

PRESS RELEASE

ELFA Releases Best Practice Guidance to Improve Transparency in CLO Reporting

31st March 2025, London: The European Leveraged Finance Association (ELFA) has published new Best Practice Guidance to enhance the reporting and disclosure of Collateralised Loan Obligation (CLO) transactions in trustee reports. This initiative is designed to improve transparency, broaden the investor base, and foster greater confidence in the asset class.

ELFA's CLO Investor Committee has been advocating for increased standardisation and improved data disclosures since its formation in 2021. This newly released guidance identifies critical data points essential for accurate performance assessments, including Restructuring/Repayment Cash Reporting, Trading Gains and Par Flush, and Post Reinvestment Period Tests. Despite these data points being referenced in trustee reports, inconsistencies and resistance to reporting practices have created obstacles for investors seeking to evaluate the creditworthiness and performance of CLOs.

"Investors require clear, consistent, and comprehensive information to make informed decisions. By addressing these gaps in trustee reporting, ELFA's guidance aims to drive industry-wide improvements in data transparency, ultimately benefiting all market participants," said Ed Eyerman, CEO of ELFA.

The guidance highlights key areas for improvement, including:

- **Standardised reporting of trading gains and par flush metrics** – Ensuring clarity on principal and interest transfers.
- **Detailed tracking of restructuring and repayment transactions** – Providing visibility into cash reporting and assumed future repayments.
- **Enhanced identification of collateral** – Standardising the use of ISINs, FIGI, and Loan IDs across reports.
- **Greater disclosure of long-dated obligations and maturity amendments** – Improving investor insights into credit and extension risks.

By advocating for these best practices, ELFA aims to encourage transparency and comparability in trustee reporting, allowing investors to benchmark performance more effectively and manage their portfolios with greater confidence.

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About ELFA

The European Leveraged Finance Association (ELFA) is a buy-side-only trade association comprised of European investors and non-bank lenders in the high-yield, leveraged loan, CLO and private debt markets. Its membership consists of more than 60 institutional fixed income managers, including investment advisors, insurance corporates, CLO managers and pension funds. ELFA seeks to support the growth and resilience of the leveraged finance market while acting as the voice of its community by promoting transparency, improving standards and facilitating engagement among leveraged finance market participants. For more information, please visit ELFA's website: www.elfainvestors.com.

European Leveraged Finance Association

35 Ballards Lane, London N3 1XW

T +44 (0)7921 384457

E support@elfainvestors.com