

The ABCs of Orphan SPVs

Barnabas Finnigan – Partner, Conyers, London

Terry-Ann Arch – Senior Vice President, Conyers Governance (Cayman) Limited, Cayman Islands

30 April 2025

© Conyers 2025. Confidential

CONYERS

About the presenters



Barnabas Finnigan
Partner, London
+44 20 7562 0353
barnabas.finnigan@conyers.com

Barnabas Finnigan is Partner in the London Corporate practice.

Barnabas' practice encompasses all aspects of corporate finance and banking law, with a particular focus on aviation and shipping finance transactions.

He advises a broad range of clients in connection with the entry into complex cross-border and multi-jurisdictional transactions including asset finance, project finance, structured finance, cross border financing, merger and acquisitions, and Cayman Islands stock exchange listings. Barnabas has worked on a number of market leading ABS transactions and has advised lessors on portfolio acquisitions and transfers as well as working on structured solutions for clients across the aviation industry in connection with the acquisition, financing and leasing of their aircraft. He also regularly assists Cayman Islands issuer vehicles in connection with the establishment and entry into repackaging and note issuance programs and other structured finance transactions.

About the presenters



Terry-Ann Arch
Senior Vice President of Conyers
Governance (Cayman) Limited,
Cayman Islands
+1 345 814 7389
terry-ann.arch@conyers.com

Terry-Ann Arch is Senior Vice President of Conyers Governance (Cayman) Limited.

Terry-Ann specialises in providing directorship and administrative services to Cayman Islands vehicles within the structured finance space, including SPVs related to both asset finance and capital markets securitisations.

She has extensive experience acting as a lawyer on a diverse range of structured finance, corporate, capital markets and secured lending transactions. She also has experience with Sharia compliant Islamic finance transactions, having previously worked in the Middle East.

Terry-Ann also has specialist expertise in asset finance, including financing and leasing structures for aircraft, ships and related assets. Her clients in this context have included aircraft and ship owners, airlines, major operating lessors and financiers.

Conyers is a leading licensed international law firm with a broad client base including local and international insurance and reinsurance entities and insurance managers, FTSE 100 and Fortune 500 companies, international finance houses and asset managers. The Firm advises on Bermuda, British Virgin Islands and Cayman Islands laws, from offices in those jurisdictions and in the key financial centres of London, Hong Kong and Singapore.

Advising on the laws of:	Corporate	Litigation	We work with:	
<ul style="list-style-type: none"> Bermuda British Virgin Islands Cayman Islands 	<ul style="list-style-type: none"> Aircraft Finance & Registration Banking and Finance Capital Markets, M&A, Continuations, IPOs Insurance & Reinsurance Investment Funds Islamic Finance Joint Ventures Partnerships Private Equity Securitization & Structured Finance Ship Finance & Registration 	<ul style="list-style-type: none"> Arbitration & Dispute Resolution Bankruptcy, Insolvency & Restructuring Commercial Litigation <p>Private Client & Trust</p> <ul style="list-style-type: none"> Discretionary, Fixed Interest, Purpose & Charitable Trusts Estate Planning Foundations Private Investment Structures Private Trust Companies Trust Litigation 	<p>82% the 50 largest banks in the world</p>	<p>87% AMLAW USA firms</p>
			<p>94% AMLAW Global 100 firms</p>	<p>100% Magic Circle firms</p>

CONYERS

1

WHAT IS AN SPV?

2

WHY USE AN SPV?

3

SPVS IN THE CONTEXT
OF FINANCE TRANSACTIONS

4

SPV STRUCTURES

5

BANKRUPTCY REMOTE SPVS

6

SPVs –
THE DIRECTOR'S CUT

7

KEY ISSUES TO CONSIDER

OVERVIEW

CONYERS

What is an SPV?

CONYERS

WHAT IS AN SPV?



An entity that has been established for a specific purpose (e.g. a specific transaction or to hold a specific asset)



“Special Purpose Vehicle”



Enable an asset to be held within a corporate structure

Why use an SPV?

CONYERS

KEY REASONS FOR UTILIZING SPVS



Limit Liability

Tax efficient structuring

Facilitate Registration

Operational efficiencies

CONYERS

SPVS IN SECURED FINANCING TRANSACTIONS

Separate owner from
asset

Offer financiers greater
control over the
company/asset

Provide more flexible
security options

- Mortgage over
underlying asset
- Security over other
assets/income
streams of SPV
- Share Security

Simplify enforcement of
security

Bankruptcy remote
structuring

CONYERS

SPVS IN SECURED FINANCING TRANSACTIONS

Ijaara

Sukuk

Shariah-compliant
aircraft leasing fund

Cayman
Islands

Ease, Speed, Cost

Tax Neutrality

Reliable, 'Tried and Tested' Legal System

Sophisticated Off Shore Centre

Trust Regime

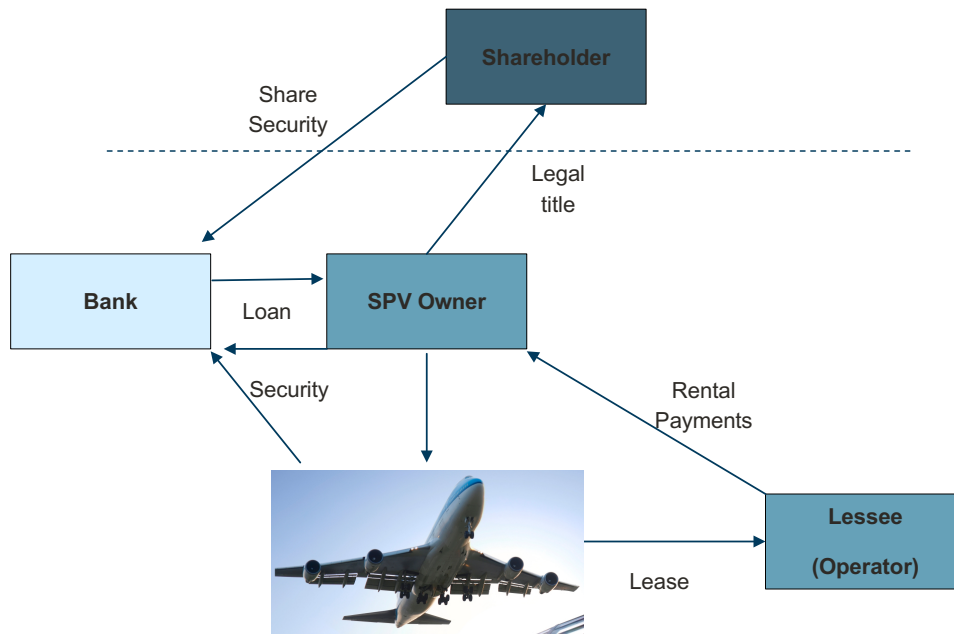
Dual Foreign Name

CONYERS

Structuring SPVs

CONYERS

ASSET FINANCE SPV



Can be structured as either direct or “orphan” ownership structures

Enables effective limitation of liability between an owner/operator and the underlying asset

Allows lenders/financiers to take effective security over the underlying asset by way of a share charge

“ORPHAN” SPVS VS. WHOLLY OWNED SPVS

Wholly owned SPV

Owner retains control of SPV

SPV will be a wholly owned subsidiary forming part of the owner's group

“ORPHAN” SPV

Bankruptcy remote, off-balance sheet “Orphan” structure

Transaction parties have no direct control over the SPV

Shares held in a charitable trust structure (e.g. orphan trust, STAR trust, purpose trust)

SPV does not form part of the group of any of the other transaction parties

Bankruptcy Remote / “Orphan” SPVs

CONYERS

BANKRUPTCY REMOTENESS | AN OVERVIEW

Avoid assets of SPV from being pulled into bankruptcy proceedings of the parent or another transaction party

Legal independence from other transaction parties

Contractual restrictions on liquidation

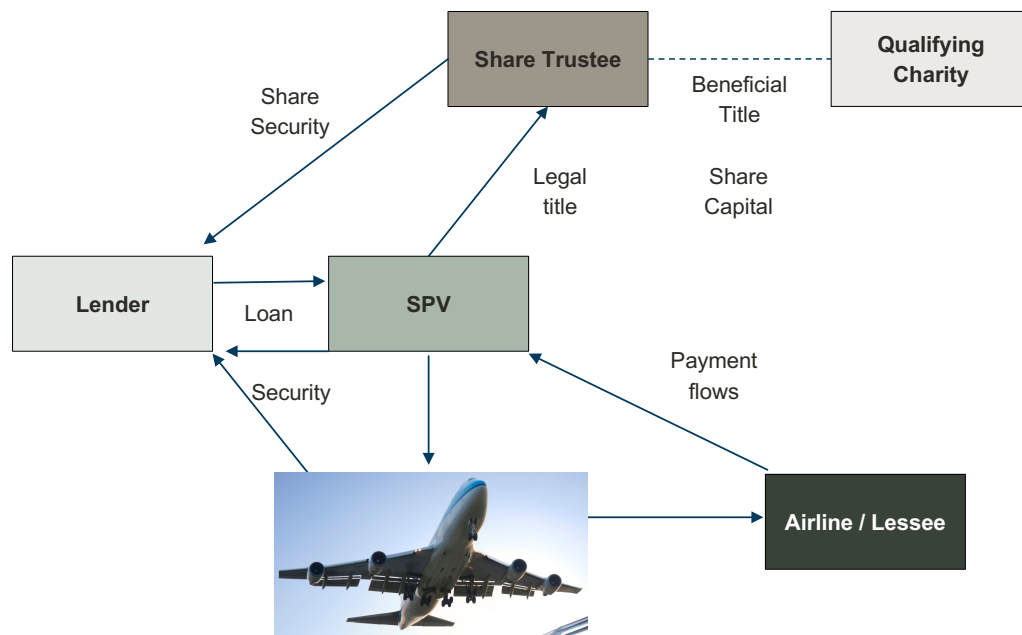
Contractual restrictions on issue/transfer of shares

Limited Recourse

Non-Petition

CONYERS

ORPHAN SPV/OFF BALANCE SHEET STRUCTURE



“Orphan” ownership

Share Trustee/Administrator

Declaration of Trust

Contractual restrictions on dealings with shares

Limited recourse / non-petition language

Independent directors

Share security often required

CONYERS

“Orphan” SPVs – The Director’s Cut

CONYERS

Key issues to be aware of in structuring an SPV from a director's perspective

Limited Recourse/Non
Petition Language in
Documents

Fees

Representations /
Warranties

Obligations
of SPV

Indemnities

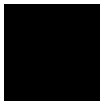
Regulatory
Considerations

CONYERS

Key issues to consider in structuring SPVs

CONYERS

KEY ISSUES TO CONSIDER



**CHOICE OF
JURISDICTION**

**STRUCTURING
REQUIREMENTS**



**SECURITY
STRUCTURE**

CONYERS

Thank You

Any questions, please contact:

Barnabas.finningan@conyers.com

Terry-Ann.Arch@conyers.com

CONYERS