



MAPLES
GROUP

REPACK IS BACK: ISSUANCES IN 2020

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Repack is Back: Issuances in 2020

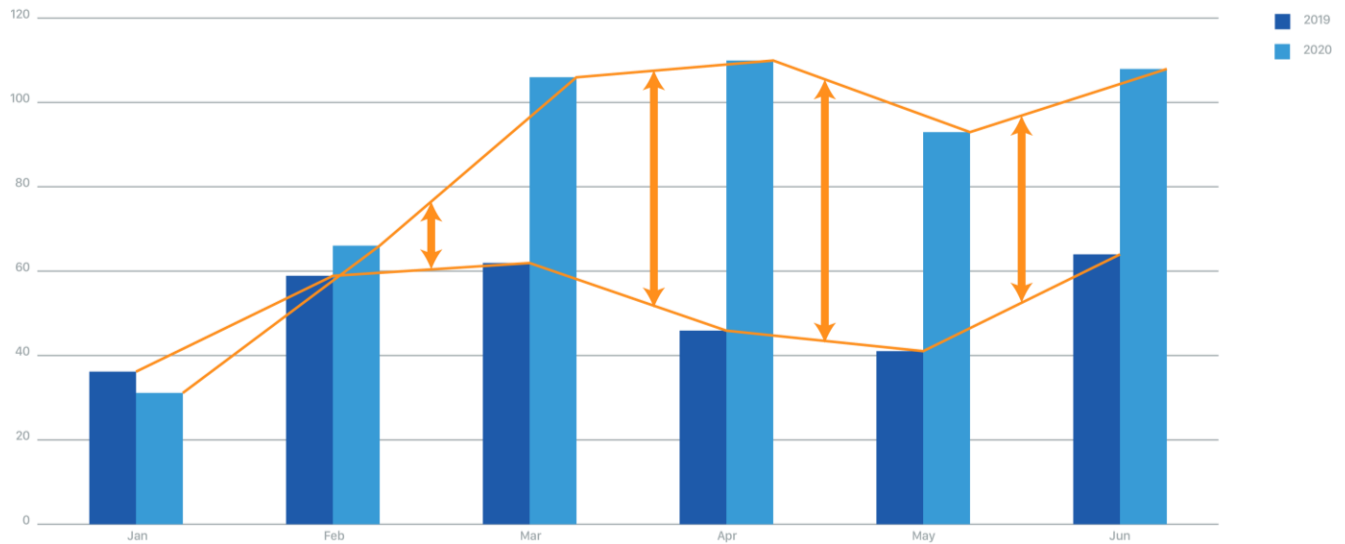
Repackaging ("repack") programme issuances have gained momentum this year, despite the slowdown caused by the COVID-19 pandemic elsewhere in structured markets, as investors continue to gravitate towards this highly flexible method of financing.

The proliferation of more streamlined legal documentation for repack programmes in recent years, using Cayman Islands, Irish, Luxembourg or Jersey-based vehicles, allows arranging banks to quickly issue debt securities in a variety of forms, once an underlying asset has been matched with an investor. Often, it is the ultimate investor who, having first identified a particular class or type of collateral for which they wish to invest, provides the impetus for the arranging bank to structure a particular series via their existing repack platform.

Repack vehicles, while well regarded for their "plain vanilla" or "market accepted" documentation, can also benefit from greater optionality of "plug and play" modules, which allow arranging banks to customise a particular series offering to meet specific investor interest or need. Driven by this investor demand, the new generation of repack programmes offer far greater levels of optionality than their predecessors do with investors able to negotiate bespoke terms as well as an interest rate and maturity profile that works for them with much greater ease.

Underscoring the continued market appeal for repacks, is the level of issuances thus far for the year. According to the Maples Group's proprietary transaction data, the amount of repack business the Group has been involved in through the Cayman Islands this year is tracking significantly ahead of the same period in 2019, with the market gathering momentum during the initial stages of the COVID-19 shutdown. The strong demand for repacks, particularly through the second quarter, where activity was almost double the typical quarterly average, resembles the pattern seen during the 2007/8 downturn, confirming the appeal of repacks during times of stress.

Repack Issuances January - June 2019 - 2020



While the traditional note issuance vehicle remains the most popular programme model, arranging banks also issue debt securities in the form of warrants, while the most recent trend has seen an increase in the issuance of credit-linked notes. Repack issuances can be collateralised by a wide variety of products and asset classes. Most commonly, this takes the form of government-issued bonds, listed corporate, and bank debt. Loans and distressed assets, however, have also grown in popularity in recent years.

Asia remains a key region for repack activity, both as a centre for programme issuance and for its concentration of investors, with China, Singapore, Japan and South Korea featuring strongly. The reopening of Asian economies, after a small downturn at the start of the year, indicated that COVID-19 was under some semblance of control in the region and likely supported the flurry of deals completed at the end of the first quarter.

As a key player in the global securitisation market, the Maples Group assists arranging banks and financial institutions around the world, both in a fiduciary capacity and in respect of Cayman Islands, Irish, Luxembourg and Jersey law, in this highly specialised sector. With a presence in key repack jurisdictions, the expertise of the Maples Group can ensure the SPV remains current and compliant with all legal and regulatory matters. With deep market knowledge and experience, the Maples Group's offering has continued to evolve to meet the particular needs of the repack markets.

Maples Group Repack Programme Capabilities



In addition to legal services and the provision of independent Cayman Islands, Luxembourg, Ireland or Jersey-based directors, depending on the domicile, the Maples Group's legal and fiduciary teams are highly active in the repack space, with entity registered office services, listing agent and AML compliance services alongside other regulatory solutions.

About the Authors

Peter Lundin

Peter is a Senior Vice President within the Maples Group's fiduciary services business and has worked on a wide range of structured finance, investment fund and corporate finance transactions. This includes CDO / CLOs, note programmes, real estate funds, aircraft lease / financings, bond issuances and securitisations. Peter also led the implementation of the Maples Group's internal audit programme covering all offices. Peter first joined the Maples Group in 2007 and has spent time in both the Cayman Islands and Luxembourg offices. Prior to this, Peter was based in New York where he worked in various account management roles for a Fortune 500 insurance company covering the east and west coast markets.

Wanda Ebanks

Wanda is a partner in the Cayman Islands Finance team at Maples and Calder, the Maples Group's law firm. She specialises in repackagings and structured finance transactions. Her area of practice also includes general corporate and commercial matters, with particular emphasis on local licencing and registration matters, including advising on immigration, employment, trade and business and special economic zone registrations. Wanda also has experience in ship and aircraft finance and registration, working with export credit agencies in Europe and Latin America and with airlines globally in the set-up and operation of Cayman Islands special purpose vehicles to participate in the acquisition, finance and leasing of aircraft. Wanda joined the Maples Group in 1998 and was elected as a partner in 2008. Prior to joining the Maples Group, she served as Deputy Clerk of the Grand Cayman Court and Registrar of the Cayman Islands Court of Appeal. Wanda has been a recognised lawyer in Who's Who Legal, the Legal 500 and IFLR1000.