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How escrow & paying agent solutions can save an M&A deal



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In the fast-paced world of mergers and acquisitions, deals are made or broken on the strength of the details

For M&A lawyers navigating complex structures, currency requirements, regulatory hurdles, and emotionally charged negotiations, precision isn't a luxury, it's a lifeline. Yet, even the best-crafted deal can unravel if the mechanics of payment and fund distribution go wrong.

That's where escrow and paying agent solutions come into play. Far more than administrative conveniences, they are strategic safeguards that ensure funds are protected, payments are precise, and everyone sleeps better at night. But let's take a step back and see what happens when these safeguards aren't in place.



Pitfalls when escrow and paying agents aren't utilised

Wire transfers

One example of payment delays is the use of wire transfers. Imagine the terms of a deal were agreed, due diligence has been completed, and lawyers on both sides are preparing to celebrate... until the buyer's payment is delayed due to a cross-border wire transfer error.

Without a payment agent, there is no neutral party holding funds and no mechanism to resolve the discrepancy quickly.

Having an FCA authorised payment services firm as the payment agent appointed to receive and hold funds ahead of closing would mean issues with wire transfers can be avoided.

Multiple shareholders

Another example of when escrow and paying agent solutions can mean the difference between success and failure are where a buyer's legal team have assumed responsibility for distributing funds to large numbers of individual shareholders including international investors.

The risks associated with shareholders bank accounts being incorrect, shareholders believing they're owed more than they're receiving — or even a shareholder having passed away unbeknownst to the buyer — can lead to lengthy processes and even the reissuing of payments.

An additional risk is that a solicitors' own payment platform may not be set up to administer a large volume of payments, therefore placing a firm in a vulnerable position if trying to handle these themselves should any errors be made in what will be a time consuming and often manual process for them.

With a professional paying agent, that can assume responsibility for any payment issues at completion, transactions can be managed efficiently behind the scenes.

How escrow and paying agent services can save a deal

Escrow services

Escrow agents act as neutral third parties holding funds or assets until predefined conditions are met.

In M&A, this typically involves:

- | Holding funds to cover post-closing liabilities
- | Acting as a buffer to prevent miscommunication or last-minute cold feet

An escrow structure also adds legal clarity and reduces risk, especially in multi-jurisdictional deals with different banking systems and regulatory regimes.

Paying agent services

Paying agents are tasked with the accurate, timely and secure distribution of sale proceeds to shareholders.

Key advantages include:

- | End-to-end handling of shareholder payments, tax withholdings, and reporting
- | Screening payments, which is especially important with cross-border or institutional investors
- | Reporting for compliance and transparency

They eliminate clients from manual processes, reduce risk of error, and offer a clean, professional experience for all stakeholders which is particularly critical when seller groups are large or diverse.



The role of M&A lawyers

M&A lawyers do far more than just structuring and drafting share purchase agreements, they orchestrate the entire transaction.

By integrating escrow and paying agent solutions into workflows, client risk is reduced, timelines are streamlined — reducing costly delays and disputes — and reputations are in tact.



How ZEDRA can help

Not all escrow and paying agent providers are created equal. M&A lawyers need a reputable partner, offering the security of regulatory safeguards, who understands the nuances of different deals, can move fast and scale and adapt to varying levels of complexity.

In today's M&A landscape, escrow and paying agent solutions aren't optional extras. They're essential infrastructure and the 'best friend' a lawyer could ask for when it comes to getting the deal done right.

At ZEDRA, our UK based team of experts has extensive experience providing escrow and paying agent solutions to both corporate and private clients across a wide variety of sectors.

Whatever the transaction, our clients turn to us to provide timely, efficient escrow and paying agent solutions for transactions of all sizes, including short term to indefinite escrow arrangements.

For more information on ZEDRA's escrow and paying agent solutions, contact Sue Wakefield.

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Escrow services are provided by Zedra Trust Company (UK) Limited authorised and regulated by the Financial Conduct Authority, including for the provision of payment services as an Authorised Payment Institution.

Why ZEDRA?

At ZEDRA, we have extensive experience supporting clients with their global expansion strategies and we have market expertise in several countries.

We are skilled at advising businesses on what they need to do based on what they're trying to achieve.

Clients often tell us they chose us because of our:



Experience

Together, our dedicated multidisciplinary team has decades of experience helping companies expand into new markets.



Service

Quality, efficiency and expertise underpin everything we do. We get to know your changing needs over time and adapt and evolve our offering alongside your business.



Communication

We think of ourselves as an extension of your team and maintain a close working relationship with everyone including your other professional advisors, leadership team and individual employees.



Pricing

We provide scalable, tailored charging structures dependent upon the level and complexity of the services required. We know how important transparency is and fees are communicated and agreed upon at every stage.



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ZEDRA Group

The content of this document is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

This document must be read in conjunction with our Legal and Regulatory notice at www.zedra.com



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