

# Press Release

27 November 2020

## LMA and ELFA launch Best Practice Guide to Term Sheet Completeness

The Loan Market Association and the European Leveraged Finance Association are delighted to announce the publication of their Best Practice Guide to Term Sheet Completeness.

The provision of a term sheet to prospective participants in a syndicated loan transaction is a well-established and key component of the primary syndication phase of any deal. However, a lack of consistency with respect to content, and sufficiency of content, negatively impacts an investor's ability to appropriately analyse risk at a key stage of the investment decision process.

Acting on feedback from their respective working groups, the LMA and the ELFA joined forces with the investor community, and specialist review providers, to identify a list of provisions that are of material importance to investors' investment decisions. These provisions are clearly set out in this Best Practice Guide, and both the LMA and the ELFA strongly recommend a fulsome description of these in the first draft of the term sheet.

This resource is the product of a series of discussions over several months with loan investors, syndicate banks and law firms, with each stakeholder group contributing key insights into the process. It is hoped that better practice regarding term sheet completeness will aid the investment decision making process and increase liquidity into the leveraged loan market as a whole.

### Commenting on the guidance, Nigel Houghton, Managing Director of the LMA, said:

"The LMA and ELFA reached out to a big cross section of the investor community on this. We listened to their concerns around content and completeness and we all worked together to get the message across. A detailed term sheet adds value to any primary deal, gives transparency and can unlock liquidity at the same time. Everyone benefits."

### Sabrina Fox, Executive Advisor to the ELFA, commented:

"Investors need fulsome disclosure on covenant provisions during the term sheet stage of a deal to make an informed investment decision. Members of the ELFA and the LMA felt that guidance would be useful to increasing the level of disclosure, and the project reflects our commitment to increasing transparency and supporting effective engagement among all market participants in a deal."

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**About the ELFA:** The European Leveraged Finance Association (ELFA) is a professional trade association comprised of European leveraged finance investors from over 35 institutional fixed income managers, including investment advisors, insurance companies, and pension funds. ELFA seeks to support the growth and resilience of the leveraged finance market while acting as the voice of its investor community by promoting transparency and facilitating engagement among European leveraged finance market participants. For more information please visit the ELFA website: [www.elfainvestors.com](http://www.elfainvestors.com).

**About the LMA:** The Loan Market Association (LMA) has as its key objective improving liquidity, efficiency and transparency in the primary and secondary syndicated loan markets in Europe, the Middle East and Africa (EMEA). By establishing sound, widely accepted market practice, the LMA seeks to promote the syndicated loan as one of the key debt products available to borrowers across the region. [Click here](#) to find out more.

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