

## **Establishment of pledge in the context of loan financing**

### **ABSTRACT**

The subject of this diploma thesis is the establishment of pledge in the context of loan financing, i.e. the most common way of securing debts of borrowers being business companies arising under the facility agreement in the Czech banking market. In addition to the author's aim to provide a comprehensive analysis of the issues in connection with the establishment of pledge in the context of loan financing, the author aims to further provide analysis of relating issues, being, *inter alia*, the role of the pledgee as the security agent, the establishment of disposal limitations with the collateral, the purpose of pledge as a condition precedent to the utilisation of a loan, and the comparison with certain other chosen security instruments used in loan financing. Moreover, the author aims to identify and define problematic issues relating to the establishment of pledge that are relevant for loan financing and to provide possible solutions thereto. The thesis is not limited to a mere description of the selected subject but it also presents the author's own view on the troublesome issues and propositions relating to possible future amendments of law.

The author achieves the aforestated purpose of the thesis by analysing applicable Czech legislation. In order to achieve the conclusions described herein, the author's sources are judgements of the Czech courts (mainly the Czech Supreme court's) and other state institutions, Czech and foreign legal literature and the author's own experience obtained by working for an international law firm and by university studies.

Due to the expansive topic of the instrument of pledge and the limited length of a diploma thesis, the author has chosen to thoroughly research and describe only a narrowly selected subject relating to pledge which is the establishment of pledge to the assets most relevant for Czech loan financing.

This thesis is divided into three chapters. The first chapter is dedicated to the introduction of the key terms in connection to pledge and loan financing. The second chapter deals with selected general aspects related to the establishment and creation of pledge and the third chapter addresses particular characteristics arising in connection with pledge of the assets of the borrower and related persons selected by the author that are of relevance to the Czech loan market.

### **KEYWORDS:**

pledge, pledge establishment, loan financing, security, collateral