

**For release on 30 April 2009**

**LMA welcomes Insolvency Service consultation on possible changes to corporate insolvency law**

Following the Chancellor's announcement in the 2009 Budget statement on possible changes to corporate insolvency law, the LMA welcomes the proposal that the Insolvency Service will be issuing a consultation in June, and will be actively engaging in the consultation process on behalf of its members.

In the current challenging market environment, an increased focus on the necessity to help companies work through their difficulties and therefore preserve jobs and maximise value for all stakeholders is both relevant and important. It is also clear that loan restructuring scenarios are now more complex than in the past due to the increasingly numerous and divergent interests of stakeholders. It is important that any outcome retains the insolvency regime's reputation for fairness and balance by taking into account all stakeholders rather than any particular class of interested party.

Any change must be in the context of not acting as a disincentive to lenders or raising the cost to borrowers as a result of actual or potential structural weakness. Such an outcome would clearly be counterproductive, reducing liquidity to the corporate sector at a time when it is most needed. We also feel it is important that any revision looks at the process as a integrated whole, rather than focussing on certain parts of the insolvency model without a thorough review of their interaction with the whole regime.

The LMA's working party on insolvency is currently considering ways of improving insolvency regimes by examining lenders' issues whilst remaining cognisant of the need to achieve a balanced, fair and economically viable outcome for all parties. This work is not merely focused on the UK regime, but is seeking to provide a model that can be applied to a wider range of jurisdictions and thereby promote liquidity across the region.

John Redding, Portfolio Manager, Eaton Vance Management and Chair of the LMA's Insolvency Priority Group, said, "Potential change to the insolvency regime is a very pertinent issue at this time and one in which the LMA is actively engaged in looking to assist in reaching an outcome which is of benefit to all stakeholders".

**END**

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**Loan Market Association**

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**Loan Market Association**

The Loan Market Association was founded in December 1996 by seven leading international banks in London. Its aim was to encourage liquidity and efficiency in both the primary and secondary loan markets by promoting market depth and transparency, as well as by developing standard forms of documentation and codes of market practice. Banks, law firms and other market practitioners/participants are welcome to apply to join the LMA.

The Association was established in anticipation of changing market conditions and of a perceived willingness on the part of the banking community to bring greater clarity, efficiency and liquidity to the relatively under-developed secondary market.

The initiative was clearly well timed, as there was sustained growth in secondary loan activity in the Euromarkets over the following ten years. Unsurprisingly, this trend reversed in 2008, when volumes for the year went down to EUR 80 billion from EUR 173 billion in 2007.

The LMA has gained recognition in the market and has expanded its activities to include all aspects of the primary and secondary syndicated loan markets. It sees its overall mission as acting as the authoritative voice of the syndicated loan market in Europe vis à vis banks, borrowers, regulators and other affected parties.

For more information, please visit [www.lma.eu.com](http://www.lma.eu.com).