

SECURITY TRUSTEE SERVICES

WHY USE A SECURITY TRUSTEE AS PART OF YOUR STRUCTURE?

Companies continue to diversify their funding arrangements by considering alternative finance structures. Those who elect to raise finances by issuing debt or other credit instruments have the ability to engage a third party upon which all rights and obligations of the creditors/beneficiaries are focused.

Malta's Civil Code in fact provides for the creation of a "security in favour of a trustee for the benefit of any creditor or creditors, present or future, or in favour of a class or classes of creditors".

This third party is known as the security trustee. The relationship between the issuer and security trustee is regulated by a security trust deed.

The security trustee must be duly authorised and qualified to act as a trustee or co-trustee in terms of Malta's Trusts and Trustees Act.

In certain cases, the inclusion of a Security Trustee may be required by regulations for companies wishing to list.

COMPANIES MAY OPT TO APPOINT A SECURITY TRUSTEE IF:

01. The creditors/beneficiaries of the security are too numerous to all appear on the relevant register
02. The number of creditors/beneficiaries is likely to change over time,
03. It is necessary to demonstrate independence from the parties associated with the issuer or the subject matter of the security

THE BENEFITS OF APPOINTING A SECURITY TRUSTEE

FOR THE ISSUER FOR THE CREDITORS/BENEFICIARIES

- One point of reference to coordinate any actions required by/for creditors/beneficiaries
- Regulated entity providing the necessary expertise and resource to meet obligations under law and trust deed
- Centralization of administration of creditor/beneficiary rights and duties
- Easily identifiable entity and protection of creditor/beneficiary information

REAL LIFE SCENARIOS WHERE AD ACTS AS SECURITY TRUSTEE

(A) Real Estate Transaction Bond Issue

The Issuer acts as the finance and holding company of the property business of a Group, its main purpose being that of financing the funding requirements relating to the acquisition of assets. The security constituted for the benefit of the bondholders of the bond issue consisted

of property belonging to the Issuer. The constitution of the said security, for the benefit of the bondholders, over property belonging to the Issuer, was regulated by the terms and conditions of a Security Trust Deed to be entered into by the Issuer, and the Security Trustee, for benefit of Bondholders, on the other.

(B) Refinancing Transaction Bond Issue

To further expand the Group's business, the Issuer took up a loan with a bank and in return effected a bond issue for potential investors to buy such bonds, allowing the Issuer to raise money and pay back the loan with the bank. The security to be constituted for the benefit of the Bondholders consisted of property belonging to the Guarantor, which has also entered into a Guarantee as primary obligor, whereby the Guarantor, jointly and severally with the Issuer, unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of the Bondholders the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness to the Security Trustee or any balance thereof at any time due or owing under the Secured Bonds.

WHAT CAN A SECURITY TRUSTEE DO?

The principal aim of the security trustee is to protect the rights and interests of the creditors/beneficiaries. The security trustee is furthermore obligated to:

- Hold property on trust for the benefit of the creditors/beneficiaries;
- Settle all outstanding liabilities;
- Enforce collateral rights to protect the interests of the creditors/beneficiaries.

Utilising a security trustee provides a single, independent point of reference for both the issuers and the creditors/beneficiaries of the loan notes.

RELATIONSHIP REGULATED VIA TRUST DEED

GUARANTOR*

ISSUER

Fundraising
Company

SECURITY TRUSTEE

Alter Domus



*The guarantor is typically the parent or sister company of the issuer or any other third party of certain stature.

WHY CHOOSE ALTER DOMUS?

EXPERIENCE & EXPERTISE

- Extensive experience acting as security trustee for local clients
- Strong knowledge of Malta's regulatory frameworks surrounding security trustees

FLEXIBILITY & CLIENT FOCUS

- Open, fast and easy communication through a single contact person
- Services performed in accordance with local working practices in Malta
- Aside from providing advice, all tax, accounting and legal matters are managed by the same team

OUR DEDICATED TEAM

- Highly qualified professionals with strong expertise in providing Security Trustee Services
- Alter Domus Malta's staff of 150 employees with dedicated Trust Team
- Deep knowledge of local laws and regulations

YOUR KEY CONTACT

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Alter Domus is a fully integrated fund and corporate services provider, dedicated to international private equity & infrastructure houses, real estate firms, private debt managers, multinationals, capital markets issuers and private clients. Our vertically integrated approach offers tailor-made administration solutions across the entire value chain of investment structures, from fund level down to local special purpose vehicles.

Founded in Luxembourg in 2003, Alter Domus has continually expanded its global service offering and today counts more than 40 offices across 20 countries. This international network enables clients to benefit globally from the expertise of more than 2,400 experienced professionals active in fund administration, corporate secretarial, accounting, consolidation, tax and legal compliance, depositary services and debt administration services.

We are proud to serve 17 of the 20 largest private equity houses, 19 of the 20 largest real estate firms and 16 of the 20 largest private debt managers in the world.

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