

Blakes Bulletin

Securitization

Canadian Government Launches Consultation Process to Support Vehicle and Equipment Term ABS

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On February 23, 2009, the Canadian federal government announced that the Department of Finance and the Business Development Bank of Canada (BDC) will jointly commence a consultation process to seek input from interested stakeholders on the structure and implementation of its C\$12-billion Canadian Secured Credit Facility (the Facility). The creation of the Facility was first announced by the federal government in connection with its January 27, 2009 budget.

Under the Facility, BDC will purchase term asset-backed securities (ABS) secured by loans and leases on vehicles and equipment. The federal government is hoping that the Facility, together with the other initiatives and programs that form part of its C\$200-billion Extraordinary Financing Framework, will provide Canadian businesses and consumers with better access to financing to purchase or lease motor vehicles and equipment. Once the consultation process is completed, the Department of Finance and BDC will establish parameters regarding the operation of the Facility.

In conjunction with this announcement, BDC released a consultation paper, entitled *Consultation on the Canadian Secured Credit Facility*. Click [here](#) to view the consultation paper.

The paper does not fully answer the questions on the Facility that we had posed in our February 2009 [Blakes Bulletin on Securitization: Canadian Government to Support Vehicle and Equipment ABS](#), although it does provide a few more details on the eligibility criteria that may apply to the ABS or its issuers. However, most of the questions raised in our previous bulletin are matters on which the Department of Finance and BDC are specifically seeking comments.

In particular, comments are being sought with respect to the following:

- What structure would be most effective to re-start the term ABS market in Canada?
- What should the eligibility criteria be with respect to (i) the ABS, (ii) the issuers of ABS, (iii) the originators of the loans and leases that will secure ABS, and (iv) such underlying loans and leases?
- How should purchases of ABS be priced?
- How should the Facility be allocated among eligible participants and different categories of ABS?

BDC has requested that interested stakeholders forward their comments to BDC at cscf@bdc.ca by March 6, 2009.

If you have any questions on the matters discussed in this bulletin, or would like assistance in responding to BDC's consultation paper, please contact:

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