

Structured Finance

Blakes Means Business

# Overview

Canada's structured finance market encompasses the widest array of asset classes and transaction types. Blakes has marketleading experience in making these transactions successful, despite unique challenges that stem from Canada's tax regime, commercial law and regulatory environment.

The depth of our structured finance practice stems from our long-standing commitment to the structured finance practice and leading engagements. For more than 30 years, we have been at the forefront of almost all notable structured finance developments and have made major contributions to the development of transaction structures for all major asset classes. Our clients include major banks, sellers/issuers, investment dealers, investors and transaction intermediaries. We also have regular interactions with industry associations, policymakers, regulators, tax authorities and rating agencies, whose decisions shape Canada's structured finance market.

The core of our structured finance is a dedicated team of commercial, securities, insolvency and tax lawyers, who each focus a significant portion of their practices in the structured finance area. While our primary expertise is based in Toronto, we have dedicated structured finance capability across our national footprint, including in Montreal, Calgary and Vancouver.

Our dedicated practice team is complemented by marketleading expertise in all critical areas, including: capital markets; securities regulation; consumer lending and regulation; financial services; equipment finance and leasing; financial institutions regulatory; real estate; insolvency and restructurings; litigation; and derivatives. Our highly ranked and award-winning practices in each of these areas, combined with our extensive and industry-recognized expertise in core structured finance areas of practice, allows us to provide clients with highly efficient, full-service, integrated advice.

As a pre-eminent business law firm with leading expertise in the structured finance area, Blakes is very well-positioned to provide informed, practical and creative advice to assist our clients to efficiently access opportunities and innovate.

# **Selected Experience**

The following is a reflection of the breadth and depth of our structured finance practice:

# **Cross-Border Transactions**

We regularly act for banks and originators to add all types of Canadian assets into U.S. conduits andfinancings.

## M&A Financings and Start-ups

We have acted for clients to concurrently securitize over \$25 billion of acquired financial assets (including credit cards, fleet lease equipment, mortgages and consumer loans). Securitizations have also been applied in M&A auction scenarios, acting for strategic and finance partners, and have funded several startups.

## Novel Structures and Other "Firsts"

We pioneered many of the techniques and deal structures that are used in Canada today, including: tax-efficient structures for lease portfolios; the co-ownership model commonly used in Canada to securitize revolving portfolios of credit cards; transaction structures used to stream particular attributes of financial assets; structures to repackage and monetize illiquid debt instruments.

#### Insolvencies and Restructurings

During the financial crisis, we played a key role in the successful restructuring of \$35-billion of frozen asset-backed commercial paper. We have also advised on several large originator insolvencies, including Canada's first debtor-in-possession securitization.

#### **Pooling Structures**

We designed innovative co-ownership purchase/participation arrangements, including to allow smaller Canadian banks and other financial institutions to provide support to multi-seller conduits that securitize assets originated by small to mediumsized finance and leasing companies.



## By Asset Class

**Mortgages:** Our involvement in residential and commercial mortgage securitizations is extensive, including CMBS, RMBS, renewal rights and resecuritizations.

**Motor Vehicles:** We have market-leading experience in auto, truck and trailer loans and leases, including developing the first successful cross-border floorplan securitization and over \$12 billion of financings for fleet assets.

**Equipment:** Our deals have covered all types of equipment, fixtures and consumer goods, such as office equipment, computers, water heaters, HVAC equipment, medical and dental equipment, dealer signs, construction equipment, cell towers, and more.

**Credit Cards:** We have led credit card securitizations for originators (including banks and retailers), conduits, investors, dealers and rating agencies. We are regularly engaged based on our experience as the original architect of the Canadian "master trust" structure and shelf offering structure for distributing CCABS.

**Trade Receivables:** Our experience securitizing trade receivables is drawn from an impressive flow of transactions into Canadian and non-Canadian conduits, since 1987.

**Aircraft:** Beyond our market-leading expertise in aircraft financing transactions, we successfully completed a traditional lease securitization for one of our originator clients – the only one completed in Canada to date.

**Railcars and Rolling Stock:** Railcar lease securitizations are relatively rare in Canada, but we have completed numerous transactions acting for originators, banks and investors.

**Stranded Costs:** We represented the Province of Ontario to develop, document and implement the legislation and commercial aspects of its Fair HydroPlan, financed by "Fair Hydro Trust" under an innovative structured financing platform that is functionally similar to a U.S.-style "stranded costs" transaction.

**Commodities:** We have represented buyers and sellers of commodity pools and related financial assets, including bankruptcy remote sales of oil and gas inventories, uranium toll revenue streams and receivables backed by precious metals.

**Covered Bonds:** Our roles have included acting for the agents for one of Canada's largest covered bond programs.

**Royalty Payments:** We represented an issuer to introduce a novel structure for the cross-border securitization of Canadian royalty payments.

**Whole Business:** We advised on a cross-border whole business securitization involving assets of a telecommunications company.

#### Notable Regulatory Roles

We have acted for: Canada's securities regulators to develop Canada's offering and disclosure laws for ABS and derivatives; leading industry groups in connection with proposed changes to Canada's regulatory regime for public and private ABS and with respect to exemptions for SPVs from derivatives margin FI regulations; and the Canadian Finance and Leasing Association to develop exemptions from certain licensing statutes for SPVs.

# Contact

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