

ELFA's Transferability Series

Minimum Transfer Amounts and Transfer Fees

ISSUE #5

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Minimum Transfer Amounts


Issues with Minimum Transfer Amounts


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Current minimum transfer amounts can **force lenders into executing multiple avoidable buy and sell orders to reach their intended final hold amounts, thereby creating extra tickets and operational effort.**
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Minimum hold amounts often align with the minimum transfer amounts^{1,2}. A few deals with **minimum holds prevent the lender from transferring the minimum amount, because doing so would result in a hold less than the required minimum.**


While many minimum hold provisions take into account the aggregate holdings of both lenders and their Affiliates and Related funds, this is not always the case. Investors will be concerned that **if the minimum hold of lenders and Affiliates and Related funds are each, separately, subject to relevant minimum hold requirements, loan liquidity in secondary markets may be impacted.**
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Partial prepayment frequently causes lenders to fall below required minimums, which makes further trading difficult if not impossible.
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Strict minimum amounts often delay the settlement of delayed draw tranches following primary syndication.
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Aggressive transactions featuring off-market, exceptionally high minimum transfer and/or hold amounts³ have been pursued in an effort to establish a precedent.

Proposed Solutions

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While Transfer / Hold minimums often⁴ aggregate across Affiliates and Related Funds for the same transfer, **removing minimum transfer / hold amounts entirely or permitting €100k transfer increments would reduce the need for fragmented trade activity.**
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In cases where removing the minimum transfer amount is not possible, **minimum transfer requirements should only apply to partial transfers. The SFA should include a construct where the minimum transfer amount does not apply where the lender hold is less than the minimum transfer amount, and it intends to transfer it out fully⁵.**
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Syndicate expansion should be allowed without borrower concern, provided that Related or Affiliated Funds collectively maintain a €1m minimum hold.
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A smaller minimum transfer amount within a specified duration of time should be implemented for post-primary settlement of delayed draw tranches to prevent settlement delays.



Transfer Fees

Issues with Transfer Fees



Transfer fee structures regularly generate substantial friction costs, particularly for managers overseeing multiple vehicles. **Allocating across several funds can trigger multiple transfer fees, thereby increasing transaction costs. While exclusions for transfer by lenders to Affiliates and Related funds are generally carved-out of transfer fee-related provisions, this is not always the case⁶.**



Some SFAs⁷ provide that multiple simultaneous transfers by funds within the same lender trigger only a single fee⁸, through affiliate-to-affiliate carve-outs. **Where fees are waived for affiliate-to-affiliate transfers, this can nevertheless create inefficiencies, as one fund may need to initially take the full external allocation and subsequently reallocate internally.**



Fees may still be charged even when settlement delays are caused by agent banks rather than lenders, including delays arising from the prolonged processing of the KYC⁹ documents.

Proposed Solutions



In order to eliminate fronting workarounds, including **additional language in the SFA would ensure that only one fee is payable for related simultaneous assignments or transfers¹⁰.**



In cases of delayed settlements when both sides are ready to close, agent banks should be required to complete the transfer within 10 business days, including cases of delayed KYC processing by the agent. If agents fail to do so, transfer fees should be forfeited.

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



Annex

¹Per Covenant Review data, 98.6% of all broadly syndicated primary issue new paper leveraged loans deals reviewed by Covenant Review in 2025 and 2026 (YTD) have included minimum hold and/or minimum transfer restrictions.

²Minimum hold and transfer amounts align in 93.2% of all relevant deals reviewed by Covenant Review. In Covenant Review’s sample set, 6.9% of transactions contained restrictions on minimum hold amounts only.

³Per Covenant Review data, 1.3% of all primary issue new paper deals reviewed by Covenant Review in 2025 and 2026 (YTD) have, for example, included a TLB minimum hold amount of €5 million.

⁴As noted above, this is not always the case.

⁵For example, “An assignment or transfer of part of a Lender’s Commitments (when aggregated with its Affiliates’ and/or Related Funds’ Commitments being concurrently assigned or transferred under that Facility) shall, unless such assignment or transfer is of all of that Lender’s remaining Commitments in that Facility, be a minimum amount of €1,000,000 (and integral multiples thereof);”.

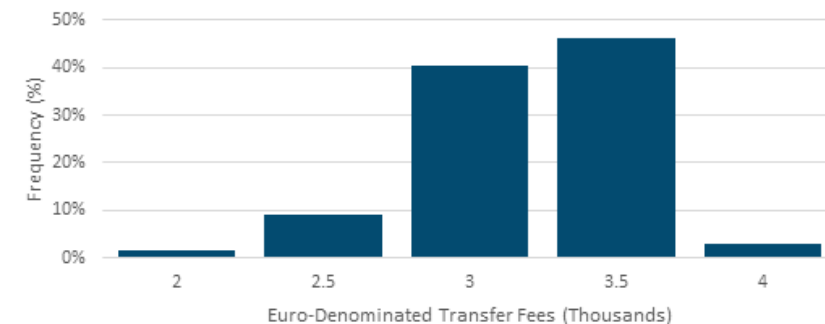
⁶Per Covenant Review data, 14% of all relevant deals reviewed by Covenant Review in 2025 and 2026 (YTD) did not include carveouts to this effect.

⁷Senior Facilities Agreements.

⁸Per Covenant Review data, 23.3% of all primary issue new paper deals reviewed by Covenant Review in 2025 and 2026 (YTD) include such fee-related carveouts. In 1.3% of relevant deals, rather than one standard fee applying in the case of all multiple simultaneous transfers, a different (lower than standard) fee applies to all multiple simultaneous transfers.

⁹Know Your Customer.

¹⁰Tracking the quantum of fees payable across deals may also be prudent. Covenant Review has produced the chart below which illustrates the frequency of specific euro-denominated transfer fees across broadly syndicated, primary issue, leveraged loans in 2025 and 2026 (YTD).



Source: Covenant Review, A Fitch Solutions Service



About Covenant Review:

Covenant Review, a CreditSights company, is the market's trusted authority on covenant analysis for bonds and loans. It covers every new €/\$250m+ European and North American high yield and syndicated loan issue, along with 2,500+ private credit agreements. Covenant Review turns dense documentation into clear, actionable insights, helping investors identify leverage, dilution, and documentation risks early and act with confidence.

About Akin:

Akin is a leading international law firm with more than 900 lawyers across 19 offices in, Europe, Asia, the Middle East and United States. Akin's top-ranked Financial Restructuring practice is widely regarded as one of the most experienced and innovative globally. The team advises creditors, sponsors, and distressed investors on some of the most high-profile and sophisticated restructurings across Europe and beyond. Akin's market-leading Capital Solutions practice brings together expertise in leveraged finance, private credit, and bespoke capital structuring, and the team is at the forefront of advising clients on creative and flexible financing strategies, including preferred equity, hybrid instruments, and NAV-based lending.

With a strong presence in London and across Europe, Akin is a trusted adviser to financial sponsors, credit funds, and institutional investors navigating today's dynamic leveraged finance landscape

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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 55 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 lender community by promoting transparency and facilitating engagement among leveraged finance market participants. For more information, please visit ELFA's website: <https://elfainvestors.com/>

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