



Alpadis

Pre-IPO Trusts

A Pre-IPO Trust is a structure established before a company lists publicly. It holds shares or stock options owned by founders, executives, or employees to safeguard wealth, manage succession, and optimise tax outcomes ahead of a significant valuation event.

Why use a pre-IPO trust?

Asset Protection

Shields shares from creditors, litigation, or personal risks such as divorce or incapacity.

Succession Planning

Facilitates seamless transfer of wealth across generations.

Tax Optimisation

Enables tax and estate planning prior to valuation increases post-listing.

Privacy

The trustee's name appears on the shareholder register, ensuring confidentiality.

Control Consolidation

Helps preserve ownership and voting rights.

Key components of a pre-IPO trust

Discretionary Trust

Trustee has discretion over distribution to beneficiaries.

Reserved Powers Trust

Settlor retains specific powers while delegating control to trustee.

Employee Benefit Trust (EBT)

Used to hold shares and reward key employees pre- or post-IPO.

Advantages of a pre-IPO trust

Mitigates IPO Risks

Protects against founder incapacity, disputes, or transaction delays.

Estate Planning

Transfers shares at pre-IPO valuations, reducing potential estate or gift taxes.

Continuity

Ensures continuity of control even after the founder's death.

Employee Incentives

Facilitates employee share plans and retention strategies.

Jurisdiction Commonly Used

Switzerland

Offers Swiss trustees administering trusts governed by common law principles.

British Virgin Islands / Cayman Islands

Tax-neutral with flexible trust legislation.

Singapore and Hong Kong

Strategic for Asia-based companies preparing for IPOs.

Ideal Candidates

- Founders and early-stage investors.
 - Executives with significant equity or options.
 - Families involved in succession planning.
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Why Establish a Pre-IPO Trust?

An IPO can be a transformative event for a company and its founders, but it brings complex wealth management challenges. Establishing a trust before listing helps protect shares and secure family wealth throughout the IPO process.

Pre-IPO trusts are increasingly common among founders in Asia. For example, in 2020, approximately 30 of the 147 companies listed on the Hong Kong Stock Exchange had implemented pre-IPO trusts.

Such structures not only protect assets but also provide continuity and flexibility during critical stages of growth and transition.

How Alpadis Can Help

An IPO can be a transformative event for a company and its founders, but it brings complex wealth management challenges. Establishing a trust before listing helps protect shares and secure family wealth throughout the IPO process.

- Designing pre-IPO trust structures tailored to their objectives.
 - Coordinating with tax, legal, and corporate advisers.
 - Ensuring compliance with relevant regulations across jurisdictions.
 - Providing ongoing trustee and administration services.
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