

IN-DEPTH

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Michael L Urschel

Kirkland & Ellis LLP

In-Depth: Securitisation Law (formerly The Securitisation Law Review) provides legal practitioners, borrowers, lenders and other market participants with key insights into the structural frameworks and regulatory issues surrounding the securitisation industry in major jurisdictions worldwide. With a focus on recent developments, it examines the most consequential features of the regimes governing securitisation structures and transactions.

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Canada

Brian Empey, Francesca Guolo and Jon Northup

Goodmans LLP

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Introduction

Canada boasts a well-developed and sophisticated securitisation market. While it emulates those of the United States and Europe, Canada's securitisation market remains comparatively smaller, less mature and characterised by strong regulatory oversight.

In 2025, Canada's securitisation market continued to exhibit resilience, though the global environment signifies an uncertain path for Canadian growth and inflation. Intensifying global trade restrictions and tariffs on Canadian exports have translated into elevated credit risks within asset pools tied to trade-exposed industries. Incertitude in the review of the Canada-United States-Mexico Agreement (CUSMA) and US–Canada trade relations is likely to affect business investment and hiring decisions, and to soften economic and income growth and dampen housing demand in the near term. Global tensions, such as the US–Iran conflict, are also expected to push inflation upwards. Together, these factors are likely to affect credit performance in Canada's structured finance market in 2026.

Participation in the Canadian securitisation market is dominated by regulated financial institutions, although private credit funds and non-bank lenders have increasingly entered the market as originators of loans and credit assets, investors in securitised products, and sponsors or arrangers of structured-credit transactions. In addition to its relatively small size and the impact of profound global events on Canada's securitisation market, the market emphasises conservative risk-focused approaches and decision making, the use of traditional products (eg, asset-backed securities (ABSs) backstopped by the government), and simple structures differentiated from the complex and esoteric products and structures seen in other markets. These idiosyncrasies of the Canadian securitisation market underscore the need for Canada to emulate and harmonise with global standards and practices in the securitisation market.

The market for retail investor involvement in securitisations is limited, except for residential mortgage securitisations. Canada Mortgage and Housing Corporation (CMHC) is the national housing agency with a mandate to provide housing finance system stability while delivering housing programmes to increase supply, preserve stock and contribute to affordable housing.^[1]

To accomplish this broad mandate, CMHC offers or administers a number of programmes that are constantly evolving to respond to broader economic changes. Four CMHC programmes are of key relevance to Canada's securitisation industry:

- the CMHC insurance programme, which provides insurance against default for high loan-to-value mortgages;^[2]
- the National Housing Act Mortgage-Backed Securities (NHAMBS) Program, which affords financial institutions the opportunity to offer securities backed by pools of residential mortgages insured by CMHC;^[3]
- the Canada Mortgage Bonds (CMB) Program, under which bonds guaranteed by CMHC are issued and the proceeds used to acquire pools of NHAMBS securities;^[4]
- and
-

CMHC also administers registered covered bond programmes pursuant to which eight Canadian chartered banks offer bonds backed by uninsured residential mortgage portfolios.^[5]

NHAMBS and CMB investments are effectively considered government-backed securities and are more accessible and appealing to the retail investor base.

Structure

Securitisation structures in Canada typically utilise a bankruptcy remote special purpose entity (SPV) to which the assets securitised are assigned or sold. There are no specific legal requirements imposed on SPVs and no legal restrictions on the type of assets that may be securitised. A common law trust often serves as the SPV, but limited partnerships and corporations can also be used depending upon the circumstances. Limited partnerships are creatures of statute and, like trusts, are relationships and not entities per se. If a trust is used, an institutional trust company will serve as the trustee holding legal title to the securitised asset portfolio. The beneficiaries of the trust, while a legal necessity, will usually be non-profit or charitable entities with limited rights. If a limited partnership is used, its general partner must also be an SPV. Whether a trust or a limited partnership, the SPV issues to investors co-ownership or limited partnership interests in, or notes secured by, the securitised assets. The originator of the securitised assets commonly administers and manages the pool of securitised assets. Currency and interest rate risks are normally mitigated through the use of derivatives. Forms of credit enhancement used will align with those used in other jurisdictions. There is no requirement for risk retention on the part of a sponsor or seller in a Canadian securitisation.

Year in review

Despite a challenging macroeconomic and geopolitical environment, the Canadian structured finance market continues to perform well. Term ABS, ABCP and covered bond issuances were generally strong in 2025 and have continued to perform well overall. While total covered bond issuances reached C\$38.6 billion as at December 2025, which represents a steady decline in performance over the two prior years, this decline has been more than offset by a surge in issuance volume in the ABS and ABCP markets. New securitisation volume through term ABS (including private deals) and ABCP has been significantly higher than issuance levels observed in the prior two years, reaching C\$24 billion and C\$58.7 billion, respectively, as at December 2025, compared with C\$13.5 billion and C\$42.1 billion, respectively, as at December 2024.^[6]

Collateral performance in Canadian structured finance transactions saw modest increases in late-stage delinquencies in some transactions, but losses remained limited and well within expectations, supported by the predominantly prime credit quality of borrowers in the securitised pools. While delinquency rates rose modestly, losses in securitisation pools of secured receivables such as retail auto financing were limited, benefiting from the recovery value of the underlying assets as well as the credit quality of the borrowers included in these transactions. Elevated resale values are expected to continue to support recoveries and limit losses in securitisations backed by secured receivables, helped

by relatively higher new vehicle prices that continue to make used-vehicle prices more attractive to buyers and by used-vehicle prices normalising from their post-pandemic peaks while still remaining at historically elevated levels. While performance remained stable for commercial mortgage collateral, with delinquency rates low relative to the US market, residential mortgage performance continued to soften in 2025 but remained stable due in part to a resilient consumer portfolio, accumulated consumer savings and conservative underwriting and lending practices.^[7]

As at 30 April 2026, the total amount outstanding in the Canadian securitisation market, including private placements, was estimated to be C\$123.7 billion. Term ABS and ABCP accounted for 44.8% and 52.5%, respectively, of the total market while private placements accounted for 5.4%. The Canadian public securitisation market continued to be dominated by securitisations of consumer obligations. Credit card and auto-related transactions accounted for 27.3% and 27.6%, respectively, of the total market, while residential mortgage transactions, home equity credit line transactions and commercial mortgage transactions accounted for 25.6%, 7.7% and 3.9%, respectively, of the total market.^[8]

Regulation

Canada is a federation with legislative authority divided between the federal parliament and 13 provincial and territorial legislatures.^[9] Each province (other than Quebec, a civil law jurisdiction) also operates as a common law jurisdiction with judicial decisions informing certain aspects of the regulatory framework.

There is neither a single regulator, nor a single body of legislation or regulation governing securitisations. The type of assets securitised, the nature and domicile of the participants to a securitisation and the manner of offering to investors will each influence the legislation, regulations and regulatory oversight applicable to the transaction. Generally:

- provincial securities legislation will govern the offering of securitised products;
- federal banking legislation, regulatory guidance for financial institutions and anti-money laundering legislation will impose requirements on a securitisation and its participants;
- federal insolvency legislation and provincial fraudulent conveyances and preferences legislation will dictate the status of a SPV as bankruptcy remote;
- provincial personal property security legislation and land registration systems will apply to the grant of security over a securitised asset portfolio;
- federal and provincial consumer protection and privacy legislation may impose requirements on a securitisation based on the type of assets securitised; and
- federal and provincial tax legislation will influence the choice of SPV and structure of a securitisation.

While less extensive than reforms in key global markets, Canada has enacted significant regulatory changes designed to implement the recommendations of the Basel Committee on Banking Supervision, enhance marketplace disclosure and align with global standards in liquidity and credit support. The regulatory and policy outlook for the Canadian

securitisation market remains focused on transparency, simplification, resilience and efficiency.

Offerings of securitised products

The regulation of ABS and the securitisation market has been swept into the regulation of securities and capital markets generally in Canada, with infrequent distinctions drawn for securitisations.

The regulation of securities is a matter of provincial jurisdiction. While each province has autonomous authority, effort has been made to harmonise securities regulation across the country (often through national or multi-lateral instruments) and the provincial regulators coordinate their efforts through their umbrella organisation, the Canadian Securities Administrators (CSA).

Securities laws impose prospectus requirements on securities offerings to the public and require intermediaries facilitating, or advising in relation to, these offerings to be registered as broker-dealers or advisers. However, exemptions from the prospectus requirements are available. A widely used prospectus exemption is for offerings to institutions or to individuals that possess a stipulated net worth (accredited investors).^[10] Securities offered in reliance on an exemption from prospectus requirements are subject to resale restrictions.

Offerings of ABS typically take place in the exempt market as the vast majority of investors are institutions and, accordingly, accredited investors.

While less common, public offerings of ABS must generally comply with the prospectus requirements, which prescribe specific disclosure and mandate full, plain and true disclosure of all material facts.^[11] Issuers of ABS offered by way of prospectus will also be subject to continuous disclosure requirements. Exception is made for offerings of highly rated short-term securitised products (such as asset-backed commercial paper (ABCP)) and offerings of NHA-MBS and CMB securities. Issuers of short-term securitised products are required to provide investors with an information memorandum, monthly reports and updated disclosure, each in prescribed form.^[12] NHA-MBS and CMB securities need only comply with the disclosure requirements imposed on these offerings by CMHC.

Credit rating agencies that rate securities offered under a prospectus at non-fixed prices or offered in reliance upon the exemption for short-term securitised products must apply for designation under the CSA's National Instrument 25-101 – Designated Rating Organizations (NI 25-101). NI 25-101 imposes governance, independence, record keeping and disclosure requirements on designated rating organisations.

Federally regulated financial institutions

The preponderance of originators, service providers and investors in Canadian securitisations are financial institutions subject to the prudential regulation and oversight of the Office of the Superintendent of Financial Institutions (OSFI). OSFI promulgates rules and guidance on the capital adequacy, accounting practices, risk management and governance of regulated entities as well as their participation in specific transactions such as securitisations. In particular, OSFI's Capital Adequacy Requirements (CAR) Guideline

and Guideline B-5 – Asset Securitization set out the capital treatment of securitisation exposures and OSFI's supervisory expectations for asset securitisation transactions. The Guidelines align with the Basel Committee on Banking Supervision's Basel capital framework.^[13]

Originators, issuers and service providers in NHA-MBS and CMB securitisations are also required to comply with the requirements established by CMHC for those programmes.

Anti-money laundering legislation

Canada's anti-money laundering and terrorist financing legislative regime is embodied primarily in Canada's Criminal Code and Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA). The Criminal Code applies to all persons. The PCMLTFA applies only to specified entities (reporting entities), among them federally regulated financial institutions and, more recently, financing and leasing companies, including those involved in factoring. Although neither the PCMLTFA nor the Criminal Code include provisions expressly applicable to securitisation transactions, reporting entities involved in the Canadian securitisation market are obligated to monitor all flows of funds for suspicious activity and maintain robust records in relation to all their activities, including their participation in securitisation transactions.

Consumer protection

Where the assets of a securitisation consist of consumer receivables, federal and provincial legislation designed to protect consumers may require structural or operational accommodations in the transaction. These legislative provisions can be found in provincial consumer protection statutes, the governing statutes of financial institutions, the Criminal Code and the Interest Act. In relation to consumer receivables, these consumer protections can impose disclosure requirements, afford rescission and prepayment rights and limit interest rates, fees and penalties. For example, the federal Criminal Code prohibits charging or receiving interest at a criminal rate, which is currently an annual percentage rate exceeding 35% on the credit advanced.

Privacy

Again, where the assets of a securitisation consist of consumer receivables, regard must be had for Canadian privacy legislation. The federal Personal Information Protection and Electronic Documents Act and certain provincial privacy legislation regulate the use, collection and disclosure of personal information of an identifiable individual. If consumer data containing such personal information is required to be stored, managed, transmitted or otherwise disclosed for purposes of a securitisation, steps must be taken to anonymise this information or obtain the prescribed consents.

French language laws

In 2022, the Province of Quebec significantly amended its Charter of the French Language by, among other things, enhancing requirements for French language usage and translation. This affects all businesses operating or having employees in Quebec and

presents challenges for securitisations and, in particular, for the documentation of true sale transactions.

Tax

Canada's tax regime is governed by the federal Income Tax Act (ITA) and its regulations, as well as the sales and other tax laws of Canada and its provinces. The primary basis for income taxation in Canada is the taxpayer's residence. Canadian residents (including corporations and trusts) generally are subject to Canadian tax on their worldwide income. A partnership generally is not subject to tax in Canada, but the partnership's income is allocated to its members based on their respective partnership interests.

Non-residents generally are subject to Canadian income tax only on certain types of Canadian-source income, including income from carrying on business in Canada and withholding tax in respect of certain types of Canadian-source passive income.

The structure adopted for a securitisation will depend on a number of factors, including the income and sales tax issues arising from the types of assets being securitised and the nature and domicile of the participants. Absent a specific provision in the ITA to the contrary, or a finding that the arrangements are a sham, the characterisation and treatment of securitisations for Canadian tax purposes largely will follow the bona fide legal arrangements (and should not be recharacterised based on their economic substance).

In cross-border securitisations, there is no Canadian withholding tax on interest payments paid by a resident of Canada to an arm's-length non-resident, other than participating debt interest (which is typically not a feature of securitisations).

Cross-border payments of rent, royalties and dividends are generally subject to 25% Canadian withholding tax, subject to certain specified exemptions and relief available under applicable tax treaties.

Transactions involving these payments are typically structured with a Canadian SPV holding the securitised assets and a cross-border loan from the foreign issuer or investor. Non-resident issuers participating in a cross-border securitisation involving Canada will need to restrict their activities in Canada to ensure the issuer could not be considered to be carrying on business in Canada (and, accordingly, be subject to tax in Canada) by virtue of acquiring, holding or servicing the underlying Canadian assets, and will often similarly use an intermediate Canadian SPV to hold the assets.

Cross-border securitisation structures also need to take into account Canada's "hybrid mismatch rules". These rules could deny deductions or cause income inclusions where the structure of a cross-border instrument or the corporate structure itself (for example, where the payor is treated as a taxable entity in one jurisdiction but as fiscally transparent in the other) creates a deduction in one jurisdiction and the other jurisdiction either does not include the corresponding receipt in income or allows a deduction in respect of the same economic expense (ie, a "double deduction"). If a denied deduction is in respect of interest, the "hybrid mismatch rules" could impose withholding tax (other than in respect of a denial because of the application of the "hybrid entity rules").

The "excessive interest and financing expenses limitation" (EIFEL) rules in the ITA limit the amount of net interest and financing expenses that resident and non-resident corporations

and trusts can deduct in computing income. The basic regime under the EIFEL rules generally limits the deduction of net interest and financing expenses to 30% of the taxpayer's "adjusted taxable income" (ie, tax EBITDA). The impact of the EIFEL rules, if any, on a particular securitisation transaction should be considered and will depend on the nature of the securitised assets (and the income generated thereon).

Canada's goods and services tax (GST) is a comprehensive value-added tax on the consumption of nearly all property and services in Canada but generally excludes financial instruments. The rate of GST is currently 5%.

Each province (other than Alberta) also levies a sales tax on most sales of property and services provided within the province. Several provinces (including Ontario) have harmonised their sales taxes with the GST to form a single harmonised sales tax (HST). The tax regime for the GST and the HST is ordinarily the same. Quebec's provincial sales tax mirrors, but is not harmonised with, the federal GST.

Sales of financial instruments (such as loans and receivables) generally are exempt from GST/HST as well as provincial sales taxes.

To the extent possible, securitised assets in Canada are usually sold or contributed to the SPV on a fully serviced basis, so that there is not a separate supply of these services that would be subject to non-recoverable GST/HST. Other services fees, such as collection agent services, generally will be subject to GST/HST.

Security and guarantees

In a typical Canadian securitisation, the SPV holding title to the securitised assets will grant a charge or lien over those assets in favour of the investors as security for its obligations under the notes issued to them. The credit support or credit enhancement may include a guarantee by the sponsor.

Generally, the SPV will enter into a trust indenture with a professional trustee contemplating both the issuance of the notes and the grant of the security interest. The indenture trustee will hold the benefit of the security granted for the investors as beneficiaries. In Quebec, the security interest will be granted to the trustee through a prescribed document known as a hypothec, accompanied by specific formal requirements. There is no prescribed form of trust indenture in the other provinces of Canada. Similarly, there are no special formalities to be observed in providing a guarantee.

Statutory framework for secured interests

Security can be taken over all types of assets: real (or immovable) property and personal (or movable) property (both tangible and intangible), with a different regime applicable to each.

Provinces are responsible for "property and civil rights" in their respective jurisdictions. Matters pertaining to security and guarantees therefore fall within the purview of the provinces.

The common law provinces have personal property security legislation (PPSA) modelled on article 9 of the pre-2002 Uniform Commercial Code (UCC) in the United States. While the specifics of each province's PPSA may differ, they are consistent in basic concepts and overall structure. Quebec does not have a PPSA; however, its Civil Code contains provisions that function in a manner similar to the PPSA, including a public registration system for security granted on personal property.

The PPSA applies to every transaction involving personal property, regardless of form, that in substance creates a "security interest". This includes financing leases and conditional sales agreements. The PPSA sets out various rules for establishing priority among secured parties. It contains provisions specifying the rights of debtors who grant security interests and those of secured parties who hold and enforce their security. These statutory provisions supplement the terms of the parties' negotiated documentation.

To protect its rights in personal property as against third parties, a secured party (eg, the indenture trustee) must have a written security agreement, which grants it a security interest in the identified collateral (eg, the portfolio of securitised assets). The security interest must both "attach" to the collateral and be perfected.^[14]

Attachment generally requires that the debtor granting the security interest (namely the SPV in a typical Canadian securitisation) has rights in the collateral, that value has been given and that the parties sign a valid security agreement adequately describing the collateral. A secured party perfects its security interest by taking control of the secured collateral (either by possession or a control agreement) or by registering its interest against the debtor in a central computerised registration system. Secured parties must register against the correct debtor name and ensure other required information is accurate. Registrations should be amended as circumstances change, including if the debtor changes its name. Notably, any postponement and assignment of claims by a guarantor contained in a guarantee can be characterised as a security interest that should be registered against the guarantor.^[15]

Where accounts receivable are to be securitised, they are sold or assigned by the originator to an SPV. In relation to such sale or assignment, a financing statement is registered under the PPSA, with the originator identified as the "debtor". Under Quebec's Civil Code, a securitisation transaction cannot be perfected unless the transaction encompasses all receivables of a certain type that have been generated by the originator in the specified time period (a "universality of claims").

Cash collateral is a common feature of Canadian securitisation transactions. As with any other asset, a valid and enforceable security interest over a deposit account or any other cash collateral requires attachment and perfection. While not required to achieve perfection, deposit account control agreements are common. These allow the account bank and the secured party to agree as to their respective rights in the cash held in the bank account. Over the past several years, there has been an organised movement to amend the PPSA so that secured parties can perfect by control over a bank account. This would harmonise Canada's system with the UCC system in the United States.

In some provinces the PPSA allows for perfection by control in respect of electronic chattel paper, affording "perfection by control" priority over "perfection by registration". This is relevant where the collateral of a securitisation includes car loans and similar assets and

is an example of the PPSA being amended over time to align with similar provisions of the UCC.

Securities transfer legislation and related amendments to the PPSA (together, the STA) have been adopted by all provinces. The STA implements rules governing property rights that exist whenever investment property (such as securities, futures and other financial assets) is bought, sold or used as collateral to secure obligations. The rules are based on article 8 of the UCC. Among other things, they address perfection steps in connection with any security interest granted in securities directly held by a debtor, and securities and other financial assets that are indirectly held through a securities intermediary. The rules are intended to accommodate modern securities settlement systems where securities are held indirectly through intermediaries and where computerised book entries are relied on for settlement. The STA also provides additional certainty with respect to priority of perfection by allowing secured parties to perfect by control.

Impact of insolvency on secured interests

If a SPV becomes subject to an insolvency proceeding after granting a security interest in the underlying assets of the securitisation, the transaction may be scrutinised under Canada's Bankruptcy and Insolvency Act or Companies' Creditors Arrangement Act, as well as certain provincial statutes (eg, in Ontario, the Assignments and Preferences Act and Fraudulent Conveyances Act) by the insolvency official (eg, the trustee in bankruptcy, receiver or court-appointed monitor) appointed in respect of the SPV's estate.

Generally, the priority of perfected security interests over unsecured creditors is respected in an insolvency, with certain specific statutory exceptions. However, the insolvency official, sometimes with the assistance of the court, will determine whether the transaction preferred one creditor of the SPV over its other creditors, or whether the SPV transferred (or granted security interests in) its assets for conspicuously less than fair market value.

Assuming the debtor (eg, the SPV) and the secured creditor (eg, the indenture trustee on behalf of the investors) deal at arm's length and the security interest only secures newly issued debt, it is unlikely there would be a basis for attacking the securitisation as a preference or transfer at undervalue. The look-back periods for arm's-length transactions are three months before the commencement of insolvency proceedings for a preference and 12 months for a transfer at undervalue.

Priority of payments and waterfalls

Where the collateral is personal property, priorities among creditors are governed primarily by the PPSA, subject to contractual arrangements among creditors (including inter-creditor agreements and subordination agreements). In the case of securitisations, the trust indenture will often address respective priorities (as would any necessary deed of hypothec in Quebec).

The priority of security interests perfected by registration generally is a matter of "who registered first", with certain exceptions (including for a "purchase money security interest" in certain collateral). A security interest perfected by possession or control (eg, a share

certificate delivered under a pledge of shares) generally has priority over a security interest in the same collateral that is perfected by registration.

Unperfected security interests commonly rank last among secured creditors having security in the same collateral and are not effective against a trustee in bankruptcy of the debtor.

Notably, the PPSA does not address all priorities of payments as between secured and unsecured creditors. In particular, waterfall priorities as they relate to unsecured creditors are generally dealt with by other pieces of legislation in addition to long-established common-law doctrines (except in Quebec). Various federal and other provincial statutes additionally provide statutory priority to specific creditors that do not have security interests perfected under the PPSA, such as various tax and other governmental authorities.

Isolation of assets and bankruptcy remoteness

Fundamental to a typical Canadian securitisation is the sale (or contribution) of assets by the originator to the SPV that, in turn, issues a debt instrument to investors. Care is taken to ensure the sale or contribution is “true” so the transaction will not be recharacterised by a Canadian court as a grant of a security interest by the originator in favour of the SPV.

Bankruptcy remoteness is achieved through the “true sale” and the separateness of the SPV from the originator. For the investor in the securitisation, bankruptcy remoteness ensures that, if the originator enters insolvency, the assets of the SPV will not be available to satisfy claims of the originator’s other creditors. For the originator, it means that investors in the securitisation will not have recourse to the originator for any losses suffered except as expressly provided in the documentation.

The trust indenture will require compliance with separateness covenants included in governing or constating documents of the SPV, which serve to limit the business of the SPV to that of owning and holding the securitisation assets and performing its obligations under the securitisation’s transaction agreements.

Bankruptcy remoteness would be defeated by an order for substantive consolidation of the SPV and the originator (or other parties that are not special purpose entities). In Canada, substantive consolidation is an extraordinary remedy and is rarely ordered over the objection of third-party creditors. Nevertheless, separateness covenants and other requirements of the transaction documents will be aimed at preventing or limiting actions that Canadian courts have identified as factors to be considered for purposes of substantive consolidation:

- - difficulty in segregating assets;
 - presence of consolidated financial statements;
 - profitability of consolidation at a single location;
 - commingling of assets and business functions;
 - unity of interests in ownership;

- existence of intercorporate loan guarantees; and
- transfer of assets without observing corporate formalities.^[16]

The presence of any of these factors will not necessarily be determinative as the court will apply a balancing of interests test, in the context of those elements, to determine whether the benefits of consolidation outweigh the prejudice to particular creditors and, finally, determine whether consolidation is fair and reasonable in the circumstances.^[17] Typically, a non-consolidation opinion in respect of the SPV and originator is required at closing of a securitisation transaction.

The issue of “true sale” generally concerns the characterisation of a transaction as a sale of an asset or, conversely, as some form of financing transaction. The Supreme Court of Canada has concluded that, in characterising a transaction or instrument for commercial purposes, the starting point is the parties’ intention, objectively determined. Unless proven otherwise, the parties’ intention is to be found in the words used in the transaction documents. Generally, Canadian courts will only recharacterise a transaction or instrument if the label attached to it by the parties does not properly reflect its actual legal effect. The parties are entitled to structure their contractual relationships as they see fit, absent fraud or public policy considerations. Canada is therefore different from other jurisdictions where the comparable test is focused on the economic effect of the applicable documents, as opposed to the legal effect.

In determining the “real nature” of a transfer (eg, whether the transfer constitutes a sale or a loan), courts generally consider the following factors, with items (e), (f) and (g) applying specifically in the case of a sale of receivables:

1. the parties' intention as evidenced by the language of the applicable agreement, the factual circumstances and purpose of the agreement (including the desired commercial result);
2. whether the risks of ownership are transferred to the purchaser and the extent and nature of recourse to the seller;
3. certainty of determination of the purchase price;
4. the extent to which the purchased assets are identifiable;
5. the right of the seller to surplus collections;
6. responsibility of the seller in collecting the receivables; and
7. whether the seller has a right to redeem the receivables on paying a specified amount.^[18]

Typically, a true sale opinion is required at closing of a securitisation transaction.

Outlook and conclusions

While interest rates have declined from recent peaks, labour-market softness, heightened uncertainty surrounding trade policy developments and the CUSMA review, global tensions pushing inflation upward, persistent affordability pressures and ongoing softness in the

Canadian housing sector are expected to continue to place strain on certain asset classes and credit performance. Any further weakening of the labour market could result in an uptick in defaults and losses in 2026. Trade-sensitive consumer and commercial receivables could face downside risk if prospective broad-based tariffs on Canadian exports to the United States are imposed, as would industries with greater trade exposure, such as agriculture, mining, construction and manufacturing.

There are indications that Canada's securitisation market may continue to diversify towards a broader range of domestically oriented assets. Four inaugural issuers entered the ABS market in 2025 backed by domestically oriented assets such as uninsured residential mortgages, agricultural conditional sales contracts, equipment lease and loan receivables and credit card receivables.^[19] Continued private-label term RMBS issuance is also expected in 2026, with six RMBS platforms now active in Canada.

Canada's securitisation market may experience a continued increase in transactions involving more "esoteric assets" (including royalty and distribution streams). In addition, assets of the digital infrastructure sector (including telecommunications, fibre networks and data centre-related receivables), as well as perhaps of other non-traditional sectors, are likely to become more securitisable. In July 2025, Canada saw its first rated, Canadian asset-only data centre securitisation, in respect of which an additional C\$150 million ABS issuance was completed on 26 March 2026.^[20]

Overall, it is anticipated that Canada's securitisation market will remain stable in 2026. Continued momentum in public term ABS issuance is expected, as is periodic activity from auto loan, auto lease and equipment finance term ABS issuers, and potential follow-on offerings from issuers that entered the market in 2025. The ABCP market is expected to continue benefiting from growing interest in this asset class, supporting new funding of residential mortgages and auto-related transactions. In the trade receivables sector, evolving credit enhancement structures are expected to continue providing strong protection against potential adverse changes in performance, notwithstanding the downside risk to the Canadian economy posed by prospective broad-based tariffs on Canadian exports to the United States.^[21]

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Endnotes

- 1 www.cmhc-schl.gc.ca. [^] [Back to section](#)
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- 8 <https://dbrs.morningstar.com/research/484673/monthly-canadian-securitization-market-overview-report-april-2026>. ^ [Back to section](#)
- 9 There are 10 provinces and three territories. In this chapter, references to the provinces should be construed to also be references to the Canadian territories. ^ [Back to section](#)
- 10 National Instrument 45-106 – Prospectus Exemptions. ^ [Back to section](#)
- 11 National Instrument 41-101 – General Prospectus Requirements. ^ [Back to section](#)
- 12 National Instrument 45-106 – Prospectus Exemptions. ^ [Back to section](#)
- 13 <https://www.osfi-bsif.gc.ca/en/guidance/guidance-library/capital-adequacy-requirements-car-guideline-2026>. ^ [Back to section](#)
- 14 Certain assets will require additional registration and perfection (eg, certain intellectual property, aircraft, maritime vessels and ships, railcars and rolling stock, and life insurance policies). ^ [Back to section](#)
- 15 The process for taking security over real estate differs. A party taking security in real property (by way of a mortgage or hypothec) must register such security on title to the property. ^ [Back to section](#)
- 16 Northland Properties Ltd, Re, [1988] BCJ No 1210 (SC), aff'd [1989] BCJ No 63 (CA), in which the court considered the “elements of consolidation” set out in the US Bankruptcy Court case In re Vecco Const Industries Inc, 4 BR 407 (Bankr ED Va 1980). ^ [Back to section](#)
- 17 See Redstone Investment Corp (Receiver of), Re, 2016 ONSC 4453. ^ [Back to section](#)

18 Metropolitan Toronto Police Widows & Orphans Fund v Telus Communications Inc (2003), 30 BLR 3d 288 (Ont Sup Ct J), rev'd on other grounds (2005), 75 OR (3d) 784 (CA), leave to appeal to SCC refused, [2005] SCCA No 379. ^ [Back to section](#)

19 <https://www.cifinancial.com/ci-gam/ca/en/expert-insights/articles/there-s-no-place-like-home.html>. ^ [Back to section](#)

20 <https://www.estrukture.com/press-releases/estrukture-secures-1.35b-financing-to-expand-and-power-canadas-digital-infrastructure>;

<https://www.estrukture.com/press-releases/estrukture-secures-150m-additional-financing-to-expand-and-power>

^ [Back to section](#)

21 <https://dbrs.morningstar.com/research/475482/canadian-structured-finance-2025-year-in-review-and-2026-outlook>. ^ [Back to section](#)

Goodmans^{LLP}

Brian Empey

Francesca Guolo

Jon Northup

bempey@goodmans.ca

fguolo@goodmans.ca

jnorthup@goodmans.ca

Goodmans LLP

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