

# Loan Market Association

the authoritative voice  
of the European market

**For release on 18th September 2008**

## **Dealing with Lehman companies in administration**

In response to the market uncertainty resulting from Lehman Brothers Holdings Inc filing for Chapter 11 protection in the US and a number of Lehman European companies going into administration, the LMA has issued a paper seeking to provide general guidance on dealing with English companies in administration in relation to the syndicated loan market. The paper is posted on the LMA website ([www.lma.eu.com](http://www.lma.eu.com)).

The paper addresses (1) payments made to/by Lehman as lender; (2) payments made where Lehman is the agent; (3) sub-participations with Lehman and (4) transfer/assignments made with Lehman.

**Clare Dawson (Executive Director)** commented:

*"Clearly, the situation presents many challenges for the loan market and the LMA is, of course, anxious to do as much as possible to assist its members and the market generally. Our paper, issued jointly with Clifford Chance, provides general guidance but I would stress that it does not provide specific advice on the multiple scenarios arising out of the situation. It is vital that market participants closely examine individual contracts and seek legal advice if they feel that is appropriate.*

*No doubt there will be lessons to be learned from the market turbulence and the LMA will review all its documents and recommended practices in light of what we learn. "*

**END**

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## **NOTES TO EDITORS**

### **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, and the membership currently stands at 399.

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 since 1997, there has been sustained growth in secondary loan activity in the Euromarkets, with volumes for 2007 estimated at EUR 173 billion, a 69% increase over the equivalent figure for 2006. The estimate of secondary trading volumes for 2008 half-year was EUR 47 billion (EUR 101 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).