

Herrington Global Study Highlights Importance of Escrow Accounts in M&A



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Report Illustrates Benefits for Buyers and Sellers

October 30, 2013, 5:35 am -- [/EPR NETWORK/](#) -- Herrington Global Treasury Services, a full-service provider of cash management, trade finance, treasury solutions and escrow services, today released its M&A Holdback Escrow Report. The report, now in its third year, helps the M&A community better understand the dynamics of holdback escrows and their value as a risk mitigation tool. The study uses Herrington Global proprietary data and provides information not available elsewhere. Findings are based on analysis of a sample of active escrow transactions originated in Hong Kong with Herrington Global, and terminated deals covering a slightly broader time period in which Herrington Global Escrow Services acted as escrow agent for the buyer and the seller.

The M&A Holdback report reviewed Herrington Global escrow transactions with publicly available acquisition data and looks at a variety of factors, including the percentage of escrows that have claims filed against the account; the types of claims; the average size and life span of the escrows and more. A comparison of data offers the added advantage of seeing how deal terms are trending in the M&A context. Highlights from the study include:

- 28 percent of terminated deals had at least one claim
- The average size of the claim requested by the buyer was for 61 percent of the escrow

- Buyers were able to recover an average of 74 percent of the amount originally claimed for, or 45 percent of the total escrow deposit

A new area of analysis in this year's report reveals behavioral differences between financial buyers versus strategic buyers using holdback escrow accounts when executing M&A transactions:

- Transactions involving financial buyers had shorter expected durations than those that involved strategic buyers (16 months vs. 20 months respectively)
- Financial buyers never paid for the entire escrow fee compared to 21 percent of strategic buyers paying the full cost

"Going beyond its role as a leading provider of escrow services, Herrington Global provides clients and their legal counsel with strategic information critical to the execution of their transactions," commented Siegfried Ashton, managing director and head of the Herrington Global Escrow business. "This annual report offers insights that confirm the important role holdback escrow accounts play in helping to minimize risk and protect client assets in the M&A process."

Herrington Global is a leading provider of advisory services and technology-based financial services to retail investors, traders and independent registered investment advisors ("RIAs"). We provide our services predominantly through the Internet, international partnerships networks and relationships with RIAs. We believe that our services appeal to a broad market of independent, value-conscious retail investors, traders, financial planners and institutions.

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