

ELFA's Transferability Series

Senior Facilities Agreement

ISSUE #3

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Senior Facilities Agreements (SFAs)

Issues with SFAs

-  Lenders are given **insufficient time** to properly analyse and review SFAs after they are posted, especially for **new money transactions**. This is difficult as SFAs are usually complex.
-  The existing timeline of 24 hours to review is particularly demanding and **limits the scope for meaningful negotiation**.
-  **Posted and executed SFAs frequently diverge from the final terms agreed upon**, leaving lenders without clarity on the transactions they are participating in.
-  The recent rise in portability clauses and the larger trend towards Cov-Lite transactions have led to the **erosion of lender protections**, raising concerns regarding the long-term market integrity.
-  **New lenders in repricing and add-on transactions often lack access to the existing SFA** and must navigate a lengthy process to obtain it.
-  **Dependence on precedent documentation** can lead to outdated and suboptimal terms and limits the flexibility offered to lenders.

Proposed Solutions

-  Lenders should be given a **minimum of 3 business days to review the long-form SFA in new money transactions** as agreed following the [ELFA Roundtables](#).
-  Lenders should be provided with the **redline of the updated Syndication Term Sheet**.
-  Clearer definitions and more consistent drafting across SFAs should be adopted to reduce ambiguity and improve predictability.
-  New lenders participating in transactions with existing SFAs **should receive a copy of the existing SFA** to fully understand the terms of the deal they are entering.

To read a detailed version of the publication, please click [here](#)

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 and pension funds. ELFA seeks to support the growth and resilience of the leveraged finance market while acting as the voice of its lender community by promoting transparency and facilitating engagement among leveraged finance market participants. For more information, please visit ELFA's website: www.elfainvestors.com.

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