

For release on 26 January, 2010

LMA Launches Combined Par/Distressed Trading Documents

The European secondary loan market has undergone significant changes over the past two years particularly with reference to the post-Lehman Brothers environment and a marked increase in price volatility. In light of the changes, the LMA initiated a project seeking to minimise the documentation-related basis risk faced by institutions; dealing with a lender/investor becoming insolvent; and addressing documentation matters that commonly attracted debate.

The decision was taken to combine the LMA par and distressed trading documents and create a standard set of documents with only a few key variations reflecting the nature of the different markets. The new Standard LMA Terms and Conditions were formally launched on 25 January, 2010, along with all the related revised documents. Prior to then, the market was given access to the draft revised documents over a two month period to enable participants to become familiar with them.

Clare Dawson, LMA Managing Director, said:

"Given the widespread concern about lenders or investors becoming insolvent post Lehmans and the other market issues thrown up by the disturbance in the financial markets, we consider this move to a combined set of documents, incorporating termination on insolvency of a lender, to be an important step in enhancing overall market liquidity, which continues to be one of the LMA's prime goals. The changes have been well received by the market and we will, of course, monitor their usage over the coming months."

END

For further information, please contact:

Loan Market Association

Clare Dawson, Managing Director	020 7006 6007 clare.dawson@lma.eu.com
Mike Johnstone, Director	020 7006 2267 mike.johnstone@lma.eu.com

Penrose Financial

Andrew Nicolls/John Sarsfield	020 7786 4881/ 66 andrewn/johns@penrose.co.uk
-------------------------------	---

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.