



The developing role of the Trustee

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Passion to Perform



The Islamic Finance Landscape continues to evolve.....



- First Convertible Sukuk
- First Sukuk to issue and clear in the United States
- First Sukuk to issue in excess of US\$1,000,000,000
- First Sukuk issued in USD, AED, GBP.....
-the list goes on

And evolve.....



The first Sukuk to default.....

.....and then the second.....

The Trustee role is a tried and tested path for conventional issues.....



Appointed by the issuer to act as an intermediary throughout the life of the transaction on behalf of the beneficiaries, safeguarding their interests in the event of the issuer/borrower defaulting

The Trustee role has also evolved for Islamic Financing



Delegate Trustee...

Under the accepted Islamic structure the issuer declares a 'trust' over its assets and is therefore subject to the same obligations as a conventional trustee referred to previously

As the issuer/trustee in these instances is generally a shell SPV and does not have the capacity or expertise to manage the trust then part or all of the roles can be delegated to Deutsche Bank pre or post enforcement

Where will the Trustee role evolve next for Sukuk...



Security Trustee for all Sukuk as standard? ...

- Holds the security interest, usually given in the form of a charge or pledge, granted by the issuer for the benefit of the noteholders and other secured creditors

— *(an example of such could be a pledge over the equity interest in a subsidiary or related company)*

- Focus is on enforcement of the security (although normally the security trustee would not enforce the security unless directed to do so by the Note Trustee / Delegate Trustee)

- Enforces security following default and distributes proceeds to noteholders

Considerations for structuring Sukuk with security...



- Will investors be able to realise Security in the event of an enforcement?
- Is there a clear and definable enforcement process for the associated Security?
- Are there any local restrictions that would hinder the enforcement process? Foreign ownership laws etc, etc
- Is the Security Trustee also the Enforcement Agent?

Thank you, we're happy to help....



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