



MAPLES
GROUP

VOLATILE MARKETS AND REPACKS

Peter Lundin | Senior Vice President

Robin Harding | Partner

Wanda Ebanks | Partner

Volatile Markets and Repacks

Cayman Islands repackaging programme issuance volume (“repacks”) has been consistently strong over the last three years and the broadening appeal of this structured investment product is evident from the new bespoke products coming into the market, in addition to investor interest from previously largely untapped markets for repack issuances.

The correlation between repack issuance and volatile financial markets is well established as repacks can be a useful tool for investors to position themselves for heightened periods of risk. Repack notes can be issued both quickly and efficiently and while uncertainty and caution have dominated sentiment, repack issuance volumes have been particularly robust.

While the Cayman Islands remains the preeminent repack domicile with its traditionally strong Asian investor base, market data and feedback shows both Ireland and Luxembourg providing a positive experience for repack issuers and investors from within the EU. The broadening of the investor base for repacks is an encouraging development for the market, especially if there is potential for that to extend further to North America and the Middle East.

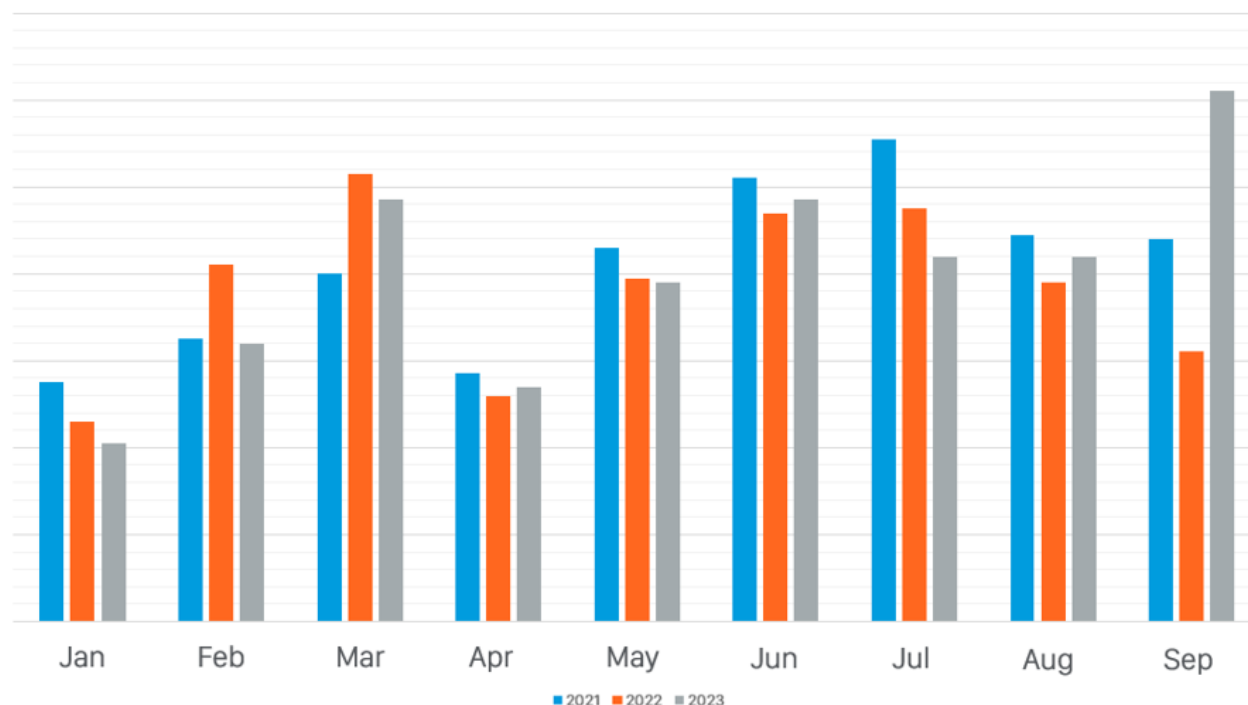
Heightened Volatility

In an analysis of issuance levels from the beginning of 2020 onwards, Maples Group data confirms the relationship between increased financial market volatility and demand for repacks. While economic uncertainty amid concerns over both sustained inflationary pressures and weak growth prospects has continued into 2023, the repack sector has still retained its allure, reinforcing the perception that investors utilise repacks to negotiate market stress and mitigate rising risks.

The activity in 2023 to date closely mirrors the market reaction after the first COVID-19 lockdowns of 2020 and is also reminiscent of the pattern observed during the financial crisis of 2007/8. The chart below¹ reflects the trend of monthly averages for Cayman Islands repack programmes during the last three years and demonstrates continued strong appetite for the product.

¹ The chart shows trend line of issuances year-on-year. Issuance numbers are withheld due to confidentiality reasons.

Cayman Islands Repack Programme Issuances – Monthly Averages



Innovation Over Time

'Tried and tested' through numerous market cycles, repack programmes have been refined over the years, notably with the introduction of more streamlined programme level legal documentation.

Additionally, due to investor appetite and tightening market conditions, there has been an increased focus by arranging banks on exploring new markets and product differentiation, as well as creating greater efficiencies in existing programmes. The Maples Group works closely with leading international arranging banks and their onshore counsel to develop innovative solutions and certain distinguishing programme features, for example, to reduce the time between trade and issuance, address bespoke transaction requirements, or provide multi-jurisdictional coverage.

The Maples Group

As a major player in the global securitisation market, the Maples Group supports arranging banks and financial institutions globally, both in a fiduciary capacity and in regards to Cayman Islands, Irish, BVI, Luxembourg and Jersey law. Depending upon investor requirements, repack programmes can be arranged using vehicles incorporated in any of these jurisdictions. The Maples Group offers a comprehensive suite of fiduciary and charitable trust services to repack issuers from any of these jurisdictions, including Paying Agency, Accounting, Process Agent, Regulatory and Tax services.

The Maples Group also offers listing services to Cayman Islands repack issuers for both Programme and Series issuance from the Cayman Islands, Jersey, Ireland, United Kingdom and Luxembourg. Our legal and fiduciary teams have extensive familiarity with listings in many other jurisdictions and can also support repack issuers undertaking listings

elsewhere. In addition to providing independent Cayman Islands, Luxembourg, Ireland or Jersey-based directors, depending on the domicile, the Maples Group offers registered office services and AML compliance services alongside other regulatory solutions from these jurisdictions, as well as Singapore, Hong Kong, Dubai and Delaware. This ensures the Maples Group can deliver on its commitment to provide our clients with a seamless offering of legal and fiduciary services encompassing the key aspects of operating an international repack programme, with maximum time-zone coverage.

Our specialised knowledge in this area continues to evolve to meet the requirements of repack market participants. With this expertise and a presence in the key repack jurisdictions, our professionals will ensure the repack issuers we support remain current and compliant with all legal and regulatory matters.

About the Authors

Peter Lundin

Peter is a Senior Vice President in the Maples Group's Fiduciary team in the Cayman Islands. He has worked on a wide range of structured finance, investment fund and corporate finance transactions in both the Cayman Islands and Luxembourg, including CDO/CLOs, note programmes, real estate funds, aircraft lease/financings, bond issuances, securitisations and IP structures.

Robin Harding

Robin is a Partner in Maples and Calder's Finance team in the Cayman Islands office. He has extensive experience in international capital markets, banking, fund finance, Islamic finance and structured finance, particularly CLOs, securitisations, repackagings, credit funds and other CLO investment structures and listings on the Cayman Islands Stock Exchange.

Wanda Ebanks

Wanda is a Partner in the Finance team in Maples and Calder's Cayman Islands office, specialising in repackagings and structured finance transactions. Her area of practice also includes general corporate and commercial matters, with particular emphasis on local licensing and registration.