

PRESS RELEASE

ELFA Publishes Best Practices Guidance for Co-Operation Agreements in Europe

ELFA warns that applying aggressive US -style Co-Op practices to Europe could lead to volatility

8 May 2025, London: The European Leveraged Finance Association (ELFA) has today published a new [Best Practices Guidance for Co-Operation Agreements \(Co-Ops\) in Europe](#), aiming to promote fairness, transparency, and market stability in the evolving landscape of European leveraged credit.

Co-Operation Agreements have emerged as a key innovation in distressed credit situations, originating in the US and increasingly appearing in European markets. These agreements enable groups of investors to demonstrate majority lender support ahead of potential negotiations, helping to rebalance the playing field between debt holders and distressed issuers.

However, ELFA warns that applying aggressive US-style Co-Op practices to Europe without adaptation could lead to volatility and creditor-on-creditor conflict. With significant differences in legal regimes and fiduciary duties across Europe, ELFA is urging investors and stakeholders to adopt a principled, transparent approach tailored to the European context.

The new guidance outlines eight best practice recommendations, including:

- Clear articulation of the Co-Op's purpose at the outset;
- Open access to a Co-Op for all debt holders, ensuring pari-passu treatment;
- Transparent fee structures and governance for Steering Committees;
- Public communication of Co-Op formation without use of Material Non-Public Information.

Ed Eyerman, CEO at ELFA commented:

"As Co-Operation Agreements become more common in Europe, we must ensure they are used in a way that respects creditor equality and enhances market integrity. Our best practices are designed to encourage responsible engagement and protect the long-term health of the European leveraged finance ecosystem."

For more information visit www.elfainvestors.com.

Ends

About ELFA

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 companies, 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 investor community by promoting transparency, improving standards and facilitating engagement among European leveraged finance market participants. For more information, please visit ELFA's website: www.elfainvestors.com.