



# BVI VISTA Trust: How does it work and what are its key benefits?

## What Is It?

VISTA trusts are a type of BVI trust introduced by statute in 2004 under the Virgin Islands Special Trusts Act (VISTA). They were specifically designed to address problems that arise from the traditional English "prudent person of business rule" when businesses and other higher-risk assets are held in trust.

The core innovation is what VISTA does to the trustee's role: under the VISTA regime, the trustee's role is transformed from that of an active manager to that of a custodian of the trust assets, with the trustee owing, in principle, no fiduciary responsibility or duty of care in respect of the affairs of the BVI company whose shares are held in the trust.

## How does the structure work?

### The Basic Architecture

The trust can only directly hold shares in a BVI company (or companies). There are, however, no restrictions on the assets which can be owned by the underlying BVI company. So in practice: the VISTA trust sits on top and holds the shares; the BVI company sits below and holds the actual assets, for example, real estate, investment portfolios, operating businesses, art, etc.

### Trustee Requirements

At least one of the trustees must be a BVI licensed trust company or a BVI Private Trust Company (PTC), and the trustee cannot be a director of the underlying BVI company.

### Office of Director Rules (ODRs)

This is the structural heart of VISTA. The trust deed may contain detailed "Office of Director Rules," which set out precisely how the trustee is to exercise voting rights to appoint and remove directors and to determine directors' remuneration. The settlor may, through such rules, control the composition and operation of the company's board of directors, and the trustee must strictly adhere to these rules when exercising its voting rights.

For example, the office of director rules can provide that the trustee must act in accordance with directions from the settlor or a protector. This means the founder effectively keeps a grip on who runs the company, even after transferring shares into trust.

## Intervention Call Mechanism

While the trustee may not broadly speaking actively intervene in the management of the BVI company, the regime does not entirely preclude trustee intervention. The trustee is obliged to investigate a complaint and, if satisfied that it is well-founded, to take appropriate action only where an "interested person" makes an intervention request based on "permitted grounds for complaint" as set out in the trust deed. This provides a safety valve without undermining the hands-off default.

## **What are the Key Benefits?**

### **1. Retain Control Without Defeating the Trust**

A BVI VISTA trust allows individuals to take advantage of the classic benefits of a trust vehicle, such as effective succession planning and holding assets in a confidential manner, without having to give up effective management and control of the assets held in a BVI company.

### **2. Solving the "Prudent Investor Problem"**

Traditional trusts put trustees in a bind when holding company shares because, for example, they could face liability if they didn't intervene in management decisions that seemed imprudent. VISTA trusts enable a company to pursue riskier or unconventional opportunities without the worry of the trustee interfering. Typical trusts can put trustees in a position where they might be held responsible if they don't get involved in managing a company when they should. However, VISTA trusts remove this requirement, which lowers the chances of trustees facing liability.

### **3. Seamless Succession - Bypassing Probate**

This is arguably the most compelling practical benefit of a VISTA trust. Without a trust structure, when a BVI company shareholder dies: voting rights are frozen, shares cannot be transferred or sold, and dividend distributions are put on hold until a BVI grant of probate or grant of administration is issued by the courts. This can be particularly impactful for single-shareholder, single-director companies.

A VISTA trust bypasses all of that entirely. A VISTA trust can hold shares in a BVI company, allowing the person who sets up the trust to keep control of the business during their lifetime. At the same time, the trust will ensure a smooth transition to the chosen successors after their death. This structure helps keep peace within the family and avoids the complications of probate.

### **4. Director Succession Planning Built In**

The "Office of Director Rules" within a VISTA trust allow the shareholder to establish procedures for appointing, removing, and compensating directors after their death. This means the management transition, instead of just the ownership transition, is pre-planned and legally locked in.

### **5. Long Duration for Multi-Generational Planning**

A BVI trust can last for up to 360 years, providing long-term protection and allowing for succession planning across many generations. This long timeframe allows for multi-generational wealth management and ensures that assets are managed and distributed according to the wishes of the person who created the trust for a very long period.

### **6. Flexibility in Beneficial Provisions**

The VISTA regime only affects the trustee's administrative duties; it can therefore be combined with any form of beneficial provisions, including discretionary trusts, life interest trusts, or purpose trusts, as well as

reserved powers trusts where the settlor reserves powers such as a power to direct distributions of trust income to beneficiaries.

## 7. Confidentiality

BVI trusts offer a high level of confidentiality. There is no public list of trusts, and information about the person who created the trust, the beneficiaries, and the trust's assets is not made public.

## 8. Asset Protection

The trust's assets are legally owned by the trustee, which protects them from claims against the person who set up the trust. Once shares are validly settled into a VISTA trust, they generally fall outside the settlor's personal estate for creditor purposes.

### Why is the BVI Company and VISTA Trust combination so powerful?

The two layers complement each other perfectly:

- The **BVI company** is a flexible, widely recognized vehicle that can hold almost any asset class globally, with minimal reporting requirements and low annual costs.
- The **VISTA trust** wraps around it, providing succession continuity, asset protection, confidentiality, and the ability to embed long-term governance instructions; all while the founder or chosen directors continue to run the business day-to-day without interference.

Establishing a BVI trust ensures that the company and trust structure work harmoniously to preserve family wealth and business continuity.


For more information, please contact us below.


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