



CEO
Insight

**COOK ISLANDS
SPECIAL REPORT**

FALL 2025



Cook Islands
FINANCE



Financial Services from the Heart of the South Pacific

- 40 years of offshore asset protection expertise
- A strong judicial system founded on English common law
- Politically stable and sovereign - in free association with New Zealand
- Robust regulatory framework regulated by the Financial Services Commission
- Internationally compliant, with FATCA, CRS compliant, on EU 'White list'
- Experienced Trustees with decades of experience - specialising in offshore asset protection



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CONTENTS

4. A Trusted Jurisdiction for a Changing World

Insights from Tony Fe'ao on the Cook Islands' Financial Services

9. Cook Islands Trusts: A Proven Model for Global Wealth Protection

By: Alan Taylor

14. Good Rules, Strong Business: Why Regulation Is the Foundation of a Trusted Financial Centre

By: Cheryl McCarthy



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Cover & Inside Cover Image: Cook Islands Tourism Corporation

An aerial photograph of a tropical island, One Foot Island in Aitutaki, Cook Islands. The island is covered in lush green palm trees and has a white sandy beach. The water is a vibrant turquoise color, and a large boat with a white canopy is anchored near the shore. Several people are visible on the beach and in the water. The sky is a clear, deep blue.

A Trusted Jurisdiction for a Changing World

In this interview, Tony Fe'ao, CEO of the Cook Islands Financial Services Development Authority, shares how the jurisdiction continues to evolve amid shifting global dynamics.

He discusses the Cook Islands' approach to regulatory balance, its modernisation of captive-insurance and trust structures, and its growing appeal to new markets across Asia, Latin America, and the Middle East.

Over the past four decades, the Cook Islands has built a reputation as a trusted, well-regulated international financial centre - one that combines proven legal foundations with a forward-looking commitment to innovation, integrity, and global standards.

What major global or regional trends over the last 12 months have most influenced your thinking or strategy for Cook Islands Finance?

In today's environment, global politics and rising regulatory demands are changing the way advisors think about where to place their clients' structures. Businesses now face higher compliance costs and more complex rules, but this shift has also created an opportunity: it has levelled the playing field amongst jurisdictions.

As a result, top advisers are no longer relying solely on the same familiar jurisdictions - they are willing to seek out well-run, well-regulated alternatives that offer the stability and credibility their clients deserve.

I am also seeing a shift in client and advisor priorities. It's no longer simply about tax efficiency. Families and business owners are looking for long-term solutions that can protect their wealth through economic and geopolitical uncertainty. They want flexible structures that preserve their legacy, support succession planning, and have a proven ability to withstand external pressures.

How is the Cook Islands balancing its asset protection legacy with increasing demand for transparency, ESG compliance, and responsible investing?

The Cook Islands has proven that asset protection and international compliance can co-exist. Our jurisdiction is fully compliant with FATCA, CRS, and OECD standards and continues to maintain its place on the EU 'white list.'

The fundamental principles that established the Cook Islands as the gold standard in asset protection remain unchanged. What has changed is how these structures operate within today's regulatory environment.

Cook Islands structures are now being administered in a way that incorporates ESG considerations, because clients increasingly want their trusts and family structures to reflect sustainable and responsible values.

What is the status with the development of captive insurance legislation?

Captive insurance is an area of growing stra-

tegic focus for Cook Islands Finance. Work is underway to modernise our captive insurance legislation to support more flexible and accessible structures. A new cell-based framework will allow licensed insurers to set up and manage multiple ring-fenced cells under one structure.

In practice, this means a business can self-insure specific risks within its own cell, gaining the benefits of a captive (control, cost efficiency, and tailored coverage) without the complexity of establishing a standalone captive company. This gives businesses the flexibility to respond to emerging challenges such as uninsurable risks, ESG factors, and industry-specific needs.

How is the Cook Islands responding to shifting global scrutiny from the OECD, EU, or FATF in 2025? What safeguards keep the Cook Islands 'in the white'?

The Cook Islands remains committed to international cooperation and transparency. We maintain strong alignment with OECD and FATF standards, and our continued presence on the EU whitelist affirms the effectiveness of our approach.

The Financial Supervisory Commission (FSC) and the Financial Intelligence Unit (FIU) engage regularly with international bodies to ensure we meet evolving requirements without undermining the legal certainty clients value.

The Cook Islands financial services industry can also mobilise quickly when international standards change, working closely with regulators and government to maintain the jurisdiction's reputation for compliance, responsiveness, and integrity.

Are you seeing any appetite for digital assets or fintech-related service models? How is the jurisdiction adapting technologically?

Interest in digital assets and fintech innovation is increasing, as clients and service providers explore how emerging technologies can make financial services more efficient and secure.

The Cook Islands' National Digital Strategy



[The Cook Islands] values integrity, professionalism, and personal service - giving you the confidence you need and the certainty your clients deserve.



2024-2030 and the FSC's Money and Payment Services Policy both underline a commitment to innovation and cybersecurity - grounded in sound regulation. We continue to monitor developments in digital custody, blockchain structuring, and regtech to ensure the jurisdiction is ready to respond when demand matures.

What makes the Cook Islands approach to compliance both effective and client-friendly?

The strength of our compliance framework lies in its balance. We require full disclosure, independent legal advice, and proper documentation. Our courts are independent and grounded in English common law, and our regulatory authorities are both robust and accessible.

We offer a level of transparency that satisfies global standards, but without the red tape or legal uncertainty that can accompany other jurisdictions - all delivered through experienced licensed service providers who understand the needs of sophisticated international clients.

How has your client base evolved in the past year? Are there any particular regions or client profiles driving new business?

We continue to see strong growth from our largest market, the United States, where litigation risk and succession planning remain key drivers of demand. Interest from Asia is also rising, with families seeking stable, long-term structures to support the transfer of wealth to the next generation. And with the rapid expansion of wealth in the UAE, enquiries for Cook Islands wealth-management solutions from hubs such as Dubai have increased significantly.

What misconceptions still exist about IFCs, and how is Cook Islands Finance helping to correct that narrative?

A common misconception is that international financial centres - like the Cook Islands - exist to hide wealth and assets of rich people.

In reality, the global shift towards regulation and compliance makes 'hiding' assets bad for business - not only for clients, but for the reputation of advisors and ultimately tarnishing the reputation of jurisdictions that tolerate



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bad behaviour. There is also a persistent bias against smaller, lesser-known international financial centres, which often face outdated stereotypes simply because they are not as familiar to global advisers.

How do we correct that narrative? By turning up in the marketplace and leading with substance. Our legislation, judiciary, and case law speak for themselves. We demonstrate strong compliance through EU "white list" status and full OECD, FATCA, and CRS alignment. Experienced Cook Islands trustees strengthen our presence in the marketplace, supported by credible international advisers who successfully use Cook Islands structures for their clients.

What are the biggest opportunities you see in the next 12–24 months?

The development of the Cook Islands' captive insurance regime - including the new cell-based framework discussed earlier - presents a major opportunity for growth. We're also seeing growing interest in Managed and Private Trust Company models, offering families and advisers more control and flexibility while staying within a well-regulated Cook Islands framework. Beyond our

traditional markets in the United States, Hong Kong, and Singapore, we are seeing new opportunities emerging from China and the Middle East, where demand for alternative offshore jurisdictions continues to grow.

If you were talking to a sceptical family office or HNW advisor, what's your one-minute pitch for choosing the Cook Islands today?

If you're weighing options for structuring wealth, protecting assets, or managing risk, the Cook Islands stands out as a world-class jurisdiction built on 40 years of proven trust law and a strong, principles-based regulatory framework overseen by an independent and pragmatic regulator.

This strength is supported by a stable government, independent courts adjudicated by experienced New Zealand High Court judges, and an industry of highly-skilled professionals who understand the complexities of international wealth management.

You'll find a jurisdiction that values integrity, professionalism, and personal service - giving you the confidence you need and the certainty your clients deserve.

Tony Fe'ao

Cook Islands Trusts: A Proven Model for Global Wealth Protection

With more than 30 years' experience in the Cook Islands financial services industry, Alan Taylor has witnessed first-hand how global uncertainty, shifting regulation and economic volatility can impact the preservation of wealth.

He observes that while unpredictability often creates opportunities for growth, it equally exposes wealth to loss through poor decisions, political interference or opportunistic claims.

In such an environment, high-net-worth individuals must take active steps to safeguard their assets and ensure their wealth is structured for long-term protection.

Despite the volatility of global financial markets, increasing geopolitical tensions, trade wars and general economic uncertainty, global personal wealth levels continue to rise, with total global wealth projected to grow approximately 7% per annum over the next three years.

In 2023, there was a 4.7% increase in high-net-worth individual (HNWI) wealth to US\$86.8 trillion, with the number of HNWI's rising to 22.8million¹.

Whilst the uncertainty and unpredictability that currently exists may provide wealth-generating opportunities, it also creates an environment where wealth can be lost through poor investment decisions, squandered by reckless behaviour, taken by political force or attacked by vexatious litigants. It's against this backdrop that HNWI's should now actively plan, or review existing plans, to ensure the wealth they hold, and anticipate creating, has the best protection available.

The Use of a Trust

For centuries, trusts have proven to be the ideal wealth management vehicle and, therefore, the key ingredient in a wealth management plan.

The trust is a creation of English common law and used for a variety of planning purposes including:

- **Wealth protection** – the protection of assets from those who by force, legislation or



A carefully constructed trust, established in the most appropriate jurisdiction, will... protect assets from uncertain political and economic climates.

A carefully constructed trust, established in the most appropriate jurisdiction, will allow the HNWI to: determine how and when a beneficiary will receive assets settled onto the trust; protect assets from uncertain political and economic climates; avoid forced heirship rights and structure businesses to ensure effective management and corporate succession.

The trust is the ultimate asset owning vehicle in the plan. It can hold, directly or indirectly, all types of assets; moveable and immovable, bankable and non-bankable, ranging from investment portfolios to real estate to shares in private holding, investment and trading companies, to luxury assets such as yachts, planes and works of art.

The structure implemented can also provide the HNWI with varying degrees of control over the investment and management of trust assets without compromising the validity of the trust.

The Cook Islands International Trusts Act 1984, as amended ("ITA")

The cornerstone of the Cook Islands international financial services industry and its asset protection framework is the International Trust established pursuant to the ITA. The ITA enhances the English common law on trusts, and in doing so has made the Cook Islands an industry leader in the protection and preservation of wealth. By providing laws better suited to the needs of people in today's society, the Cook Islands has become a trust jurisdiction of choice for many HNWI's, their families and professional advisors.

The ITA creates a robust framework that provides for professional trustee management while offering the strongest protections against third-party claims. A Cook Islands trustee must be appointed to obtain the benefits of Cook Islands trust laws. Settlers who might be apprehensive when transferring their assets to a Cook Islands trustee can obtain comfort by retaining elements of control over those assets, including their investment and distribution. Investment advisors and managers can be appointed who the settlor is familiar with and has confidence in. In addition,

- litigation, may try to take them away;
- **Succession** – to ensure assets pass to the next generation in accordance with the settlor's specific wishes;
- **Avoidance of probate** – removing the need for probate on death by transferring assets from the estate now;
- **Tax** - the effective and legitimate minimisation of tax charges on the transfer or sale of assets and the income they may generate;
- **Pre-migration** – the structuring of assets and affairs in a fiscally efficient manner before becoming resident in another country;
- **Confidentiality** – allowing settlors and their families to benefit from their assets and conduct their business without unnecessary disclosure of personal information.





With its innovative and progressive asset protection laws, the Cook Islands can provide a haven amongst the global unrest, giving great comfort to those seeking security and stability for their wealth.

tion, the settlor can appoint co-trustees and protectors (who maybe professional advisors, business colleagues or family members) to act as a watchdog over the Cook Islands trustee.

The ITA is specifically designed to strengthen the asset protection provided by a trust. It contains several provisions to assure a settlor that their wealth will not be open to frivolous and vexatious litigants and will be managed, invested and distributed during their lifetime and beyond in accordance with their intentions.

Clear rules based on specific times and events are in place to define the rights of claimants against trust assets, providing settlors and claimants alike with certainty and

reducing the potential for ambiguity and frivolous claims.

The Cook Islands does not recognise forced heirship rules in foreign jurisdictions or foreign judgments where they are inconsistent with Cook Islands law. Again, this gives the settlor great comfort knowing that the assets in the trust are safe from external inheritance and legal claims. Any claim to assets must be dealt with in the Cook Islands court under Cook Islands law.

Finally, the Cook Islands permits dynastic trusts, being trusts with no fixed termination date, allowing for perpetual wealth preservation and succession across generations.

Choosing the Cook Islands

In addition to its trust laws, the Cook Islands offers many other features required by individuals and their advisors when choosing a jurisdiction in which to establish structures to form part of an international wealth management plan.

TRUSTEE COMPANIES

Any vehicle established under the Cook Islands' offshore legislation must be registered through a licensed Cook Islands trustee company to obtain the benefits and protections of that legislation.

The Cook Islands has several licensed trustee companies, most of which have been in existence for more than 30 years. Each can provide a level of expertise, experience, knowledge, integrity, substance and professionalism to rival any jurisdiction in the world. Each trustee company is licensed and regulated by the Cook Islands Financial Supervisory Commission.

REGULATION AND COMPLIANCE

The Cook Islands is committed to complying with its international obligations in relation to anti-money laundering, the countering of terrorist financing, transparency and the exchange of financial information to combat tax evasion.

The Cook Islands has continually demonstrated its overriding commitment to meet all of its international obligations and has clearly

proven itself to be compliant and responsible.

PRIVACY

Whilst meeting its international obligations on transparency and information exchange, the Cook Islands also, through its laws, retains an individual's right to legitimate confidentiality.

The Cook Islands does not have public registers for beneficial ownership of incorporated entities or trusts, and has strict privacy laws preventing the disclosure of trust information to third parties unless authorised by law.

POLITICAL STABILITY

The Cook Islands has a Westminster-style parliamentary democracy. It has always been politically stable with no threat of military or social unrest. For several decades, regardless of the governing party, the Government has shown itself to be fully supportive of its financial services industry. This has been achieved through the timely passing of progressive and innovative legislation and investment in the industry's growth and development.

RULE OF LAW/JUDICIARY

The Cook Islands has a legal system found-

ed on English common law and a strong history of respect for the rule of law. There is a hierarchy of courts comprising a High Court and Court of Appeal, with the ultimate appellate court being the Privy Council in London sitting in right of the Cook Islands. The Cook Islands High Court and Court of Appeal judges are experienced New Zealand judges who apply Cook Islands law.

CONCLUSION

Given increasing global economic, political and social uncertainty, individuals, corporations, and their advisors should be looking immediately to secure their wealth and ensure it has the protection it deserves.

Experience, expertise, integrity, stability and acting responsibly have been the cornerstones of the Cook Islands international financial services industry for more than 40 years.

Combined with its innovative and progressive asset protection laws, the Cook Islands can provide a haven amongst the global unrest, giving great comfort to those seeking security and stability for their wealth.

■ Alan Taylor



Author Bio Alan Taylor

Alan Taylor is the Legal Technical Advisor for Cook Islands Financial Services Development Authority (Cook Islands Finance). Alan graduated from Auckland University in New Zealand with degrees in law and economics and is admitted to the bar in New Zealand. Alan is a member of STEP, the Institute of Leadership and Management, and the New Zealand Institute of Directors. Alan has worked in the international financial services industry in the Cook Islands, Jersey, and Singapore. He has held legal, business development, and senior management positions in both public and private organisations.

Good Rules, Strong Business: Why Regulation Is the Foundation of a Trusted Financial Centre

Strong regulation is the backbone of every trusted financial centre. For business leaders, the right framework provides clarity, credibility, and confidence to grow sustainably. In the article below, we explore why “good rules make good business” and how regulation is increasingly recognised as a competitive advantage in today’s global marketplace.

Cheryl McCarthy, Commissioner of the Cook Islands Financial Supervisory Commission (FSC), shares her perspective on how these principles are applied in practice to strengthen the Cook Islands’ reputation as a well-regulated and resilient jurisdiction.

Every successful financial centre is built on trust - and trust begins with rules that are clear, consistent, and fair. A strong regulatory framework is thoughtful and concise, but also flexible enough to adapt to different business situations. At its best, it is backed by a regulator that is firm but fair, striking the right balance between managing risk and enabling growth.

While a good regulator will naturally be conservative on risk and sceptical in supervision, regulation is always a balance – with the goal being to avoid unnecessary burdens or bureaucracy that might stifle innovation and sustainable growth. A healthy financial sector is one where the framework supports innovation and business development alongside the protection of customers and the system as a whole.

Regulation gives clarity and certainty. Businesses know what is expected of them, and clients gain assurance that their service providers are being monitored. Where circumstances require further consideration, open working relationships between regulator and industry allow matters to be resolved in a balanced and fair way.

The aim is not only to protect the jurisdiction but also to protect clients and their advisers. Licensing requirements mean that customers already have a degree of assurance that the businesses they deal with are legitimate, and that an independent authority is monitoring their activities. Should problems arise, there

is somewhere to turn.

This is why strong regulation makes business better, not harder, in the long run. It provides credibility and legitimacy, which in turn give clients confidence and comfort. For businesses themselves, regulatory oversight such as supervisory audits can drive efficiency and strengthen operations over time.

Compliance, too, should not be seen as a burden. As financial services have become more globalised and digitalised, fraudulent and negligent activity has increased greatly. People want to know that their money will be safe, wherever they place it. In this environment, international compliance is increasingly seen as a competitive advantage.

The misconception that compliance is just a checklist to avoid penalties misses the point. In practice, compliance can be leveraged as an opportunity to review risks, strengthen information management, improve policies and procedures, and enhance client service. Done well, it can identify growth opportunities, support efficiency, and create better working environments for employees.

Ultimately, good rules build strong businesses. They provide clarity, attract legitimate operators, protect clients, and build trust. As the digital age advances, investment in compliance systems will be vital to ensure that regulation continues to be an enabler of sustainable, competitive growth.

■ Cheryl McCarthy



Q&A with Cheryl McCarthy

Commissioner, Financial Supervisory Commission (Cook Islands)

Cheryl was appointed Commissioner of the Cook Islands Financial Supervisory Commission in October 2020, after serving as Deputy Commissioner since 2016. She brings a broad range of legal and policy experience, with a particular focus on modernising the regulatory framework to meet the demands of digitisation and financial technology.

How does regulation help filter and attract the right kind of business to a jurisdiction like the Cook Islands?

It is important that we only allow those businesses that contribute to the Cook Islands economy and reputation. Our regulatory framework ensures that we know who is wanting to operate in the Cook Islands and the type of business they are wanting to do. This allows to firstly determine whether the business is indeed legitimate, and if so whether it will contribute positively to the Cook Islands, whether by bringing in investment or capital or taxes, creating jobs, utilising Cook Islands services or enhancing the reputation of the Cook Islands and its financial sector.

How do Cook Islands laws and enforcement systems create clarity and certainty for financial services providers and clients?

Our regulatory framework is clear and concise as to the expectations of us as regulator for our various licensees and regulated entities. Where circumstances may arise require further consideration, we as regulator have promote and maintain open working relationships with all in our financial sector to resolve any matters in a balanced and fair way.

How has the Cook Islands aligned with international standards such as FATF, OECD, and EU requirements—and what has that achieved for the jurisdiction?

The Cook Islands did exceptionally well under the Global Fourth Round Mutual Evaluations against the FATF Standards by the APG. Receiving a number of substantial ratings for its regulatory framework and risk management. The work to align our AML/CFT Framework with the revised FATF methodology continues and we are well placed to meet those

requirements when the Cook Islands is next assessed in 2030.

We continue meet international standards in respect of tax transparency and harmful tax regimes led by the OECD and EU.

How does the FSC support industry growth while maintaining a high standard of regulatory oversight?

The primary way FSC supports industry growth is by providing an enabling and facilitative environment for the financial sector, having an open door policy in terms of engagement with licensees and potential licensees, taking an active role in initiatives by government to modernise the financial sector and to ensure that its regulatory framework is aligned with international standards but still customised to the Cook Islands specific context.

Can you speak to how proactive compliance (e.g., mutual evaluations, tax transparency) contributes to the Cook Islands’ reputation globally?

The Cook Islands is a small but active player in a large global system, a system where clients and financial business have an immense range of options as to where and with whom they might choose to do business with. Being proactive in participating in international reviews against international standards is a key component in providing those clients and financial businesses the assurance that doing business in and with the Cook Islands is not only beneficial but safe. The report produced by these international reviews are fundamental in providing a consistency and independent assessment of the Cook Islands financial sector, and the Cook Islands economic environment generally.



Safeguarding Family Wealth.

Protect relationship property
from the consequences of
divorce and separation.

A Cook Islands International Relationship Property Trust (IRPT) provides certainty as to how specific property set aside as “relationship property” will be administered, managed, and distributed during the relationship and following a couple’s separation.

Assets remain intact and available for the benefit of both the couple and their children - under the terms of the trust instrument - providing stability and peace of mind to all parties concerned.

