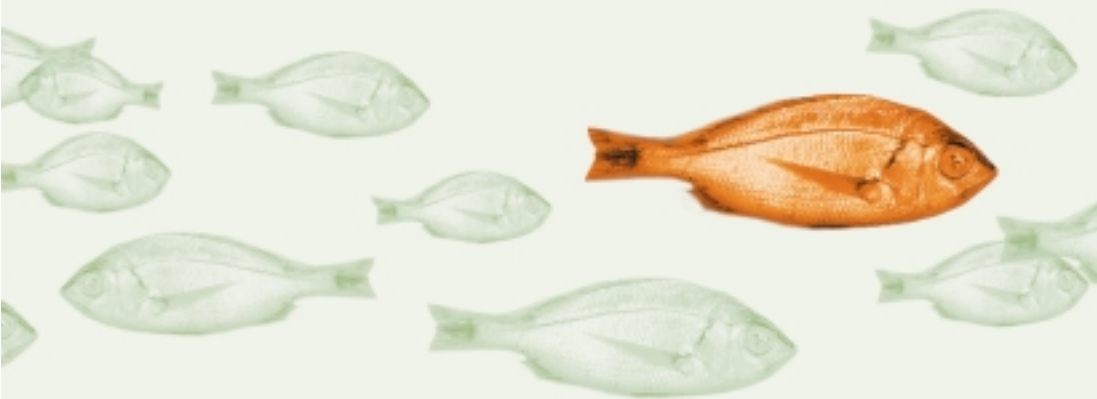


What makes  
Rawlinson & Hunter  
different?



Rawlinson & Hunter  
in The Cayman Islands

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## How can we help you?

The maze of international tax law is difficult to navigate alone. Rawlinson & Hunter has built a worldwide reputation on its outstanding technical skills in taxation and financial guidance. Our corporate and private clients know that they can rely on us for excellent technical solutions combined with a uniquely personal service: **The best advice, exactly when you need it.**



## The Cayman Islands

The Cayman Islands is a major offshore banking and financial centre located in the western Caribbean. Its stable economy and successful financial industry have been carefully developed in order to create the best possible investment environment. Today, Cayman is the fifth largest financial centre in the world.

An increasing number of banks, insurance companies and other financial institutions based in the Islands, together with a healthy tourism sector, form the basis of a buoyant and stable economy. The strength of Cayman is that it has been able to demonstrate consistently that it can provide the prerequisites for discerning clients:

- innovative, progressive and user-friendly legislation
- a full range of knowledgeable and efficient service providers
- strong partnership between the government and private sector
- a favourable tax regime
- economic, social and political stability.

Grand Cayman is the largest and most developed of the three islands. It is home to the majority of the population and to a growing number of banks and financial institutions. On Grand Cayman, local and international investors find the infrastructure, services and financial expertise to match the best available worldwide. The capital, George Town, is the nucleus of this international centre.

As a British Overseas Territory, the Cayman Islands functions with a high degree of autonomy under the present constitution, which was introduced in 1972. The constitution provides for a three-tiered governmental structure: a Governor appointed by the Queen, a Cabinet and a Legislative Assembly. The Legislative Assembly currently consists of fifteen members who are elected every four years, and three official members who are appointed by the Governor. The Cabinet is made up of the three appointed officials, plus five members who are elected from the Legislative Assembly. The Governor then presides over the Cabinet, which is responsible for developing and implementing Government policy.



## Reputation and integrity

The key to the success of the Cayman Islands as an international financial centre has been the development of a progressive, professional, client-friendly business environment that is responsive to the needs of the financial industry.

The Cayman Islands government is continuing to encourage inward investment through a series of initiatives, including immigration reforms and legislative streamlining, which will "roll out the red carpet" to future investors. As part of this initiative a new body, the Cayman Islands Investment Bureau, has been established to promote the Islands as an international business centre.

While legislation remains at the cutting edge of international practice, effective regulation and monitoring ensure that the Islands remain a safe financial centre with a secure reputation. The Islands' legal system is based on English common law but has been modified locally by statute.

The **Cayman Islands Monetary Authority** was established in 1997 to create a central body of expertise for the financial industry in the Islands. The law governing the Authority has been constantly reviewed and amended in order to ensure that the Authority maintains the independence required by international regulatory standards as well as the best standards of accountability and transparency.

The Authority has the power to issue and revoke financial services licenses. It exists to promote and maintain a sound and high-quality financial system and to support innovation in the field of financial services, within the parameters of international law.

The **Cayman Islands Stock Exchange (CSX)** was established in 1997 and has been an unqualified success, attracting over 700 listings in its first seven years of operation. Originally set up in order to provide a listing facility for the Islands' mutual funds and other specialist products, the CSX has expanded its facilities to meet growing demand. The CSX now provides facilities for derivative warrants, eurobonds and secondary listings. Its streamlined listing process has made it particularly popular with the worldwide financial industry.

The CSX has developed sophisticated listing rules that are carefully designed to meet the flexible needs of issuers and the demands of the latest structures and products. The ultimate aim of the CSX is to encourage the disclosure of all relevant information without imposing any unnecessary conditions. As a result the Exchange is widely regarded as a quality listing environment that provides investors with the degree of regulation and comfort they seek.

In 2004 the CSX was granted status as a recognised stock exchange by the UK Inland Revenue as well as the London Stock Exchange. Companies whose securities are listed on the CSX can now take advantage of the "quoted eurobond exemption", which allows interest on those securities to be paid without the deduction of UK tax. Securities listed on the CSX are also regarded as "qualifying investments", which enables them to be held directly in UK Personal Equity Plans (PEPs) and Individual Savings Accounts (ISAs).



## About Rawlinson & Hunter

Rawlinson & Hunter is an international firm of chartered accountants, specialising in taxation and financial advice. Our network of offices stretches from our headquarters in London to New Zealand, through Switzerland and the Channel Islands, Bermuda and the Caribbean.

For 70 years Rawlinson & Hunter has been providing outstanding services to our corporate and private clients, combining excellent technical skills with a uniquely personal approach. Our worldwide reputation has been built on our ability to deliver the best solutions to our clients, exactly when they need them.

Our skill lies in maximising the rewards that prosperity can bring. For our private clients, we can take the strain, safeguarding their assets and allowing them to enjoy the benefits and not the burdens of wealth. The success of our many corporate clients is built around our ability to find innovative solutions that match their own distinctive financial circumstances.

Rawlinson & Hunter is different, as is our way of working. Our partners like to get to know their clients well and carry out much of the work in person, often face to face. Most of our clients have come to us through a personal recommendation, evidence of our strong reputation as a leading firm in our field.

### Rawlinson & Hunter in the Cayman Islands

Rawlinson & Hunter's office in the Cayman Islands has offered a comprehensive range of professional services since it was established in 1973. Our team of dedicated and highly experienced professionals respond quickly and efficiently to the needs of our clients and provide the quality service that they expect.

Our services have been developed to meet the needs of both our international and local clients. Services to international clients are offered through a licensed trust company, which is owned and operated by the local firm. Services to local clients include the full range of services expected from a leading accountancy firm.

In addition to providing seamless professional services, the Cayman Islands office provides a wide range of fiduciary services including the creation, administration and management of trusts, companies and limited partnerships. The practice also acts as reporting accountants or auditors when required to by statute, or when specifically instructed by the client.

## Trust services

Trusts frequently form an important part of a family's wealth planning, for many reasons. Trusts can be used to preserve capital while providing an income stream for current and future generations.

They are sometimes established to avoid the inconvenience and publicity of probate, or perhaps to alter the devolution of assets on death where "forced heirship" laws might otherwise apply. Depending on the particular circumstances, there can also be tax advantages in setting up trusts in offshore jurisdictions.

The Cayman Islands is one of the leading jurisdictions for the formation and administration of offshore trusts. The Islands' political and economic stability is an attractive environment for financial institutions and in recent years as the popularity of trusts has increased worldwide, the level of expertise in trust formation and administration has grown in the centre. These factors, together with the Island's innovative trust legislation, have made it a worldwide centre for trust business.

The Cayman Islands trust law is based on English law but has undergone modifications that have become a blueprint for trust law in other jurisdictions.

Rawlinson & Hunter in the Cayman Islands offers a full range of trustee services through The R&H Trust Co. Ltd. The company, which is licensed under the local Banks and Trust Companies Law, offers a full range of trust services for private clients:

- the establishment of trusts and related advice
- maintenance of trust structures
- formation, management and support of private trust companies to act as trustees of individual or family trusts.

Where The R&H Trust Co. Ltd. acts as trustee to the trust structures, it is involved in all aspects of the trust's administration, including the maintenance of its accounting records and the monitoring of the performance of its investment portfolio. The importance of good communication between advisors to the trust and beneficiaries is never underestimated and regular meetings are held.

The R&H Trust Co. Ltd. does not provide investment advisory or management services, delegating this responsibility instead to recognised financial institutions with the requisite expertise in this area. This ensures that the management of trust assets can be monitored thoroughly and independently.



### Purpose Trusts

Traditionally, the establishment of trusts has been closely restricted and monitored to ensure that they are only created for the benefit of individual people or for charitable purposes. The Cayman Islands has led innovation in trust laws in recent years, and in 2001 passed the Special Trusts (Alternative Regime) law (known as the STAR legislation). The STAR legislation introduced an alternative regime under which a new trust could be created for specific purposes, persons or both. The legislation does not affect the law relative to traditional trusts and powers; it simply creates an alternative within that law.

Under the STAR legislation, trusts may be created for any number of persons, and/or any kind of purposes (charitable or non-charitable), provided that the purposes are lawful and not contrary to public policy. A STAR trust must have at least one corporate trustee licensed in the Cayman Islands.

The R&H Trust Co. Ltd. can advise on all circumstances where a special trust can be used under the STAR legislation, explaining clearly the benefits and any drawbacks of using such a trust. The aim is to help clients assess whether a special trust is appropriate for their particular circumstances and to assist with the trust's establishment and continuing administration. The R&H Trust Co. Ltd. is also able to act as a trustee at the client's request.



### Private Trust Companies

Traditionally, offshore trusts are administered and overseen by an independent licensed corporate trustee. There are circumstances, however, where such a trustee may not be the best solution for a trust client. As an alternative, a private trust company can be established and licensed to act as trustee of a particular related group of trusts. The use of private trust companies does provide a number of benefits over the traditional trustee system, since it allows a level of autonomy and flexibility in terms of the choice of the company's directors and administrators.

The Cayman Islands has developed an international reputation in the formation and management of private trust companies. The relative ease with which private trust companies may be licensed under Cayman Islands law, combined with the experience of skilled trust experts, have driven a growing demand for private trust companies on the Islands.

Rawlinson & Hunter, through The R&H Trust Co. Ltd., is highly experienced in the formation of private trust companies and can advise and assist with all aspects of the licensing application. We can also, if requested, provide appropriate and experienced directors and act as administrators of private trust companies.



## Company services

The neutral tax status of the Cayman Islands has made the jurisdiction an ideal location for the establishment of companies that are involved in international transactions.

The Islands benefit from an advanced legal system and a solid regulatory environment, and Cayman Islands companies are used in an increasing number of complex transactions.

The R&H Trust Co. Ltd.'s corporate services include:

- the incorporation of companies and related advice
- the provision of registered offices and company secretarial services
- the administration of companies, including the maintenance of accounting records.

### Funds

The Cayman Islands is one of the world's foremost jurisdictions for the establishment of offshore hedge funds. Since the Cayman Islands Mutual Funds Law was enacted in 1992, funds have become one of the fastest-growing sectors in the Islands.

The admirable clarity of the Mutual Funds Law, and the flexibility of the wide range of allowable structures available to operate funds, have contributed to the popularity of hedge funds in the Islands. The legislative framework allows for sophisticated investment techniques; there are no restrictions on leveraging, investment in derivatives or the types of investment a fund can hold.

Hedge funds held in the Cayman Islands are usually formed as corporate vehicles, although funds can also be created through unit trusts and exempted limited partnerships. The offering of shares in a fund is normally by way of private placement to institutional investors, although a number of funds are listed on stock exchanges around the world.

### Special Purpose Vehicles

Cayman Islands companies, trusts and partnerships are commonly used in a wide variety of financing transactions, including debt issues, securitisations, leasing transactions and structured equity issues. When used in such a transaction the entity involved is commonly known as a Special Purpose Vehicle (SPV).

The structures of SPVs vary in composition and complexity. Rawlinson & Hunter's qualified and experienced experts, through The R&H Trust Co. Ltd. can provide the appropriate trustee, directors, registered office, administrative and accounting services to SPVs at the client's request.

### Shipping Registry

Given its rich seafaring history, it is appropriate that the Cayman Islands offers the advantage of an international ship registry. Cayman operates as a Category 1 British Registry and is a particularly attractive base for ownership because of its stable, offshore financial environment. All ships registered in Cayman are designated British ships and fly the Cayman Islands Marine Ensign. A huge variety of vessels are currently registered in the Cayman Islands, from yachts to supertankers.

The legislation governing ship registration in the Cayman Islands is based on the Merchant Shipping Acts of the UK, which have been amended locally by statute. The Islands' port of registry is George Town.

Current legislation dictates that any ship that is registered in the Cayman Islands must be owned by a "qualified person", which includes companies that are registered in the Cayman Islands. Rawlinson & Hunter's Cayman office is highly experienced in the registration of ships and is ably placed to guide clients through the process.



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## The next step...

When you are ready to take the next step, please contact Rawlinson & Hunter in the Cayman Islands.

Our team of qualified professionals are ready to act and provide the quality personal service that is the foundation of our local and international success.

Please call our office on +1 345 949 7576  
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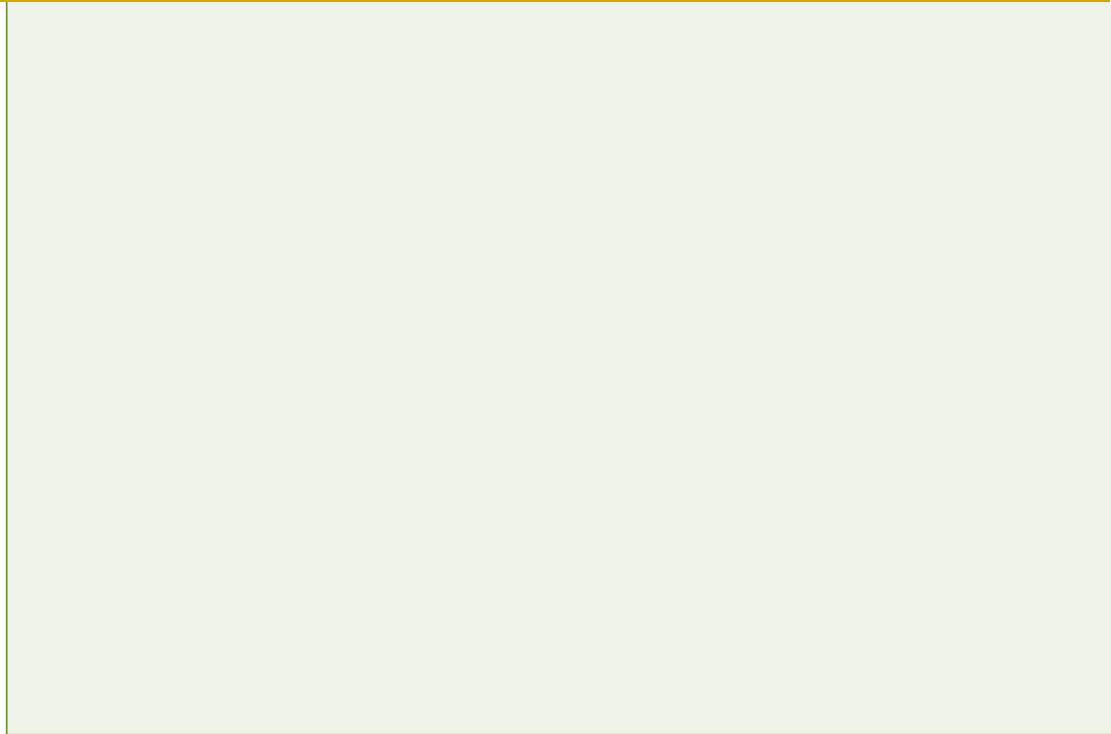
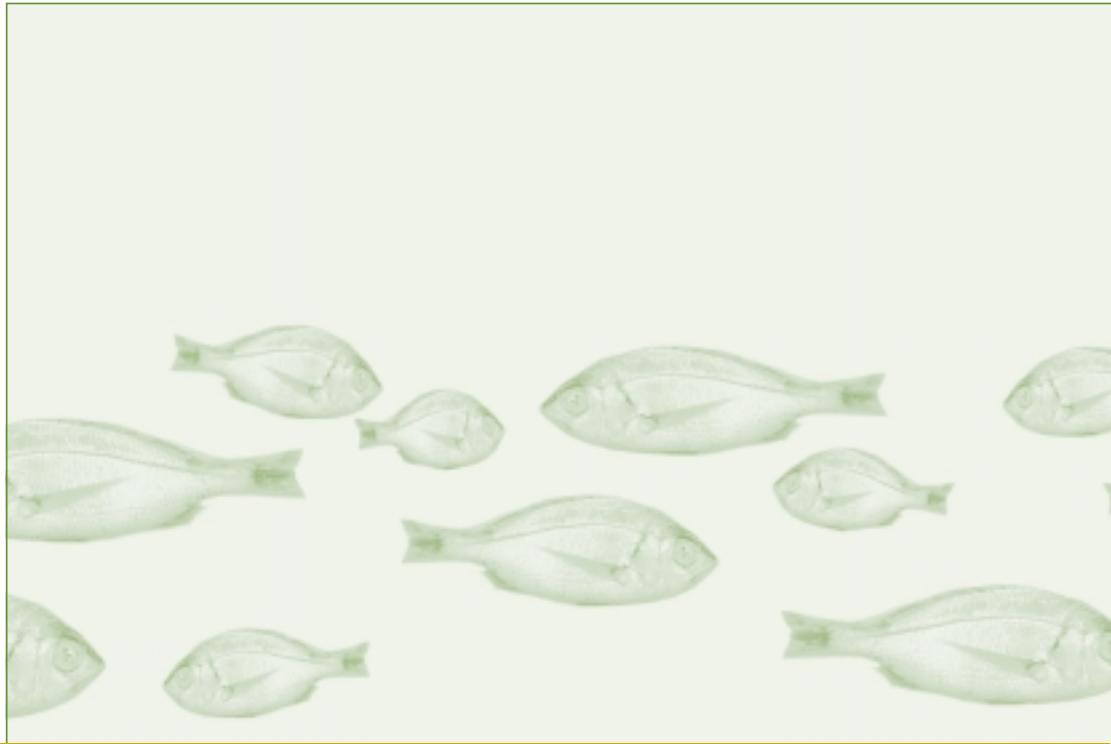
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