

# Choosing the Right Corporate Trustee

*What attributes are most important in today's complex capital markets?*

## KEY POINTS

- In today's environment marked by greater scrutiny and the need for quick, accurate, and transparent execution, selecting the right trustee is critical
- Choosing a trustee requires considerable thought and a clearly defined understanding of your organization's objectives for a given transaction



**Today's capital markets are more complex and interconnected than ever before. Greater scrutiny from all stakeholders, including the courts, regulators, and investors, has made most types of transactions more complicated and the need for transparency imperative. At the same time, bankruptcies, restructurings, mergers and acquisitions, securitizations, syndicated commercial lending, and other transactions must be performed faster and more efficiently than ever before, while still ensuring accuracy and full compliance.**

All capital markets participants can benefit from the services of an experienced and knowledgeable corporate trustee, but choosing a trustee requires considerable thought and a clearly defined understanding of your organization's objectives for a given transaction. There are three trustee attributes that should be considered must-haves. These are:

- *Deep, specialized expertise in any given type of transaction*
- *A proven track record of success*
- *All the resources required for a particular transaction*

There are also several factors that separate some trustees from others in a complex marketplace. These factors can mean the difference between getting a transaction done and getting it done well.

### **Conflict-free organization**

All parties benefit from a completely conflict-free trustee. The organization should be a non-creditor and free of any other conflicting activity. However, this is often a challenge for large institutions with several lines of business that may be managing multiple transactions simultaneously. When choosing a trustee, you should carefully vet an organization for all potentially conflicting relationships or positions.

### **Fast and precise onboarding**

Onboarding can be a cumbersome process, and it's best to choose a provider with the quickest process. However, as important as speed and efficiency are, accuracy and a comprehensive approach to managing every detail are also critical. Information-gathering requirements have become more stringent in recent years, and information obtained during the onboarding process must be continually reviewed. The process of gathering this information fully and accurately can be time consuming, but is a critical step. While efficiency is important for today's fast-paced transactions, equally important is the peace of mind that transaction information is collected and recorded accurately—the first time and every time.

### **Long history of client service**

Your selected trustee should have a long history of client service, responsiveness, and nimble performance. A firm that specializes in trustee and custodial services usually hires “best-of breed” experts; those who can quickly learn a client's business and bring a highly personalized level of service. Experienced auditors, for example, are critical for obtaining independent valuations. Some trustee-services providers are more experienced than others at aggregating valuation data to provide a holistic view of a loan portfolio or, in the case of non-profits, create detailed asset reports, even when multiple investment management firms hold the organization's assets.

### **Team-based approach**

A trustee should work collaboratively with your other advisors and service providers to work as efficiently as possible. In many cases, your law firm, investment bank, or other trusted party can recommend a trustee with whom they have worked before to assure optimal teamwork and outcomes. Internally, the trustee should assemble a group of specialists who have worked together on multiple transactions and can function seamlessly as a team from day one of the engagement.

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There is no substitute for shared experiences and expertise.

**Single point of contact**

As important as teamwork is, every team needs a leader and you should expect to have a single point of contact with the trustee. This does not mean that you are not able to interact freely with team specialists as needed, but the trustee should provide a dedicated relationship manager who is responsible and accountable for the team's work.

Selecting a trustee has always been important to the success of any transaction. But in today's environment marked by greater scrutiny and the need for quick, accurate, and transparent execution, selecting the right trustee is critical. While this can be a daunting challenge for any organization, the process can be streamlined by thoroughly understanding your organization's needs, seeking guidance from trusted advisors, and asking the right questions when screening candidates.

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