

ALTER DOMUS MALTA

Security Trustee Services

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 can engage a third-party, known as a security trustee, upon which all rights and obligations of the creditors/beneficiaries are focused.

Malta's Civil Code 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. The security trustee acts as an intermediary between creditors/beneficiaries and the issuers. 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 for companies wishing to list.

Companies may opt to appoint a security trustee if:

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

SCENARIOS WHERE ALTER DOMUS ACTS AS SECURITY TRUSTEE



Real Estate Transaction Bond Issue

The Issuer acts as the finance and holding company of the property business of a Group. Its main purpose is financing the funding requirements related 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 set out in a Security Trust Deed entered into by the Issuer and the Security Trustee, for the benefit of Bondholders.



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 constituted for the benefit of the Bondholders consisted of property belonging to the Guarantor. The Guarantor had also entered into a Guarantee, as primary obligor, whereby jointly and severally with the Issuer, it unconditionally and irrevocably guaranteed to the Security Trustee, for the benefit of the Bondholders the payment of, upon the first written demand by the Security Trustee on the Guarantor the Indebtedness to the Security Trustee or any balance thereof, at any time due or owing under the Secured Bonds.

BENEFITS FOR THE ISSUER OR CREDITORS/BENEFICIARIES:

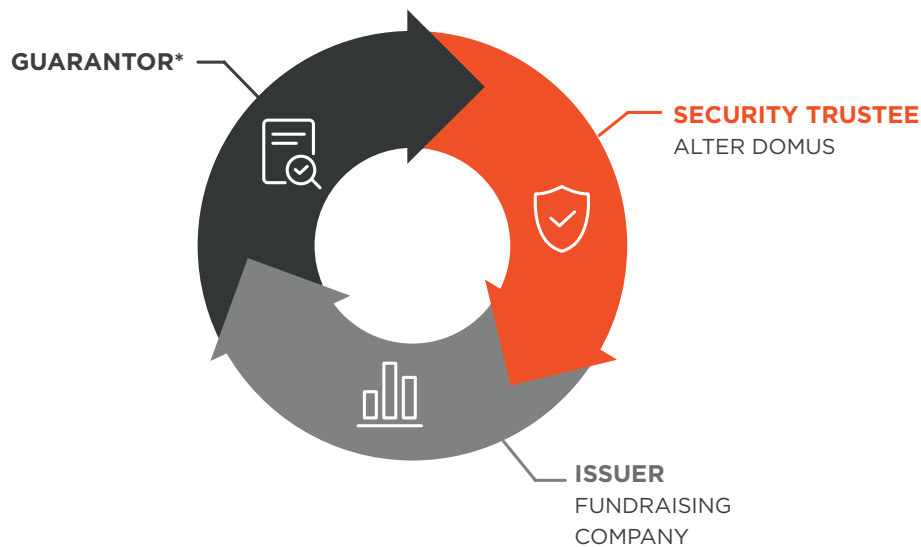
- Single point of reference to coordinate actions required by/for creditors/beneficiaries
- Protects the rights of creditors/beneficiaries
- Impartiality of the security trustee allows for continued enforcement of securities and distribution of proceeds
- Regulated entity providing necessary expertise and resources to meet obligations under law and trust deeds
- Centralisation of administration of creditor/beneficiary rights and duties
- Easily identifiable entity and protection of creditor/beneficiary information

WHAT CAN A SECURITY TRUSTEE DO?

The principal aim of the security trustee is to protect the rights and interests of creditors/beneficiaries. They are further 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



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

WHY ALTER DOMUS?

EXPERIENCE & EXPERTISE

Benefit from our extensive experience acting as security trustee for local clients, as well as our strong knowledge of Malta's regulatory frameworks surrounding security trustees. We're fully licensed and regulated to act as security trustee across a large number of jurisdictions.

FLEXIBILITY & CLIENT FOCUS

Enjoy open, fast and easy communication through a single contact person. All services are performed in accordance with local working practices in Malta, and aside from providing advice, all tax, accounting and legal matters are managed by the same team.

OUR DEDICATED TEAM

Our highly qualified professionals have strong expertise in providing Security Trustee Services. Alter Domus Malta's staff of 185 employees with a dedicated Trust Team have deep knowledge of local laws and regulations.

CONTACT

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