



Report from the 2018 ABA Business Law Spring Meeting

April 19, 2018 - On April 12th, Tess Virmani (LSTA) moderated the "Current State of the Syndicated Loan Market" CLE at the ABA Business Law Section's Spring Meeting in Orlando, which looked at deal term trends and recent policy developments in the corporate loan market. On the legal side, she was joined by Clifton Prabhu (HSBC), Kepler Geertsema (Citigroup) and Melissa Langsdorf (Antares Capital), as well as Ted Basta (LSTA) and Glenn Stewart (SunTrust Robinson Humphrey) who offered the market perspective. Panelists highlighted many of the flexible, borrower-friendly terms that have been in the industry press in the last twelve months: borrowers pushing for prospective adjustments to EBITDA as well as larger and more flexible "baskets"; permitted future debt capacity expanding with MFN protection under continued pressure. The panel remarked on 2017 developments in direct lending, observing that where direct lenders typically pursued a buy and hold strategy increasingly now sell down a portion of the loan post-closing and that terms have been converging with those in the broadly syndicated market. In closing, FinCEN's new customer due diligence rule requiring certain financial intuitions to identify, and verify the identity of, legal entity customers was flagged. It takes effect on May 11, 2018 and raises certain practical issues for agent banks. (For more information, contact bmarsh@lsta.org.) For more on market trends, see Practical Law Finance's "2017 Year-End Trends in Large Cap and Middle Market Loan Terms".

At the semi-annual meeting of the ABA Subcommittee on Syndications and Lender Relations chaired by Tess Virmani, the conversation continued with a comparison of terms of the corporate loan space against the TLB market. Presenters Jane Summers (Latham & Watkins), Linda Filardi (Capital One) and Alex Spiro (PNC Bank) shared their views on the many differences as well as some more recent points of convergence. In addition, they covered a range of banking issues including developments in LIBOR replacement language, banking concerns for the cannabis and gun industries and the EU Global Data Privacy Regulation effective next month that imposes more obligations when processing personal data and applies across the globe if personal data of EU data subjects (limited to individuals) is processed.