

Chartered Family Trust Company Considerations and Processes

Chartered Family Trust Companies

Wyoming law permits both chartered, or regulated, family trust companies and private, or unregulated, family trust companies (PTCs). Common reasons to choose a chartered entity include:

TWO DESIGNATED RELATIVES

- Chartered PTCs may serve families of two unrelated designated relatives, meaning that two separate families may operate within one PTC structure — often motivated by a jointly-owned operating business
- Unchartered PTCs may serve the family members of one designated relative

ADDITIONAL EVIDENCE OF NEXUS

- All PTCs demonstrate Wyoming "nexus," or connection by in-state:
 - Directors, officers, and/or committee members
 - Bank accounts or other assets
 - Office space
 - Recordkeeping
 - Ongoing administration of underlying trusts
- Chartered PTCs are supervised by the Wyoming Division of Banking, providing additional evidence of nexus to the state of Wyoming

REGULATORY EFFICIENCY

- As a state-regulated trust company, chartered PTCs are not typically required to register with the SEC under the Investment Advisers Act of 1940; families concerned with SEC registration may wish to consider a chartered entity
- Unchartered PTCs also are not required to register with the SEC, provided they meet the [single family office exemption](#)

EXTERNAL OVERSIGHT

- Families desiring governmental oversight of a PTC's management, operations, and administration may take comfort in independent monitoring of chartered entities
- Some families determine that additional supervision is not required to achieve their fiduciary objectives; for an unchartered PTC, the Board, officers, and advisors supervise fiduciary activities and compliance with applicable laws and regulations



Establishing a Wyoming Chartered PTC

Families wishing to establish a Wyoming chartered PTC can expect the following process:

PTC SUBMITS CHARTER APPLICATION

- The PTC must apply for a charter from the Wyoming Division of Banking prior to conducting fiduciary business
- The application filed is accompanied by a fee of \$10,000 to cover the expenses of the chartering process by the Commissioner
- Application requirements include:
 - Organizational and governance documents (purpose for forming the PTC, detailed management team and shareholder information — including Interagency Biographical and Financial Reports and proposed salaries)
 - Entity tax information (W-9, EIN, EFTPS)
 - Financial snapshot (overview of anticipated expenses, pledge of capital or fidelity bond)
 - Documents related to the PTC organization (structure chart, a summary of trust businesses including types of accounts and dollar values)
 - Evidence of Wyoming physical office space

STATE CONDUCTS DUE DILIGENCE, ISSUES PROVISIONAL CHARTER

- The Wyoming Division of Banking reviews all information related to PTC “control persons” submitted in the application
- The state meets with PTC management team representatives for introductions, to review the state's expectations for the entity, and to answer questions
- Typically, a charter is provisionally issued soon after the meeting — no more 45 days after initial receipt of the completed application

PTC BEGINS ORGANIZATIONAL ADMINISTRATION

- Upon approval of a provisional charter, the Division of Banking files the organizational articles with the Wyoming Secretary of State and the PTC begins organizational activities, including:
 - Conducting an initial company meeting, including confirmation of management and retention of service providers
 - Establishing Wyoming banking relationships



- Capitalizing the PTC with at least \$500,000
- Obtaining fidelity, liability, and possibly property insurance
- The PTC sends written evidence of these steps to the Division of Banking, which then issues a Certificate of Authority

STATE CONDUCTS PERIODIC OVERSIGHT

- A "mock" examination with the Division of Banking typically takes place within the first year after issuance of the Certificate of Authority
- The first formal exam takes place one year after the "mock" examination
- Chartered PTCs are subject to examination at least once every three years thereafter, and more frequently as the Commissioner may determine; PTC officers may or may not receive previous notice as to examination visits

Wyoming Chartered PTC Requirements

WYOMING REQUIREMENT	
Minimum capital	\$500,000
Fidelity bonds	Minimum value \$1,000,000 with \$500,000 capital pledge; not required with \$1,000,000 capital pledge
State examinations	Once every 3 years
Board meetings in state	Yes
Physical office in state	Yes
Residency of Management (Directors & Officers)	Not required, but leading practice





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