

## Turning over a new LEEFF: Federal Government to provide financing to Canada's biggest enterprises

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On May 11, 2020, the Federal Government announced a support program for Canada's largest companies: the Large Employer Emergency Financing Facility (**LEEFF**). The LEEFF consists of government funds intended as "bridge financing"—loans to help large enterprises avoid bankruptcies and protect their employees' jobs.

The LEEFF will be made available across all sectors of the Canadian economy, including to the oil and natural gas industry. The LEEFF will be administered by the Canada Development Investment Corporation, Innovation, Science and Economic Development Canada (**ISED**) and the Department of Finance, in cooperation with applicants' private sector lenders.

Eligibility for support under the LEEFF is geared towards large for-profit businesses with annual revenues "generally in the order of \$300 million or higher" (excluding those in the financial sector) – as well as certain not-for-profit enterprises, such as airports.

To qualify for LEEFF support, businesses must be seeking financing of "about \$60 million or more", have significant operations or workforce in Canada, and not be involved in active insolvency proceedings. Eligibility will depend on a company's employment, tax and economic activity in Canada, as well as their international organizational structure and existing financing arrangements. ISED is in the process of developing further sector-specific eligibility criteria for LEEFF applicants.

The unveiling of the LEEFF was accompanied by the announcement of a number of conditions for obtaining funding:

- recipient companies will be required to publish annual climate-related disclosure reports consistent with the [recommendations](#) of the Financial Stability Board's [Task Force](#) on Climate-related Financial Disclosures, including how their future operations will support environmental sustainability and national climate goals;
- disbursements under the LEEFF will be earmarked for sustaining recipients operations—companies that receive support must limit dividends, share buybacks and executive pay;
- support cannot be used to resolve insolvencies or restructure—the LEEFF will not be available to companies that otherwise have the liquidity and resources to manage through the COVID-19 pandemic and economic downturn;
- companies seeking support must demonstrate how they intend to preserve employment and maintain investment activities;
- employers must commit to respect collective bargaining agreements and protect workers' pensions; and
- the LEEFF will not be available to any companies convicted of tax evasion.

As of the May 11 announcement, the Federal Government indicated that it is in the final stages of establishing the LEEFF, and further information about the application process is forthcoming. We will update this bulletin as additional information becomes available.

*This bulletin is general information only, not legal advice. If you have any questions please contact any member of our [Energy Group](#).*