

Catching Up: Ontario Introduces Rules to Enhance Securitization of Electronic Finance Contracts

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Welcome amendments are proposed to the Ontario *Personal Property Security Act* (the PPSA) to enable perfection by control of electronic chattel paper, bringing the Ontario PPSA more in line with the treatment of electronic chattel paper in the United States under UCC Article 9. The proposed amendments will make securitization and equipment finance transactions more streamlined and cost-efficient in Canada.

Bill 100, *Protecting What Matters Most Act (Budget Measures)*, 2019, which is the bill tabled to enact the 2019 Ontario Budget, proposes amendments to the PPSA which will provide for perfection of control by electronic chattel paper, which was not previously possible in Ontario. This proposed change affords secured creditors who finance or take security in chattel paper (including, lenders, lessors and securitization partners) to be afforded a super priority status vis-a-vis the electronic chattel paper and a claim that will defeat a prior registered security interest under the PPSA.

The proposed amendments to the PPSA follow similar amendments in the province of Saskatchewan in late 2018, making Canada increasingly more attractive for secured parties financing electronic chattel paper.

For further information regarding this matter, please contact Jonathan Fleisher, Carla Potter or any member of the Banking, Lending & Specialty Finance Group.

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