



## Formal Definition of the Role of the Security Trustee

A security trustee is the entity holding the various security interests created on trust for the various creditors, such as banks or bondholders. This structure avoids granting security separately to all creditors which would be costly and impractical.

### In Practice

- The security trustee holds and keeps track of the various security interests in the transaction, but we do not provide a valuation service.
- Throughout the life of the transaction, we look after the noteholder's interests, security cannot be re pledged or released from the transaction without the security trustee's express permission – if this was to happen, in practice we would need to liaise with the noteholders and seek their permission prior agreeing to release security. The security trustee's first priority, such a scenario, would be to inform and communicate with the noteholders, in effect ensuring that noteholders always benefit from the security package unless they expressly consent to the release of security.
- In an event of default – in effect we would step into the role of the issuer, working towards resolution and coordinating noteholder response. Of course, this would include, eventually the liquidation of the security package to recoup investor assets.
  - Coordination of noteholder consensus – allowing for clear instruction and clear strategic direction
  - This could include the appointment /coordination of enforcement agents
  - Appointment /coordination of legal counsel to represent the noteholders interests
  - Coordination of any disposal process
  - Coordination of any distribution process
- In summary the security trustee's role is to act as the note holder's representative, holding the security on their behalf.