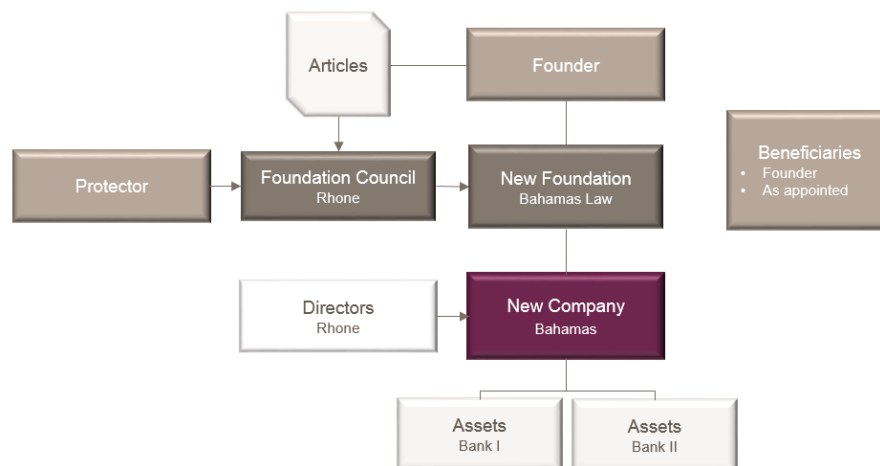


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## INTRODUCTION TO PRIVATE FOUNDATIONS

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### KEY FEATURES



A foundation is a separate legal entity and can therefore own assets in its own right. Foundations may be established for charitable, commercial or private purposes and can have an unlimited duration.

The creator of a foundation (the “**founder**”) can be an individual, a corporation or a nominee.

The terms of a foundation are normally set out in the foundation charter (the “**charter**”) and separate, confidential regulations or by-laws (the “**by-laws**”).

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### SUMMARY

**Control and Administration:** A foundation is administered by the foundation council or board that is made up of individuals and/or legal persons. The council is bound by the charter and the by-laws. A protector or advisor can be appointed to oversee the foundation council.

It is common for the founder to retain during their lifetime extensive powers in relation to the foundation. The founder must take care to ensure that these retained powers do not render the foundation ineffective for the founder’s personal tax and legal objectives.

**Beneficiaries:** The beneficiaries are usually designated by the founder in the by-laws. Distributions are made in accordance with the by-laws, which typically provide for them to be made in accordance with the founder’s instructions. The laws of most jurisdictions permit the foundation by-laws to extensively limit the rights of beneficiaries to information with respect of the foundation.

**Confidentiality:** The foundation charter or a registration document containing a minimum amount of information must be filed at a public registry. The by-laws is a private and confidential document that is not registered. There are no statutory requirements for external audits.

Most foundations will qualify as ‘Financial Institutions’ for FATCA and CRS purposes. This can mean that certain information in relation to the foundation is reportable on a confidential basis to the local tax authority of any person with a deemed “equity interest” in the foundation.

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## RHONE LEVELS OF SERVICE

During the set-up process Rhone will assist with the drafting of the foundation charter and articles and complete all formalities regarding the establishment of the foundation, including registration, provision of registered office services and one annual council meeting. Rhone will provide all directors, officers and secretaries for the underlying company and deal with all matters concerning the incorporation.

Foundation council services include day to day management and administration of the foundation including liaising with such legal and tax advisors as required; annual meetings with you and/or the beneficiaries or your representatives; documentation of council resolutions as required; preparation of annual financial statements for the foundation and the underlying company; maintenance of all statutory registers for the underlying company and necessary records, files and archives and dealing with all FATCA and Common Reporting Standard (CRS) compliance and other reporting requirements.

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## RHONE

Rhone, a leading Swiss Group with international operations, provides guidance on selecting the right legal structures and jurisdictions to suit your needs. Our mission is to create tailor-made and innovative solutions founded on sound expertise and a disciplined approach, and delivered through a personal relationship forged with clients over the long term.

We have more than 60 experienced staff who are carefully recruited for their qualifications and discretion. They draw on decades of experience in providing services of the highest caliber to clients from all over the world – whatever their needs.

We manage a fairly small number of structures with total assets in excess of CHF 40 billion.

Rhone is fully independent and owned by a management team with no external finance, debt or private equity.

### Disclaimer

The information and comments contained herein are for the general information of the reader and are not intended as advice or opinions to be relied upon in relation to any particular circumstances. For particular application of the law to specific situations, the reader should seek professional advice.

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