

Family governance: constitution, council and succession

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Over several generations, unclear roles, unspoken expectations and unresolved disputes can erode family wealth considerably. Family governance gives a family agreed rules for decisions, leadership and conflict, and a family office is often the place where these rules are put into practice.

1 The family constitution or charter

A family constitution, also called a family charter, records the family's values, its long-term goals for the wealth and the rules by which members take part in decisions. Typical topics include who counts as a family member for governance purposes, how members may work in the family business or office, dividend and distribution principles, and how the next generation is prepared. In most cases the charter is a statement of intent with limited direct legal force, so key points need to be reflected in binding instruments such as shareholder agreements, articles of association, trust deeds, foundation documents or wills.

2 The family council

A family council is a smaller body that represents the wider family, prepares decisions and maintains communication between the family and the boards of the operating companies and the family office. Its composition, terms of office and voting rules should be defined clearly. Separating the family council from the board of the family office helps to distinguish family matters from management decisions, and many families also hold a regular family assembly open to all adult members.

3 Succession of leadership

Succession concerns both ownership and leadership, and the two do not always pass to the same people. A succession plan should address criteria for leadership roles, the timetable for handover, the role of the outgoing generation and interim arrangements if a leader dies or becomes incapacitated. Under Swiss law, forced heirship rules and matrimonial property regimes can limit how freely ownership is allocated, while families with members in several countries must also consider foreign succession and tax rules.

4 Conflict resolution clauses

Disputes within families are best handled discreetly. A charter or shareholder agreement can provide for a staged process, starting with discussion in the family council, followed by mediation and, if necessary, arbitration. Switzerland is an established seat for arbitration, which offers confidentiality and the possibility of choosing arbitrators with experience in family and corporate matters. The clauses must be consistent across all relevant documents so that one dispute does not end up before several fora.

5 What pays off in practice

- **Involving the next generation early** increases acceptance of the rules once they apply to them.
- **Translating the charter into binding documents** ensures that agreed principles can be enforced.
- **Regular review** keeps governance aligned with changes in the family and its assets.

6 How Ressos Legal helps

I advise families on charters, shareholder agreements and dispute resolution clauses and help align them with succession planning across jurisdictions. [Contact me](#) for a first conversation.

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