

Fund Finance Friday



Cure Mechanics Meet Cayman Capital Call Securitization

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An Actual Cure or Delaying the Inevitable? Acceleration Cure Provisions in Enforcement of NAV Facilities

May 1, 2026



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Enforcement of NAV facilities is complex and highly bespoke. The path to enforcement depends heavily on how the facility was structured and what collateral package was negotiated. Enforcement will also depend on the underlying asset class and it will be different in credit fund structures (being the most straightforward), private equity and infrastructure funds (which are the most complex to enforce) and secondaries NAVs (sitting somewhere in between).

In NAV facilities, the practical reality is that even with a well-structured security package, enforcement will rarely be a quick process. Central challenges will be around asset transfer restrictions which often are inevitable and can effectively block enforcement even when the security interest is properly created. Furthermore, GP cooperation is frequently necessary and GPs have limited incentive to facilitate a forced sale. The underlying collateral assets may also have their own leverage facilities with change-of-control provisions that could trigger mandatory repayment upon foreclosure. Shareholder agreements in relation to private equity investments may contain drag/tag-along rights, pre-emptive rights and other transfer restrictions. Regulated or other sensitive industries as well as antitrust/competition considerations may require time-consuming regulatory approvals vis-a-vis the enforcement.

Against this backdrop, acceleration cure provisions may be beneficial on the premise that sponsors whose business is buying and selling assets may be better placed to realise the full value of collateral than lenders. Those cure provisions can however only be mutually beneficial for both sponsors and lenders as long they are not solely intended to provide sponsors with a limited window to avoid enforcement of security and they actually present a credible plan as how to repay the facility in full.

Acceleration Cure Provisions – A Deeper Dive

Acceleration cure provisions allow sponsors to inject capital or sell assets before formal enforcement. Lenders typically allow sponsors to manage the disposition of certain collateral, but they reserve the ability to intervene and direct the process when a sponsor fails to satisfy the required repayment of the financing within a pre-agreed timeframe or when a predefined event of default occurs.

In NAV financings, it is fairly common to take security over a borrower's equity from its parent. It is also common to take security over the bank accounts into which proceeds from the underlying collateral portfolio are paid. Depending on the agreed security package, additional security may also be taken. It is usual that the acceleration cure provisions will only apply in respect of the 'structural security' i.e., the borrower's equity security and any underlying asset portfolio security. Possibly, also other security (e.g. receivables or the underlying assets security, if forming part of the collateral) may be included in this "contractual stay" but acceleration cure provisions will typically not apply to the bank account security which can be enforced immediately upon acceleration.

A well-calibrated sponsor monetisation plan is a fundamental premise for an acceleration cure to be successful. Details of how the relevant investments will be sold or how the borrower will be recapitalised so that the facility can be repaid will not be set out in the facility agreement. The level of 'control' over the cure plan will be the focus for both sponsors and lenders. Central to this is the question whether such control will be limited to mere 'consultation rights' or require 'consent rights' by the lenders. With consultation rights, lenders will typically have the right to consult with a sponsor for up to a certain period after receiving the draft cure plan on any material aspects or timelines thereof, but will not have any approval rights in respect of the plan. With consent rights, on the other hand, lenders will have approval rights and the key focus will be whether this will be a simple majority, super majority or all lender matter and any standards such as good faith requirements and reasonableness, etc., qualifying such consent.

The actual implementation of the cure plan is of key importance. A sponsor typically must demonstrate its ability to manage an orderly sale of the relevant investments or effectuate a recapitalisation in accordance with the monetisation plan. For example, if a sponsor does not deliver a plan by the repayment plan deadline, the acceleration cure period ends. Equally, if a sponsor fails to follow the cure plan in a material way, lenders will typically reserve a right to step in or alternatively direct an independent investment bank to execute the sale or recapitalisation on behalf of a sponsor.

Closely connected with the implementation of any cure plan is the level of reporting requirement. It is natural that lenders will require that sponsors keep them updated as to the progress of the sales or recapitalisation process. In particular, it is critical that key milestones set out in the monetisation plan are not only met but reported on.

A sponsor in respect of the acceleration cure provisions will be typically focused on these areas:

- The level of approval rights, as discussed above.
- Reasonableness and good-faith requirement – in particular, that lenders must act reasonably and in good faith throughout.
- Fiduciary-duty consistency – in particular, the cure plan must not conflict with the GP's duties to the fund/borrower, LPs, or other contractual restrictions.
- Material-non-compliance triggers – lenders may step in only if the sponsor materially breaches the plan but not for minor delays or minor deviations from the cure plan.
- Independence of the investment bank – if an investment bank drafts or executes the cure plan, parameters around that investment bank such as it cannot be the affiliate of any lender (unless the sponsor agrees).

Lenders will be typically focused on when they may step in and take direct control of the enforcement. This will typically include the instances where sponsors do not meet the stipulated reporting, timing or other procedural obligations, described above. A common trigger will also be typically tied to occurrence of certain (major) events of default (EoDs). Those will customarily include insolvency EoDs. Depending on the relative strength of a sponsor, negotiation will focus on inclusion of other EoDs – typically of the major EoDs; those can include non-payment EoD, breach of the default LTV, dissolution, liquidation and termination of the borrower, and possibly other EoDs. An often overlooked point is to switch off the acceleration cure period in case of non-payment on the stated maturity date. Generally, it should be a non-controversial principle that there should be no acceleration cure period post the stated maturity date and lenders should be able to enforce from that point onwards.

Conclusion

Remedies in NAV financings customarily escalate from cash management (cash sweeps, blocked accounts), through controlled sales/monetisation plans (cure plans for recapitalisation or sale of assets) to actual acceleration and formal enforcement of the security.

While acceleration cure provisions limit the rights of lenders to sell-off the structural security upon acceleration, lenders might take some comfort in the fact that a well-designed acceleration cure plan is (or, in theory, should be) value-accretive. However, calibration of the acceleration cure provisions can be complex and clients are advised to be mindful of the pitfalls and ideally consult Cadwalader when negotiating those provisions in the facility agreements.

Securitisation of Capital Call Facilities Under Cayman Law

May 1, 2026



By **Aleksandra Krawcewicz**
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As bank balance sheet constraints intensify and private credit competition increases, fund finance lenders are turning to securitisation as a strategic tool for capital efficiency. Capital call facility securitisation—once a niche innovation—is emerging as a meaningful product category. Securitisation enables lenders to transfer risk off their balance sheets, free up regulatory capital, and access diverse funding sources. Securitisation techniques have been applied in fund finance structures in the form of securitisations of capital call and NAV facilities, CFOs, rated note and CLO-type platforms, and other SPV-based financing. This marks a shift from traditional subscription and NAV facilities toward capital-markets-style funding that resembles securitisation mechanics.

The focus of this article is the Cayman Islands aspects of securitisation of capital call facilities, with particular attention to structuring considerations, risks, and fund documentation due diligence.

Capital Call Facilities Securitisation Structure

Securitisation involves pooling of assets that generate cash flow into tradeable debt securities, the repayment of which relies on the performance of the underlying asset pool. In a securitisation of capital call facilities, the originator (the lender under the relevant capital call facilities, which may be an investment bank, specialist investment firm, or a private credit lender) transfers its rights to receive payments generated by a portfolio of such facilities to a bankruptcy-remote SPV by way of a “true sale.” The SPV funds the acquisition of the portfolio by issuing rated or unrated tranching structured notes to investors.

Cayman Islands SPVs

Securitisation SPVs are typically incorporated in offshore financial centres such as the Cayman Islands and held by a purpose trust or a foundation company. Given that the economics of securitisation structures operate on a pass-through basis, the use of Cayman Islands structures is attractive to prevent the imposition of any unnecessary additional tax during the life of the transaction. The SPV will be structured as a bankruptcy-remote, orphan entity, isolated from the bankruptcy risk of the originator.

Notes issued by a Cayman Islands SPV issuer and listed on the Cayman Islands Stock Exchange (CSX) will qualify for the Eurobond exemption. The CSX is recognised by HM Revenue & Customs (HMRC) in the UK as a qualifying exchange for this purpose. As a result, securities listed on the CSX can benefit from the exemption, making it a popular venue for listing loan notes, structured debt, and private credit instruments intended for UK or international investors. Non-petition clauses enhancing bankruptcy remoteness, which prevent a party from initiating insolvency proceedings, are generally recognised and enforceable under Cayman Islands law.

Risks and Structuring Considerations

One of the main drivers behind securitisation is diversification of risk. While this is certainly achieved in the case of more traditional assets, such as mortgage loans or trade receivables, diversification in the case of subline portfolios may prove more challenging. One feature of capital call facilities is that certain fund sponsors share the same general partners, meaning that outcomes across various funds may be aligned, which diminishes the diversification impact.

In addition, despite lending to a variety of sponsor groups, the funds in the bank’s portfolio may have identical limited partners, which may lead to significant overlaps in limited partner exposures. This concentration risk can be mitigated by appropriate concentration limits relating to exposures to limited partners and general partners, applicable on a portfolio basis.

Another challenge in structuring a capital call securitisation is a mismatch between the duration of subscription finance facilities and securitisation facilities. Subscription lines are typically short-term bridging facilities, whereas securitisations are characterised as investments with longer tenures. This mismatch can be addressed by structuring the portfolio as revolving rather than static, where the cash flows received from repayment of the capital call facilities in the pool can be reinvested in replenishing the pool with facilities meeting certain predefined eligibility criteria and concentration limits.

Well-calibrated eligibility criteria and concentration limits play a significant role in pricing the various tranches of structured notes. Criteria applicable directly to capital call facilities are likely to serve as the relevant guideline for assigning ratings to securitisations backed by portfolios of capital call facilities. Key pricing and risk factors include pool diversification and concentration limits.

These limits typically address maximum single-loan size, exposure to any single general partner (or affiliate group), exposure to affiliated limited partner groups, and loan maturity. Other key features to consider include the presence of early amortisation triggers typical for securitisation transactions, such as minimum overcollateralisation and excess spread tests. Credit quality of underlying limited partners (ideally investment grade) and their concentration, as well as the originating lender's track record with capital call loans (i.e., lack of material historic losses), will also have an impact on the risk profile of the notes. Finally, fund documentation requirements are also significant in determining the subline pool composition and are a matter of local law relevant to the asset—that is, the rights and obligations related to cash flows due from the underlying fund obligor.

The eligibility criteria of a legal nature typically present in capital call securitisations include: (a) senior obligation of the fund obligor being secured by a first priority, validly perfected security interest in favor of the originating bank as secured party in the LP commitments and the bank accounts into which capital contributions are made; (b) the fund's organisational documents not containing rights of setoff, counterclaim, or defenses to payment for the fund's investors making capital contributions; (c) the fund and/or its investors being established in certain jurisdictions with no impediments to the fund calling capital from such investors; and (d) security over the right to call capital being transferred together with the receivables of the capital call loan. Due diligence with respect to these items is a matter of local law, namely the law of registration of the fund vehicle.

Fund Documentation Considerations and Due Diligence

Subscription credit lines are short-term bridging facilities advanced to private funds (typically limited partnerships registered in offshore jurisdictions such as the Cayman Islands), the repayment of which is secured against the rights of such funds to call capital from their investors (limited partners, "LPS"). The loan documentation is structured in a way that permits the lender to step in and call capital in place of the fund in case the fund defaults under the facility and apply the called capital to repay the loan.

Security is created over the contractual obligations of the LPs to fund capital and the corresponding right of the fund to call for such capital. The enforceability of LPs' commitments and the related security is therefore a cornerstone of a capital call facility. In the context of a securitisation backed by a portfolio of such facilities, repayment of the structured notes hinges on the performance of the underlying asset pool, and therefore enforceability of the security package over such pool is also paramount from the investor's perspective.

Depending on market practice, capital call security is typically governed by either local law (in the case of English law facilities) or the relevant U.S. law (in the case of U.S. law facilities), where it is unusual to take additional local law security. The Cayman Islands is the jurisdiction of choice for establishment of vehicles in the U.S. fund finance market; therefore, this article assumes that the facility documentation in the case of transactions involving such vehicles is governed by New York law. While enforceability of security in this scenario is a matter of New York law, the priority of the security interest as against any competing security (capital call rights and obligations governed by the Cayman Islands LPA or LLC agreement) will be determined in accordance with Cayman Islands law.

Prior to originating a subscription facility, a lender will conduct due diligence on the underlying fund documentation to determine whether the contemplated financing arrangements are permitted or feasible, including the matters largely covered by the typical eligibility criteria described earlier in this article. The results of local law due diligence will therefore have a significant impact on structuring of the subline facilities portfolio (by way of excluding facilities whose features do not meet the eligibility criteria or additional stress testing of issues identified during the due diligence process) as well as modelling of the securitisation of such assets. This due diligence constitutes a key document from both the originating bank's and the investors' perspective.

As capital call securitisation matures, market participants can expect increasing standardisation of eligibility criteria, refinement of rating methodologies, and potentially, secondary market liquidity. While the deal structuring process will take place onshore, the foundations of due diligence and documentation at the fund level remain an offshore matter—and Cayman Islands practitioners will continue to play a central role in supporting these transactions.

Jeremy Collier to Keynote Inaugural FFA Fall Forum

May 1, 2026

FUND FINANCE ASSOCIATION

FALL FORUM

OCTOBER 15, 2026 | NEW YORK



Jeremy Collier, Chief Investment Officer and Managing Partner of Collier Capital, will be a keynote speaker at the inaugural FFA Fall Forum on Thursday, October 15 in New York.

Widely regarded as the “godfather of secondaries,” Jeremy founded Collier Capital in 1990 and has played a pivotal role in pioneering and shaping the private equity secondaries market.

The Fall Forum is being held from 1:00 to 7:00 p.m. at the Sheraton New York Times Square.

Register now to take advantage of the the early bird rate of \$399.

Additional information about the Fall Forum is [available here](#).

10th Annual European Fund Finance Symposium Being Held June 24

May 1, 2026

10TH ANNUAL



EUROPEAN FUND FINANCE SYMPOSIUM

JUNE 24, 2026 | OLD BILLINGSGATE | LONDON

The 10th annual European Fund Finance Symposium will be held in London on Wednesday, June 24 and will feature a closing keynote from world-renowned economist Nouriel Roubini.

In his keynote, Dr. Roubini will share his perspective on the global economic outlook and the forces likely to shape markets, policy, and geopolitics in the years ahead.

Location

1 Old Billingsgate Walk
Riverside, 16 Lower Thames St,
London EC3R 6DX

The full agenda will be shared soon.

Individual passes for the 2026 European Symposium are £2,000.

You can register now [here](#).

Fund Finance Hiring

May 1, 2026

Fund Finance Hiring

Here is who's hiring in fund finance:

Cadwalader, Wickersham & Taft LLP is seeking associates with three to six years of relevant experience for its Fund Finance practice in New York, Charlotte or London. Qualified candidates will have experience in syndicated lending, commercial lending, leverage finance, fund formation, CLOs, asset-based lending, NAV financings or acquisition financings. Candidates must possess excellent academic credentials and solid legal experience. Selected candidates will get extensive interaction with preeminent bank, asset manager and lending clients. If interested, [please email Margaret Cart](#).

U.S. Bank's Subscription Finance team is seeking a seeking a Subscription Finance Portfolio Manager. This Vice President-level Underwriter/Portfolio Manager can be based in Charlotte, NC or New York, NY. The individual will support underwriting, structuring, and portfolio management of subscription (capital call) facilities across private equity and alternative asset strategies as a member of a team that is a market-leading lender in the rapidly growing fund finance industry, providing tailored financing solutions to the world's leading private capital sponsors. The role includes direct exposure to top-tier sponsors, complex fund structures, and sophisticated institutional investor bases. Experience applying data, analytics, or AI-enabled tools in a credit or portfolio management context is a plus. Learn more [here](#).

SMBC is seeking a NAV Analyst in New York. The individual will assist in the structuring and executing complex structured finance transactions for SMBC's Fund Finance Solutions Department with a focus on NAV, Hybrid, GP as well as other fund financing solutions. The analyst's scope of responsibilities will include assisting in deal structuring, arranging, deal monitoring and collaborating with the Bank's Loan Syndication department. The ideal candidate will have 0-2 years of relevant experience and strong financial modeling, financial accounting and time management skills. Learn more [here](#).

Mitsubishi UFJ Trust and Banking Corporation, New York Branch (MUTB-NY) is seeking a Fund Finance Account Officer - AVP. This individual will: support the team in structuring and managing fund finance transactions; collaborate with clients and affiliated fund administrators for monitoring and reporting purposes; review and analyze fund financial statements, borrowing base certificates, and formation documents; analyze and identify risks of fund financing; and prepare credit write-ups and reports for the Head Office. Interested candidates can [apply on LinkedIn](#).

Moody's Ratings is seeking two Vice Presidents-Senior Analysts (Fund Finance). The individuals' responsibilities will include leading the analysis for assigning new ratings to fund finance transactions, contributing to methodology and technology development projects, building and maintaining strong relationships with fund sponsors, lenders, and arrangers, and presenting at industry events, conferences, and webinars. Candidates must have at least eight years of credit or risk assessment experience with deep sector knowledge and excellent communication skills. Learn more [here](#). Contact Jimmy Smith at Jimmy.Smith@moodys.com if you have any questions

Santander is seeking a Structured Finance Analyst in New York. The individual will be responsible for supporting the Fund Solutions Group across the range of products and solutions, from Equity & Credit NAVs, Subscription lines, ABLs, GP lines and other related Equity financing solutions. The successful candidate will be expected to support the transaction across the full life cycle of the deal from origination, credit analysis, execution and active portfolio management. The role will cover a broad range of products and private capital funds with a focus in Private Equity, Infrastructure and Real Estate strategies. Interested candidates should email their resume and a subject line of "Fund Solutions Analyst" to both atef.hasan@santander.us and kyle.wettlaufer@santander.us.

Stifel is seeking a Director/Managing Director of Fund Banking (Fund Finance). This individual will be the lead business development position for New York City and surrounding northeast geographies and will be focused on building new Fund Banking/Fund Finance business with VC/PE firms and being the senior relationship manager to those firms. Learn more [here](#).

Redding Ridge Asset Management, which was established and seeded by Apollo Global Management, is seeking an Associate, CLO Structuring to join the firm's dynamic Structuring & Advisory team, supporting both its market-leading global CLO issuance business and other platforms within the Apollo ecosystem utilizing securitization technology. Learn more [here](#).

Goldman Sachs is seeking candidates to fill two Vice President roles, including:

A **Vice President** on the Private Lending Capital Call Financing (CCF) team in London, which is an integral part of the Private Bank's alternative asset lending capabilities. The candidate will evaluate all risk and economic implications of transactions, using strong analytical and technical skills and advise and develop credit solutions for clients that meet their needs and remain within acceptable risk parameters for the Bank. Learn more [here](#).

A **Vice President** on the Capital Call Financing (CCF) team in New York. This role sits at the intersection of origination, underwriting, and relationship management, supporting private equity and alternative investment sponsors with bespoke subscription finance solutions. The individual will be responsible for sourcing opportunities, structuring facilities, and ensuring disciplined credit execution in partnership with Credit Risk Management and broader Private Bank stakeholders. Learn more [here](#).

Harneys (Luxembourg) is seeking associates with three to six years of relevant experience for its Fund Finance, Investment Funds and Corporate practices in Luxembourg. Qualified candidates will have experience in one of subscription finance, NAV financings, leverage finance, fund formation, securitization, or general corporate and commercial matters (including mergers, acquisitions and restructuring). Applications of interest should be sent to Cyrielle Nicolas at cyrielle.nicolas@harneys.com.