



Wealth & Investment
Boutique

Swiss Experience
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*Wealth Management
& Family Office Services*



FREEPORT – EDO : SAFE AND DISCREET

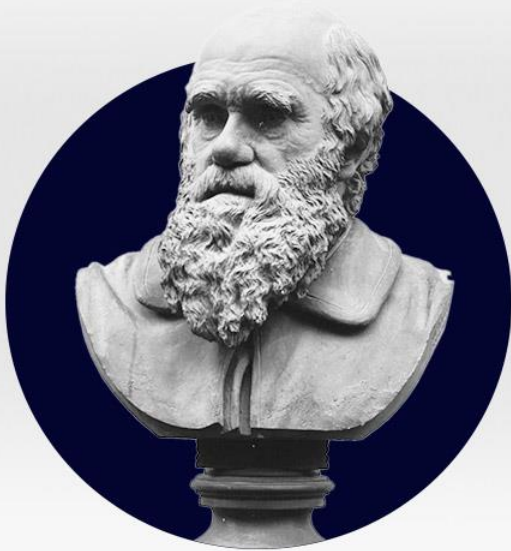


THE CONCEPT OF FREEPORT IS NOT NEW:

- “Free” refers to the suspension of customs duties and taxes.
- Created to facilitate trade by exempting goods in transit from import duties or sales tax.
- Originally intended as temporary, while goods were in transit, but for much of the stored wealth it is, in effect, permanent, as there is no time limit.
- Now used mainly to store high-value goods discreetly and safely.



EVOLUTION OF THE FREEPORT CONCEPT



“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.”

Charles Darwin

4

The fact that FreePort exists in many countries with different legal regimes makes the Federal Council reluctant to tighten rules that may put the Swiss art market at risk. The major Art Basel fair and Geneva auctions rely on FreePort. We can note some increase in autoregulation.

3

The FreePort is much more controlled than a few years ago.
But there is no transmission of the information.

2

A boom in the art market up (still underway) led to art FreePort opening in Singapore in 2010, Monaco in 2013, and Luxembourg and Beijing in 2014.

1

The 2008 financial crisis and the Panama & Paradise Papers publication diluted the banking secrecy in Austria, Luxembourg and Switzerland, piqued interest in relatively confidential FreePort.



OPEN CUSTOMS WAREHOUSE (OCW = EDO)

FREE
PORT



- Open custom warehouses (OCW) are warehouses within Swiss custom territory in which warehouse operators (importers, carriers, transit agents, freight forwarders, etc.) can store their own or third-party foreign goods. The goods are moved in transit from the border to the warehouse (approved place) without any customs duty being paid.
- At the end of storage, the warehouse operator can also carry out the import duty assessment directly on site. He can also initiate a transit procedure and export the goods out of Switzerland again.
- Unlike FreePort customs authorities are not permanently on site in Open Customs Warehouse and conduct spot checks only.
- As a result, the license to operate an open custom warehouse is subject to strict rules and the customs authorities require a security deposit of usually 2% of the value of stored goods. In addition, an inventory has to be maintained not only for 'sensitive' but for all stored goods.



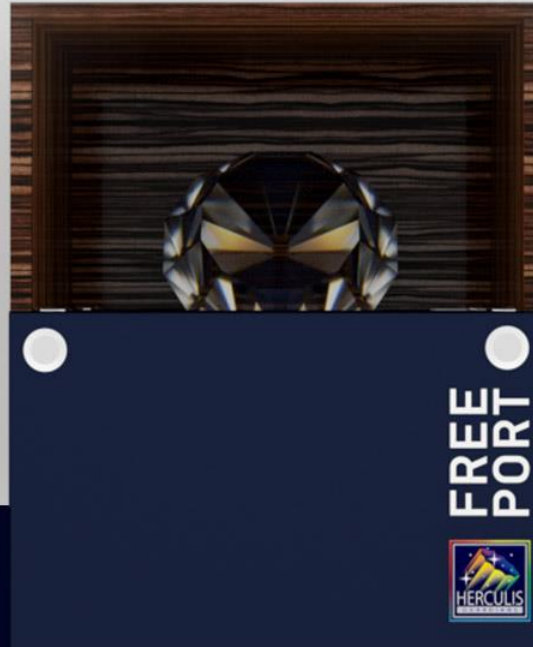
OPEN CUSTOMS WAREHOUSE (OCW = EDO)

IN AN OPEN CUSTOMS WAREHOUSE THE FOLLOWING DO NOT APPLY:

- The assessment of import duties such as customs duties, import tax, etc.
- Commercial policy measures (especially limits on quantities, as well as monitoring and protection controls).

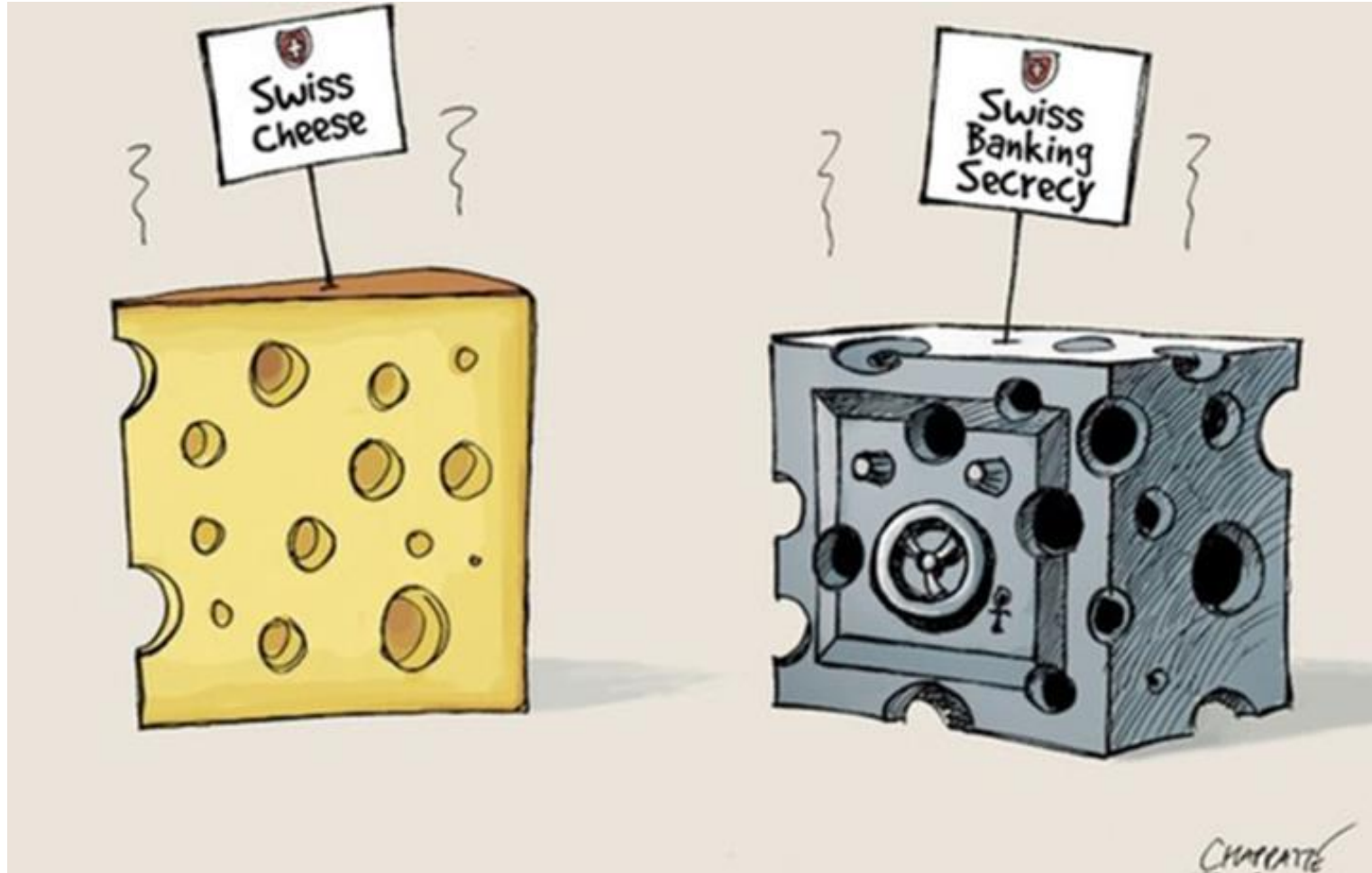
THE MAIN BENEFITS OF AN OPEN CUSTOMS WAREHOUSE ARE:

- Temporary storage: transit goods can be stored without paying any import tax.
- Credit function: for goods destined for sale in the customs territory, import duties only need to be paid after the end of stockpiling.
- Not limited to a specific place: the goods do not have to be sent to a specified customs office.
- Existing infrastructures can be used for effective cargo handling and storage.





REGULATORY FRAMEWORK





EVOLUTION OF THE CUSTOMS LEGISLATION

March 18, 2005

The new Customs Law was adopted
(effective from May 1, 2007)

2005

Previously, the FreePorts were not part of the Swiss customs territory and were therefore not regulated.

The controls of the Federal Customs Administration (FCA) were limited to controls as practiced at the border.

May 1, 2007

The new law introduced

2007

The new law introduced the following changes:

- A new definition of free port that is part of the customs territory.
(The Swiss law is therefore still applicable in its entirety.)
- The requirement for the inventory of so-called sensitive goods.
- The customs carry out customs and non-customs directives.
- These tasks are clearly defined in the law (indirect taxes and 150 to 200 legislative acts other than customs).
- No direct taxation task.



NEW LAW REQUIREMENTS

2015

Following the strategy of the Federal Council in 2015 (after the Federal Financial Audit), the Ordinance on Customs was amended (effective from January 1, 2016)

2016

1 января 2016

Following the strategy of the Federal Council in 2015 (after the Federal Financial Audit), the Ordinance on Customs was amended

It provides 4 modifications:

- The name and address of the owner of the goods must be listed in the inventory.
- The list of sensitive goods has expanded to include alcohol, tobacco and cars.
- For the goods from Switzerland, the very flexible practice that prevailed has now been terminated. For an extension of the 6-month period, the Ordinance requires sufficient grounds and that the buyer is overseas. The delay may be extended only 3 times (maximum 2 years).
- The inventory must be provided in electronic form, to facilitate the Customs control work.



ANTI-MONEY LAUNDERING ACT

In Switzerland, FreePort is not a financial intermediary and is not subject to the AMLA.



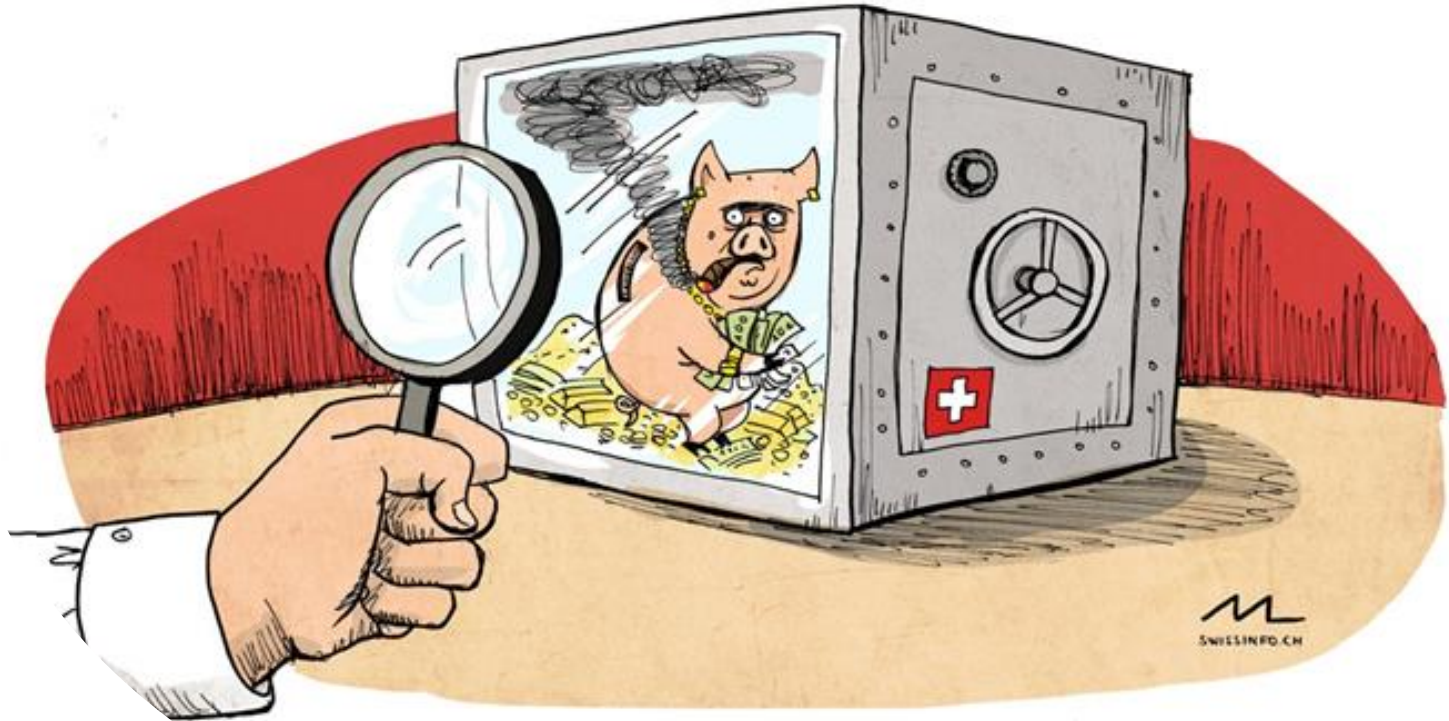
However Article 305 bis of the Penal Code applies:

Anyone who commits an act calculated to impede the identification of the origin, the discovery or confiscation of assets that he knew or should have assumed that they came from a crime or a qualified tax offense will be punished with a custodial sentence of three years or a fine.

- In this first case it is a crime
(максимум 3 года)
- In serious cases, the offender acts as part of a criminal organization, a gang formed or made money laundering business, the penalty can be up to five years and a monetary fine.
- Such, the legislator wanted a scale of value and considers that the desire to make money laundering is a crime.

Regarding anti-money laundering, we find that the legal framework applied in other European countries is more restrictive than in Switzerland:

- In Luxembourg, authorized operators are subject to obligations similar to those of financial intermediaries.
- In Monaco, the authorities require to know the name of the economic beneficiary for cargo owners.





FROM THE SPOTLIGHTS...

- Swiss customs does not publish the value of goods declared by customers. A 2014 Swiss Federal Audit Office (SFAO) report quotes estimates of over \$100 billion for the Geneva sites.
- Although the most famous, as it attracted lots of attention, the Geneva Freeport has grown briskly. It opened a high-security art facility with over 10,000 square meters in 2014, taking total capacity to 52,000 square meters.





... TO CONFIDENTIALITY

- Herculis EDO has a unique high-security building for the safe storage of personal valuables (paintings and precious stones).
- Our Company offers two storage regimes to our clients: EDO or Swiss domestic deposits over three dedicated vaults of 20m² each, as well as individual safe boxes of various sizes.
- HERCULIS EDO is located in the center of the City of Porrentruy (canton du Jura) with easy access by highway (Basel Airport at 50 km) and railway (TGV speed train station at 15 km)





A HIGH-TECH SECURITY SYSTEM: MADE IN SWITZERLAND

SAFE AND SECURED STORAGE:

- Optimal preservation conditions adapted to each category of valuables are in place.
- Top security and privacy.
- Individual and versatile solutions.

WHAT DISTINGUISHES US:

- Segregated and collective storage in domestic and bonded warehouses.
- Access any time according to appointment.
- Professional transportation logistics.



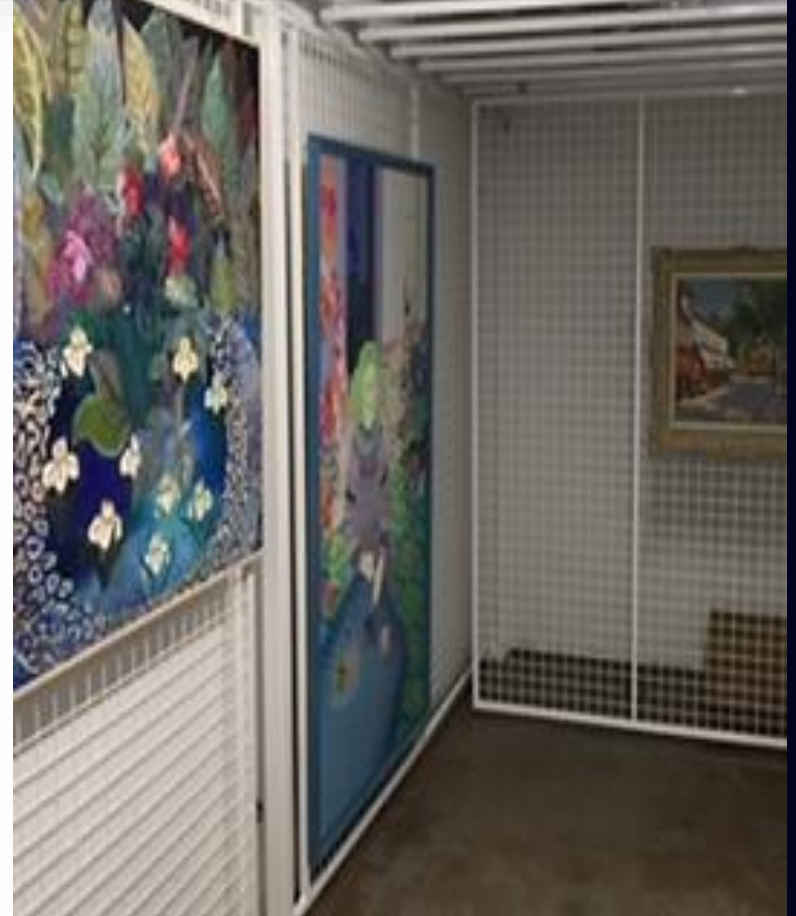
HERCULIS EDO has been awarded a “Superior than average” rating in the Global Risk Evaluation report for its cutting edge technology, impeccable climate control and state-of-the-art security systems renders the facility resistant to theft, harsh elements, vandalism and fire.



ART DESERVES THE SAME PROTECTION AS EVERY OTHER ASSET

THE ADVANTAGES:

- Customized to the needs of our clients.
- Discretion and confidentiality.
- Highly competent staff available at all time on request.
- With online auction Paddle8 we are linked to streamlined buying and selling experiences.
- Our clients can benefit from our large network of professionals providing art valuation, art advisory, insurance brokerage, tax and customs advisory, and art monetization services down to the online auction company.





HERCULIS EDO – OPEN CUSTOMS WAREHOUSE

THE ADVANTAGES:

- Precious stones or painting can be expertised in a safe environment.
- Renting showroom for display and observation.
- Trading on site between different player operating on the art and diamond markets.
- Testing and inspection can be performed without moving the goods out of EDO.
- Painting and precious stones are stored in one safe place deferring logistic, transportation and insurance costs.
- The securely stored valuables can be easily used for financing purposes as Art or Diamond lending.
- Postponing VAT payments enables clients to improve their cash flow.





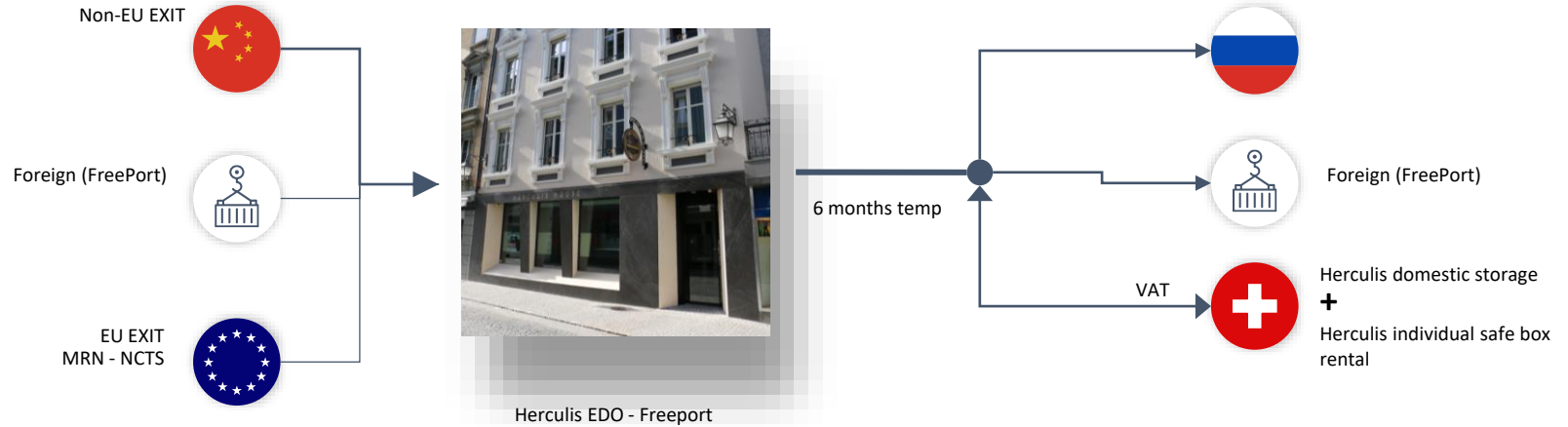
PRECIOUS STONES AND JEWELS : SECURELY STORED

THE ADVANTAGES:

- The dedicated closets for precious stones deposits.
- No guarantee is required by tax authorities to secure the final tax liabilities due to the Custom Authority control on site.
- Precious stones can be easily shipped worldwide to all major diamond hubs or other Freeports.



GOODS DELIVERY PROCESS

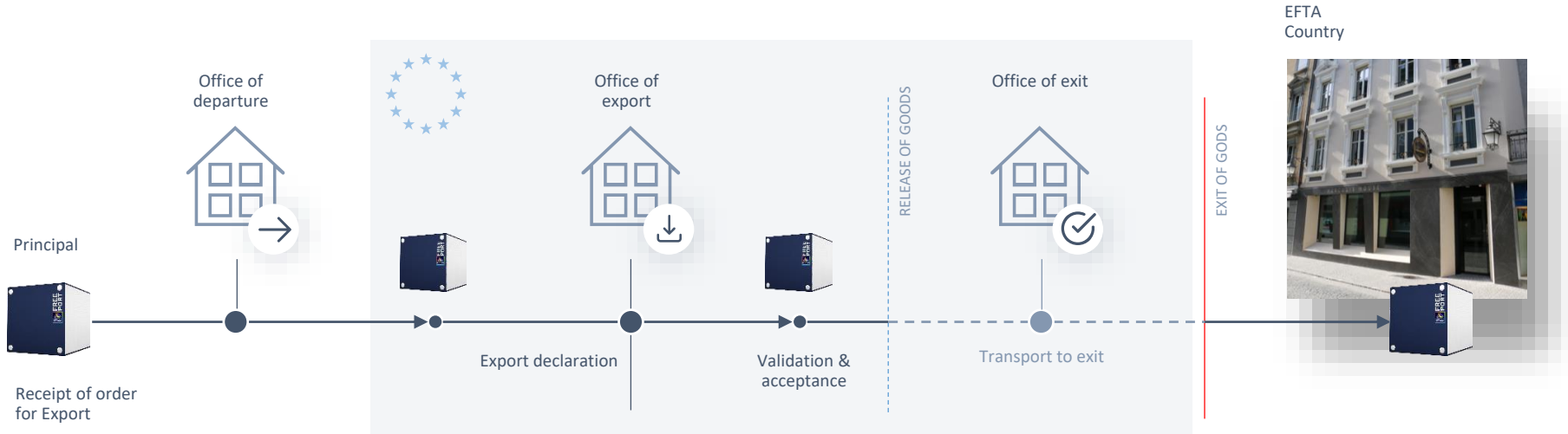


- Shipments (goods) that will be imported from abroad to be stored in HERCULIS EDO must be "in-bond" for the transit between the Swiss border of entry (eg. Basel route or an airport such as Zurich) and the place of storage (Porrentruy).

- For this purpose, a national (if established at the border) or international transit document if established abroad must accompany the shipment (a copy of this document must be in the possession of the driver who transports the goods).

PROCESSING GOODS IN EUROPEAN UNION

The goods are transported by road to the final customer in EFTA country Switzerland.



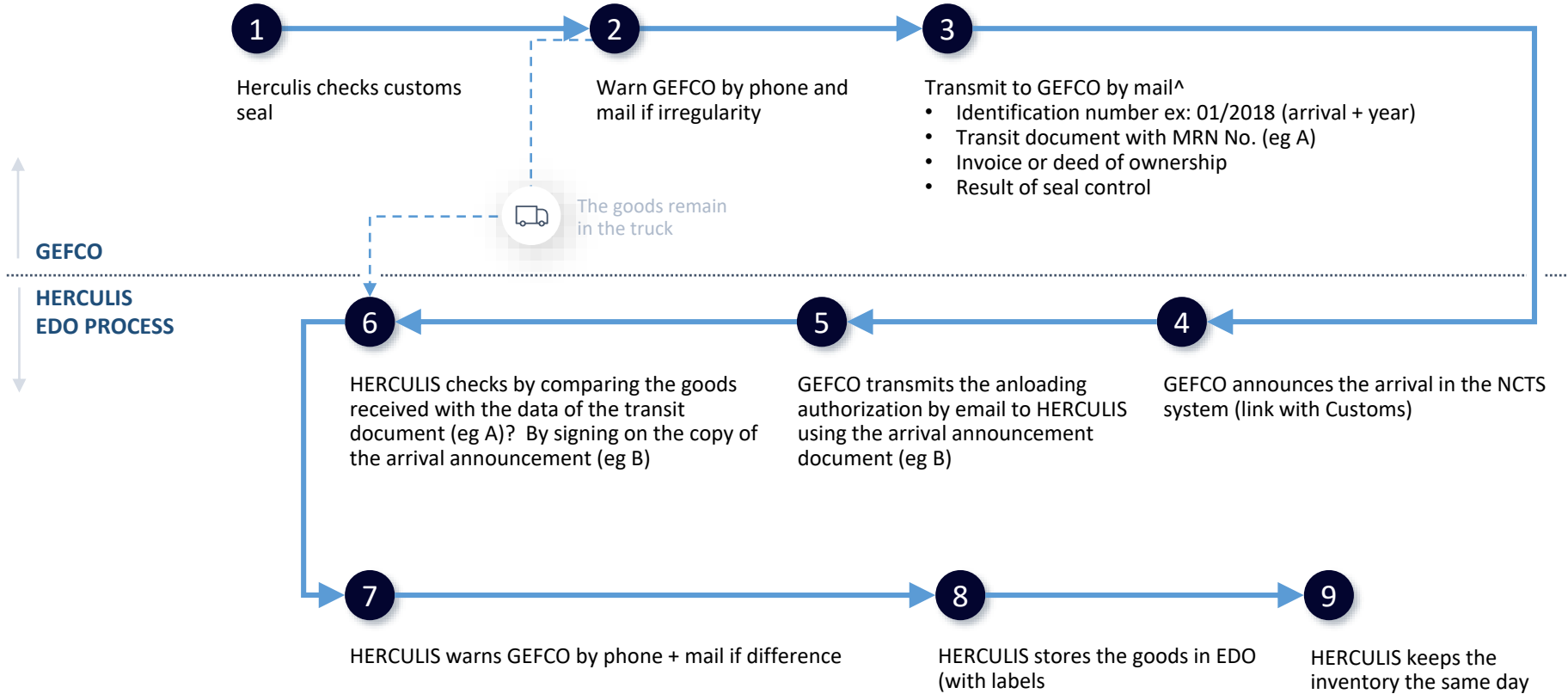
The principal (Company A) or another trader on his behalf (for example, a carrier or customs agent), lodges the transit declaration (NCTS declaration) at the customs office of departure and indicates the transit guarantee number (GRN) or presents the proof of transit guarantee. The declaration is lodged electronically from the trader's premises.

At the same time, the principal presents the goods to the customs office of departure.

- 1 → 2
 - 2 → 3
 - 3 → 4
- 2 The customs office of exit supervises the goods' leaving the EU customs territory.
 - 3 It confirms the exit by forwarding an electronic message (the exit results) to the customs office of export. The carrier has the obligation to inform about the exit.
 - 4 On the basis of this message, the customs office of export certifies the exit to the exporter / declarant. The information about the exit can be used for VAT / Excise purposes.



PROCESSING ARRIVAL GOODS IN FREEPORT





swiss tourism



atouts

- montagne
- ~~secret~~ bancaire
- ~~securite~~

We can suggest
HERCULIS GUARDIANS
Safes & Freeports
in Porrentruy





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Boutique

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Porrentruy

1.

Family Office Services

2.

Wealth and Assets Management

3.

Private Equity and Alternative Investments

4.

**Trustee Services
(Domiciliation, Administration and Accounting)**

5.

Safe Boxes and Precious Metals