

INTERNATIONAL EXEMPT TRUST ACT, 1997

COMMONWEALTH OF DOMINICA

ARRANGEMENT OF SECTIONS

PART 1 - PRELIMINARY

1. Short title.
2. Interpretation.
3. Validity of international trusts.
4. Proper Law of international trusts.
5. Maximum duration of international trusts and of accumulation of income.

PART 2 - SPENDTHRIFT, CHARITABLE AND NON-CHARITABLE INTERNATIONAL TRUSTS

6. Spendthrift Trusts.
7. Charitable Trusts.
8. Trusts for non-charitable purposes.
9. Protector of a trust.

PART 3 - TERMINATION OR FAILURE OF INTERNATIONAL TRUSTS

10. Failure or lapse of interest.
11. Failure of charitable trusts.
12. Termination of international trust.
13. Termination by beneficiaries.

PART 4 - BREACH OF TRUST

14. Liability for breach of trust.
15. Constructive trusts.
16. Tracing trust property.
17. Beneficiary may relieve or indemnify trustee.
18. Power to relieve trustee from personal liability.
19. Power to make beneficiaries indemnify.

PART 5 - POWERS OF THE COURT

20. Jurisdiction of the Court.
21. General powers of the Court.
22. Courts determination of validity.
23. Avoidance of fraud.
24. Saving of certain rights.
25. Extent of invalidity.
26. No validation of property not vested in settlor.
27. Foreign judgment not enforceable.

- 28. Exclusion of foreign laws.
- 29. Application for directions.
- 30. Payment of costs.

PART 6 - TRUSTEES, PROTECTORS AND BENEFICIARIES

- 31. Beneficiaries of trusts.
- 32. Disclaimer of beneficial interest.
- 33. Number of trustees.
- 34. Appointment of new or additional trustees.
- 35. Corporate trustees.

PART 7 - REGISTRATION OF INTERNATIONAL TRUSTS

- 36. Registration of trusts.
- 37. Annual certificate of registration.
- 38. Notification of termination.
- 39. Inspection of Register.
- 40. Minister may increase fees.
- 41. Registered office.

PART 8 - EXEMPTION FROM TAXES

- 42. Exemptions from taxes and duties.

PART 9 - MISCELLANEOUS

- 43. Commencement of proceedings.
- 44. Investments.
- 45. Bankruptcy.
- 46. Retention of control by settlor.
- 47. Heirship rights.
- 48. Provisions of the Trustee Act do not apply.
- 49. Translations.
- 50. Immunity from suit.
- 51. Prohibition by Minister.
- 52. Definition of Trust.
- 53. Power to establish advisory bodies.
- 54. Bond.
- 55. Community property.
- 56. Proceeding in camera.
- 57. Regulations.

SCHEDULE.

INTERNATIONAL EXEMPT TRUST ACT, 1997

AN ACT TO MAKE PROVISIONS FOR THE LAW RELATING TO INTERNATIONAL TRUSTS AND FOR MATTERS CONNECTED THEREWITH.

BE IT ENACTED by the Parliament of the Commonwealth of Dominica as follows:

PART 1 - PRELIMINARY

Short title.

1. This Act may be cited as the International Exempt Trust Act 1997.

Interpretation.

2. In this Act unless the context otherwise requires -

«beneficiary» means a person entitled to benefit under a trust, or in whose favour a power to distribute trust property may be exercised;

«breach of trust» means a breach of any duty imposed on a trustee by this Act or by the terms of the international trust;

«charitable purpose» shall be construed in accordance with the provisions of section 7 of this Act;

«Court» means the High Court of Dominica;

«creditor» means a person to whom an obligation is owed;

«Deputy Registrar» means the person or persons appointed by the Minister to assist the Registrar in performing his duties under this Act;

«formalities», in relation to a disposition of property, means documentary and other actions required generally by the laws of a relevant jurisdiction for all dispositions of like form concerning property of like nature without regard to -

- (a) the fact that the particular disposition is made in trust;
- (b) the terms of the trust;
- (c) the circumstances of the parties to the disposition; and
- (d) or any other particular circumstance; and
- (e) includes any special formalities required by reason that the party

effecting the disposition is -

- (i) below the age of eighteen years;
- (ii) subject to mental or bodily infirmity; or
- (iii) a corporation;

«functions» includes duties, discretions, liabilities, obligations, powers and rights;

«the *Gazette*» means the Official Gazette of Dominica;

«governing law» means the law governing a trust registered in Dominica or elsewhere;

«heirship rights» means any claim, interest or right in, against or to property of a person arising or accruing in consequence of that person's death, other than any such claim interest or right created by will or other voluntary disposition or resulting from an express limitation in the disposition of the property of that person;

«insolvency» includes the making of an administration order, the appointment of a receiver and the bankruptcy of any person;

«insurance» includes assurances;

«intent to defraud» means an intention of a settlor wilfully to defeat an obligation owed to a creditor;

«interest», in relation to a beneficiary, means his interest under the international trust;

«international trust» means a trust registered under this Act and in respect of which -

- (a) at least one of the trustees is either a -
 - (i) corporation incorporated under the Companies Act, 1994;
 - (ii) corporation incorporated under the International Business Companies (IBC) Act, 1996;
 - (iii) bank licensed under the Offshore Banking Act, 1996;
 - (iv) bank licensed under the Banking Act, or
 - (v) trust company doing business in Dominica;
- (b) the settlor and beneficiaries are at all times non-resident; and
- (c) the trust property does not include any land situated in Dominica.

«Minister» means the Minister with the responsibility for Finance;

«minor» means a person who has not attained full age under the law of his domicile;

«non-resident» means -

- (a) a bank incorporated under the Offshore Banking Act, 1996;
- (b) a bank licensed under the Banking Act;
- (c) a corporation incorporated under the International Business Companies (IBC) Act, 1996;
- (d) a corporation incorporated under the Companies Act 1994;
- (e) an individual not domiciled in Dominica; or
- (f) an individual not ordinarily resident in Dominica;

«personal representative» means the executor or administrator of the estate of a deceased person;

«profit» includes gain or advantage;

«property» -

- (a) means property of any description, wherever situated, including any share therein, but excluding any land in Dominica; and
- (b) in relation to rights and interests, includes rights and interests whether vested, contingent, defeasible or future;

«protector», in relation to a trust, means a person who is the holder of a power which when invoked is capable of directing a trustee in matters relating to the trust and in respect of which matters the trustee has discretion and includes a person who is the holder of a power of appointment or dismissal of trustees;

«Registrar» means the person appointed by the Minister to perform the duties of the Registrar under this Act;

«relatives», in relation to an individual, means his father or mother, his spouse, the father and mother of his spouse, his brothers and sisters, the brothers and sisters of his spouse, his children and remoter issue and the spouses of such children and issue;

«settlor» means a person who provides trust property or makes a testamentary disposition on trust or to a trust;

«terms of a trust» means the terms of an international trust, and any other term applicable under its proper law;

«trustee» has the meaning given by section 52 and includes a corporate trustee; and

«trust property» means property held on trust.

Validity of international trusts.

3.(1) An international trust registered under this Act shall be enforceable and valid notwithstanding that it may be invalid according to the law of the settlor's domicile and residence or place of current incorporation.

(2) An international trust shall be invalid and unenforceable to the extent that it purports to -

- (a)* do anything contrary to the laws of Dominica; or
- (b)* confer any right or power or imposes any obligation the exercise of which or the carrying out of which is contrary to the laws of Dominica.

Proper Law of international trusts.

4.(1) Subject to subsection (4), the proper law of an international trust shall be -

- (a)* the law expressed by the terms of the trust or intended by the settlor to be the proper law;
- (b)* if no such law is expressed or intended, the law with which the international trust has its closest connection at the time of its creation; or
- (c)* if the law expressed by the terms of the trust or intended by the settlor to be the proper law, or the law with which the international trust has its closest connection at the time of its creation, does not provide for international trusts or the category of international trust involved then the proper law of the international trust shall be the law of Dominica.

(2) In ascertaining the law with which an international trust has its closest connection, reference shall be made in particular to the -

- (a)* place of administration of the trust designated by the settlor;
- (b)* status of the assets of the trust;
- (c)* place of residence or business of the trustee; and
- (d)* objects of the trust and the places where they are to be fulfilled.

(3) The terms of an international trust may provide for a severable aspect of the trust (particularly the administration of the trust) to be governed by a different law from the proper law of the trust.

(4) The terms of an international trust may provide for the proper law of the trust or the law governing a severable aspect of the trust to be changed from the law of one jurisdiction to the law of another jurisdiction.

(5) Where the proper law of an international trust or the law governing a severable aspect of an international trust is changed from the law of another jurisdiction (hereinafter called «the old law») to the law of Dominica any provision of the old law shall not operate so as to

render the trust void, invalid or unlawful or to render void, invalid or unlawful any function conferred on the trustee under the law of Dominica.

(6) Where the proper law of an international trust or the law governing a severable aspect of an international trust is changed from the law of Dominica to the law of another jurisdiction (hereinafter called «the new law») any provision of the law of Dominica shall not operate so as to render the trust void, invalid or unlawful or to render void, invalid or unlawful any function conferred on the trustee under the new law.

Maximum duration of international trusts and of accumulation of income.

5.(1) Subject to subsection (2), the maximum duration of an international trust shall be one hundred years from the date of its creation and an international trust shall terminate the one hundredth anniversary of the date of its creation unless it is terminated sooner.

(2) An international trust established for a charitable purpose or purposes may have a duration exceeding one hundred years.

(3) The rule of law known as the rule against perpetuities shall not apply to an international trust.

(4) The terms of an international trust may direct or authorise the accumulation of all or part of the income of the trust for a period not exceeding the maximum duration of the trust.

PART 2 - SPENDTHRIFT, CHARITABLE AND NON-CHARITABLE INTERNATIONAL TRUSTS

Spendthrift Trust.

6.(1) The terms of an international trust may make the interest of a beneficiary -

- (a) subject to termination;
- (b) subject to diminution or termination in the event of the beneficiary becoming insolvent or any of his property becoming liable to seizure or sequestration for the benefit of his creditors; or
- (c) subject to a restriction on alienation of or dealing in that interest and such a trust shall be known as a protective or spendthrift trust.

(2) An international trust with any of the conditions specified in subsection (1) shall be known as a protective or spendthrift trust.

(3) Where any property is directed to be held on protective or spendthrift trust for the benefit of a beneficiary, the trustee shall hold that property -

- (a) in trust to pay the income to the beneficiary until the interest terminates in accordance with the terms of the trust or a determining event occurs; and
- (b) if a determining event occurs, and while the interest of the beneficiary continues, in trust to pay the income to such of the following (and if more than one in such shares) as the trustee in his absolute discretion shall appoint -
 - (i) the beneficiary or any spouse or child of the beneficiary; or
 - (ii) if there is no such spouse or child the beneficiary and the persons who would be entitled to the estate of the beneficiary if he had then died intestate and domiciled in Dominica.

(4) For the purpose of subsection (3) a «determining event» means the occurrence of any event or any act or omission on the part of the beneficiary (other than the giving of consent to an advancement of trust property) which would result in the trust becoming payable to any person other than the beneficiary.

(5) Any rule of law or public policy which prevents a settlor from establishing a protective or a spendthrift trust of which he is a beneficiary shall not apply to an international trust.

Charitable Trusts.

7.(1) For the purposes of this Act and subject to subsections (2) and (3), the following purposes shall be regarded as charitable -

- (a) the relief of poverty;
- (b) the advancement of education;
- (c) the advancement of religion;
- (d) the protection of the environment;
- (e) the advancement of human rights and fundamental freedom;
- (f) restoration of historical and cultural heritage sites;
- (g) other purposes which are beneficial to the community.

(2) A purpose shall not be regarded as charitable unless the fulfilment of the purpose is for the benefit of the community or a substantial section of the community having regard to the type and nature of the purpose.

(3) A purpose may be regarded as charitable whether it is to be carried out in Dominica or elsewhere and whether it is beneficial to the community in Dominica or elsewhere.

Trusts for non-charitable purposes.

8.(1) An international trust may be created for a purpose which is non-charitable provided that -

- (a) the purpose is specific, reasonable and capable of fulfilment;
- (b) the purpose is not immoral, unlawful or contrary to the public policy of Dominica; and
- (c) the terms of the trust provide for the appointment of a protector who is capable of enforcing the trust and for the appointment of a successor to any protector.

(2) Where the Minister has reason to believe that there is no protector of an international trust for a non-charitable purpose or the protector is unwilling or incapable of acting, he may appoint a person to be protector of the trust and that person shall from the date of appointment exercise the functions of the trust.

Protector of a trust.

9.(1) The terms of an international trust may provide for the office of a protector of the trust.

(2) The protector shall have the following powers:

- (a) (unless the terms of the trust shall otherwise provide) the power to remove a trustee and to appoint a new or additional trustee; and
- (b) such further power which is conferred on the protector by the terms of the trust or by this Act.

(3) The protector of an international trust may also be a settlor, a trustee or a beneficiary of the trust.

(4) In the exercise of his office, the protector shall not be counted or regarded as a trustee.

(5) Subject to the terms of the international trust, in the exercise of his office a protector shall owe a fiduciary duty to the beneficiaries of the trust or to the purpose for which the trust is created.

(6) Where there is more than one protector of a trust then, subject to the terms of the trust, any functions conferred on the protectors may be exercised if a majority of the protectors for the time being agree on its exercise.

(7) A protector who dissents from a decision of the majority of protectors shall require his dissent to be recorded in writing.

PART 3 - TERMINATION OR FAILURE OF INTERNATIONAL TRUSTS

Failure or lapse of interest.

10.(1) Subject to the terms of the international trust and to any order of the Court, where -

- (a) an interest lapses;
- (b) a trust terminates; or
- (c) there is no beneficiary and no person (whether or not then living) who can become a beneficiary in accordance with the terms of the trust;

the interest or property concerned shall be held by the trustee in trust for the settlor absolutely or, if he is dead, as if it had formed part of his estate at death.

(2) Subsection (1) shall not apply to an international trust established for a charitable purpose to which section 11 applies.

Failure of charitable trust.

11.(1) Where international trust property is held for a charitable purpose and the -

- (a) purpose has been, as far as may be, fulfilled;
- (b) purpose cannot be carried out at all, or not according to the directions given and the spirit of the gift;
- (c) purpose provides a use for part only of the property;
- (d) purpose was laid down by reference to an area which was then, but has since ceased to be, a unit for some other purpose, or by reference to a class of persons or to an area which has for any reason ceased to be suitable or to be practicable in administering the gift;
- (e) purpose has been adequately provided for by other means;
- (f) purpose has ceased to be charitable (by being useless or harmful to the community or otherwise);
- (g) property and other property applicable for a similar purpose, can be more effectively used in conjunction, and to that end can more suitably be applied to a common purpose; or
- (h) purpose has ceased in any other way to provide a suitable and effective method of using the property;

the property or the remainder thereof, shall be held for such other charitable purpose, as the Court, on the application of the trustee, may declare to be consistent with the original intention of the settlor.

(2) Where international trust property is held for a charitable purpose, the Court, on the application of the trustee, may approve any arrangement which varies or revokes the purpose or terms of the trust or enlarges or modifies the powers of management or administration of the trustee, if it is satisfied that the arrangement is -

- (a) not suitable or expedient; or
- (b) consistent with the original intention of the settlor.

(3) The Court shall not make a declaration under subsection (1) or approve an arrangement under subsection (2) unless satisfied that any person with a material interest in the trust has had an opportunity of being heard.

Termination of international trust.

12.(1) On the termination of an international trust the trust property shall, subject to subsection (2), be distributed by the trustee within a reasonable time to the person entitled thereto in accordance with the terms of the trust.

(2) The trustee may retain sufficient assets to make reasonable provision for contingent, existing, future, or other liabilities.

Termination by beneficiaries.

13.(1) Without prejudice to any power of the Court and notwithstanding the terms of the international trust, where all the beneficiaries are in existence and have been ascertained, and none is a person under legal disability or a minor, and all are in agreement, they may require the trustee to terminate the trust and distribute the trust property as they direct.

(2) A beneficiary of an interest under a protective or spendthrift trust may not enter into an agreement as is specified in subsection (1).

PART 4 - BREACH OF TRUST

Liability for breach of trust.

14.(1) Subject to the provisions of this Act and to the terms of the trust, a trustee who commits or concurs in a breach of trust is liable for -

- (a) any loss or depreciation in value of the trust property resulting from the breach; and
- (b) any profit which would have accrued to the trust had there been no breach.

(2) A trustee may not set off a profit accruing from one breach of trust against a loss or depreciation in value resulting from another.

(3) A trustee is not liable for a breach of trust committed by another person prior to his appointment or for a breach of trust committed by a co-trustee unless he -

(a) becomes or ought to have become aware of the breach; and

(b) actively conceals the breach, or fails within a reasonable time to take proper steps to protect or restore the trust property or to prevent the breach.

(4) Where the trustees are liable for a breach of trust, they are liable jointly and severally.

(5) A trustee who becomes aware of a breach of trust shall take all reasonable steps to have the breach remedied.

(6) Notwithstanding any term of a trust a trustee shall not be relieved of the liability for a breach of trust arising from his own fraud or wilful misconduct.

Constructive trusts.

15.(1) A person who derives a profit from a breach of trust, shall be deemed to be a trustee of the profit or property, unless he derives or obtains it in good faith and without actual, constructive or implied notice of the breach of trust.

(2) A person who becomes a trustee by virtue of subsection (1) shall deliver up the profit or property to the person properly entitled to it.

(3) This section does not affect any other circumstance in which a constructive trust may arise.

Tracing trust property.

16. Without prejudice to the personal liability of a trustee, trust property which has been charged or dealt with in breach of trust, or any property into which it has been converted, may be followed and recovered unless -

(a) it is no longer identifiable; or

(b) it is in the hands of a bonafide purchaser for value without actual, constructive or implied notice of the breach of trust.

Beneficiary may relieve or indemnify trustee.

17.(1) A beneficiary may relieve a trustee of liability to him for a breach of trust or indemnify a trustee against liability for a breach of trust.

(2) Subsection (1) does not apply if the beneficiary -

- (a) is a minor or a person under legal disability;
- (b) does not have full knowledge of all the material facts; or
- (c) is improperly induced by the trustee to act under subsection (1).

Power to relieve trustee from personal liability.

18. The Court may relieve a trustee wholly or partly of liability for a breach of trust where it appears to the Court that the trustee has acted honestly and reasonably and ought fairly to be excused for the breach of trust or for omitting to obtain the directions of the Court in the matter in which the breach arose.

Power to make beneficiaries indemnify.

19. Where a trustee commits a breach of trust at the instigation, at the request or with the concurrence of a beneficiary, the Court (whether or not the beneficiary is a minor or a person under legal disability) may impound all or part of his interest by way of indemnity to the trustee or any person claiming through him.

PART 5 - POWERS OF THE COURT

Jurisdiction of the Court.

20. The Court has jurisdiction in respect of any matter concerning an international trust where -

- (a) the proper law of the trust is the law of Dominica;
- (b) a trustee of the trust is resident in Dominica; or
- (c) any part of the administration of the trust is carried on in Dominica.

General powers of the Court.

21.(1) On the application of the trustee, a beneficiary, a settlor or his personal representatives, a protector, or with the leave of the Court, any other person, the Court may -

- (a) make an order in respect of -

- (i) the administration, enforcement or execution of a trust;
- (ii) a trustee, including an order as to the exercise of any power by a trustee, the appointment, conduct or remuneration of a trustee, the keeping or submission of accounts, and the making of payments, whether into Court or otherwise;
- (iii) a protector, including an order appointing a protector;
- (iv) a beneficiary, or any person connected with the trust;
- (v) any trust property, including an order as to the application, preservation, surrender, vesting or recovery thereof;
- (b) make a declaration as to the validity or enforceability of a trust;
- (c) direct the trustee to distribute, or not to distribute the trust property;
- (d) make any order in respect of the termination of the trust and the distribution of the property as it deems fit; and
- (e) rescind or vary any declaration or order made under this Act, and make a new or further order or declaration as it deems fit.

(2) Where the Court appoints or removes a trustee under this section -

- (a) it may impose such requirements and conditions as it deems fit, including provisions as to remuneration and any requirement and condition concerning the vesting of trust property; and
- (b) subject to the Court's order a trustee appointed by the Court has the same functions, and may act in all respects, as if he had been originally appointed a trustee.

(3) Where a person does not comply with an order of the Court under this Act requiring him to do anything, the Court may, on such terms and conditions as it deems fit, order that the thing is done by another person, nominated for the purpose by the Court, at the expense of the person in default (or otherwise, as the Court directs) and a thing so done has effect in all respects as if done by the person in default.

Courts determination of validity.

22.(1) The Court may declare an international trust to be invalid where the -

- (a) trust was established by duress, mistake, undue influence or misrepresentation;
- (b) trust is immoral or contrary to the public policy of Dominica;
- (c) terms of the trust are so uncertain that its performance is rendered impossible (provided that a charitable purpose shall be deemed always to be capable of performance); or

- (d) settlor was, at the time of its creation, incapable under the law in force in Dominica of creating such a trust.

(2) Where an international trust is created for two or more purposes of which some are lawful and others are not or where some of the terms of the trust are lawful and others are not if those purposes -

- (a) cannot be separated or the terms cannot be separated, the trust is invalid;
- (b) can be separated or the terms can be separated the Court may declare that the trust is valid in respect of the terms which are valid and the purposes which are lawful.

(3) Where an international trust is partially invalid the Court may declare what property is to be held subject to the trust.

(4) Property provided by a settlor and in respect of which a trust is invalid shall, subject to any order of the Court, be held by the trustee in trust for the settlor absolutely or, if he is dead, as if it had formed part of his estate at death.

(5) In determining the existence and validity of an international trust registered under this Act the Court shall apply -

- (a) the provisions of this Act;
- (b) any other relevant law of Dominica; and
- (c) any other law which may be applied if to do so would validate the trust.

Avoidance of fraud.

23.(1) Where it is proven beyond reasonable doubt by a creditor that a trust settled or established or property disposed to a trust -

- (a) was so settled, established or disposed by or on behalf of the settlor with the principal intent to defraud that creditor of the settlor; and
- (b) did at the time such settlement, establishment or disposition took place render the settlor insolvent or without property by which a creditor's legitimate claim could have been satisfied,

then that settlement, establishment or disposition shall not be void or voidable and the international trust shall be then liable to satisfy the creditor's claim and such liability shall only be to the extent of the interest that the settlor had in the property prior to settlement, establishment or disposition and any accumulation to the property (if any) subsequent thereto.

(2) In determining whether a trust, settled or established or a disposition, has rendered the settlor insolvent or without property by which a creditor's legitimate claim may be satisfied, regard shall be had to the fair market value of the settlor's property, (not being property of or

relating to the trust) at the time immediately after the settlement, establishment or the disposition referred to in subsection (1)(b) and in the event that the fair market value of the property exceeded the value of the creditor's claim, at that time, after the settlement, establishment or disposition, then the trust so settled or established or the disposition shall for the purposes of this Act be deemed not to have been so settled or established or the property disposed of with intent to defraud the creditor.

(3) A trust settled or established and a disposition to such trust shall not be fraudulent as against a creditor of a settlor -

- (a) where it is settled, established or the disposition takes place after the expiration of two years from the date that such creditor's cause of action accrued; or
- (b) where it is settled, established or the disposition takes place before the expiration of two years from the date that the creditor's cause of action accrued; and

the creditor fails to commence any action before the expiration of one year from the date the settlement, establishment or disposition took place.

(4) A trust settled or established and a disposition of property to such a trust shall not be fraudulent as against a creditor of a settlor if the settlement, establishment or disposition of property took place before that creditor's cause of action against the settlor accrued or had arisen.

(5) A settlor shall not have imputed to him an intent to defraud a creditor, solely by reason that the settlor -

- (a) has settled or established a trust or has disposed of property to such a trust within two years from the date that the creditor's cause of action accrued;
- (b) has retained, possesses or acquires any of the powers or benefits referred to in section 46(a) to (f); or
- (c) is a beneficiary.

(6) Where a trust is liable to satisfy a creditor's claim in the manner provided for in subsection (1) but is unable to do so by reason of the fact that the property has been disposed of, other than to a bonafide purchaser for value, then any such disposition shall be void.

(7) For the purpose of this section the onus of proof of the settlor's intent to defraud the creditor lies on the creditor.

(8) For the purpose of this section -

- (a) the date of the cause of action accruing shall be, the date of that act or omission which shall be relied upon to either partly or wholly establish the cause of action, and if there is more than one act or omission, the date of the first act or the date that the omission shall have first occurred, as the case may be, shall be the date that the cause of action shall have accrued; and

- (b) in the case of an action upon a judgment, the date of the cause of action accruing shall be, the date of that act or omission or where there is more than one act or the omission, the date of the first act or the date that the omission shall have first occurred, as the case may be, which gave rise to the judgment itself.

(9) This section applies to all proceedings by every creditor alleging fraud against a settlor or a trust, or against any person who shall settle property upon, or dispose of property to, or establish a trust on behalf of that settlor, to the exclusion of any other remedy, principle or rule of law whether provided by statute or founded in equity or the common law.

Saving of certain rights.

24. In the event that a trust is declared invalid pursuant to this Act, if the Court is satisfied that the beneficiary has not acted in bad faith -

- (a) the beneficiary shall have a first and paramount charge over the trust property of an amount equal to the entire costs properly incurred by him in the defence of the action or proceedings (and not merely such costs as might otherwise be allowed by the Court); and
- (b) the trust shall be declared invalid subject to the proper fees, costs, pre-existing rights, claims and interests of the beneficiary.

Extent of invalidity.

25. An international trust shall be declared invalid only to the extent necessary to satisfy the obligation of a creditor at whose instance the trust was declared invalid together with such costs as the Court may allow.

No validation of property not vested in settlor.

26.(1) The provisions of this Act shall not validate any disposition of property which is neither owned by the settlor nor the subject of a power in that behalf vested in the settlor.

(2) This Act shall not affect the recognition of any foreign law in determining whether the settlor is the owner of trust property or the holder of a power referred to in subsection (1) .

Foreign judgment not enforceable.

27. Notwithstanding the provisions of any treaty or convention, the provisions of any statute, rule of law, or equity, to the contrary, any proceedings for or in relation to the enforcement or recognition of a judgment obtained in a jurisdiction other than Dominica against -

- (a) an international trust;
- (b) a settlor of an international trust;
- (c) a trustee of an international trust;
- (d) a protector of an international trust;
- (e) a beneficiary of an international trust;
- (f) a person appointed or instructed in accordance with the express or implied provisions of an instrument or disposition to exercise a function or undertake any act, matter or thing in connection with an international trust; or
- (g) property of either an international trust or a trustee or a beneficiary thereof,

shall not be entertained by any Court in Dominica where that judgment -

- (a) is based upon the application of any law inconsistent with the provisions of this Act; or
- (b) relates to a matter or particular aspect that is governed by the laws of Dominica.

Exclusion of foreign laws.

28. Neither an international trust governed by this Act and any disposition of property to be held upon the trust shall be declared void, voidable, liable to be set aside or defective in any fashion, nor is the capacity of any settlor to be questioned by reason that the -

- (a) laws of any foreign jurisdiction prohibit or do not recognise the concept of a trust either in part or in whole;
- (b) international trust or disposition avoids or defeats rights, claims or interests conferred by the law of a foreign jurisdiction upon any person or, contravenes any rule, law, judicial or administrative order or action intended to recognise, protect, enforce or give effect to any such rights, claims or interests; or
- (c) laws of Dominica or the provisions of this Act are inconsistent with any foreign law.

Application for directions.

29. A trustee may apply to the Court for directions concerning how he should or might act in any of the affairs of the trust, and the Court may make such order as it deems fit.

Payment of costs.

30. The Court may order the cost and expenses of and incidental to an application to the Court under this Act to be paid from the trust property in such manner and by such persons as it deems fit.

PART 6 - TRUSTEES, PROTECTORS AND BENEFICIARIES

Beneficiaries of trusts.

31.(1) A beneficiary shall be -

- (a) identifiable by name; or
- (b) ascertainable by reference to a -
 - (i) class; or
 - (ii) relationship to some person whether or not living at the time of the creation of the trust or at the time which under the terms of the trust is the time by reference to which members of a class are to be determined.

(2) The terms of a trust may provide for the addition of a person as a beneficiary or the exclusion of a beneficiary from benefit.

(3) The terms of a trust may impose upon a beneficiary an obligation as a condition for benefit.

(4) A settlor or trustee of a trust may also be a beneficiary of the trust.

Disclaimer of beneficial interest.

32.(1) Subject to the terms of a trust, a beneficiary may disclaim his interest or any part of it, whether or not he has received any benefit from it.

(2) A disclaimer shall be in writing and subject to the terms of the trust, may be temporary and may, if the disclaimer so provides, be revoked in the manner and circumstances described or referred to therein.

(3) A disclaimer is not effective until received by a trustee.

Number of trustees.

33.(1) The minimum number of trustees of any trust shall be one.

(2) A trust shall not cease to be valid by reason only that there is no trustee or fewer than the number of trustees required by the terms of the trust.

(3) Where there is no trustee or fewer than the number of trustees required by the terms of the trust, a new or additional trustees shall be appointed and until the minimum number is reached the surviving trustee (if any) shall act only for the purpose of preserving the trust property.

(4) Except in the case of a trust established for a charitable purpose -

- (a)* the number of trustees shall not be more than four; and
- (b)* where at any time there are more than four persons named as trustees, only the first four persons so named shall be the trustees of the trust.

Appointment of new or additional trustees.

34.(1) Where the terms of a trust contains no provision for the appointment of a new or additional trustee -

- (a)* the protector (if any);
- (b)* the trustees for the time being (but so that a trustee shall not be required to join in the appointment of his successor);
- (c)* the last remaining trustee;
- (d)* the personal representative or the liquidator of the last remaining trustee; or
- (e)* if there is no such person (or no such person willing to act);

the Court may appoint a new or additional trustee.

(2) Subject to the terms of a trust, a trustee appointed under this section shall have the same functions and may act as if he had been originally appointed a trustee.

(3) A trustee having power to appoint a new trustee who fails to exercise that power may be removed from office by the Court.

(4) On the appointment of a new or additional trustee anything requisite for vesting the trust property in the trustees for the time being of the trust shall be done.

Corporate trustees.

35. A corporate trustee may -

- (a)* act in connection with a trust by resolution of the corporate trustee or

of its board of directors or other governing body; or

- (b) appoint an officer or employee to act on its behalf in connection with the trust.

PART 7 - REGISTRATION OF INTERNATIONAL TRUSTS

Registration of trusts.

36.(1) The Registrar shall maintain a register of international trusts.

(2) An application for entry on the register shall be accompanied by -

- (a) the prescribed fee;
- (b) a notice of the name and registered office of the trust;
- (c) a certificate from a barrister or solicitor certifying that the trust upon registration will be an international trust.

(3) The Registrar shall, on receipt of the prescribed fee, the notice and certificate required under subsection (2) -

- (a) enter on the register the name of the trust, and the address of the registered office of the trust; and
- (b) issue a certificate of registration in the prescribed form.

(4) A certificate of registration under the hand and seal of the Registrar shall be conclusive evidence that all the requirements of this Act in respect of registration have been complied with.

Annual certificate of registration.

37.(1) A certificate of registration issued in accordance with section 36(4) shall be valid and effective for a period of one year from the date of registration specified in that certificate.

(2) An application for renewal of registration shall be made by -

- (a) filing with the Registrar an application for renewal in the prescribed form; and
- (b) payment of the prescribed fee.

(3) An application for renewal of registration may be made before the date of expiry of the last certificate of registration however an application for renewal of registration shall not

be granted unless the application is in accordance with subsection (2).

(4) Every renewal of registration shall take effect from the date of expiry of the last certificate of registration.

(5) Every renewal of registration shall be for a period of one year from the date of expiry of the last certificate of registration.

Notification of termination.

38. Where an international trust which has been registered terminates, the trustee shall notify the Registrar and return the certificate of registration and the Registrar shall then cancel the entry on the register and cancel the certificate of registration.

Inspection of register.

39. The register shall not be open for inspection except when a trustee of a trust in writing authorises a person to inspect the entry of that trust on the register.

Minister may increase fees.

40. The Minister shall specify and may increase the fees payable in accordance with this Act by Order published in the *Gazette*.

Registered office.

41.(1) The registered office of an international trust shall be the office of the trust company or of a corporation which is a trustee.

(2) The address for service of any document upon an international trust shall be the registered office of that trust.

PART 8 - EXEMPTION FROM TAXES

Exemptions from taxes and duties.

42. Notwithstanding any provision to the contrary in any enactment, a trust registered under this Act shall be exempt from -

- (a) all income tax;

- (b) stamp duty with respect to all instruments relating to the trust property or to transactions carried out by the trustee on behalf of the trust; and
- (c) all exchange controls.

PART 9 - MISCELLANEOUS

Commencement of proceedings.

43.(1) Any action or proceeding whether pursuant to this Act or at common law or in equity -

- (a) to set aside the settlement of an international trust;
- (b) to set aside any disposition to an international trust; or
- (c) against a trustee or trustees for breach of trust,

shall not be commenced, unless the action or proceeding is commenced in the Court before the expiration of two years from the -

- (i) date of the settlement of the international trust that is sought to be set aside;
- (ii) disposition to the international trust that is sought to be set aside; or
- (iii) breach of trust by the trustee or trustees;

as the case may be.

(2) Any action or proceeding whether pursuant to this Act, at common law or in equity shall not be commenced by any person -

- (a) claiming to have had an interest in property before that property was settled upon or disposed to an international trust; and
- (b) seeking to derive a legal or equitable interest in that property;

unless the action or proceeding is commenced in the Court before the expiration of two years from the date that the property referred to in paragraphs (a) and (b) was settled upon or disposed to an international trust.

(3) Any action or proceeding to which subsection (1) or (2) or to which section 23 applies, whether interlocutory or substantive in nature, shall not be determined and any order shall not be made, or granted by the Court (including any injunction that shall have the effect of preventing the exercise of, or restoring to a person any right, duty, obligation or power or preserving, granting custody of, detaining or inspecting any property) unless, the applicant

shall first satisfy the Court by affidavit, that -

- (a) the action or proceeding has been commenced in accordance with subsection (1) or (2);
- (b) where the action or proceeding alleges fraud or is founded upon some other action or proceeding alleging fraud, the determination or order sought would not be contrary to the provisions of section 23; and
- (c) that the requirements of section 54 have been fulfilled.

(4) Every affidavit required to be filed pursuant to subsection (3) shall be made by the person on whose behalf the action or proceeding is brought or, in the case of a body corporate, an officer thereof, and every such person or officer, as the case may be, shall depose as to -

- (a) the circumstances of the cause of action in respect of which the action or proceeding is brought;
- (b) the date upon which the cause of action accrued;
- (c) the date upon which the property, in respect of which the action or proceeding is brought, was settled on or disposed to the international trust; and
- (d) whether an action or proceeding has been commenced in respect of the cause of action and if so, the date upon which that action or those proceedings was commenced.

(5) This section shall apply to every international trust governed by the laws of Dominica and, in the event that a registered international trust changes the law by which it is governed to that of Dominica, then every proceeding after the date of registration by a person claiming to be interested in, or to be prejudiced by, the settlement of property upon such trust, or any disposition of property to such trust before registration, shall be commenced subject to subsection (1) and (2) and every determination and order shall be made subject to subsection (3) as if upon the date that the settlement or disposition was made the trust was an international trust governed by the laws of Dominica.

Investments.

44.(1) A trustee shall not invest any trust funds other than in securities, assets or property authorised expressly or by necessary implication for the investment of the trust funds by and under the instrument by which the trust is established or created.

(2) Where the instrument by which the trust is created or established authorises expressly or by necessary implication the investment of trust funds in any investment authorised by the laws of Dominica for the investment of trust funds the instrument shall be deemed to authorise investment as expressed in the Schedule to this Act.

Bankruptcy.

45. Notwithstanding any provision of the law of the settlor's domicile or place of ordinary residence or the settlor's current place of incorporation and notwithstanding further that an international trust is voluntary and without valuable consideration being given for the same or is made for the benefit of the settlor's spouse or children, an international trust shall not be void or voidable in the event of the settlor's bankruptcy, insolvency or liquidation (other than in the case of an international company that is in liquidation) or in any action or proceeding at the suit of creditors of the settlor, but shall remain valid and subsisting and take effect according to its tenor subject to sections 22 and 23 of this Act.

Retention of control by settlor.

46. An international trust shall not be declared invalid or be affected in any way if the settlor, and if more than one, any of them either -

- (a) retains, possesses or acquires power to revoke the trust;
- (b) retains, possesses or acquires power to amend the trust;
- (c) retains, possesses or acquires any benefit, interest or property from the trust;
- (d) retains, possesses or acquires the power to remove or appoint a trustee or protector;
- (e) retains, possesses or acquires the power to direct a trustee or protector on any matter; or
- (f) is the beneficiary of the trust solely or together with others.

Heirship rights.

47. An international trust or any aspect of such trust governed by this Act and any disposition of property to be held upon the trusts thereof shall not be declared void, voidable or defective in any manner nor is the capacity of any settlor to be questioned by reason that the trust may avoid or defeat the right, claim or interest of a person held by reason of a personal relationship to the settlor or by way of heirship rights.

Provisions of the Trustees Act do not apply.

48. The Trustees Act shall not apply to any international trust that is governed by this Act neither to any provision thereof nor to any transfer into such a trust.

Translations.

49.(1) Every document filed with the Registrar which is not written in English shall be accompanied by a certified translation thereof.

(2) A document not written in English and which is not accompanied by a certified translation at the time of filing shall not be accepted for registration by the Registrar.

(3) For the purpose of this section a «certified translation» is a translation in the English language which to the satisfaction of the Registrar is certified as a correct translation.

Immunity from suit.

50. Any action shall not be brought against the State, any statutory body or authority or any public or judicial officer in respect of any act or failure to act in accordance with the provisions of this Act.

Prohibition by Minister.

51.(1) The Minister may by Order -

- (a)* prohibit the registration of an international trust;
- (b)* direct any international trust to cease carrying on its business or any part of its business immediately or within such time as may be specified in the Order.

(2) An Order made under this section may be revoked or varied at any time by the Minister.

Definition of Trust.

52. A trust exists where a person (known as «a trustee») holds or has vested in him, property which does not form, or which has ceased to form part of his estate for -

- (a)* the benefit of any person (known as «a beneficiary») whether or not yet ascertained or in existence; or
- (b)* any valid charitable or non-charitable purpose which is not for the benefit only of the trustee.

Power to establish advisory bodies.

53.(1) The Minister may establish advisory bodies for matters affecting the offshore financial sector in Dominica and any body so established, shall consist of such members as the Minister may from time to time appoint.

(2) In establishing a body under subsection (1), the Minister shall have regard to the

desirability of having members who have the expertise and knowledge of the particular area.

(3) It shall be the duty of an advisory body established under this section to advise the Minister on any matter which is referred to it by the Minister.

(4) The Minister may defray or contribute towards the expenses of any advisory body established under this section.

Bond.

54. Every creditor before bringing any action or proceeding in respect of any trust property governed by this Act shall first deposit with the Financial Secretary a bond in the sum of \$25,000.00 U.S. from a financial institution in Dominica, for securing the payment of all costs as may become payable by the creditor in the event of his not succeeding in such action or proceeding in respect of the trust property.

Community property.

55.(1) Where a husband and wife transfer property to an international trust or a trust that subsequently becomes an international trust and, immediately before being transferred, the property or any part or any accumulation thereto is, pursuant to the law of its location or the law either of the transfer's domicile or residence, determined to be community property, then notwithstanding such transfer and except where the provisions of the trust deed may provide to the contrary, that property and any accumulation thereto shall, for the purpose of giving effect to that law, be deemed to be community property and be dealt with in a manner consistent with the law but in every other respect shall be dealt with in accordance with the trust deed and the governing law of that deed.

(2) Notwithstanding anything to the contrary herein contained, anything herein shall not be construed so as to cause the trust, the trust fund, the trustees or any of them, to be liable or obligated for any debt or responsibility of the settlor merely by reason of this section.

Proceeding in camera.

56. All judicial proceedings, other than criminal proceedings relating to international trusts, shall be heard in camera and details of the proceedings shall not be published by any person without leave of the Court.

Regulations.

57.(1) The Minister may make Regulations for the better carrying out of the provisions of this Act and for prescribing anything that needs to be prescribed.

(2) The Minister shall prescribe all fees under this Act.

AUTHORISED TRUSTEE INVESTMENTS

1. The following shall be regarded as authorised investments:

- (a) securities issued by, or the payment of interest which is guaranteed by the Government of Dominica;
- (b) securities issued by, or the payment of interest which is guaranteed by any of the following:
 - (i) the Government of the United Kingdom;
 - (ii) the Government of the United States of America;
 - (iii) the Government of any State within the Commonwealth;
 - (iv) the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the European Economic Community, the European Investment Bank, the International Finance Corporation, the International Monetary Fund, or the International Bank for Reconstruction and Development, the East Caribbean Central Bank;
- (c) deposits with a licensed financial institution within the meaning of the Banking Act Chap. 73:01;
- (d) debentures issued by a quoted company; or
- (e) quoted shares.

2. In this Schedule, unless the context otherwise requires, the following expressions have the following meanings:

«approved stock exchange» means the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (including the Unlisted Security Market of the International Stock Exchange), the New York Stock Exchange, the American Stock Exchange and the National Association of Security Dealers' Automated Quotation System of the United States of America, the Hang Seng Index, the Nikkei Average or any other stock exchange approved by the Minister;

«debentures» includes debenture stock and bonds, whether constituting a charge on assets or not, and loan stock or notes;

«quoted company» means a company the ordinary shares in which are quoted on an approved stock exchange;

«quoted shares» means shares quoted on an approved stock exchange;

«securities» includes shares, debentures, treasury bills, and tax reserve certificates;
shares» include stock.