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DEBT RESTRUCTURING: Principles and Practice

**John D. Honsberger, Q.C., and Vern DaRe
Release No. 5, December 2025**

This work is the authority on reorganization and debt restructuring of insolvent, or near insolvent, commercial and financial institutions, and farmers in Canada. Included is a critical discussion of the history, theory and purpose of the debt restructuring process. Also included are discussions on drafting and an interpretation of the *Bankruptcy and Insolvency Act* (BIA) and the *Companies' Creditors Arrangement Act* (CCAA). Together this provides an in-depth and overall analysis and understanding of what's on the line during the debt restructuring process.

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What's New in this Update

Release No. 5 features updates to the case law and commentary in Chapter 9 (Arrangements Under the Companies' Creditors Arrangement Act) and Chapter 13 (Cross-Border Reorganizations).

Highlights

- **CHAPTER 9—ARRANGEMENTS UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT**—In *Imperial Tobacco Company Limited*, 2025 CarswellOnt 13904, 2025 ONSC 4497 (Ont. S.C.J.), a fee request of approximately \$909 million was approved by the Court for plaintiffs' counsel in tobacco class actions, which the Court recognized as a fee request “unheard of in Canadian legal history”. The decision was rendered in the CCAA proceedings of Imperial Tobacco Company Limited, JTI-Macdonald Corp. and Rothmans, Benson & Hedges Inc. The fee request took place after the Court approved the global restructuring plan, after approximately 30 years of litigation (including various class actions) and after several years of mediation in the CCAA proceedings. In assessing the fairness and reasonableness of the fees, the court considered factors including: the retainer agreement; how the fee reflects on the integrity of the profession; risk assumed by counsel; and outcomes obtained.
- **CHAPTER 13—CROSS-BORDER REORGANIZATIONS**—In *Diebold Nixdorf Inc. (Re)*, 9 C.B.R. (7th) 153, 2023 CarswellOnt 11265, 2023 ONSC 4230, 2023 A.C.W.S. 3638 (Ont. S.C.J. [Commercial List]) at para. 33, the Court introduced “reporting responsibility” as evidence of operational integration or indirect control of Canadian subsidiaries by U.S. management.