

The Interview: Steve Meiklejohn

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With a stellar reputation in the trusts and private client industry, Steve Meiklejohn, Global Senior Partner at law firm Ogier, has seen dramatic changes to the sector in recent years, and believes that they may have worked in the Channel Islands favour.

Give us your personal career history in 60 seconds

I qualified as an English barrister in 1981. I then came back to Jersey and started as a humble legal assistant at Ogier and Le Cornu in 1983, qualifying as a Jersey advocate in 1985. I became a Partner of that firm in 1988, and I've been with it ever since. In terms of my work, I had a typical mixed practice between 1985 and 1996, acting for private clients, corporate clients, doing criminal, matrimonial and general litigation and other work. The world started specialising in the mid-90s, so I began my career as an international trust and private client lawyer around the end of 1996. I headed up our trust advisory group until a few years ago, and although I've handed over the reins, I've continued to be very much a trust and private client practitioner. The most recent news is that I was elected by my fellow partners to become Ogier's Global Senior Partner from the beginning of this year, which I was delighted to accept.

So what does your new role entail and will your job change as a result?

The role of senior partner depends on what any given firm expects from it. At Ogier, thankfully for me, it's not a direct management role. I see it as being a figurehead for the firm both internally and externally. For instance, I will chair the partner meetings that happen through the year, and if there's an issue that arises between management and partnership then I will be expected to mediate in that regard. Externally I have a role in terms of representing the firm in its relationships both with regulatory bodies, intermediaries in London and elsewhere, and making comment generally on behalf of the firm. The reason I'm pleased about it being a figurehead role

is that my responsibility to clients hasn't changed and I continue to do as much client work as I did last year - acting for clients is where I get the most enjoyment.

How has the private client and trust space changed in the time you've worked in it?

In one regard, it hasn't changed in that it's all to do with helping high-net-worth families create structures that enable their wealth to be transferred from one generation to another. What is different is the internationalisation of the work. We're now very aware of the opportunities of the Far East, Middle East, South America and so on, more so than 20 years ago when you were acting for clients from these regions, but weren't overly aware or necessarily interested in their tax and general regimes. These days you need to be very aware of what is possible for a family from another region, in terms of being able to use an offshore structure - so the level of understanding and awareness of offshore practitioners has to be greater.

The other side is the big difference in regulation. It's astonishing in many ways when you think back 20 years - we didn't have any anti-money laundering rules *per se* and therefore you would just take at face value a client or family coming to you from another part of the world wanting to set up a trust in Jersey - and there were no rules impinging on your ability to set up that structure and there were no rules necessarily impinging on that client in the country where he lived.

Now that's all changed. Starting with the Proceeds of Crime Law being introduced in Jersey in 1999, we've had countless further regulatory changes. And from September of next year there's going to be an obligation for a Channel Island service provider under the Common Reporting Standard to provide a minimum amount of information to the tax authorities of any given client's home country. So we're moving into a world where there is almost going to be complete transparency in terms of a client's personal tax affairs and an exposure to what that clients has established in relation to his personal wealth. So that's the fundamental difference to practice 20 years ago.

Changes to regulation have seemed particularly relentless in the last few years. How has it felt from the inside?

The pace certainly seems to have quickened since the beginning of the financial crisis as governments have sought ever more desperately to collect additional taxes. In many ways it's not surprising that there would be a focus on tax evasion and even tax avoidance, but I don't think this represents a massive threat to the Crown Dependencies, or indeed some of the Overseas Territories that our firm practices in - the main ones, Cayman, BVI, Bermuda - because ever since 1998 when the OECD first started its focus on voluntary disclosure of information, those territories have responded very positively to those initiatives. So while the pace has quickened - with FATCA, CRS, the IGA with the UK, and the EU money laundering directive, for instance - all of these things, in many ways, play to the strength of the 'CDOTs' in that we've made sure we've introduced a set of rules in this area, whether that's collection of data, regulation of trust companies, which are

seen to work and which are enforced.

And what of the way the Channel Islands have been reported in the press lately, being lumped in with the likes of Panama?

The level of bad reporting we've seen is rather depressing, particularly coming out of the UK over that period. The reality, as we know, is somewhat different in the quality of business that is done in the islands, the quality of regulation. The good news is that the people who matter - the UK government, the US government to some extent, and the EU - have been made aware of and do understand the standards that are observed in the CDOTs are higher than the standards that are adopted and observed by many of the member countries of the EU and the G20.

So does the success of the Channel Islands depend on demonstrating the quality of the services and products available?

I think you've hit the nail on the head there. I genuinely think it's the quality of service, quality of the jurisdiction and its practitioners that are the key things. If you look across most offshore jurisdictions, we've all made tweaks, enhancements, improvements to our various pieces of legislation be it trusts, companies, limited partnerships, the introduction of foundations and so on - these are the products, so to speak. Most of the offshore jurisdictions are already offering the same things. Yes, there are elements that might be attractive to one client rather than another, but essentially they are the same.

So if a family is looking to set up a structure, they have a whole world of options available. In most cases the Crown Dependencies will be the jurisdictions of choice when UK intermediaries are looking to place a client, and there's a reason for that. In our field, in Jersey alone, you've probably got five or six leading law firms, most of the main accountancy firms are here, there's a good range of banks, we have investment managers on the island as well and we have a very well-regarded court system, with judges of the highest calibre. It seems to me that those continue to be very important factors when we offer our services to the families.

How important is a global footprint to a firm such as yours?

I think as a partner it's important, because as a group of Jersey partners it enabled us to hedge our risks by diversifying jurisdictions. But also looking at it regards what we could offer a client - if we were able to sell ourselves as global offshore lawyers, we were able to come across as much more well-balanced advisers who weren't simply pitching for the island we were in. We could place a client in whichever offshore location we thought was best for that client.

And obviously since then we've recognised that it would be sensible if we were in jurisdictions that weren't purely offshore - so hence Ogier's move into Luxembourg and to China and Hong Kong, in addition to the offshore locations we're in. I certainly think that's why the bigger firms globalise.

Some firms are globalising through M&As, and there has been a lot of activity in the trust and private client space. What's your take on that?

I look at it from the outside in and I think it's good for the offshore world - certainly a lot of it has emanated from Jersey because a lot of acquisitive businesses have been headquartered here. I say it's good because it demonstrates huge confidence on the part of the investors in the administration model and also in the offshore model.

That doesn't mean that there aren't concerns about the level of activity. You talk to employees within these businesses and some express nervousness. Does this mean there will be some rationalisation of business, that there will be redundancies? People quite rightly are afraid of that. And also people worry that client service might be affected because the private equity model, in particular, would suggest a further sale of a business within three to five years. Does that represent a threat to the quality of service that might be offered to the client?

But it does seem to me that when you have serious investors coming in from private equity firms, that there is a real desire to further professionalise the offering of trust companies, to drive up corporate governance standards, to drive up service levels and again that's got to be good for offshore generally. So overall, I'm encouraged by recent activity.

What we're also seeing, that is perhaps less well heralded, is that there are senior teams coming out of those larger firms who are setting up their own, smaller operations, so clients continue to have choice. It's not just the case that we are ending up with mega-trust companies, we are seeing smaller firms having established themselves who have very good reputations with intermediaries in the UK, offering real choice to clients in terms of the size of firms a client might want to go to.

Also you have some of the smaller firms coming together - so you have somewhere with five or six members of staff joining together with two other firms of a similar size. Suddenly you have a firm that has a bit more substance with 20 members of staff. They're able to present a much more professional image in order to compete with the big boys.

If you had supreme power, what changes would you make to the trust and private client industry in the Channel Islands?

I actually think that things are working pretty well in the Crown Dependencies. There have been changes already - in Jersey we've just concluded the consultation in relation to potentially the seventh change to trust law, and I firmly expect that a draft law will be presented to our States by the end of the year. And I think the government has definitely upped its game in the last three years in responding to requests from industry to introduce a new product or service or to make a change to one of our main laws to make us more attractive. The only thing that really stands out is that we had a new charities law a few years ago. That hasn't been fully introduced, there have been cost constraints that have prevented government from fully bringing that in. That could have benefits in that we could present the island as a centre for expertise in the charitable and

philanthropic sector. I'd give the government a kick on that one I suppose. But other than that I think we're in good shape.

How do you feel Brexit is going to impact private client business in the Channel Islands?

Overall, I'm not expecting Brexit to have any significant impact on private client work in the CDOTs. If anything, Brexit could have a knock-on benefit. One question being asked is whether the UK government is going to be so focused on Brexit changes that it's going to have to put back the non-doms changes that are planned for next April. My feeling is they will probably push on with the changes - so in the short term I think offshore businesses are likely to have more work as clients are advised to make changes to their structures.

In conclusion, how do you see the next 24 months in the private client and trust space in the islands playing out?

While there have been huge regulatory changes in the last 20 years, the nature of the work we do has remained the same. I think that will continue to be the case. With wealth generally increasing around the world, I think that the need for the private client industry will always be there. I feel confident that we've got a very good future, and I think there are opportunities. You've got wealth to be made in the fintech area, and the digital sector is growing. These are going to throw up opportunities in the private client world, in that there will be people making money in the fintech and digital arena who will need their wealth structuring. And as the world becomes more digital and technology driven, the way we deliver our services will change and that applies across all financial services not just the private client sector. But I'm optimistic that we are well placed to deal with whatever comes our way.

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