Loan
Market
Association

the authoritative voice
of the European market

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LMA Launches its New Recommended Form of Intercreditor Agreement

The LMA is pleased to announce the launch of its new recommended form of Intercreditor Agreement. The Agreement is a logical addition to the LMA suite of documentation, and was created in response to demand from members. The project was undertaken by the LMA because it was felt that an LMA recommended form could help lenders to agree intercreditor arrangements more easily and efficiently, and thus be better prepared to deal with events should the borrower get into difficulties. During the drafting process, issues arising from some recent restructurings have been taken into account.

The LMA Intercreditor Agreement is designed for use with the LMA leveraged facility agreement, and assumes a similar transaction structure to that contemplated in the facility agreement. In addition, it seeks to deal with the handling of derivatives in the context of complex transactions, especially where multiple hedge counterparties are involved.

Commenting on the document, Clare Dawson, LMA Managing Director said, "The LMA Intercreditor Agreement is another major step forward for syndicated loan documentation. It is one of several projects we have been working on to promote efficiency and transparency in the market while assisting lenders to recover confidence in structuring transactions".

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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, and the membership currently stands at 403.

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.