

# ELFA's Transferability Series

## Minimum Transfer Amounts and Transfer Fees

ISSUE #5

---

### Inside this issue...

Challenges with Minimum Transfer Amounts and Transfer Fees

.....  
Proposed Solutions



# Minimum Transfer Amounts and Transfer Fees

## Introduction

The European Leveraged Finance Association (ELFA) has been engaging with the market since 2023 to highlight the transferability challenges faced by lenders.

This is the fifth instalment of ELFA's Transferability Series, where we aim to address key transferability issues faced by lenders in the leveraged finance market. We highlight a specific issue and propose changes to improve clarity, consistency, and fairness in loan agreements and practices. By doing so, we hope to foster a more transparent, efficient, and liquid market.

By addressing these transferability issues, we aim to create a more standardised and predictable environment that benefits all stakeholders. Clear and consistent definitions and market practices will help foster a common understanding and a more efficient and fair market. This, in turn, will enhance liquidity and ensure that lenders can operate with greater confidence and certainty.

In this issue, we address minimum transfer amounts and transfer fees.

## Challenges with Minimum Transfer Amounts and Transfer Fees

ELFA has observed issues with minimum transfer amounts and transfer fees, which often lead to delayed settlements, the creation of extra tickets, difficulty in trading following partial prepayments, increased transaction costs and additional fees.

ELFA proposes solutions to address these issues, which we discuss further below.

### Issues with Minimum Transfer Amounts

- **Creation of Avoidable Tasks:** 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. For example, with a €2m minimum, a lender aiming for a €1m hold may need to buy €3m and sell €2m.
- **Minimum Hold Amounts:** Minimum hold amounts often align with the minimum transfer amounts<sup>1,2</sup>. However, 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. In addition, 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.
- **Partial Prepayment-Induced Trading Freeze:** Partial prepayment frequently causes lenders to fall below required minimums, which makes further trading difficult if not impossible.
- **Settlement Delays:** Strict minimum amounts often delay the settlement of delayed draw tranches following primary syndication.
- **Precedent Setting through Aggressive Transactions:** Aggressive transactions featuring off-market, exceptionally high minimum transfer and/or hold amounts<sup>3</sup> have been pursued in an effort to establish a precedent.

<sup>1</sup>Per 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.

<sup>2</sup>Minimum 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.

<sup>3</sup>Per 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.



## Issues with Transfer Fees

- **Increased Costs:** 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 case<sup>4</sup>.
- **Treatment of Affiliate-to-Affiliate Transfers:** Some SFAs<sup>5</sup> provide that multiple simultaneous transfers by funds within the same lender trigger only a single fee<sup>6</sup>, 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.
- **Settlement Delays:** 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 KYC<sup>7</sup> documents.

## Proposed solutions

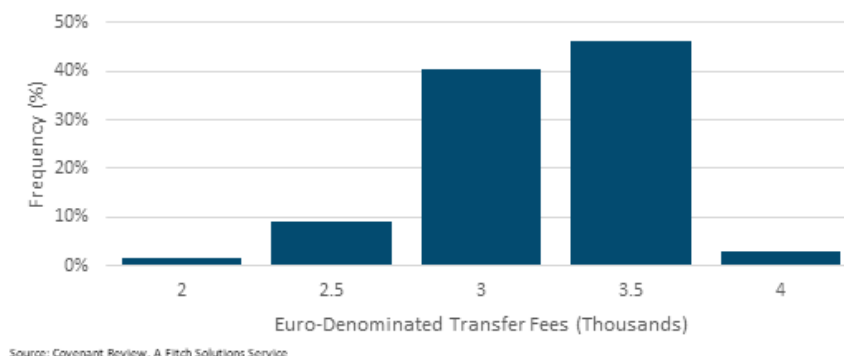
### Minimum Transfer Amounts

- **Removal of Minimum Transfer / Hold Amounts:** While Transfer / Hold minimums often<sup>8</sup> 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.
- **Removing Minimum Transfer Amounts That Exceed Minimum Holds:** 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 fully<sup>9</sup>.
- **Syndicated Expansion without Borrower Concern:** Syndicate expansion should be allowed without borrower concern, provided that Related or Affiliated Funds collectively maintain a €1m minimum hold.
- **Post-Primary Delayed Draw Tranches:** 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.

### Minimum Transfer Amounts

- **Standardisation of Fees:** 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 transfers.

Tracking 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).



- **Settlement Delays:** 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.

<sup>4</sup>Per Covenant Review data, 14% of all relevant deals reviewed by Covenant Review in 2025 and 2026 (YTD) did not include carveouts to this effect.

<sup>5</sup>Senior Facilities Agreements.

<sup>6</sup>Per 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.

<sup>7</sup>Know Your Customer.

<sup>8</sup>As noted above, this is not always the case.

<sup>9</sup>For 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);"



## Next steps

We will be engaging with key stakeholders, including lenders, legal advisers, and market participants, to further discuss this proposal and encourage adoption of best practices.

## Conclusion

ELFA is proposing changes to the process and mechanics around minimum transfer amounts and transfer fees in order to promote market efficiency and foster a more resilient leveraged finance market.

### 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

[akingump.com](http://akingump.com) © 2026 Akin Gump Strauss Hauer & Feld LLP. All rights reserved. Attorney advertising. Prior results do not guarantee a similar outcome.

### 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/>

#### European Leveraged Finance Association

35 Ballards Lane, London N3 1XW

T +44 (0)7725 353149

E [elfa@elfainvestors.com](mailto:elfa@elfainvestors.com)

