- consider the settlor's capacity: not only the settlor's personal capacity but also the concept of their proprietary capacity to transfer property to the trustee of such trust
- explain how to recognise and apply what are known colloquially as the 'three certainties'
- explore the effects of a settlor's reservation of express powers in the trust instrument to control the management of the trust assets and distributions to beneficiaries, and how such trusts may be set aside if created as a **formal sham**.

Module 3

THE CREATION OF A VALID TRUST CONTINUED

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

- know the fundamental requirements for creating a valid trust: that it be properly constituted, meets the three certainties and cannot be defeated as a 'sham'
- ensure that a settlor has personal and proprietary capacity to create a trust and transfer property to constitute the trust
- understand how a trust may be affected by conflict of laws and how such conflicts are addressed
- appreciate the different formalities that must be complied with to transfer various types of property into trust
- explain the 'three certainties' of intention, subject matter and of objects and ensure they are being met
- understand how a trust may be struck down as a formal sham under the *Rahman* principles
- advise on which, if any, powers may be reserved by a settlor in your jurisdiction (or a jurisdiction chosen as the governing law of trusts under your management) to 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

The purpose of this module is to:

- examine the basic anatomy of a typical trust instrument
- review typical dispositive provisions that create some of the more usual types of equitable interests
- review a trustee's dispositive duties and discretionary powers.

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

- navigate your way round a standard trust instrument
- be familiar with common trust terminology, e.g., governing law, protector, life tenant, remainderman, determinable life interest, perpetuity period
- understand, and lawfully administer, a trust that contains the following dispositive provisions:
 - fixed interests such as a life interest and interest in remainder
 - fixed interests such as a contingent interest
 - discretionary dispositive powers
 - protective trusts.

Module 5

MODERN USES OF OFFSHORE TRUSTS

The purpose of this module is to explore the main advantages of offshore trusts in:

- tax planning
- risk management and asset protection
- estate planning.

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

- understand the common types of tax and how they are imposed on individuals and companies that are deemed resident for tax purposes in an onshore high-tax jurisdiction
- understand how income and capital taxes are imposed 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 can protect trust assets against attachment by creditors of the settlor and of the beneficiaries
- explain how an *inter vivos* trust can be used for estate planning purposes
- appreciate that certain countries impose forced heirship rules, and be able to structure a trust for the purposes of forced heirship avoidance.

Module 6

THE ADMINISTRATION OF TRUSTS

The purpose of this module is to:

- outline trustees' AML, CFT and CPF responsibilities whilst emphasising the importance of client due diligence
- describe the files that trust companies usually maintain
- review the decision-making process of trustees, in particular in relation to the exercise of their powers of investment, and their dispositive powers
- consider the effect of the settlor's letter of wishes
- investigate the role of a protector
- emphasise that a trust must be administered with integrity to avoid being set aside as a sham.

Module 6

THE ADMINISTRATION OF TRUSTS CONTINUED

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

- understand how the crimes of money laundering, terrorist financing and proliferation are defined (including the *actus reus* and *mens rea*) and the duties imposed by legislation to avoid criminal liability
- comply with know your client (KYC)/customer due diligence (CDD) requirements upon accepting new business, or taking on an existing trust, and throughout the relationship, so as to avoid involvement in money laundering
- appreciate the risks of civil and criminal liability for a firm that has been found to be involved in money laundering
- create and maintain trust files or electronic folders to record and retain information in a clear, logical and efficient manner
- appreciate the importance of keeping minutes of trustees' meetings and the resolutions passed at them
- appreciate the legal effect of the settlor's letter of wishes in relation to the trustee's dispositive and administrative powers and be able to comply with the trustee's overriding duties in light of such letter
- comply with the prudent investor rule imposed upon a trustee when exercising their power to invest trust funds
- exercise a trustee's dispositive powers to distribute trust funds in a proper manner
- comply with the trustee's overriding duties in light of a trust instrument that appoints a protector and confers typical powers
- administer a trust with integrity so as not to expose the structure to the risk of being set aside by a court of law as a sham, and understand the risks to the settlor, beneficiaries and the trustee if the trust is found to be a sham.

Module 7

THE OFFSHORE ASSET-HOLDING COMPANY

The purpose of this module is to:

- outline the historical evolution of a company
- explore the features of a private limited company
- identify the many advantages of an offshore incorporated company for private asset-holding purposes.

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 characteristics of a limited liability company, the advantages it has over sole trader and partnership arrangements, and the protection it offers to shareholders
- explain the differences between private and public limited companies and why they are regulated differently
- understand the significance of the *Salomon* case and the difference between corporate and personal ownership of property
- explain the uses of offshore companies in managing and protecting privately held assets
- describe the advantages of offshore incorporation for tax mitigation purposes, confidentiality and convenience
- explain how companies incorporated offshore can be misused by criminals, as discussed in the OECD's 2001 report, and how regulation has reduced the secrecy that has characterised the offshore financial industry in the past.

Module 8

INCORPORATION, FUNDING AND DISSOLUTION OF COMPANIES

The purpose of this module is to:

- review the generic procedure for incorporating a company
- explore the constitution of a company
- introduce the two methods by which a company may be funded, namely raising capital via the issue of shares, and borrowing from a creditor via the issue of a debt instrument
- explain how a company may be dissolved.

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

- know how to conduct a meeting with a client promoter before setting up a company for them, understand the types of company structure available and be able to recommend the best one
- know the basic procedure for incorporating a company
- create and maintain relevant statutory registers of a company under management
- know what actions should be taken at the first board meeting
- find your way around the constitution of a typical company and understand the significance of the various clauses
- understand how typical offshore companies are funded, what is meant by 'share capital' and 'loan capital', and how funding a company by loan enables the capital maintenance doctrine to be circumnavigated
- appreciate when and in what circumstances a company may be wound up, and the ways in which this can be done.

Module 9

SHAREHOLDERS, DIRECTORS AND OTHER OFFICERS

The purpose of this module is to:

- illustrate how the principles that have governed the development of traditional company structures onshore have been exported to offshore financial centres, and there modified
- explore the separation of power between shareholders and directors
- provide a working knowledge of the rights and powers of shareholders
- review the powers and duties of directors
- provide a useful foundation to some of the administrative practices and procedures relating to corporate decision-making.

Module 9

SHAREHOLDERS, DIRECTORS AND OTHER OFFICERS CONTINUED

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

- be aware of the hierarchy of an onshore corporate structure and how this is generally modified for an offshore company
- appreciate how and why corporate principles developed to separate power between shareholders and directors
- understand the position, role and rights of shareholders and the types of shares they can hold
- understand the role of the CSP or company secretary of an offshore company
- understand how shares of a private company are issued and be able to fulfil the position of nominee shareholder for a managed company
- convene an AGM or AGM and know how resolutions are passed at such meetings
- understand the basis on which dividends can be declared
- know how to transfer shares to another shareholder by sale or gift, and understand how it occurs by transmission
- understand the relationship between directors, nominee shareholders and beneficial owners and the role of nominee shareholders in estate planning
- understand the position, role, powers and, most importantly, duties of directors, and the potential consequences if a director fails in these duties
- fulfil the role of director of a managed company.

Module 10

OFFSHORE CORPORATE SERVICES

The purpose of this module is to:

- review some of the services offered by company management service providers from offshore financial centres, including:
- incorporation
- provision of registered office
- provision of company secretary and/or secretarial services
- preparation of financial statements
- provision of nominee shareholders
- directorships.

Module 10

OFFSHORE CORPORATE SERVICES CONTINUED

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

- appreciate the range of services offered by offshore corporate service providers
- know how a new company is formed (incorporated) and the matters that need to be discussed with the promoter, including the content of the memorandum and articles
- understand the requirements for a registered office
- appreciate the services typically provided by a CSP or company secretary, or a registered agent
- know what accounting records should be kept and maintained by a company
- understand the use of nominee shareholders
- understand why corporate trustees appoint corporate directors for underlying companies
- know the advantages and disadvantages where (i) a beneficial owner is appointed as director and (ii) an offshore CSP is appointed sole director
- understand how a CSP should conduct itself when appointed as a director but given instructions by the beneficial owner, and appreciate the risks if it does not follow best practice.