



FOUNDATIONS: AN INTRODUCTION

Foundations in 2 Minutes
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What is a Foundation?

- Often described as a hybrid of a trust and company.
- It is a separate legal entity. It can enter contracts in its own name.
- It is self owning and has no shareholders.
- It may be charitable or non charitable.



The parties to a Foundation (1)

- Founder – similar to the settlor of a trust. The person requesting the establishment of the Foundation.
- Dedicator – any person who places assets into the Foundation.
- Council – carries out a comparable role to the board of directors of a company.



The parties to a Foundation (2)

- Enforcer – ensures that the objects of the Foundation are being met.
- Beneficiaries – any individual, group or class that are entitled to benefit from the Foundation in accordance with its Rules.
- Registered agent – responsible for the establishment of the Foundation and ongoing administrative duties.



Foundation Documents

- Instrument – documents the name, the objects, the names and addresses of the council members and the registered agent of the Foundation.
- Rules – similar to the articles of association of a company or the trust deed of a trust. They set out the substantive provisions concerning the management and running of the Foundation.

Rights of the parties to a Foundation

- As set out in the Rules of the Foundation.
- Can be assigned, if permitted in the Rules of the Foundation.
- A person with sufficient interest can apply to the Foundation for the provision of information relating to the Foundation. Any information provided must be given in accordance with the Rules of the Foundation.

Powers of the Court in relation to a Foundation

- A person with sufficient interest in respect of a foundation may apply to the High Court for the Court for a number of remedies including an application for directions relating to the administration of, or the objects of, the Foundation.
- A Foundation may be wound up or be dissolved in a similar manner to a company.
- A Foundation may apply to continue in the Isle of Man from a foreign jurisdiction.



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