

TRUST BOOKLET



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SUMMARY OF THE LAW

CYPRUS INTERNATIONAL TRUSTS

Introduction

The Law does not provide a comprehensive definition of ‘trusts’. Trusts law was largely developed by the courts on a case-by-case basis. It is the development of this case law which provides us with a better understanding of what a trust arrangement entails:

- a) an obligation on the holder of property (the “trustee”)
- b) to manage that property (the “trust property”)
- c) for the benefit of another (the “beneficiary”).

The legal title to the trust property is vested in the trustee by its previous owner (the “settlor”). The trust property is managed by the trustee in accordance with the instructions of the settlor. These instructions are usually written and expressed in a trust deed or will (the “trust instrument”). They may also be oral.

The most important thing to note is that, even though the trustee has legal ownership of the trust property, it does not belong to him. Beneficial ownership of it belongs to the beneficiaries. So, the trust property, is an independent fund held by the trustee but available only to the beneficiaries.

For a valid trust to be created, the following three certainties must be present:

- a) Certainty of intention – there must be evidence of the express intention of the settler to create the trust. This is usually evidenced by the trust instrument (although it is possible to have orally created trusts);
- b) Certainty of subject matter –the assets that are to become the trust property must be readily identifiable, ie money, property, shares etc;
- c) Certainty of objects –the identity of all the intended beneficiaries of the trust must be ascertained or ascertainable at the time of setting up the trust.

Perpetuity

Trusts may be for fixed period or indefinite period.

Types of Trusts

Trusts are divided in the following main categories:

Private Trusts

- a) expressly created by the settlor.

- b) can be created by deed, in writing, by will and, with some exceptions, orally.
- c) The intention of the settlor must be made absolutely clear.

The three certainties listed in paragraph 1 above must be present. The beneficiaries have enforcement powers in respect of the trust.

Express Private Trusts

Express trusts are, as their name suggests, expressly created by the settlor. They can be created by deed, in writing, by will and, with some exceptions, orally.

The intention of the settlor must be made absolutely clear. The three certainties listed in paragraph 1 above must be present.

Resulting Trust

A resulting trust arises from the implied, rather than the express intention of the settlor. This intention can be inferred by the way that the settlor acts or behaves.

An example of a resulting trust would be where A gives money to B to buy an asset. If there is no evidence that A intended for B to keep the asset, then B is presumed to hold the asset on trust for A.

But if, in the above example, A was B's father and A had given money to B so that B could purchase books for school, then the presumption arises that A intended for B to keep the books and therefore there is no resulting trust.

Constructive Trust

They are imposed by law independently of what anyone intended.

An example of a constructive trust would be where A gives money to B to hold for C. If B then gives the money to D and D knows that B was holding the money for C, then D will be construed as to also hold the money on trust for C.

These are trusts that arise from the implied intention of the settlor and will either be resulting or constructive trusts.

Implied Trusts

These are trusts that arise from the implied intention of the settlor and will either be resulting or constructive trusts.

Charitable Trusts

There is no legal definition of what constitutes a charity. Usually a trust that is set up for the relief of poverty, the advancement of education or religion or any other purpose that is beneficial to the community is considered to be a charitable trust. In particular they are set up for certain public purposes. They are enforced at the suit of the Attorney General acting on behalf of the state.

It is possible to set up an international charitable trust in Cyprus under the International Trusts Law.

Fixed Trusts

These are trusts where the share or interest of the beneficiaries in the trust property is specified by the settlor; and

Discretionary Trust

These are trusts where the trustees may, at their discretion determine what share or interest of the trust property should go to each member of a class of beneficiaries.

Trustees

Appointment and Discharge

Trustees are appointed by the settlor and can be either physical or legal persons. There are no rules as to how many trustees should be appointed in respect of each trust although it is advisable to appoint more than one trustee.

A trustee does not have to accept the appointment and may refuse to act as trustee either expressly or by implication.

If none of the appointed trustees of a particular trust accept the appointment, then the trust property will revert by resulting trust back to the settlor or his personal representatives,

In Cyprus under the 1955 Trustees Law, the courts may in certain cases discharge or replace trustees and appointing new ones.

Trustees' Main Duties

- a) to administer the trust property prudently; and
- b) to comply strictly with the terms of the trust.

The general rule is that the trustees do not have the power to vary the terms of the trust under any circumstances.

The only case when they may vary the trust is when all the beneficiaries are of full age and capacity. If so, then they can together authorise the trustees to deal with the trust property in a manner different to that specified in the trust instrument.

In trusts where the beneficiaries belong to certain specific classes (ie unsound of mind, incapacitated, infant) the court may vary the terms of the trust if satisfied that the variation is in the best interests of the beneficiary.

The trustees in their private lives may not act in any way that brings them in conflict with their duties as trustees. They are also not allowed to make any profit from their position as trustees unless they are expressly authorised by the trust instrument.

Also, with some limited exceptions, they may not delegate their duties. The exceptions provided for in the law include the right to employ a solicitor, a banker etc. they would be paid out of the trust property.

Trustees' Liabilities

Unless the trust instrument expressly provides otherwise, trustees are not entitled to any payment for their services. They may, however, be reimbursed from the trust property for any expenses they incur in performing their duties.

Any action taken by the trustee that is in excess of their powers or contravenes the terms of the trust instrument is a "breach of trust" and the trustee is personally liable for the full extent of any loss incurred as a result of such a breach.

Trustee Services

Trustees manage the trust property and follow the settlor's wishes as expressed to them in the trust deed and the letter of wishes.

Beneficiaries

The main right of the beneficiaries under a trust is their right to enjoy their interest in the trust property.

In the case of breach of a private trust, the beneficiaries may bring an action in court to force the trustees to administer the trust property in accordance with the terms of the trust. The following actions are available to them:

- a) They may pursue a personal action against the trustees;
- b) They may be able to follow the trust property itself or to claim anything into which it has been converted. This is an equitable claim and the beneficiaries may try to trace the trust moneys even where the trustee has mixed it with his own money. The beneficiaries are held to have a first charge on the traced assets.

But there are limitations to this as the tracing must end where:

- a) no traceable product can be found, or
- b) where the trust is traced in a bona fide purchaser without notice of the trust, or
- c) they may be able to institute criminal proceedings against the trustees.

Cyprus International Trusts Law

General

For the purpose of attracting foreign investors to create in international trusts in Cyprus, the International Trusts Law of 1992 and the Amendment Laws of 2012 and of 2013 have been passed and deal with the regularization of international trusts. This law is not a self-contained law on trust but it builds on the existing Cyprus Trust Law, which is based on the English Law. This Law offers freedom of movement of funds and it removes certain doubts as to whether the existing legislation could cover arrangements such as those, which are common in other jurisdictions.

An international trust may be described as a trust created by a settlor for the benefit of beneficiaries. A trust can still qualify as an international trust for the purposes of law even if the settlor, trustee or the beneficiaries are natural or legal persons, international business companies or international partnerships.

In order to establish an international trust:

- a) The settlor must not be a tax resident of Cyprus during the year preceeding the year of creating a CIT (the settlor may become tax resident subsequently)
- b) Beneficiary must not be tax residents of Cyprus during the year preceeding the year of establishment of the trust. They can be Cyprus tax residents later (charity and purpose trusts are excluded from the residence rule).
- c) The trust property includes any movable or immovable property in the Republic of Cyprus or abroad.
- d) There must be at least one trustee resident in Cyprus at all times or if it is a legal entity to be a Cyprus registered company

A trust will still qualify as an international trust even if the settlor or the local trustee or a beneficiary (or a combination of them) is a Cypriot international business company or partnership. The perpetuity rules applies and the CIT can last for indefinite period of time.

The Law confirms the validity of a trust created by any person who is of full age and of sound mind regardless of any provisions relating to Inheritance or Succession of the Law of Cyprus or the law of any other country. The International Trust is irrevocable unless a specific power of revocation is reserved in it and cannot be set aside by the settlor's creditors unless and to the extent that the creditors can show that the trust was made with the intent to defraud them. The burden of proof of such intent lies with the creditors and an action against the trustees to avoid the trust, on grounds of fraud, must be brought within two years from the date when the relevant transfer of assets is made to the trust.

Under section 7 of the Law, the trustees of an international trust have extensive investment powers, which must be exercised with the prudence and diligence of a reasonable person.

Cyprus courts may amend the terms of international trusts or the powers of the trustees to manage the trust property if satisfied that the proposed amendment will be in the interest of the beneficiaries and will not adversely prejudice their interests.

Section 9 of the Law allows for the applicable law of the international trusts to be any foreign law (other than Cyprus law) provided that the new law recognises the validity of the trust and the interests of the beneficiaries. In the same way, an international trust in a foreign jurisdiction may be subject to Cyprus law.

International Trusts have to be registered with one of the following supervisory authorities of Cyprus: the Cyprus Securities and Exchange Commission or to the Cyprus Bar Association or to the Cyprus Association of Certified Accountants. There is a fixed stamp duty of €430 payable on their creation.

International Trusts and Asset Protection Planning

The most important provision of the Law is found in section 3 that allows the Cyprus trust to be used as an asset protection vehicle.

Looking at Section 3 in more detail:

3 (a) A Cyprus non-resident of full age and capacity who sets-up a Cyprus international trust is deemed as having the capacity to transfer property. The section goes on to provide that no foreign law relating to inheritance or succession shall be capable to invalidate the trust or affect any transfer relating to the creation of the trust.

International Trusts Law

This section, read together with section 9, set out above, has the effect of rendering a Cyprus international trust immune from forced heirship and ‘claw-back’ rules. This is especially useful in civil law jurisdictions that have forced heirship rules applicable on death

3 (b) provides that a Cyprus International Trust is not void or voidable in the case of the settlor becoming bankrupt or insolvent This provision will not apply if the court is satisfied that the trust was set up specifically for the purpose of defrauding the creditors of the settlor at the time of setting up the trust. The law will also not apply where there were claims on the assets prior to the creation of the trust.

The key test is whether, at the time of setting up the trust, the settlor had sufficient property to meet all his liabilities, other than the trust property. If this test is met and provided that the settlor did not anticipate bankruptcy at the time of setting up the trust then the intention to defraud cannot be proven.

The burden of proof is on the person alleging the fraud and the standard is the balance of probabilities. For the trust to be set aside, it must be the creditor and not any other party that was defrauded.

No definition of 'creditor' is provided in the Law and this remains a question of fact and interpretation by the courts.

3 (c) provides that any claim under section 3(b) above must be filed within a two year period from the date of transfer of the property to the trust.

After the lapse of the two year period, no action can be brought against the trustees.

Shams

Parties to a trust which has been properly and validly created may successfully resist a claim that the trust is not really a trust but some other legal arrangement such as an agency or a nomination, or merely an empty pretence, on the basis that equity looks to substance, not form. This applies to both local and international trusts.

If an arrangement masquerading as a trust is found to be a sham, any transfer of property to the purported trustees will be rendered ineffective, no title will have been transferred and the transaction will be set aside. The purported trustees will have never been more than nominees or bare trustees, holding the property on a resulting trust for the settlor who will have remained the sole beneficial owner. Any action of the purported trustees inconsistent with the continued beneficial ownership of the settlor will have been unlawful and the trustees will have to make good any losses caused, unless they can demonstrate that they were not aware that the settlor lacked the necessary intent and they were not knowing participants in the sham.

1976 Convention on Recognitions and Enforcement of Foreign Judgements (Forced Heirship)

With regard to local trusts, there appears to be no legislative or common law provisions relating to forced heirship. It seems likely that a local trust would not be defeated by a forced heirship claim in the Cypriot Courts especially where the trust assets are situated in Cyprus.

For International Trusts, the International Trusts Law expressly provides that no foreign law relating to inheritance or succession shall invalidate such a trust or affect any transfer or disposition relating to the creation of such a trust in any way. Article 1 of the 1976 Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters, which was ratified by Cyprus clearly states that the provisions of the Convention do not apply to decisions concerning the capacity of persons or questions of family law, including personal or financial rights and obligations between parents and children or between spouses and questions of succession. It seems clear, therefore that international trusts are immune from forced heirship claims.

Taxation

Trusts, as such, are not taxable in Cyprus but the beneficiaries are taxable through the trustees.

Local Trust

Provided that there is no local profit then there is no taxation on the income, capital or distribution of Cyprus International trusts.

It should be noted that dividends and/or other income received from an underlying Cyprus international business company will not be regarded as Cyprus-source income for Income Tax purposes.

International Trusts

Cyprus International Trusts enjoy important tax advantages, providing significant tax planning possibilities. The following advantages are indicative of the possible options for tax minimization:

Taxation

- All income, whether trading or otherwise, of an International Trust (i.e. a Trust whose property is located and income is derived from outside Cyprus) is not taxable in Cyprus.

Dividends, interest or other income received by a Trust from a Cyprus international business company are neither taxable nor subject to withholding tax.

Gains on the disposal of the assets of an international Trust are not subject to capital gains tax in Cyprus.

An alien who creates an International Trust in Cyprus and retires in Cyprus is still exempt from tax if all the property settled and the income earned is abroad, even if he is a beneficiary.

The assets of an international trust are not subject to estate duty in Cyprus.

Trusts are usually used by wealthy individuals for the purpose of protecting their inheritance or capital gains taxes in their home country. They can also be used by expatriates settling into a trust before repatriating, assets acquired while working abroad, to protect such assets from the tax net of their home country.

Double Tax Treaties

It is possible for trusts to come under the scope of double taxation treaties. This will depend on whether the other signatory state recognizes trust structures and principles of

equity and whether the trust itself meets the eligibility criteria set out in the given treaty.

Advantages of a Cyprus Trust

Trusts created in Cyprus can prove advantageous for a number of reasons. The following are examples:

Divesting of Personal Assets

An individual who wishes to divest himself of personal assets for fiscal or other reasons can achieve this by transferring them to an International Trust created in Cyprus.

Pre-Migration Arrangement

Individuals moving to a high tax country may obtain fiscal advantages in their new country by placing funds in an International Trust created in Cyprus.

Investing in Business Overseas

An individual, who wishes to invest in business overseas but wishes to ensure that the profits and dividends received are not remitted to the country of his residence, may set up an International Trust in Cyprus to invest in overseas business.

Investment Holding Company

A trust can be used in one country to own an underlying investment holding company in another. This type of tax planning device has many advantages in providing the maximum possible protection for both settlor and beneficially alike.

Exchange Control

An individual with assets outside his country of residence and whose country of residence may in future extend its exchange control restrictions to include remittance of overseas funds, may wish to retain the flexibility of overseas funds by transferring them to an International Trust created in Cyprus.

Global Estate Planning

An individual, through the use of a trust can arrange to be succeeded in inheritance by persons who due to the legislation of the individual's country would otherwise be excluded from the inheritance.

Legal System

The legal system is a common law system with trust legislation and case law.

Stability

Cyprus offers both political and economic stability. In addition to the latter, Cyprus is full Member State of the European Union since 1st of May 2004.

Confidentiality

There is no registration or reporting requirements for trusts established in Cyprus nor are the names of trust or of the persons referred to in the trust deed disclosed. The only authority to be informed of the creation of an International Trust is the Central Bank of Cyprus and only in cases where bank accounts are opened in Cyprus. Again no names are disclosed.

Flexibility

Cyprus law allows the removal of a trust from its jurisdiction and vice versa. In this way it provides the necessary flexibility if such transfer would be advantageous because of change of circumstances.

THE CYPRUS INTERNATIONAL TRUST

NEED FOR ASSET PROTECTION VEHICLES

- ❑ SUCCESSFUL BUSINESS PEOPLE AND WEALTHY FAMILIES MAY POSSESS VALUABLE ASSETS WORLDWIDE
- ❑ NEED FOR EFFICIENT STRUCTURE TO HOLD, PROTECT AND MANAGE THEM TO RESPOND TO THE DIFFERENT SYSTEMS AND RULES OF THE VARIOUS JURISDICTIONS UNDER COMMON AND CIVIL LAW
- ❑ NEED FOR ASSET PROTECTION VEHICLES:
 - TRUSTS ARE THE VEHICLES IN COMMON LAW JURISDICTIONS
 - FOUNDATIONS ARE FOUND IN CIVIL LAW JURISDICTIONS
- ❑ IN THIS PRESENTATION WE CONSIDER **THE CYPRUS INTERNATIONAL TRUSTS AS AN OPTIMUM OPTION**

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USES OF TRUSTS

- SUCCESSION PLANNING: Smooth and effective transfer of assets from one generation to the other as per the wishes of the owner and not in line with the forced heirship rules
- ASSET PROTECTION AGAINST THIRD PARTY: Assets transferred to a trust are protected from attacks from creditors, ex business partners and divorce disputes
- TAX PLANNING: An efficient planning involving trust can help to avoid inheritance tax and optimize income or capital gains tax liability
- CONFIDENTIALITY: The trust deed is not a public document and does not have to be disclosed to third parties
- CONSOLIDATION AND CONTROL: Helps to avoid dissipation of wealth by spendthrift heirs and ensures the continuation of successful enterprises irrespective of the abilities and the differences of the heirs under professional management

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CONCEPT OF TRUST

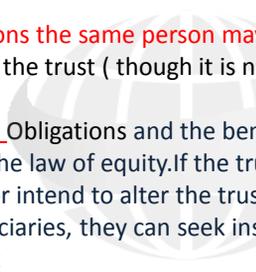
- An equitable obligation
 - binding a person or a company, called 'the trustees'
 - to deal with property over which he has control, called the 'trust fund',
 - vested to him by the previous owner and creator of the trust, 'the settlor'
 - for the benefit of other persons, called 'the beneficiaries'
 - In accordance with the instructions and wishes of the settlor on certain terms and with certain powers, usually set out in the 'Trust Deed'
- In simple terms under a trust a settlor divests himself/herself of the legal title to property in favour of trustees, who derive no benefit from the trust itself, but they hold such property for the benefit of other persons

PARTIES TO THE TRUST

- **SETTLOR:** Creates the trust and transfers his/her property to the trust and decides the terms of the trust and the rights to be granted to the beneficiaries and the powers to the trustees
- **TRUSTEES:** They can be physical persons or legal entities (the latter are known as Private Trust companies PTC) and manage the fund in line with **the terms of the trust deed** and the wishes of the settlor as they may be outlined in writing in the **Letter of Wishes** for the benefit of the beneficiaries
- **BENEFICIARIES:** are those for whose benefit the trust was created and for whose benefit the trustees manage the trust property
- **THE PROTECTOR:** This is the person that acts as a watchdog over the trust's affairs and will have the right to appoint and dismiss the trustees, have their consent sought before trust capital is distributed or before the number of trustees is increased. The settlor may be a protector but as a rule a trustee may not. The protector has the right to veto general decisions taken by the trustees such as the decision to transfer the assets to the beneficiaries. A protector is not necessary but it may be appointed for the peace of mind of the settlor

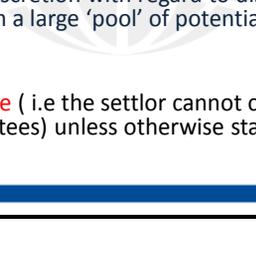
IMPORTANT ASPECTS OF TRUST

- ❑ **Divided ownership** :The assets comprising the trust fund are legally held and registered as owned by the trustee and the trustee is under a duty to control and manage the property BUT only beneficiaries are entitled to the benefit and profit of the trust ; they own this property beneficially.
- ❑ **Trust does not possess separate legal personality**:it operates by the trustees acting in their name
- ❑ In many jurisdictions the same person may simultaneously be a settlor, trustee and the beneficiary of the trust (though it is not advisable for tax or asset protection purposes)
- ❑ **Law of Equity Trust**: Obligations and the beneficiaries rights are protected by court on the basis of the law of equity.If the trustees are unclear about the best way to manage the trust, or intend to alter the trust conditions as this is to the best interests of the beneficiaries, they can seek instructions and sanction of their actions from the court
- ❑ **Discretionary trusts** give the trustees discretion on such matters as which beneficiary receives income and /or capital and when. The trustees require instructions on the use of discretion (**Letter of Wishes**) In **Fixed Trusts** ,beneficiaries have a fixed right to income and or capital

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CYPRUS INTERNATIONAL TRUSTS

- ❑ **Cyprus Trust Law** is based on International Trust Law 69/1992 and the Amendment Law of 2012 based on the English system, The Trustees Law Cap 193 and the equity and Case Law in England
- ❑ **CIT is a trust whereby** :
 - The settlor and beneficiaries can be either a natural or legal persons must not be permanent residents of Cyprus the year preceeding the creation of the trust (can become tax residents subsequently)
 - At least one of the trustees is resident in Cyprus. If the trustees are a legal entity then this should be incorporated in Cyprus
 - The nature of CIT can be discretionary i.e the trustee is allowed to exercise a large element of discretion with regard to distribution of income and assets and to choose from a large ‘pool’ of potential beneficiaries which could vary from year to year
- ❑ **Duration: indefinite**
- ❑ **A CIT will be irrevocable** (i.e the settlor cannot claim the return of the trust property from the trustees) unless otherwise stated in the trust deed (clause of revocation)

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OTHER ASPECTS OF CYPRUS INTERNATIONAL TRUSTS

- All matters in relation to a CIT are determined in accordance with Cyprus Law and the Cyprus courts have jurisdictions
- A CIT may be challenged only if it is proven by creditor that it was formed with the purpose to avoid obligations to the creditor within two years after its creation. The onus to prove such a claim lies with the creditor
- Succession, heir ship or other laws applicable in foreign jurisdictions or court judgments or orders or arbitral awards or decision by foreign Competent Authorities do not affect the validity of a CIT or the transfer of property to the Trustee of a CIT
- The settler has reserved rights i.e. the right to reserve many power including the power to revoke or amend the trust, to instruct the Trustee to appoint and remove Trustees, the protector or the enforcer, to change the law regulating the CIT or the place of its administration and others. CARE must be taken however to keep the reserved rights to a level which will not allow the argument that the trust is a sham
- The law regulating the CIT may be changed to another foreign law

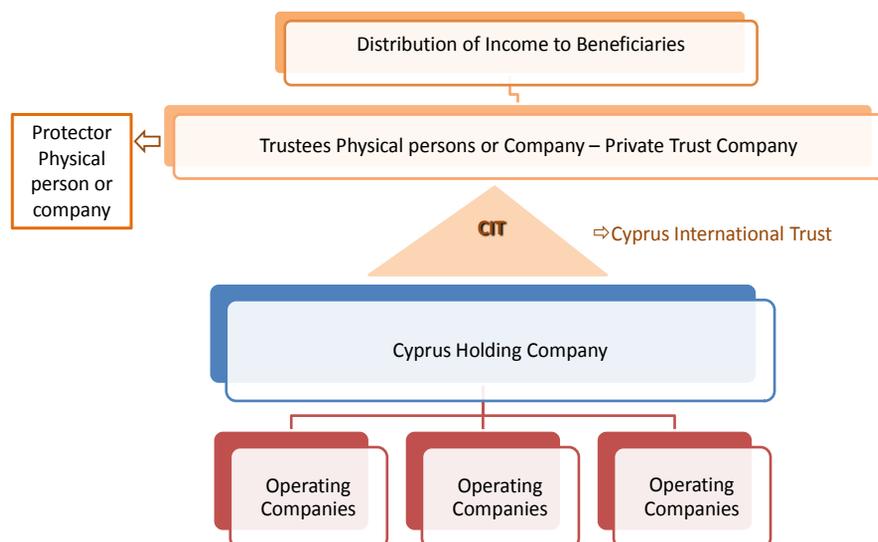
OTHER ASPECTS OF CYPRUS INTERNATIONAL TRUSTS

- A CIT may be created for charitable or any other purpose
- The trustees of a CIT are bound by confidentiality and cannot disclose information or documents unless they are ordered by a Cyprus court
- In the case of a CIT which is expressly governed by Cyprus Law, the provisions of the International trusts Laws of Cyprus apply without reference to other applicable rules of conflict and as a matter of public order
- A CIT is not subject to registration in Cyprus and in this way confidentiality is preserved unless its property consists of real estate in Cyprus
- The trust property may include any movable or immovable property in the Republic overseas
- A trustee may apply to court for directions regarding the manner in which the trustee may act and the court may issue an order
- The trust deed is subject to stamp duty of €430

BENEFITS OF CYPRUS INTERNATIONAL TRUSTS

- Income gains and profits are exempted from income tax, capital gains tax and any other tax in Cyprus
- No withholding tax on dividends, royalties received by Cyprus Company
- No estate duty or inheritance tax in Cyprus
- Confidentiality is safeguarded as registration is optional
- Trusts may hold shares of Cyprus companies with Cypriot nominees for confidentiality
- The same person can be the settlor, trustee (through offshore company in which he is the sole director and beneficial owner) and also beneficiary
- No exchange control regulations
- No reporting requirements

EFFICIENT TAX STRUCTURE WITH CIT



PRIVATE TRUST COMPANIES

- ✓ A **Private Trust Company (PTC)** is a company which has its main function acting as trustee of a particular trust or a number of related trusts, for example with the same settlor or related settlors

- ✓ **Benefits:**
 - Desire for a family control/ influence (they can be directors of the PTC) Of course even without the PTC there are ways to meet the objective of influence by the family
 - Flexibility in appointing experienced and skilled persons
 - Quick decision making

FREQUENTLY ASKED QUESTIONS

ASSET PROTECTION & CYPRUS INTERNATIONAL TRUSTS

- A. WHAT DOES ASSET PROTECTION MEAN?** Asset protection is the adoption of advance planning techniques which place one's assets beyond the reach of future potential creditors. In our practice, it does not involve hiding assets, nor is it based upon secret agreements or fraudulent transfers. It is based upon proven sophisticated combinations of business and estate planning techniques. The methods employed vary from outright gifts to the sophisticated use of limited partnerships and offshore trusts.
- B. WHO SHOULD CONSIDER ASSET PROTECTION PLANNING?** Any high income, high net worth individual whose business, investment, or other activities expose him or her to potential litigation. Clearly, doctors, lawyers, accountants, real estate developers, corporate directors, executives, and persons in similar occupations are exposed. A net worth of approximately \$500,000 is a guideline point where the benefits of sophisticated asset protection planning begin to outweigh the costs. However, many levels of asset protection planning are available, and some strategies are available to almost everyone.
- C. HOW DO LAWYERS DECIDE WHETHER TO SUE SOMEONE?** When a potential client consults a litigator, the attorney will analyze the merits of the client's case, and, if the case looks strong, make a determination regarding whether a judgment, if won, can be collected. If the lawyer does not believe he can collect the judgment-the source of his fee - he will not take the case. Sophisticated asset protection planning reduces or eliminates the ability of a creditor to collect a judgment from you, making you an unattractive target for the litigator.
- D. THE CONCEPT OF TRUSTS GENERALLY**
The various types of trust vary in complexity but they have one common fundamental feature. A "person" being either an individual or a company ("the trustee") agrees to hold certain assets ("the trust fund") in its name for the benefit of another person ("the beneficiary") on certain terms and with certain powers (which are usually set out in the Trust Deed). The assets comprising the trust fund are legally held and registered as owned by the trustee and the trustee is under a duty, enforceable in the Courts, to hold those assets and the income arising from them for the benefit of the beneficiary (ies).

The above relationship can be summarized as follows: The trustee has legal title to the trust assets and the beneficiary has beneficial or equitable title (it is the beneficial title which is of value when one is considering asset ownership).

The other important parties of the trust are:

- **The settler:** This is the person that creates the trust. In some jurisdictions the settlor could not act as trustee or be a beneficiary. In the Cyprus jurisdiction, the settlor can also be a trustee or beneficiary.

- The protector: This is the person(s) that has the power to restrict key powers (such as add beneficiaries, etc.) of the trustee so that they can only be exercised with the consent of suitable person.

E. THE CYPRUS INTERNATIONAL TRUST

The international trust is a trust whereby:

- The settler and beneficiaries are not tax residents of Cyprus the year before the creation of the trust; they can become tax residents of Cyprus later
- The trust property includes movable or immovable property in Cyprus or overseas
- At least one trustee is resident in Cyprus.

The nature of the Cyprus international trust could be "discretionary".

As the name suggests the discretionary trust allows the trustee to exercise a large element of discretion with regard to distribution of income and assets, and to choose from a large "pool" of potential beneficiaries. The selection of beneficiaries from the "pool" could vary every year.

F. BENEFITS OF CYPRUS INTERNATIONAL TRUSTS

The following benefits relate to Cyprus International Trusts:

- Income, gains and profits are exempted from income tax, capital gains tax, special contribution or any other taxes in Cyprus.
- No estate duty or inheritance tax in Cyprus
- Registration is optional therefore confidentiality is safeguarded (except under a disclosure order by a court in Cyprus).
- There is no taxation of International Trusts or their income in Cyprus.
- May be used to reduce or eliminate inheritance tax of the settlor.
- May be used to distribute untaxed income in Cyprus to the beneficiaries, i.e. family member
- Ideal for "high worth" individuals
- Especially ideal for "high worth" individuals with slightly complicated family structures i.e. divorced and children from different spouses.
- Trust may hold shares of Cyprus company with Cypriot nominees for confidentiality.

- No exchange control regulations.
- The same person can be the settlor, the trustee (through Cyprus offshore company, in which he/she can be the sole director and he/she can be the only beneficial owner of the shares) and also a beneficiary· i.e. a n individual could have directly absolute control and ownership of the trust fund.
- An International Trust may form a Cyprus international business company, partnership or branch and obtain the benefits available to them.
- An International Trust may carry out business in Cyprus subject of course to the laws of the country which are imposed on the beneficiaries and not on the trust itself.
- There are no reporting requirements in Cyprus for the International Trusts.
- Trust capital received in Cyprus by a foreigner resident or retired in Cyprus from trusts not resident in Cyprus is not taxable on the trustee.
- Dividends, interest or royalties received by an International Trust from a Cyprus international business company are not taxable and not subject to any-withholding tax.

Asset protection - Time limit for filin2 actions against an International Trust

An International trust shall not be void or voidable in the event of the settlor's bankruptcy or liquidation or in any action or proceedings against the settlor or at the suit of his creditors not with standing any provision of the law of Cyprus or any other country.

An International Trust may be set aside by the settlor's creditors to the extent that is proven to the satisfaction of the Cyprus Court that the International Trust was made by the settlor with the intent to defraud the creditors. The onus of proof of this intent shall be on the creditors. The creditors shall prove that the trust was made with the intent to defraud them and uoat they were creditors at the time of the making of the trust. An action by creditor against a trustee of an international trust shall be brought within a period of two years from the date when the transfer or disposal of assets was made by me Settlor to the trust.

Inheritance & Succession Law

The Inheritance and succession Law of the Republic of Cyprus as well as of any-other country does not affect in any way the transfer or disposition of assets by the Settlor or the validity of the International trust.

Removal from the Jurisdiction

Cyprus Law allows for the removal of a trust from its jurisdiction, hereby providing for the necessary flexibility in cases where a change of circumstances may mean such transfers would be advantageous for fiscal or other reasons.

Confidentiality and non-disclosure

Confidentiality is of paramount importance. No government or Central Bank of Cyprus official may disclose to anybody any information or documents in connection with:

- a. Settlor
- b. Beneficiaries
- c. Trustees and their duties
- d. Accounts or property of the trust

However, a beneficiary is entitled to request from the trustees information about the accounts of the trust. Furthermore, the court may order the disclosure of information or documents in criminal or civil proceedings cases, where the disclosure is important.

Stamp duty

A Cyprus international trust is subject to stamp duty of €430. If the trust deed is stamped more than 30 days after the date of creation of the trust, a late payment fine is charged. The amount of the late payment fine depends on the length of the delay.

G. TYPES OF CYPRUS TRUSTS

Discretionary Trust

Under this trust, the trustees have a general discretion over the amount of benefits and the manner by which the beneficiaries might enjoy such benefits. The beneficiaries may be defined according to name or reference to a class (ie the settlor's children) or simply left to the full discretion of the trustees. Usually, the settlor indicates to the trustees his wishes of the disposal of the trust property by means of a Letter of Wishes.

Should the settlor wish to give a more positive guidance than relying on a Letter of Wishes, it is possible to include a third party in the trust deed known as the "protector" or "nominator". The protector's role is to prevent the trustees from exercising their discretion in certain circumstances. The trustees will usually exercise their discretion with the prior consent of the protector or nominator.

Fixed Trust

Under a fixed trust the trustees have no discretion in distributing the trust assets to the beneficiaries. For example, under such a trust the trustees are directed to distribute the income to a designated individual for a fixed period of time and thereafter distribute the capital of the trust to a specific beneficiary or beneficiaries.

Fixed and Discretionary Trust

This type of trust gives discretion to the trustees over the distribution of income for a period of time. However, they may be required to distribute the income to a specified individual or individuals in fixed amounts, while maintaining discretion over the distribution of the capital amongst a class of beneficiaries.

Protective Trust

This trust is appropriate when a beneficiary is given a life interest which may become discretionary on certain defined events, such as the bankruptcy of the beneficiary

Declaration of Trust

This is a variation of the discretionary trust in which the settlor is not named in the trust deed and the trustees declare that they hold the assets which were transferred to them on trust. In such a case, the trustees accept a Letter of Wishes.

Trading Trust

Under this trust the trustee is usually a limited liability company which has powers to carry on business, and the trust has trading functions and employees to manage its business. Since all documentation used is in the name of the trust company, third parties are not aware of the existence of the trust.

H. PROTECTIVE TRUST CLAUSES

The protection available through the use of a Cyprus International Trust may be enhanced through creative drafting. The following is a brief description of certain provisions which may be included in the International Trust in order to achieve such enhancement.

Trust Protector Clause: The trust protector clause, enables a designated person or persons, other than the trustee, to exercise certain powers with respect to the trust.

Examples of common trust protector powers include: removal and replacement of trustees, veto of discretionary actions of trustees, consent to trust amendments proposed by trustees. Properly structured, the provision can permit the trust protector to retain significant negative controls over any specified aspect of the trust. As with provisions appointing trustees, the trust protector provision should include language addressing vacancies, succession, and related issues.

Duress Clause: As discussed above, a trust may empower a person or persons other than the trustees to advise the trustees, or to direct or veto an act or decision of the trustees, and/or trust may grant a non-trustee the power to remove and replace a trustee with or without cause. The typical duress clause will direct the trustee to ignore any such advice, order, or instruction where such is given under duress by the person granted such powers under the instrument. A duress provision is quite effective where the power holder is located in one

jurisdiction, and the trustee, who can ignore a duress driven directive, is located in another jurisdiction (as would be the case with a typical offshore trust). As a result of such jurisdictional diversification, a carefully constructed duress provision can have the effect of permitting the retention or granting of significant control over the trust, by or to non-trustees, such as the settlor or other persons, while at the same time precluding the effective forced exercise of such powers.

Flight Clause: The flight clause permits the trustee to change the trust situs and/or governing law if the trustee deems such change to be advisable in order to protect the trust from a potential threat of any kind. Such a provision is commonly included in a trust to address various situations, not the least of which is civil unrest, or an unfavorable change in the law or political climate of the situs jurisdiction. The functionality of the flight clause can be substantially enhanced by coupling it with a power of attorney held by the trust protector to effect title changes in specified circumstances.

Thus structured, the flight clause provides a substantial safety net for a trust in the event of an unfavorable change in the *lex domicilii*, civil unrest or political change in the situs jurisdiction, or in the event of an anticipated attack on the trust by a creditor. Such a provision would permit a trust to change its situs, governing law, and the courts in which litigation concerning it must be brought - an important asset protection tool in the face of an oncoming creditor challenge against the trust.

Spendthrift Clause: A spendthrift clause is a restraint on the voluntary or involuntary alienation of a beneficiary's interest in a trust. Such clauses are sometimes augmented by language which provides for a forfeiture of a beneficiary's trust interest upon an attempt by the beneficiary to transfer it, or by this creditors to reach it, or language which converts required trust distributions into discretionary distributions upon the occurrence of certain creditor related events.

CONCLUSION

Significant asset protection advantages can be gained through the use of a Cyprus International Trust. The very fact that the Asset Protection Trust is a Cyprus International Trust will have a significant deterrent effect on the Creditor's decision regarding whether or to what extent to pursue assets. Advance Planning is the key to effective asset protection.

TRUST DEED SAMPLE

THIS TRUST is made effective this day of, 200... by and between (hereinafter called "the Settlor") and **GLOBALSERVE TRUSTEES LIMITED** (hereinafter called the "Trustee").

WHEREAS:-

(A) the Settlor desires to establish this Trust and has transferred or delivered to the Trustee or otherwise placed under its control the property specified in the First Schedule hereto (the "Scheduled Property").

(B) the Settlor further desires to have as the proper law governing such Trusts the laws of Cyprus;

(C) the Trustee agrees to hold the Scheduled Property and any property hereafter added thereto in accordance with the terms herein stated;

NOW THIS DEED WITNESSETH as follows-

1. Definitions, hi this Trust, the following expressions (where the context so admits) shall have the meanings hereinafter attributed to them:

1.1 "Beneficiaries" means those persons set forth in the Second Schedule or as otherwise described in this Trust or as otherwise added as hereinafter set forth.

1.2 "Child" ("Children") means any child born to or legally adopted by the Settlor, but shall not include the issue of such Child or Children. A legally adopted person shall be considered the issue of such person making such adoption.

1.3 "Emergency Trustee" means that corporation designated in writing by the Trustee (or its designated independent agent) after the date of the Settlor's execution of this Trust or by any Emergency Trustee upon assuming office.

1.4 "Event of Duress" means the occurrence of:-

(i) war or civil disturbance which may endanger directly or indirectly the safety of any monies, investments, or property for the time being included in or forming part of the Trust Fund;

(ii) political action in any part of the world whether instigated by any government, political organization, or individual, whether constitutional or otherwise, which may endanger directly or indirectly the safety of any monies, investments, or property for the time being included in or forming part of the Trust Fund;

(iii) the enactment in any part of the world of any law, regulation, decree, or measure which may directly or indirectly expropriate, sequester, or in any way control, restrict, or prevent the free disposal by the Trustee of any monies, investments, or property for the lime being included in or forming part of the Trust Fund;

(iv) any action or threat of action by any government, department, or agency in any part of the world or by any official purporting to act on the instructions and with the authority of such government, department, or agency which may directly or indirectly expropriate, sequester, levy, create a lien upon, or in any way control, restrict, or prevent the free disposal by the Trustee of any monies, investments, or property for the time being included in or forming part of the Trust Fund;

(v) any order, decree, or judgment of any court or tribunal in any part of the world which may directly or indirectly expropriate, sequester, levy, create a lien upon, or in any way control, restrict, or prevent the free disposal by the Trustee of any monies, investments, or property for the time being included in or forming part of the Trust Fund and any distribution therefrom; and

(vi) any institution of a legal proceeding against the Trustee or the Trust Fund in the place of management or control of the Trust, including but not limited to any activity before any court or competent jurisdiction intended to result in the issuance of a writ, injunction, or other mandatory precept or any declaratory order which may endanger directly or indirectly the confidentiality of the Trust provisions or the safety of any monies, investments, or property for the time being included in or forming part of the Trust Fund or which may result in the Trustee being divested of its legal title to the Trust Fund or modify or vary in any way the Trust provisions contained herein.

In the case of events falling within clauses (i) through (v) hereof, the Trustee's determination, arrived at without any compulsion, of whether an Event of Duress has occurred shall be conclusive. In the case of events falling within clause (vi) hereof, an Event of Duress shall be deemed to have occurred upon the occurrence of any event described therein regardless of the Trustee's determination.

1.5 "Property" means and shall include real, personal, moveable, or immovable property of whatsoever kind and wheresoever situate, tangible and intangible, and without limiting the generality of the foregoing, shall include all or any one or more (and any share or interest in any one or more) of the following, namely: money, stocks, funds, shares, securities, land, chattels, insurance policies, annuities, goodwill, reversions, partnership interests and rights of every description.

1.6 "Trust Fund" means:-

- (i) the Scheduled Property;
- (ii) all further or additional property added thereto by way of further trust, testamentary bequest, accumulation of income, capital accretion, or otherwise; and
- (iii) all property from time to time representing the same respectively.

1.7 "Trust Period" means the period from the date hereof until whichever of the following dates shall first occur namely:-

(a) the day on which shall expire the period of one hundred years from the date of this Trust.

(b) such day (if any) prior to the date specified in paragraph (a) of this sub-clause upon which the Trust Property and any income or accumulation thereof becomes finally divisible amongst the Beneficiaries by virtue of the provisions of this Trust.

(c) such day (if any) as the Trustee may at its discretion appoint by deed executed prior to the date specified in paragraph (a) of this sub-clause.

1.8 "Trustee" means the Trustee or such other trustee for the time being of this Trust.

2. Genders, Numbers And Other Terms. In this Trust (where the context so admits), words importing only:-

2.1 the singular number shall include the plural number and vice versa;

2.2 the masculine gender shall include the feminine gender and vice versa;

2.3 the neuter gender shall include the masculine gender and the feminine gender and vice versa;

2.4 the term "persons" shall include corporations;

2.5 "hereof" "hereinabove" "hereinafter" and other words and expressions beginning with "here" have reference to this Trust as a whole and are not necessarily confined to the particular Clause, paragraph, or context in which they respectively occur.

3. Proper Law; Irrevocability.

3.1 Proper Law. This Trust is established under and in accordance with the International Trusts Law of Cyprus and the rights of all parties and the constructions and effect of each provision hereof subject only as hereinafter appears shall be construed only according to the said laws of Cyprus which subject as aforesaid shall be the place for the administration thereof. Notwithstanding the foregoing provision, the Trustee shall have the power under Clause 5.3 hereof to select a different proper law and/or different place for administration.

3.2 Irrevocability. Notwithstanding anything herein contained, the Trustee shall not have the power to take any action which might result in this Trust becoming revocable or which might in any way change the discretionary objects to the Trust except as hereinafter provided and except to the extent the law of the situs of the Trust permits the reformation and/or termination of the Trust upon the consent of all interested parties.

4. Trust of Income and Capital.

4.1 During the Trust Period, the Trustee may pay or apply so much of the net income of the Trust Fund and/or so much of the capital thereof to or for the benefit of all or such one or

raore exclusive of the other or others of the beneficiaries listed in the Second Schedule as the Trustee shall in its absolute discretion deem advisable. If any finally determined gift tax in any jurisdiction arises due to the Trustee's decision to make a distribution to a beneficiary the Trustee may pay such gift tax. In addition to the extent that the Settlor has any finally-determined income tax liability arising from this Trust or otherwise, the Trustee may pay such tax to the extent that the Settlor is unable or fails to do so. The Trustee has the power to accumulate the residue of the net income of the Trust Fund not so paid or applied and may reinvest the same as by this Trust authorized and shall stand possessed of the same as an accretion to the Trust Fund so as to form one fund therewith with power nevertheless from time to time to apply such accumulations as if they were current annual income.

4.2 At die expiration of the Trust Period the Trustee shall hold UPON TRUST as to both capital and income the Trust Fund for all or such one or more exclusive of the other or others of the beneficiaries in such shares and proportions if more than one and generally in such manner as the Trustee shall prior to or on the date of such expiration in its absolute discretion determine and in default of and subject to such determination UPON TRUST for such of the beneficiaries as shall then be living in equal shares absolutely.

4.3 Payment of Taxes. To the extent that there is due upon the Settlor's death any estate tax or any other inheritance, succession, or death taxes due in any jurisdiction with regard to this Trust Fund, and other assets of die Settlor are not available to pay such tax, then in that case only die Trustee may pay such tax directly to the concerned taxing authority.

4.4 Distributions To Guardians Of Incompetent Or Minor Beneficiaries. In the event of the minority or incompetency of any beneficiary herein named or otherwise designated, the Trustee is hereby authorized to choose to deal with a parent or the legal guardian of such beneficiary. All statements, accounts, written instruments, releases, notices, or other documents to be delivered to, or executed by, a beneficiary may be delivered to, or executed by, a parent or the legal guardian of such beneficiary, and when so delivered or executed, shall be binding upon such beneficiary and shall be a sufficient discharge to the Trustee therefore. The Trustee may choose not to deal with a parent or legal guardian if the Trustee determines that such nondealing is in the best interests of a beneficiary and may deal rather with the beneficiary directly or with the person or persons having the care or custody of such beneficiary, or may make distributions on behalf of such beneficiary. In such cases, the Trustee shall not be required to see to the application of any distribution made by virtue of the authority herein contained, and the evidence or a receipt for such distribution shall be full and sufficient release and acquittance to the Trustee of all property and money so distributed. No guardian or other person to whom such distribution is made shall be required to furnish bond or other security. The authority of the Trustee to postpone distribution shall be in addition to, and not in substitution for, the trusts contained in Clause 4 and shall in no way affect the vesting of money, property, or investments as therein provided.

4.5 Withdrawal From Class Of Beneficiaries. Any beneficiary for the time being sui juris may by deed revocable or irrevocable executed during the Trust Period renounce all right, title, interest, or expectancy in or under the Trust or otherwise under the trusts, powers, and discretion expressed or implied herein or any trust created pursuant to the powers and discretion hereof. No such renunciation shall in any way prejudice or affect the validity of

any exercise by the Trustee of its powers or discretion hereunder prior to such renunciation or the right or title to any money, property, or investments conferred hereby on such beneficiary.

4.6 Protected Trust Provisions. In keeping with the wholly discretionary nature of this Trust, no beneficiary or other person except as specifically provided in this Trust shall have any ascertainable, proportionate, actuarial, or otherwise fixed or definable right to, or interest in, all or any portion of the Trust Fund during the lifetime of the Settlor. It is further provided that, even after the death of the Settlor, the Trustee shall have the discretion to withhold or postpone any part (or all) of a distribution to a beneficiary if, in the Trustee's best judgement reasonably applied, such beneficiary will misuse such distribution or waste it or subject it to the claim of a creditor. It is further provided that in no case shall any beneficiary or other person have any right to alienate, transfer, assign, encumber, or hypothecate his contingent interest therein, either present or future, and no beneficiary shall have the right to make any claim against the Trustee on the basis of any supposed claim against the Settlor, or on the basis of any country's or state's statutory inheritance, forced heirship rules, matrimonial, or any other similar law. In the event of any such purported alienation, transfer, assignment, encumbrance, or hypothecation, or the levy or institution of any execution or other process of law purporting in any way to attach, charge, or encumber such interest, or upon the beneficiary's making any claim against the Trustee, as above, the said interest and all and any other interest of the beneficiary under the trusts, powers, and provision in this Trust contained shall forthwith cease and determine, without prejudice however to any subsequent exercise by the Trustee in relation to such beneficiary of its powers in Clause 5.1 hereof. The provisions of this Clause 4.9 shall take effect to the extent allowed by the law applicable to this Trust.

5. Powers Of The Trustee. Notwithstanding anything to the contrary in this Trust expressed or implied, the Trustee shall have the following additional powers as itemized in this Clause 5 and as further itemized in Clauses 6 and 7, which shall be exercisable by it from time to time during the Trust Period in addition to any other powers exercisable by the Trustee under the general law or conferred upon the Trustee by statute:

5.1 Power To Contract And Expand The Class Of Beneficiaries. During the lifetime of the Settlor, the Trustee may declare that any person recommended by the Settlor shall thenceforth be deleted from the class of beneficiaries and, and that any person recommended by the Settlor shall be included, for such period as shall be specified in such deed not extending beyond the Trust Period, in the class of beneficiaries.

5.2 Power To Create Separate Trusts. The Trustee in good faith may pay or transfer any money, property, or investments for the time being included in or forming part of the Trust Fund to the trustee of any trust (whether governed by the law of Cyprus and whether such trustee is within the jurisdiction of the Cyprus courts) the objects of which shall be the beneficiaries in accordance with the terms of this Trust. The receipt of such trustee shall be a complete and absolute discharge to the Trustee for such payment or transfer, and all and any liability of the Trustee in relation to the money, property, or investments so paid or transferred shall thereupon cease. No such payment or transfer shall be made to the trustee of any trust of which I be trusts. powers, and provisions are capable of vesting, being exercised, or taking effect after the expiration of the Trust Period. The trustee for any such trust shall be an independent corporation engaged in rendering professional trust services.

5.3 Power To Change Proper Law And/Or Situs. The Trustee may by any deed revocable or irrevocable declare that this Trust or any trust created hereunder shall from the date of such declaration take effect in accordance with the law of any other place in any other part of the world or have the administration of this Trust including the situs of the Trust Fund removed to any other place in any other part of the world with full effects regarding the jurisdiction and the forum for the administration, and the Trustee shall make such alteration in the Trust provisions as the Trustee considers necessary to secure that this Trust or any trust created hereunder be rendered as valid and effective under the laws of the country named in such declaration as it is under the laws of Cyprus. No trust, powers, provision, gifts-over, conditions, or limitations created in the course of such alterations shall be capable of being exercised or taking effect after the expiration of the Trust Period.

6. Powers Of The Trustee In Respect Of Property.

6.1 General Power To Invest. The Trustee shall invest any and all money from time to time forming part of the Trust Fund and requiring investment in the name or under the legal control of the Trustee in or upon any investments or property hereby authorized. The Trustee shall have power to retain any investments or other real or personal property for the time being forming part of the Trust Fund for so long as the Trustee may think fit or at any time or times to sell, call on, and convert into money the same or any part or parts thereof. The Trustee shall at the like discretion invest the money produced therefrom in the name or under the legal control of the Trustee in or upon any of the investments or property hereby authorized with power at such discretion as aforesaid to vary or transpose any investments or property for or into others of any nature hereby authorized.

6.2 Power To Invest As Beneficially Entitled. Any money requiring investment hereunder may be invested or expended in the purchase of such stocks, funds, shares, securities, commodities, or other investments or property of whatsoever nature and situate in any part of the world, whether involving liability, whether in possession or reversion, and whether producing income upon such personal credit with or without security and upon such terms as the Trustee shall think fit. The foregoing shall bestow upon the Trustee the same full and unrestricted powers investing and transposing investments and expending money in all respects as if the Trustee were absolutely entitled thereto beneficially.

6.3 Power To Manage The Trust Fund. The Trustee may manage, invest, and reinvest the Trust Fund in any stocks, shares, bonds, bank deposits, or any securities of any corporation, government, or any entity or in real or personal property in any part of the world without being restricted to investments to which trustees are limited under the laws of any country and may collect and receive and reinvest any rents, dividends, income, profits, and proceeds from all investments made.

6.4 Power To Deposit Securities. The Trustee may deposit the securities, titles, deeds, and other documents belonging or relating to the property comprised in the Trust Fund for safe custody with any bank in any part of the world and may hold any part of the Trust Fund in the name or names of any nominee of the Trustee.

6.5 Power To Postpone Sale Of Property. The Trustee may postpone the sale, calling-in, or conversion of any money, investments, or other property or any interest therein at any time included in or forming part of the Trust Fund and may retain the same for so long as the Trustee shall think fit notwithstanding that the same may not be an authorized investment or may be of a wasting, speculative, or reversionary nature or may not be productive of income.

6.6 Power To Postpone Investment. The Trustee may postpone the investment of any money for the time being included in or forming part of the Trust Fund for such period as the Trustee shall think fit.

6.7 Specific Power To Deal With Real Estate And Chattels. Without prejudice to the generality of this Clause 6, the Trustee may at any time or times and from time to time:

(i) apply any part of the Trust Fund in the purchase of real or leasehold property in any part of the world (with or without any house or other building thereon and whether encumbered or not) whether for the beneficial occupation, use, or enjoyment of any beneficiary or otherwise. The Trustee may permit any such beneficiary to occupy the same rent-free or on such terms and conditions as the Trustee may think fit; and

(ii) apply any part of the Trust Fund in the purchase or hire of any chattels for the beneficial use or enjoyment of any one or more of the beneficiaries (whether the same are to be used or enjoyed in any property purchased for the occupation of such beneficiary or otherwise).

The Trustee shall stand possessed of any real property from time to time comprised in the Trust Fund upon trust to sell the same and with power to postpone the sale thereof for such period as the Trustee shall think fit.

6.8 Power To Receive Additional Property. The Trustee may receive additional property by gift or by will or by the provisions of any other trust as additions to the Trust Fund and may hold the same upon the terms herein set forth and may administer it under the provisions hereof.

6.9 Power To Purchase Property. The Trustee may accept, purchase, or acquire any money, investments, or other property whether productive of income or any share or interest therein from any person (including a beneficiary hereof) upon or subject to such terms or conditions as to the payment of the purchase price thereof or otherwise as the Trustee shall think fit. The Trustee may hold the same upon the trusts herein declared concerning the Trust Fund so as to form one fund (herewith and may pay the purchase money for any such investments or property, or share or interest therein, at such time and in such manner in all respects as the Trustee shall think fit. The Trustee may mortgage or charge the Trust Fund or any part thereof as security for such payment.

6.10 Power To Sell Property. The Trustee may sell, lease, exchange, or otherwise turn to account any investments or property being any part of the Trust Fund for any reasonable consideration and on such terms as the Trustee in good faith deems advisable.

6.11 Power To Exchange Property. The Trustee may enter into exchanges relating to any investments or property, or any share or interest therein, included in or forming part of the Trust Fund upon or subject to such terms or conditions as the Trustee shall think fit, and, for this purpose, may ascertain and agree the value of any such investments or property or any share or interest therein, in such manner as the Trustee shall think fit.

6.12 Power To Partition Property. The Trustee may consent to, join in, or concur in the partition or severance of any money, investments, or property, a share or interest in which is included in, or forms parts of, the Trust Fund, and may take a transfer of the whole or any part of or an undivided share in any such money, investments, or property. The Trustee may pay or receive (or agree to pay or receive) such money or may grant or receive any mortgages or charges by way of equality of division or otherwise as the Trustee shall think fit, and for this purpose may make, cause to be made, or concur in any valuation of any such investments or property, or any share or interest therein.

6.13 Power To Apply Property. The Trustee may apply any part of the Trust Fund in the actual condition or state of investment thereof at the time of application towards the satisfaction of the share of any beneficiary in the Trust Fund as to the Trustee may seem just and reasonable according to the respective rights of the persons interested in the Trust Fund.

6.14 Power To Terminate De Minimis Trust. If at any time the Trustee, in its discretion, shall determine that the amount of assets held in trust hereunder does not warrant continuing to hold the same in trust, the Trustee shall pay the same without formal court accounting to the beneficiary or beneficiaries then entitled to the income therefrom, with further power to pay the amount distributable to the estate, guardian, parent, person, or institution having custody of such beneficiary, or in the case of a minor, the further power to deposit the same in a savings account in the name of such minor payable to such minor upon attaining the age of majority. Upon such payment or deposit, the Trustee shall be relieved of any further liability in connection with such funds.

7. Additional Powers Of The Trustee.

7.1 Power To Borrow. The Trustee may raise or borrow moneys either alone or jointly with others from any government, bank, financial institution, company, firm, or person at such rate of interest (if any) and upon or subject to such terms or conditions and upon the security of the Trust Fund or any part thereof or of the personal covenant, agreement, or undertaking of the Trustee in such manner as is reasonable under deed or instrument in connection therewith. No person lending any money as aforesaid shall be in any manner concerned to enquire as to the application of such money or as to the purpose for which such money may be borrowed.

7.2 Power To Lend. The Trustee may lend any money included in, or forming part of, the Trust Fund to any government, company, firm, or person (including a beneficiary hereof but excluding a Trustee hereof or any affiliate of the Trustee) upon or subject to such terms and conditions and at such rate of interest (if any) and upon such personal credit with or without security as shall be reasonable under the circumstances, notwithstanding that the loan or the security thereof (if any) may not be an authorized investment. The Trustee shall not be responsible, accountable, or otherwise liable for any resulting loss accruing to or sustained by

the Trust Fund by reason of the Trustee lending any such money as aforesaid so long as such loans are made in good faith. All money lent hereunder shall be repayable before the expiration of the Trust Period.

7.3 Power To Enter Into A Guarantee. The Trustee may enter into, or join in entering into, any guarantee or other arrangement either alone or jointly with any other person upon or subject to such terms and conditions as are reasonable under the circumstances.

7.4 Power To Pay Liabilities. The Trustee may pay or apply the Trust Fund or any part thereof or the income thereof in or towards the repayment, discharge, satisfaction, or reduction of any mortgage, charge, debt, or overdraft or any interest owing or accruing due thereon whether secured on the Trust Fund or any part thereof or by the personal covenant, agreement, or undertaking of the Trustee or in or towards the discharge, satisfaction, trust, compromise, or reduction of any demand or claim whatsoever, liquidated or unliquidated, on or against the Trustee or the Trust Fund or any part thereof, upon such evidence, terms, and conditions, and in such manner in all respects as are reasonable under the circumstances. The Trustee may enter, whether alone or with others, into any compromise agreement, deed, or arrangement in relation to such mortgage, charge, debt, overdraft, demand, or claim upon such terms and conditions as are reasonable under the circumstances.

7.5 Power To Pay Taxes. The Trustee may pay out of the Trust Fund either from the capital or the income thereof, any taxes or duties properly payable by the Trustee with respect to this Trust under the laws of any country having jurisdiction to levy the same at such time or times and in such manner and to such extent as the Trustee shall think fit.

7.6 Power To Insure. The Trustee may effect, accept, purchase, or acquire any policy of life assurance, or share or interest therein, upon the life of any person and may effect, accept, purchase, or acquire insurance of any nature or kind relating to money, investments or properly included in or forming part of the Trust Fund, or any share or interest therein, upon or subject to such terms and conditions as the Trustee shall think fit. The Trustee may hold the same and the proceeds thereof upon the subjects to the trusts, powers, and discretion herein declared concerning the Trust Fund so as to form one fund therewith. The Trustee may keep up and pay the premiums relating to the same with power to assign, transfer, vary, or otherwise deal with and to claim and uplift the proceeds of any such policies of insurance on such terms and conditions and generally in such a manner as the Trustee shall think fit.

7.7 Power to Incorporate Companies. The Trustee may incorporate any company or companies in any place in the world at the expense of the Trust Fund with limited or unlimited liability for the purpose of, inter alia, holding the whole or any part of the Trust Fund.

7.8 Powers In Relation To Companies. The Trustee, in relation to any company shares, stock right to new issues, debentures, debenture stock, or other securities in or of which are included in or from part of the Trust Fund, may:

- (i) exercise (or abstain from exercising) any powers of voting or other powers, rights, or privileges for the time being attached to such shares, stock rights to new issues, debentures, debenture stock, or other securities;

(ii) exercise (or abstain from exercising) any other powers, rights, or privileges for the time being exercisable by the Trustee under the memorandum or articles of association or bylaws of such company or under the general law;

(iii) appoint attorneys or proxies to exercise any such powers, rights, or privileges as aforesaid; and

(iv) procure or preserve the Trustee's own appointment as a director or officer of any such company, and retain for the Trustee any reasonable remuneration which the Trustee may from time to time receive or be entitled to as such, notwithstanding that the votes or other rights and privileges attached to any shares, stock rights to new issues, debentures, debenture stock, or other securities in or of such company shall have been instrumental (either alone or by reason of its nonexercise) in procuring or preserving of the Trustee its appointment or position as such director or officer or that its qualification as such may be constituted wholly or partly by its holding such shares, stock rights to new issues, debentures, debenture stock, or other securities and further notwithstanding that any exercise or abstention from the exercise of the powers and discretion hereby conferred upon and exercisable by the Trustee shall or may (immediately or in the future) diminish or adversely affect the value of shares, stock rights to new issues, debentures, debenture stock, or other securities in or of such company of the property or assets thereof.

7.9 Further Powers In Relation To Companies. The Trustee, in relation to any company whether a company in or of which shares, stock rights to new issues, debentures, debenture stock, or other securities are included in or form part of the Trust Fund, may:

(i) concur in, consent to, permit, or procure the reorganization, reconstruction, amalgamation, or winding up of any such company or any variation of the rights or privileges for the time being attached to any shares, stock rights to new issues, debentures, debenture stock, or other securities in or of any such company or otherwise to the memorandum or articles or association or by-laws thereof;

(ii) concur in, consent to, permit, or procure the exercise or otherwise of any powers of voting or other powers, rights, or privileges for the time being attached to such shares, stock rights to new issues, debentures, debenture stock, or other securities;

(iii) concur in, consent to, permit, or procure the exercise or otherwise of any other powers, rights, or privileges of the time being exercisable by the holders of any such shares, stock rights to new issues, debentures, debenture stock, or other securities; and

(iv) concur in, consent to, permit, or procure the entry by any such company into any transaction relating to the disposal or acquisition by such company of any property or assets or the variation or abrogation of any rights or privileges attached to any property or assets of the company or the doing or abstention from doing of any act or thing in relation to any such property or assets in such manner and upon and subject to such terms and conditions as the Trustee shall think fit, notwithstanding that any exercise or abstention from the exercise of the powers hereby conferred on and exercisable by the Trustee shall or may (immediately or in the future) diminish or adversely affect the value of shares, stock rights to new issues, debentures, debenture stock, or other securities in or of such company or the property or assets thereof.

7.10 Power To Execute Documents. The Trustee may make, execute, and deliver deeds, assignments, transfers, leases, mortgages, instruments of pledge, contracts, and other instruments.

7.11 Power To Employ Agents And To Delegate. The Trustee may employ, engage, and discharge attorneys, accountants, investment advisor, and other persons upon and subject to such terms and conditions as to salary, fees, or other remunerations as the Trustee shall think fit; and, in its reasonable discretion, instead of acting personally in the execution of the trusts, powers, and discretion in this Trust contained, the Trustee may employ, engage, pay, and discharge any such person to do, perform, or transact any act, business, or thing relating to the trusts, powers, and discretion in this Trust contained including the receipt or payment of money without being liable for the fraud or default of any such person if employed or engaged in good faith.

(i) The Trustee shall have powers to engage the services of such investment counsel, advisor, or manager ("the Investment Advisor") as the Trustee from time to time may think fit in order to obtain advice on the investment and reinvestment of the Trust Fund and have the power to delegate to the Investment Advisor (without the Trustee being liable for any consequential loss) discretion to manage the portfolio or any part thereof within the limits and for the period stipulated by the Trustee, and the Trustee shall settle the terms and conditions for the reasonable remuneration of the Investment Advisor and the reasonable reimbursement of the Investment Advisor's expenses as the Trustee deems proper, and such remuneration and expenses may be paid by the Trustee from and out of the Trust Fund;

(ii) The Trustee shall not be required to enquire into nor be in any manner responsible for any change in the legal status of the Investment Advisor, whether resulting from the death of any director thereof or its reorganization, incorporation, merger, consolidation, or otherwise;

(iii) The Trustee shall not be liable for any action taken in good faith pursuant to, or otherwise in accordance with, the advice of the Investment Advisor howsoever communicated.

7.12 Power To Take Counsel's Opinion. The Trustee may take and pay for the opinion of legal counsel and act in accordance with such opinion in any matter in any way relating to the Trust.

7.13 Power To Appoint An Attorney. The Trustee may appoint any person or corporation to act as attorney for the Trustee, to execute any deed or document, or to perform any other act or thing on behalf of the Trustee.

7.14 Power To Institute Proceedings. The Trustee may institute, prosecute, and defend any suits or actions or other proceedings affecting the Trust Fund and may compromise any matter of difference, submit any such matter to arbitration, and may compromise or compound any debts owing to the Trust upon such terms and for such sums as are reasonable under the circumstances.

7.15 General Power To Act. The Trustee may do such acts and things as are necessary for the purposes of, or incidental to, the due management and administration of the Trust Fund, notwithstanding that such act or thing may immediately or in the future diminish or adversely affect any money, investments, or property for the time being included in or forming part of the Trust Fund.

7.16 Power To Release Powers. The Trustee, at any time by deed revocable or irrevocable, may release, curtail, or restrict all or any of the powers and discretion in this Trust contained as if the same were vested in them beneficially and not in a fiduciary capacity.

8. Trustee.

8.1 Generally. The Trustee shall be resident in Cyprus so long as this Trust is governed by the laws of Cyprus.

8.2 Power Of Appointment Of New Or Additional Trustees

(i) If any trustee hereof whether original additional or substituted shall die or being a corporation shall be dissolved or shall give notice of his or its desire to withdraw and be discharged from the trusts hereof under the provisions of sub-clause (h) of this Clause or shall refuse or become unfit to act then the remaining trustee or trustees, if any, shall have the right by a declaration under his hand, or under its Common Seal if a corporation, to appoint a new trustee or trustees hereof in the place of a trustee or trustees so deceased dissolved desiring to withdraw and be discharged refusing or becoming unfit to act. In the event that there is no remaining trustee or in case the remaining trustee or trustees refuse or default in appointing a new trustee pursuant to the above provisions for a period of one month from the occurrence of the vacancy then the Settlor may by declaration under its seal appoint a new trustee or trustees hereof in the place of a trustee or trustees so deceased, dissolved, desiring to withdraw and be discharged refusing or becoming unfit to act. In the event that the Settlor does not exist or refuses or defaults in appointing a new trustee pursuant to the above provisions for a period of one month from the occurrence of the event which would empower the Settlor to proceed with the appointment of a trustee as aforesaid, then the person for the time being first in priority specified and as provided in the Third Schedule hereto may by declaration under his hand appoint a trustee or trustees hereof in place of the trustee or trustees so deceased dissolved desiring to withdraw and be discharged refusing or becoming unfit to act. The trustee or trustees, as the case may be, shall also have power to appoint additional trustee or trustees.

(ii) If any trustee hereof shall at any time desire to withdraw and be discharged from the trusts hereof he or it may so do by notice in writing signed by himself or in the case of a corporate trustee by any of its officers given to the remaining trustee or trustees, if any, or to the person having for the time being power to appoint new or additional trustees hereof and upon the posting or personal delivery of such notice the trustee so doing shall cease to be a trustee hereof to all intents and purposes except as to acts and deeds necessary for the proper vesting of the Trust Property in the continuing or new trustee or trustees or otherwise as the case may require.

(iii) Acts and deeds done or executed for the proper vesting of the Trust Property in new or additional trustees may be done and executed by the continuing or retiring trustee or trustees at the expense of the income or capital of the Trust Property PROVIDED THAT an outgoing trustee who is liable as a trustee hereof or who may at the death of any person be liable as a trustee or former trustee hereof for any taxes wherever they may be imposed and of whatsoever nature shall not be bound to transfer the Trust Property unless reasonable security is provided for indemnifying such outgoing trustee against such liability.

(iv) Any new or additional trustee appointed under the provisions hereof shall have such powers rights and benefits as to remuneration or otherwise at or prior to his or its appointment as the Court order appointing such trustee may direct.

(v) Any trustee for the time being of this Settlement being a corporation shall have power to act by its proper officers.

(vi) When the trustees for the time being are more than one and one of them ceased to be such under any of the above provisions, the continuing trustee or trustees, pending the appointment of a new trustee to fill the vacancy created, shall have all the powers which the trustees for the time being had before such vacancy occurred, except the power to alienate or encumber (save in the ordinary course of business) or distribute any part of the Trust Property.

8.3 Indemnity Of Retiring Trustee. If a trustee retires from the trusts hereof or ceased to be a trustee for any reason whatsoever such trustee shall be released from all claims, demands, actions, proceedings and accounts of any kind on the part of any person (whether in existence or not) actually or prospectively interested under this Settlement for or in respect of the Trust Property or the income of the Trust Property or the trusts of the Settlement or any act or thing done or omitted in execution or purported execution of such trusts other than and except only actions:-

(i) arising from any fraud or fraudulent breach of trust in which such trustee or (in the case of a corporate trustee) any of its officers was a party or privy; or

(ii) to recover from such trustee trust property or the proceeds of trust property in the possession of such trustee or previously received by such trustee (or in the case of a corporate trustee) any of its officers and converted to his use.

8.4 Trustees¹ Indemnity. In the execution of the trusts and powers hereof no trustee shall be liable for any loss to the Trust Property arising in consequence of the failure depreciation or loss of any capital or investments made in good faith or by reason of any mistake or omission made in good faith or of any other matter or thing except wilful and individual fraud and wrongdoing on the part of the trustee who is sought to be made liable.

8.5 Change Of Place Of Management And Control Of The Trust Fund. Notwithstanding anything to the contrary in this Trust expressed or implied, the Trustee, upon the happening of an Event of Duress, shall be deemed to have transferred the Trust Fund and income thereon to the Emergency Trustee and to have changed the proper law of this Trust and the forum of administration to that of the jurisdiction in which the Emergency Trustee shall for

the time being reside. The Trust Fund so transferred shall be held upon Uie trusts and subject to the provisions declared and contained in this Trust. The Trustee, when called upon to do so by the Emergency Trustee, shall to the extent permissible execute all documents, deeds, and contracts and do all things as shall be necessary in order to perfect the title of the Emergency Trustee to the Trust Fund. The Trustee, upon the happening of any Event of Duress and upon the deemed transfer of the Trust Fund, shall be indemnified by the Emergency Trustee from and out of the Tmst Fund against all liabilities incurred as result of the bona tide actions or omissions of the Trustee with regard to the Trust Fund made in ignorance of the happening of an Event of Duress as hereinbefore described. The Emergency Trustee, on the transfer to it of the Trust Fund as hereinbefore described, shall constitute for the purposes of this Trust the Trustee for the time being.

8.6 Compensation. A Trustee for the time being of the trusts, powers, and provisions in this Trust contained, or of any tmst created under any power or discretion therein contained, shall be entitled to be remunerated, reimbursed, and indemnified for expenditures as follows:

(i) on the basis of any agreement entered into by correspondence or otherwise with the Settlor;

(ii) in default of any such express agreement, then on the basis of a reasonable-recompense for trust business transacted, time expended, and acts than things done by the Trustee, including time expended and acts and things done on behalf of the Trustee.

Additionally, a Trustee shall be entitled to:

(iii) be reimbursed for any expenditure properly and reasonably incurred in the transaction of trust business in the execution or administration of the said trusts or in the exercise of the said powers and discretion;

(iv) deduct and retain from any money from time to time under the control of the Trustee and included in or forming part of the Trust Fund, or subject to any trusts created under the powers and discretion in this Tmst contained, a sum equal to the amount of any such remuneration and expenditure as aforesaid then due and owing; and

(v) be indemnified out of the Tmst Fund or out of any money, investments, or property for the lime being subject to any tmst created under the powers and discretion contained in this Tmst in respect of any expenditure properly and reasonable incurred as mentioned in Clause 8.5(iii) hereof.

8.7 Liberty Of The Trustee Not To Interfere In Certain Business. The Trustee shall not be bound or required to enquire into, interfere with, or require information in relation to, Uie management or conduct of the business of any company wherever resident or incorporated and whether a company in or of which the Tmstee shall hold shares, slock rights to new issues, debentures, debenture stock, or other securities. So long as the Tmstee shall have no actual knowledge of any act of dishonesty or misappropriations of money on the part of Uie directors having the management of such company, the Trustee shall be at liberty to leave the conduct of its business (including the payment or non-payment of dividends) wholly to such directors, and no beneficiary hereunder shall be entitled to require the distribution of any dividend by any

company wherever incorporated or resident in which the Trust may be interested or require the Trustee to exercise any powers it may have of compelling such distribution.

8.8 Power To Obtain Releases. If exercised in good faith and on a reasonable basis, the Trustee for the time being of the trusts, powers, and provisions in this Trust contained, or of any trust created under any power or discretion therein contained, shall be entitled on or before the vesting in a beneficiary or other person entitled or interested under the said trusts, powers, and provisions of any money, investments, or property to require the execution of a release or discharge under seal by such beneficiary or person from all and any actions, proceedings, claims, damages or liability whatsoever accruing by reason of or in connection with the execution or administration by such Trustee of the said trusts or in the exercise or otherwise of the said powers and discretion.

8» Power To Obtain Indemnities. If exercised in good faith and on a reasonable basis, the Trustee for the time being of the trusts, powers, and provisions in this Trust contained, or of any trust created under any power or discretion therein contained, shall be entitled on or before the vesting in a beneficiary or oilier person entitled or interested under the said trusts, powers, and provisions of any money, investments, or property to require the execution of an indemnity under seal by such beneficiary or person against all and any actions, proceedings, claims, damages, or liability including the reasonable costs of defending or resisting the same by a person other than such beneficiary or person accruing by reason of, or in connection with, the execution or administration by the Trustee of the said trusts or in the exercise or otherwise of the said powers and discretion including any liability for or in respect of taxes and duties and any penalties or interest payable in connection therewith.

9. Records And Accounting. The Trustee may at its discretion keep accounts of its trusteeship and, if requested by the Settlor, shall have them audited annually by a firm of certified public accountants or chartered accountants of good repute to be selected by the Trustees. The expenses of such maintenance of accounts and/or audit shall be paid either out of the income or die capital of the Trust Fund, as the Trustee shall determine.

10. Rights Of Third Parties To Relv Upon Authority Of The Trustee. No person or corporation dealing with the Trustee, and no purchaser on any sale made by the Trustee, shall be concerned to enquire into the propriety or validity of any act of the Trustee or to see the application of any money paid or property transferred to or upon the order of the Trustee. No firm, association. or corporation any of whose securities are included in the Trust, and no purchaser or other person dealing with any Trustee purporting to act under delegation of authority from any other Trustee. shall be required to ascertain or enquire whether a case exists in which such delegation is permitted or whether such delegated authority is still subsisting.

11. Disclosure Bv The Trustee. Without prejudice to any right under the general law of the Trustee to refuse disclosure of all or any part of any document, it is hereby declared that the Trustee shall not be bound to disclose to any person or persons any of the following documents:

(i) any document disclosing and deliberations of the Trustee as to the manner in which the Trustee should exercise any power or any discretion conferred upon the Trustee by this Trust or disclosing the reasons for any particular exercise of any such power or any such discretion or the material upon winch such reasons shall or might have been based; or

(ii) any other document relating to the exercise or proposed exercise of any power or any discretion conferred on the Trustee by this Trust.

12. Notice To The Trustee. Communications, correspondence, directions, notices, consents, designations, appointments, statements, releases, or other documents to be delivered to the Trustee may be delivered to GLOBALSERVE TRUSTEES LIMITED at Karatza 1 , Limassol 3021, Cyprus.

13. Location Of Original; Method Of Verification; Evidence Of Authenticity.

13.1 Location Of Original. The original Trust is in the possession of GLOBALSERVE TRUSTEES LIMITED.

13.2 Method Of Verification. The authenticity of this document is verifiable by the signatures of the Settlor and the Trustee and further by the initials of the Settlor and the Trustee on each page, including the pages listing the attached Schedules First and Second. The Second Schedule, listing additions to Schedule Properly comprising the Trust Fund, shall display each item of property, the approximate date of its addition, and the initials of the Trustee which receives such additions.

13.3 Evidence Of Authenticity. Any person dealing with the Trustee may rely upon a copy of the original Trust and of the attached instruments certified by the Trustee before a Notary Public or comparable official to the same extent as he might rely upon the original.

14. Liability Of The Trustee. The Trustee shall not be liable for any loss to the Trust Fund arising by reason of any improper investment made in good faith; nor for any acts, omissions, or defaults beyond its control; nor for any loss sustained by the Trust Fund by reason of the purchase, retention, sale, exchange, or other disposition of any property: nor for the negligence or fraud of any agent employed in good faith by the Trustee, even though the employment of such agent was not strictly necessary or expedient; nor by reason of any mistake or omission made in good faith by the Trustee; nor for any act or omission whatsoever by the Trustee hereof; nor by reason of any other matter of thing except the willful and individual fraud, misconduct, or wrongdoing on the part of the Trustee who is sought to be made liable. This provision is binding upon the present or future beneficiaries and any other person interested in, or claiming an interest in, any properly constituting a part of the Trust Fund.

15. Name of Trust. This Trust shall be known as THE TRUST.

IN WITNESS WHEREOF, the Settlor and the Trustee have hereunto affixed their hands and seals.

(INSERT NAME-), Settlor

**THE COMMON SEAL OF
GLOBALSERVE TRUSTEES
LIMITED**

Was hereunto
affixed in the
presence of:

FIRST SCHEDULE

Scheduled Property

Trust Questionnaire

Globalserve

TRUST QUESTIONNAIRE

This information sheet is designed to assist you with formulating and instructing us as to your wishes in establishing a Trust and will be treated in strict confidence. Please do not hesitate to provide us with any further information you may wish to be included in the Trust. You may attach Letter of Wishes.

1. Trust Details

a. Proposed Trust Name (please provide us with 2 choices by order of preference)

i. _____ ii. _____

b. Reasons/Objectives for establishing a trust

- | | |
|---|--|
| <input type="checkbox"/> General Tax Planning
<input type="checkbox"/> Succession Planning
<input type="checkbox"/> Estate Duty Planning
<input type="checkbox"/> Avoidance of Probate
<input type="checkbox"/> Retirement Planning | <input type="checkbox"/> General Asset Protection
<input type="checkbox"/> Protection for/from the Family
(including minor and/or incapacity)
<input type="checkbox"/> Protection from Political and/or Social
Instability |
|---|--|

Others, please specify

c. Jurisdiction of Trust _____

d. Governing Law of Trust _____

e. Discretionary Trust or Life Interest Trust _____

f. Duration _____

2. Settlor

	Settlor 1	Joint-Settlor 2
Full Name		
Residential Address		
Postal Address		
Passport Number Issued authority Issued on Expiring at Nationality		
Country of Tax Residency		
Date of Birth		
Telephone Fax		
E-mail		
Profession		

3. Beneficiary

	Beneficiary 1	Beneficiary 2	Beneficiary 3
Full Name			
Residential Address			
Postal Address			
Passport Number Issued authority Issued on Expiring at Nationality			
Country of Tax Residency			
Date of Birth			
Telephone			
Fax			
E-mail			
Profession			
Relationship with the Settlor			

4. Protector

	Protector	Substitute Protector
Full Name		
Residential Address		
Postal Address		
Passport Number Issued authority Issued on Expiring at Nationality		
Country of Tax Residency		
Date of Birth		
Telephone		
Fax		
E-mail		
Profession		
Relationship with the Settlor		

Instructions for appointment of Protector in case of in case of death of the Protector _____

5. Trustees

Name of Trustee _____

Physical or legal entity? _____

	Trustee 1	Trustee 2	Trustee 3	Trustee 4
Full Name				
Residential Address				
Postal Address				
Passport Number Issued authority Issued on Expiring at Nationality				
Country of Tax Residency Date of Birth				
Telephone Fax				
E-mail				
Profession				
Relationship with the Settlor				

Instructions for appointment of Trustee in case of in case of death of one of the Trustees

Authorized Investments by Trustees _____

6. The Trust Assets

	Asset 1	Asset 2	Asset 3
Nature of the Asset			
Source of the Asset:			
Location of the Asset:			
Currently owned by:			
Approximate Value:			
Mortgaged			
<input type="checkbox"/> Yes <input type="checkbox"/> No			
If yes for the amount of:			
To whom:			

a. Is there a current intention to introduce additional assets into the trust at a later date?

- Yes
 No

b. If the answer is yes, please provide details of such additional assets:

	Asset 1	Asset 2	Asset 3
Nature of the Asset			
Source of the Asset:			
Location of the Asset:			
Currently owned by:			
Approximate Value:			
Mortgaged			
<input type="checkbox"/> Yes <input type="checkbox"/> No			
If yes for the amount of:			
To whom:			

7. Accounting, Audit and Banking Requirements

a. Bankers of the trust - Please provide the following:

	Banker 1	Banker 2
Full Name		
Postal Address		
Telephone Fax		
Email Bank accounts number		

b. Frequency of management accounts _____

c. To whom to be submitted _____

d. Are the annual trust accounts to be audited?

- Yes
 No

e. If yes by who _____

8. Names of person to contact

	Contact Person 1	Contact Person 2	Contact Person 3
Full Name			
Residential Address			
Postal Address			
Passport Number Issued authority Issued on Expiring at			
Nationality			
Date of Birth			
Telephone Fax			
E-mail		48	
Profession			

9. Other Instructions

- a. Is the trust to be amendable and revocable by you? _____
- b. If not, is the Trustee to have sole discretion with regard to decision-making? _____
- c. If the answer to a is "no" please advice why _____
-

d. Will the trustee have a discretion to make investment changes, once your investment objectives have been determined?

i. If not, do you wish the Trustee to assume investment responsibility should you become incapacitated or dies? _____

ii. If not, who? (name, relationship and address)

e. If this trust is being created by you and someone else jointly, must both of you act jointly _____ or can either of you act singly _____ when giving instructions to the Trustee or amending or revoking the trust? _____

f. Instructions During your lifetime:

- i) Do you want to be able to withdraw income and principal? _____
- ii) Income only _____ or principal only _____
- iii) Do you wish the income to be remitted to you? _____
- iv) If not remitted, do you wish the income periodically to be added to principal and reinvested? _____
- v) If you are incapacitated or cannot get word to the Trustee to request payment of income or principal, can the Trustee use its discretion to make payments to you or for your support? _____
For the purpose of anyone else? _____ (for example your spouse or children) _____
- vi) Should the Trustee take instructions about your care from anyone else if you are incapacitated? (name, relationship, address)

vii) Who is to be responsible to determine whether you are incapacitated and therefore unable to make informed decisions concerning the Trust? A qualified physician? _____ one or more family member? _____ (name and relationship) _____

g. Instructions After your death

i) Do you want a portion of income or principal to go to your surviving spouse? _____ If yes, % of income _____ % of principal _____

ii) Should the principal be distributed outright or held in trust? _____

iii) If your spouse's share is held in trust, would you wish your spouse to receive income payments periodically, and principal in the Trustee's discretion, if needed to supplement income for support? _____ If not, please describe which terms you would prefer:

iv) If your spouse cannot get word to the Trustee to request payment of income or principal of the Trust, can the Trustee make payments to or for the benefit of your spouse in its discretion?

v) If income is not paid out should it be transferred to principal for reinvestment?

vi) After your spouse dies who should receive the remainder of your spouse's share?

vii) Would you wish any portion of the income or principal to go to your children? _____

viii) If so, please state names and corresponding percentages: _____

ix) Should the principle be distributed outright or held in trust? _____ If held in trust, at what age or ages can a child withdraw his or her share of the principle?

x) Should be income or principle be paid in the Trustee's discretion at any age for a child's support, education, medical expense and general welfare?

xi) If a child predeceases you or dies before receiving all of his or her share, leaving no spouse nor issue, to whom should that child's share be transferred? (name, relationship, and address)

Should the payment be:

- i) outright, at the beneficiary 's request? _____ or
 - ii) held in trust? _____ If the beneficiary's portion held in trust, under what conditions is he or she to receive income or principle?
-
-

h. If you have no children, or if all your children predecease you or die before receiving all of their shares and leave no issue; or should all Beneficiaries perish by common disaster, who should receive the Trust remainder? (name, percentage, relationship and address)

i. Do you wish to include charitable provisions? _____ If so, please state amount in EURO the names and addresses of the charities

j. Is the provision in addition to the provisions for your Beneficiaries?

k. Please describe any concerns you may have of the financial circumstances of your family _____

Declaration of the Settlor

I, the undersigned, being the Settlor request that _____ proceed with the creation of this Trust and declare and affirm to you that:

- a) The above particulars are true to the best of my knowledge and belief.
- b) None of the Settlor or named beneficiaries or any trust holding a beneficial interest, has, in any part of the world, been involved in any illegal activity, been declared bankrupt or has been a director or

otherwise concerned in the management of any company which has been subject to an insolvent liquidation.

c) I am unaware of any activities in which the Settlor or named beneficiaries engage which lead me to suspect that they are involved in money laundering and I undertake to advise you immediately should I become aware of any such activities.

d) Any contributions that will be made into the Trust as capital or otherwise as additions to the Trust Fund or from external financing, will not derive from unlawful or immoral sources either in their country of origin or in my country of ordinary residence or in the Republic of Cyprus.

NAME:

ADDRESS:

NATIONALITY:

PASSPORT NO.:

.....
SIGNATURE

DATE: