

PRESS RELEASE

ELFA Unveils First Transferability Series Publication to Promote Transparency and Fairness in Leveraged Loan Transfer Provisions

19th June 2025, London: The European Leveraged Finance Association (ELFA) has today published the inaugural issue of its Transferability Series, an initiative launched by the Leveraged Loan Committee to address the challenges in loan transfer provisions. This first edition focuses on the non-uniform definition of ‘Loan to Own/ Distressed Investors’ and aims to improve clarity, standardisation, and fairness in European loan documentation.

Since its inception, the Leveraged Loan Committee has championed efforts to enhance loan market efficiency by promoting transparency and consistency. This new series seeks to spotlight recurring transferability barriers and propose practical, consensus-driven solutions to support a more predictable and liquid secondary market.

Ed Eyerman, CEO of ELFA said “The goal of this series is to bring clarity to market practices that continue to burden lenders. By encouraging transparency and standardisation, we can shape a more efficient loan market”

The guidance identifies several key issues:

- **Ambiguous and broad definition of ‘Loan to Own/Distressed Investors’** – The definition often lacks precision and makes it unclear who qualifies as a permitted transferee.
- **Unintended exclusion of par lending entities** – CLO and par loan vehicles affiliated with multi-strategy managers are often barred due to their ties with distressed funds, despite being legitimate long-term lenders.
- **Negative impact on liquidity and operational efficiency** – The uncertainty restricts market access, delays transfers, and increases transaction costs and sometimes even prevents transactions from occurring.

Through this ongoing series, ELFA aims to engage market participants, spark industry-wide discussion, and advocate for best practices that enhance flexibility and transparency in loan transferability.

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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.

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