

DBRS to Grade 'Tokenized' Deal

DBRS Morningstar has signed on to rate the debut securitization from restaurant operator **FAT Brands**, a deal that would be among the first with a blockchain-technology component. There's no word on the grades DBRS expects to assign to the transaction, which would be backed by franchise fees and other whole-business cashflows. But the agency's participation alone marks a step toward adoption of blockchain products in the structured-finance industry.

Eventually, the expectation is that issuers will bypass sales of paper securities in favor of the creation of digital tokens.

New York blockchain-technology company **Cadence** is arranging the deal for Beverly Hills-based **FAT Brands**. While the offering would feature conventional senior and subordinate securities at the outset, the plan is for Cadence to turn those notes into tokens that would give holders access to deal data.

The offering is expected to hit the market in the coming weeks. It totals \$40 million, up from a projected \$30 million when it went into development last year. "This deal will push the industry forward and enable more securitizations leveraging the blockchain," Cadence founder **Nelson Chu** said.

FAT Brands' franchises include Fatburger, Bonanza Steakhouse, Buffalo's Cafe, Elevation Burger, Hurricane Grill & Wings and Ponderosa Steakhouse. ❖

