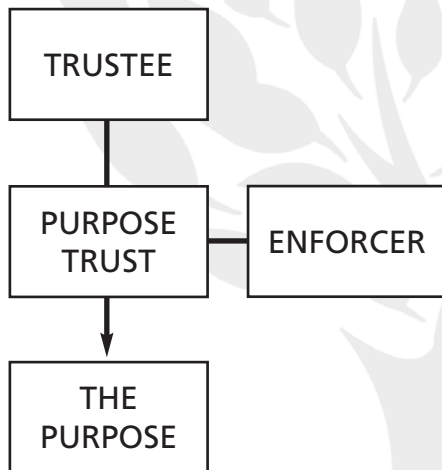


connection with financing arrangements such as off-balance sheet asset-backed securitisation. The use of the Purpose Trust to own the special purpose vehicle in this type of arrangement can be of benefit to all parties.

A Purpose Trust can also be used to collect funds from various sources and redistribute them according to an organised programme, without seeking to achieve any profit for itself.



Our Services

We can accept appointment as Trustees, undertake Purpose Trust formation, administration and asset management and the operation of Purpose Trusts.

Our formation and annual fees are pre-agreed and published on our fee scale.

More Information

For more information, or to discuss how the expertise of Key Trust Company Limited can assist, please contact our Managing Director, Brian Clarke, at the address details below or by email: brian.clarke@key-trust.com

This note is given on the basis that no liability is accepted for any errors of fact or opinion and that professional advice must be obtained before applying the information to particular circumstances.



Key Trust Company

Purpose Trust Services

Key Trust Company Limited PO Box 116 Jersey Channel Islands JE4 8SU

Telephone: +44 1534 630500 Facsimile: +44 1534 639669 Website: www.key-trust.com

Key Trust Company Limited is licensed by the Jersey Financial Services Commission to undertake Trust Company business.

Purpose Trusts

There are occasions when benefit from a Trust is planned to go to an institution or for a purpose which is neither personal nor falls within the definition of a charity. The Purpose Trust can achieve this purpose.

Definition

The traditional concept of the Trust involves a three way relationship where the Settlor, as the original owner of an asset, gives the asset to the Trustee who holds it for the use and enjoyment of the beneficiary. But, Jersey Law has created the possibility of a Trust formed for a pure purpose.

Under Jersey Trust Law it is possible to establish a Purpose Trust without ascertainable beneficiaries, and instead with a particular purpose stated in the Trust Instrument. This purpose does not need to be charitable.

All the existing law for Jersey Trusts will apply, such as the maximum duration of one hundred years, and no requirement in Jersey for a Trust to be registered or be open in any way to public inspection.

Advantage of Purpose Trusts

The great advantage of a Purpose Trust is that it has no beneficiaries.

The Trustees have the legal ownership, but there is no one who can be regarded as having beneficial ownership. The Trust can therefore become a kind of "non-owned vehicle", which is most useful in a number of different kinds of transaction.

The Enforcer

An important aspect of the non-charitable Purpose Trust under the Jersey legislation is the requirement to appoint a person whose duty it is to enforce that the Trustees undertake 'the purpose'. This person, in the legislation, is called the "Enforcer".

The Enforcer must be a person who is different from the Trustees.

An Enforcer may be an individual or a company. The Enforcer is not allowed to profit from his office unless he is expressly authorised to do so in the Trust Instrument. A Trustee cannot also be an Enforcer.

The role of the Enforcer is to monitor the administration of the Trust and, where necessary, take action against the Trustees for breach of trust.

Use of Purpose Trusts

The most common use of Purpose Trusts is in connection with asset finance. They are also used for joint ventures where neither party wants to be in control of the voting power, or do not want to be in formal association with each other.

An example of the use of the Purpose Trust is in the ownership of a Private Trust Company. Where a company is incorporated

specifically to be the Trustee of a Private Trust for a single family and no other, the shares of the Trustee Company can now be held in a Purpose Trust.

We have an information booklet on the establishment and operation of a Private Trust Company owned by a Purpose Trust.

Other examples include acting as an impartial custodian, or where a Settlor would like the benefit to be for a purpose which is neither personal nor falls within the definition of a charity, and the Purpose Trust can achieve this purpose.

Of particular interest is the use of a Purpose Trust as a special purpose vehicle in