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LMA Launches Guidance to Market Participants re Amendments & Waivers

Events in the international syndicated loan market over the past year have highlighted the need for a more effective approach to managing requests for amendments and waivers and the LMA has, today, launched its paper "*LMA guidelines for dealing with requests for amendments and waivers to loan agreements.*"

The paper has been drafted after consultation with a number of banks and financial institutions and seeks to provide benchmark best practices for all market participants whether they be an Agent, Arranger, Lender or the Borrower itself. Particular emphasis has been placed on adopting a pragmatic view, whereby participants may be required to deal with matters which are not specifically covered within the formal loan agreement. The paper specifically comments on the responsibilities of participants in terms of managing their handling of confidential and price sensitive information. It also looks at how to manage a situation where some investors have chosen to remain on the public side.

Nick Jansa, LMA Director and Head of European Loans and High Yield at Deutsche Bank, said:

"There have been a great many requests for amendments and waivers over recent months and it seems likely that this trend will continue for some time. This paper is very timely and will provide guidance for all market participants on how to manage the process more effectively."

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Loan Market Association

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Loan Market Association

The Loan Market Association was founded in December 1996 by seven leading international banks in London. Its aim was to encourage liquidity and efficiency in both the primary and secondary loan markets by promoting market depth and transparency, as well as by developing standard forms of documentation and codes of market practice. Banks, law firms and other market practitioners/participants are welcome to apply to join the LMA.

The Association was established in anticipation of changing market conditions and of a perceived willingness on the part of the banking community to bring greater clarity, efficiency and liquidity to the relatively under-developed secondary market.

The initiative was clearly well timed, as there was sustained growth in secondary loan activity in the Euromarkets over the following ten years. Unsurprisingly, this trend reversed in 2008, when volumes for the year went down to EUR 80 billion from EUR 173 billion in 2007.

The LMA has gained recognition in the market and has expanded its activities to include all aspects of the primary and secondary syndicated loan markets. It sees its overall mission as acting as the authoritative voice of the syndicated loan market in Europe vis à vis banks, borrowers, regulators and other affected parties.

For more information, please visit www.lma.eu.com.