

SECURITY TRUSTEE

BENEFITS AND SERVICES

Complex capital market transactions may on occasion have the need for an independent party to act as a Security Trustee to ensure impartiality. Security Trusteeship is a contractual arrangement between borrower(s), lender(s) and the Security Trustee whereby the Security Trustee holds security for the benefit of others; such security may be a debenture over assets, undertakings of a company or entity or charge over property etc. This arrangement is usually executed via the Security Trust Deed.

Transactions in which a Security Trustee might be relevant vary in nature and could include capital market transactions, syndicated loans or debt for equity swaps. Often used in secured loan issues, the role of the Security Trustee is to represent the interests of the noteholders/investors by assuming the benefit of the security (including the issuers obligations to pay) on behalf of the noteholders as a group or generally represent/enforce their interests.

Suitability of a Security Trustee is key and will normally be conditional upon the reliability and competence of trustee to act in the interests of all parties and the ability to administer assets in compliance with the transaction documents. Both require an experienced trustee of the utmost integrity, capable of acting at speed, and whose independence is acceptable to and recognised by all stakeholders. Hence, a security trustee should be experienced in capital markets issues as well as in the trustee business.

The Mandaris Group is an expert fiduciary services operation with decades of track record and a history reflecting our experience, knowledge and familiarity with the mechanics of fiduciary services implicit in such a service offering. In addition, the group is also acting as issuer in the context of securitisation transaction and therefore combines knowledge and experience in both areas.

The Mandaris Group, through the use of its licensed trustee Mandaris Trustees (Malta) Ltd. (authorised to act as trustee by the MFSA) goes beyond simply creating, holding and maintaining the security interest necessary to the transaction, by engaging with all stakeholders and advisers during the early stage of the process and bringing its experience, knowhow and added value to the transaction, maximising efficiency and reducing long-term cost.

Moreover, we are especially sensitive to the enforcement processes and dynamics that must be addressed during negotiation stage ensuring that the quickest and most convenient solutions for all stakeholders involved are identified and properly tackled in such an event.

Benefits of a Security Trustee

1. Impartiality and independence in the holding and maintenance of the security interest

The reduction or elimination of conflicts of interest relative to parties to the transaction.

2. Organisation & Coordination with (multiple) stakeholders and/ or creditors

The avoidance of having to grant security separately to all creditors which would be costly and impractical. This especially in capital market transactions where investors can be numerous and where the credit claim held by investors or lenders is subject to active buying and selling of these claims on a market with the resultant active changes in the investor or creditor register.

Services we can offer as a Security Trustee

1. Set up - working with the relevant advisory teams or arrangers to provide the trustee's perspective on the transaction documents and the Security Trustee documents. Customising and structuring the security documents to consolidate documentation ensuring compliance with all terms and conditions of the loan agreement or the offering documents.

2. Communication and disclosure - during ordinary course of business, as well as during an enforcement process. Providing disclosures as required of the Security Trustee and reporting to all stakeholders.

3. Creation, holding and maintenance of security interest.

4. Monitoring compliance with transaction documents.

5. Enforcement (liquidation) - Enforcement in event of default and consulting with lenders.



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