

LEGAL ASPECTS OF FINANCE: OVERVIEW, ISSUES & DOCUMENTATION

COURSE CONTENT

1. Introduction to Finance

This module will provide an introduction to finance law and should cover the types of finance (corporate finance, project finance, asset finance (aviation and shipping), acquisition finance trade finance, etc.), types of loans including bilateral vs. syndicated loans, term loans (short, mid-term and long term), revolving credit, letter of credit facilities, note issuance facilities, secured vs. unsecured loans; key finance documentation; the roles, obligations and potential liabilities of the various parties to finance documents including the arranger/lead manager, facility agents, security agents, and lenders/syndicate lenders.

2. Legal Due Diligence in Financing Transactions

This module will cover the role and importance of due diligence in financing transactions; best practice with respect to the preparation of due diligence request lists/information requests; areas of focus and approaches to legal due diligence for financings (including the relevance, if any, of the nature of the financing contemplated), due diligence searches on the obligors (and assets) (including corporate searches, real property searches etc.), approaches to preparation of due diligence reports (red flags vs. long-form reports; interim vs. final reports), key subject matter to be covered in a typical legal due diligence report for a financing transaction.

3. Deconstructing the Loan Agreement

This module will provide an overview of the key provisions of the Loan Agreement including loan terms, conditions precedent (and subsequent) to disbursement, representations and warranties, affirmative and negative covenants, events of default, transfer provisions, and other customary boiler plate provisions. Participants should at the end of the session be able to appreciate how the various sections and provisions of the loan agreement fit together and the key legal considerations in drafting and negotiating each of these provisions. Other areas that may be covered include the structure of Loan Market Association documentation.

4. Security Interests and Security Documentation

This module will cover key forms of security interests granted to lenders in financing transactions, and security arrangements typical for various types of financings. Various kinds of security documentation (including the share charge, security deeds/all asset debentures, and mortgages); key considerations in drafting and negotiating various security documents; perfection (stamping and registration), sector and asset-specific perfection requirements and regulatory consents (e.g., shares, accounts, land, aircraft, ships, insurance and reinsurance proceeds, etc.); and the role of the security agent in financings should also be covered.



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5. Understanding Financial Covenants

This module will cover financial covenants in loan agreements, the rationale for inclusion the financial covenants in finance documents, categories of financial covenants, examples of key covenants, and the consequences of breaches of financial covenants.

6. Legal Opinions

This module will cover a legal practitioner's role in financings, the form and content of legal opinions customarily delivered in finance transactions, rationale for delivery of legal opinions, and the potential liabilities for lawyers delivering such opinions.

7. Debt and Equity Capital Markets

This module will provide an introduction to the debt and equity capital markets; types of debt securities (including bonds, commercial paper, depositary receipts, green bonds, project bonds, high-yield bonds, private company bonds etc.), asset-backed securities; securitizations, equity capital markets primary issues, secondary issues, initial public offerings; collective investment schemes; regulation of the Nigerian capital market, key players in the Nigerian capital markets; the NGX Main Board and ASEM, FMDQ Securities Limited, the NASD e.t.c and the methods of listing on Nigerian exchanges, cross-border listings; registration of liens at CSCS

8. Introduction to Derivatives

This module will provide an overview of derivatives, uses of derivatives, OTC derivatives and exchange traded derivative contracts, the most common examples of derivatives (including forwards, futures, options, and swaps), the common underlying assets such as commodities, stocks, bonds, interest rates, and currencies; legal issues associated with negotiating derivatives; close-out netting and the various CBN/FMDQ derivatives available in the Nigerian market. The module will also provide an overview of the architecture of the ISDA Standard Documentation including the Form of ISDA Master Agreement, Schedule to the ISDA Master Agreement, the ISDA Confirmation, ISDA Definitions, ISDA Credit Support Annexes, ISDA Novation Agreements etc.

9. Project Finance

This module will provide an overview of project finance, limited vs. non-recourse lending, how project finance differs from conventional corporate finance; typical project financing structures; documentation typically used in project finance transactions; and the legal and commercial risks such documentation is intended to address.



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10. Asset Finance

This module will provide an introduction to asset finance including the structures utilized in asset financing such as secured lending, leasing, export credit, asset value support, and blended financing approaches, as well as key legal issues associated with asset finance particularly issues related to the creation of security interests and perfection.

12. Guarantees and Indemnities

This module will cover what guarantees and indemnities are, and the distinction(s) between the two concepts, the structure of guarantees and indemnities, legal and drafting issues related to guarantees including the guarantor's rights (i.e., subrogation, marshalling), the Statute of Frauds, the relevance of the distinction between guarantees of collection vs. payment; and the forms of guarantees often utilized in financing transactions (corporate vs. personal guarantees).

13. Islamic Finance

This module will cover the structure of Islamic-compliant financial products (and the differences between Islamic finance and conventional approaches to finance), key principles of Islamic finance, major Islamic finance models (including Murabaha, Mudarabah, Musharakah, Wakala, Ijara, Wa'ad), challenges with blending conventional and Islamic financing on projects, Sukuks and Sukuk structures (including the Ijara Sukuk, the Mudarabah Sukuk and the Murabaha Sukuk) etc. and the documentation typically used in issuing the various Islamic financial products.

