Sears Canada completes C$2.3 billion sale of credit and financial services operations to JPMorgan Chase

Torys acted as counsel to Sears Canada, working with in-house counsel Rudolph Vezér, Klaudio Leshnjani and David Taylor. The Torys team included Kathleen Keller-Hobson, Jim Turner, Cornell Wright, Chris Fowles, Andrew Prodanyk and Shelley Balshine (corporate), Gabe Takach and Joel Ramsey (outsourcing and privacy), Christina Medland, Mitch Frazer, Nadine Côté and Valerie Arthur (pension and employment), Blair Keefe and Sunny Sodhi (financial institutions), John Unger (tax), John Cameron and Wilfred Estey (opinions), Jay Holsten (competition) and Philip Mohtadi (Investment Canada).

On November 15, 2005, Sears Canada Inc. completed the sale of its credit and financial services operations to JPMorgan Chase Bank, N.A., a wholly owned subsidiary of JPMorgan Chase & Co., for net after-tax proceeds of C$2.3 billion. The sale included the Sears Card credit card portfolio, Canada's largest in-house proprietary retail credit card portfolio, and the Sears Mastercard credit card portfolio. Both credit cards will continue to be offered through JPMorgan Chase.

Completion of the transaction included obtaining the approval of noteholders of SCORE Trust, a securitization vehicle which acquires undivided co-ownership interests in a pool of credit card receivables generated by the Sears Card, to the assignment by Sears Canada and Sears Canada Bank, a wholly-owned subsidiary of Sears Canada, of their rights and obligations in respect of SCORE Trust.

As part of the transaction, Sears Canada and JPMorgan entered into a long-term marketing and servicing alliance with an initial term of 10 years during which Sears Canada will receive annual performance payments from JPMorgan Chase generated through credit sales, the opening of new accounts and sales of financial products.

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