



PREMIER SCC

**Specialists in innovative
Asset Structuring**

Malta Securitisation

***Innovative and flexible solutions for
securitisation transactions***

PREMIER SCC Securitization Platform

Premier SCC is a Securitization Cell Company (SCC) established as a special purpose vehicle for the issue of asset-backed securities permitted in terms of the Securitization Act (Chapter 484) of the Laws of Malta.

The object and purpose of Our SCC are exclusively limited to securitization and to all operations and transactions required to participate in a securitization including, without limitation, the purchase, management and collection of credits or other receivables or other securitization assets, risk-taking, the granting of secured loans, the issuance of securities.

The "core business" of the Issuer is to issue a series of securities, with limited recourse, in the form of notes or certificates or bonds, through segregated Cells, whose value or yield is linked to specific assets or risks.

The Issuer will be exclusively targeting professional investors, as defined under MiFiD.

The investment strategy of the cells may include listed and unlisted securities, with a specific focus on:

- **Non performing Loans;**
- **Real Estate properties;**
- **Managed Account.**

Emerging as an international domicile of choice for securitization vehicles, Malta provides several highly credited services that have generated significant growth within the respective market in Malta. Several advantageous elements include:

- Tax neutrality ensuring that there is no additional tax burdens at any level of securitization
 - Qualifications and knowledge of workforce
- Flexible legislative environments that can adapt to the needs of structure even though a securitization vehicle is not a regulated entity.
- Accessibility and responsiveness of the tax and supervisory authorities
 - Expertise and cost competitiveness of locally-based service providers
- The ability to outsource to the extent possible both within the jurisdiction and cross-border

Types of Malta securitisation vehicles

The Malta Securitisation Act provides that a Maltese securitisation vehicle may take any form, including a private or public limited liability company, a securitisation cell company, a partnership, a trust and others.

As its very name suggests, Malta Securitisation Cell Companies ('SCCs') are tailor made for securitisation transactions and here below we highlight their main features.

Key features of Malta Securitisation Cell Companies

An SCC is a single legal person which is internally composed of a core and one or more cells. Its particular internal structure means that an SCC may be used for multiple securitisation transactions, even if the securitisation assets originate from different and unrelated originators, thereby providing for economies of scale.

Cellular segregation and insulation

An SCC would enter into securitisation transactions through its cells. Each cell may be utilised for multiple securitisation transactions, on condition that the securitisation assets in relation to each transaction originate from the same originator.

By operation of Maltese law, the assets and liabilities which arise from a cell's activities form the sole patrimony of that particular cell. These assets and liabilities are ring-fenced from the cellular assets/liabilities of others cells and from the non-cellular assets/liabilities, belonging to the core. In consequence, cellular assets are safeguarded from being used to satisfy liabilities that are not attributable to that particular cell. Moreover, assets attributable to a cell are protected from the creditors of the SCC who are not creditors in respect of such particular cell.

An SCC's directors must ensure that cellular assets are kept separate and are separately identifiable from non-cellular assets and from cellular assets of to other cells.

Types of Malta securitisation vehicles *cont.*

Cellular identification

New cells can be created rapidly, requiring only the board of directors of the SCC to resolve to establish a cell, indicating its name and the purpose for which the cell would be used. A copy of this resolution must be delivered to the MFSA within 14 days from the date on which it has been passed. Prior to commencement of business, an SCC must notify the MFSA of its intention to enter into one or more securitisation transactions in respect of a newly created cell.

An SCC may issue debt instruments or cellular shares in respect of a cell that it creates, however, no minimum share capital requirements apply in relation to the cells. Each cell's shares, if any, may be denominated in different currencies and may grant profit participating rights to their holders, with recourse only to the respective cell profits.

The day-to-day management of a cell would vest in the board of directors of the core, which would be common to the SCC. Provisions would be made to ensure that the interests of each cell are safeguarded.

Taxation

For income tax purposes, each and every cell of a SCC is treated as a separate entity. Annual audited accounts of the core must be prepared and lodged at the Registry of Companies. In addition, separate financial statements for each cell are to be kept in terms of the Maltese Income Tax Acts.

The Malta tax treatment of Maltese securitisation vehicles, including SCCs, is explained here below.

The activities of a Malta securitisation vehicle ('SV') can achieve tax neutrality through the application of the general rules on the deduction of allowable expenses in terms of the Maltese Income Tax Act and rules on the deduction of allowable expenses in terms of the Malta Securitisation Transactions (Deductions) Rules. In turn Non-Maltese resident originators and investors can typically also achieve tax neutrality under the general provisions of the Income Tax Act and Duty on Documents and Transfers Act.

Types of Malta securitisation vehicles cont.

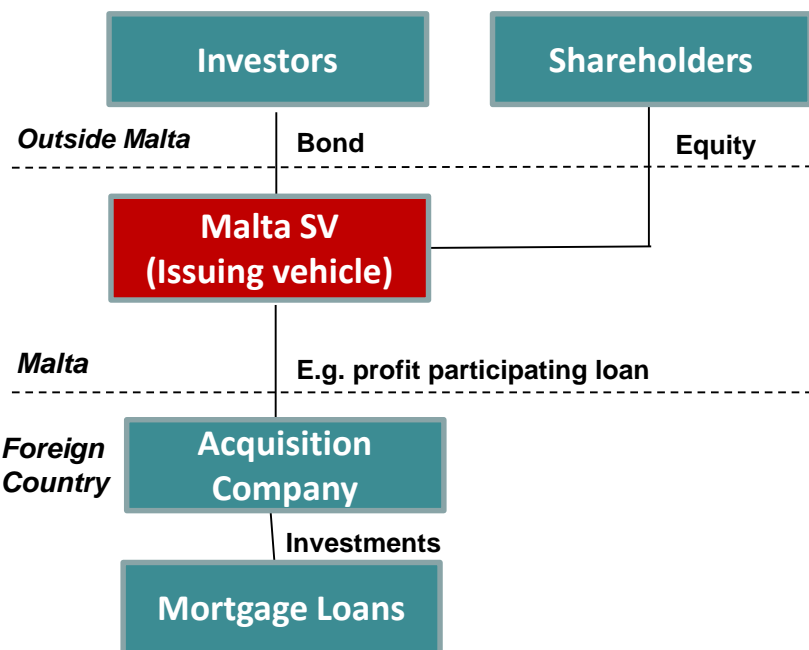
Through the use of Cells, an SCC would be able to **limit its liability** from a particular transaction **to a specified pool of assets** without exposing the assets of the SCC or the other Cells.

The key features of a single level structure have been described above. However **the following examples** demonstrate the advantages of a **two-level structure as well the cellular concept**, a structure mainly used when the originator is not allowed to sell an asset to an investor outside the country of asset origination.

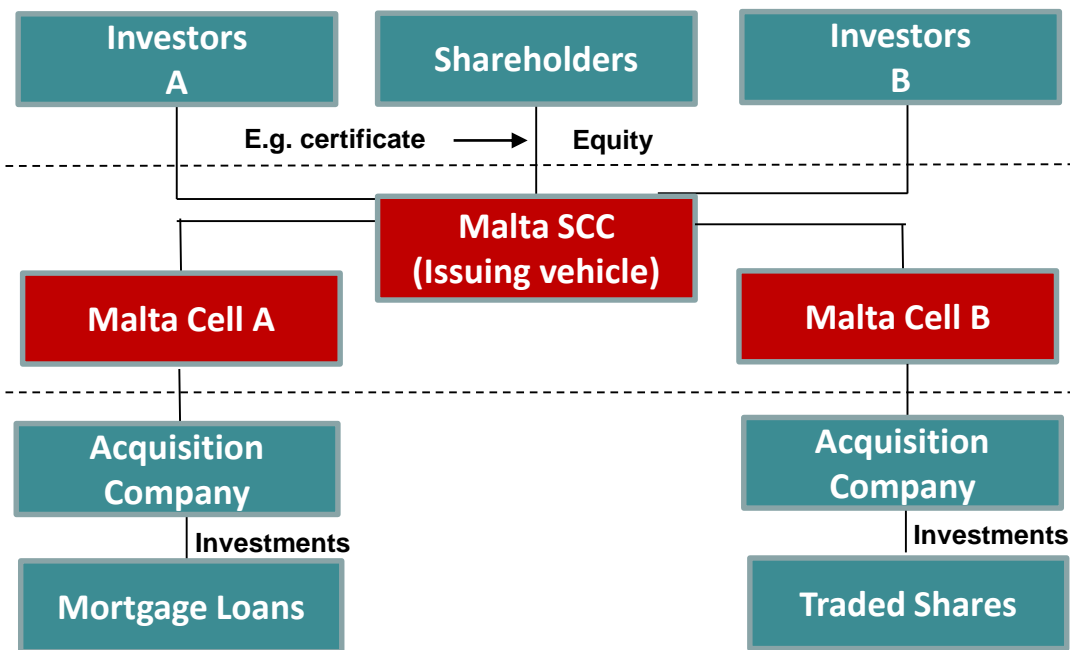
Malta offers **two-level-securitization structures** through the formation of a Malta securitization vehicle (e.g., Malta SV) and the establishment of a foreign acquisition vehicle (Acquisition Vehicle)— **refer to Example 1**.

Multiple transactions may be carried out through a Malta securitization vehicle with the added benefit of having the assets and liabilities of a particular transaction ring-fenced to a particular group of investors— **refer to example 2**.

Example 1 – Securitisation vehicle



Example 2 – Securitisation cell company



According to the terms and conditions of the certificate issued, the shares may be traded

Additional benefits of securitisation vehicles in Malta

Additionally, securitisation transactions can be structured using Maltese securitisation vehicles to benefit from:

- **no restrictions** on the type of securitisation assets;
- securities issued by an SV **may be listed on a regulated market**, whether in Malta or outside;
- SVs are **excluded from the scope of AIFMD** by virtue of the Securitisation Act;
- **SVs may issue securities backed by underlying alternative investments** and target funds to purchase their securities;
- **all forms of securitisation transactions are permitted**, covering outright acquisition of the securitisation assets, assumption of risks and the taking control of whole businesses;
- **non-EU licenced fund managers may use securities issued by SVs**, backed by units in non-EU funds, as a route to accessing finance within the EU;
- **transfers to SVs of securitisation assets are final**, cannot be challenged / re-characterised;
- **bankruptcy remoteness of the originator** is provided for expressly by statute;
- the Securitisation Act **restricts litigious recourse against an SV**;
- legal formalities for transfer of securitisation assets to an SV are simplified;
- **securitisation investors and creditors are granted, by law, senior claims** over the Cell's assets;
- **light touch regulatory** oversight;
- swift incorporation of SVs, requiring **only a day or two to complete** registration from the submission of the constitutive documents in the case of limited companies or partnerships.

Key elements of Malta Securitisation

Tax neutrality

SV is subject to the standard Maltese tax system. Income tax is charged on the worldwide income and gains of the SV

Taxable income of the SV can be reduced or eliminated by the general rules on deductions of eligible expenses and the deduction of expenses under the *Securitisation Transactions (Deductions) Rules*.

Permitted deductions include:

- Expenses wholly and exclusively incurred in the production of the income;
- Payables from SV to originator for the securitisation assets;
- Payables in relation to the instruments issued by an SV;
- Expenses connected to day-to-day running of an SV; and
- A further deduction (the “Residual Profit Deduction”) of an amount equal to the total remaining income, if any.

- No Malta tax liability for originator who is not tax resident in Malta on consideration for securitisation assets
- No withholding tax on payments by SVs to non-Malta resident investors holding of equity (dividend) or debt (interest) instruments of SVs
- Exemption from income tax on gains derived from a transfer of securities in an SV by non-Malta residents
- Exemption from stamp duty on a transfer of securities issued by an SV
- Malta resident SVs enjoys possibility to avail of extensive double tax treaty network (70 treaties currently signed and ratified by Malta)



- Exemption from VAT on transactions in shares and securities in general
- No thin capitalisation restrictions.

Originator / Assignor

- No requirement to be licensed / authorised or otherwise regulated
- No restrictions on identity of originator e.g. hedge funds (including non-licensed funds established outside the EU), shipowners or aircraft owning entities, IP holding entities, credit institutions, Government, parastatal bodies etc.
- May hold equity stake in the securitisation vehicle, be a subsidiary of the securitisation vehicle or be unrelated to it.

Key elements of Malta Securitisation

Cont.

Securitisation vehicle ('SV') / Issuer

- May be established in or outside Malta
- May take any legal form e.g. private or public limited company, investment company, partnership, trust, securitisation cell company etc
- Company and partnership formation in Malta in one - two business days from submission of constitutive documents for limited companies and partnerships.
- Minimum share capital for private companies of EUR 1,165 (at least 20% paid up) and EUR 46,588 public companies (at least 25% paid up)
- May be 'orphaned' through Maltese purpose foundations. Not required due to bankruptcy remoteness provisions built into the Securitisation Act.

Transfers of securitisation assets treated as final

- Title to securitisation assets may be transferred by any legally recognised form

• Such transfers are not subject to re-characterisation for any reason whatsoever

• Additionally, the Securitisation Act provides that such assignments are final, absolute and binding on the originator, the SV and on all third parties, notwithstanding any underlying contractual or statutory prohibition or restriction on the originator in relation to the securitisation assets.

Bankruptcy remoteness of originator

Proceedings taken under Maltese law against an originator cannot impinge on:

- a securitisation vehicle;
- its cash flow;
- underlying securitisation assets; and
- any other assets and obligation due in its favour by underlying debtors in connection with the securitisation assets

• In practice an SV may additionally be 'orphaned' through a Maltese purpose foundation.

Limited litigious recourse

By virtue of the Securitisation Act, only securitisation creditors are permitted to demand the issuance or enforcement of any precautionary act or warrant against the SV; save only where fraud is proven to the satisfaction of the courts in Malta.

Non-petition clauses

Provided also in the Securitisation Act is that an SV's constitutive documents may permit a particular class of persons only to demand or place the SV under:

- dissolution and winding-up proceedings,
- company recovery procedure
- company reconstruction or other proceedings affecting creditors' rights.

Issuance Platform

Premier SCC is able to offer a **securitization platform** inclusive of a cellular compartment (Cell) capable of issuing Asset Backed Notes in order to raise funds from professional and institutional investors, with the acknowledgement and the control of the MFSA and Central Bank of Malta.

The administration services of the cell are provided by **Alter Domus Fund Services** Malta (www.alterdomus.com) and the auditing services by **Deloitte Malta** (www.deloitte.com) .

For each note we will provide the Bloomberg Ticker, we will open the **eligible ISIN code** to be delivered through **Euroclear** and, upon request, we will arrange the listing of the notes on **Vienna MTF Stock Exchange** (<https://www.wienerbourse.at>) where the notes can be daily traded via Exchange.

This dynamic platform offers different advantages: the quality and the flexibility of the **Maltese Securitization Common Law** together with the competitive fees of the local professional intermediaries for the legal and administrative services.

Finally the global visibility offered by the quotation of the bonds on the **Vienna MTF stock exchange**.

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Our Issuance Platform

All Issuer & Administration Services

- Set-up and maintenance of issuer (incl. director, accounting, etc.)
- Establishment of accounts of Paying Agent & Broker/Custodian
- Structuring & Issuance of Products
 - Term Sheets and Documentation
- Lifecycle management
 - NAV Calculation

Issuance Platform Key Facts

Legal Structure	Limited
Company Setup	Securitisation Cell Company
Jurisdiction	Malta
Classification	Qualified Investors
Distribution	Private Placement
Regulation	Unregulated (confirmed by MFSA)
Payment Agent	Switzerland (Finma Regulated)
Security	Swiss ISIN
Custodian	Custodian & Broker (customer's Choice)
Management Company	Dedicated management provider of Premier SCC
Secondary Market	Dedicated delivery provider of Premier SCC
Price Distribution	SIX/Telekurs + direct delivery reporting
Listing	Vienna MTF Stock Exchange
Data Provider	Bloomberg/Telekurs
Auditor	Deloitte (Malta)



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