

Frequently Asked Questions Regarding LSTA Par/Near Par Delayed Compensation Requirements

September 8, 2016

The Frequently Asked Questions and answers set forth below are being provided by the LSTA for informational guidance and are not meant to be determinative on any trading issue or dispute arising from or occurring in relation to any par/near par trade. Parties are strongly encouraged to carefully read the Standard Terms and Conditions for Par/Near Par Trade Confirmations (the “Standard Terms and Conditions”) as in effect on the applicable Trade Date for a trade and to consult with their own advisors in connection with any issues or disputes arising or occurring from time to time. Capitalized terms used but not defined below have the meaning set forth in the face of the Confirmation and the Standard Terms and Conditions.

These Frequently Asked Questions are broken out into four separate topics. Topic One addresses general questions relating to the new requirements based delayed compensation rules. Topic Two addresses specific questions relating to all of the pre-funding requirements of the parties to a trade under the new requirements based rules. The pre-funding requirements generally relate to the timeframe for delivery of documentation incorporating the trade details and for execution of the transaction documentation necessary to settle the trade. Topic Three addresses questions relating to the specific funding obligations of the Buyer upon settlement of a transaction. Topic Four addresses general miscellaneous questions with a focus on certain exceptions to the requirements based rules.

TOPIC ONE - GENERAL QUESTIONS

- 1. When do the LSTA rules relating to the new requirements-based par/near par delayed compensation take effect?**
 - The new delayed compensation requirements-based rules shall apply to all LSTA par/near par trades entered into on and after September 1, 2016.

- 2. What are Early Day Trades?**
 - Early Day Trades are trades for which the Trade Date is a date on or before the sixth Business Day following the “*Trigger Date*” for such trade.
 - The “Trigger Date” for a trade is the date of the initial funding under the Credit Agreement that governs the Debt, unless there is no funding of any facilities under the Credit Agreement at or about the time it becomes effective, in which case the “*Trigger Date*” is the date the Credit Agreement is executed.

- 3. What is the big change to the delayed compensation rules for par/near par trades beginning September 1, 2016?**
 - *For all LSTA par/near par trades entered into prior to September 1, 2016, a Buyer was automatically entitled to the benefit of all interest and ordinary course fees accrued with respect to the Purchase Amount of the Debt for the period of time from (and including) the Commencement Date to (but excluding) the Settlement Date (the “Delay Period”).*
 - The Commencement Date is T+7 (Trade Date plus seven (7) Business Days) for all trades other than Early Day Trades.

→ For Early Day Trades the Commencement Date is Trigger Date plus fourteen (14) Business Days.

- *For all LSTA par/near par trades entered into on and after September 1, 2016*, in order for a Buyer to be eligible to receive the benefit of such interest and ordinary course fees accrued during the Delay Period with respect to the Purchase Amount of the Debt, the Buyer will (subject to limited exceptions) be required to satisfy certain obligations as detailed below.

4. Following September 1, 2016, under what circumstances will the new par/near par delayed compensation requirements not apply?

- When “Participation” is elected in the “Form of Purchase” section of the Confirmation.
- Under certain limited circumstances (as detailed primarily in the FAQs numbered 46 through 56 set forth in Topic Four below), there may be other exceptions available to a Buyer whereby a Buyer shall still be entitled to receive the benefit of delayed compensation notwithstanding Buyer’s failure to strictly comply with all of its Delayed Compensation Requirements.

5. What are the “Delayed Compensation Requirements”?

- The Delayed Compensation Requirements mean either the “Paper Requirements” or the “Settlement Platform Requirements.”

6. What is the difference between the Settlement Platform Requirements and the Paper Requirements?

- The Settlement Platform Requirements relate to the obligations of the parties when settling the trade pursuant to an Electronic Settlement Platform.
- The Paper Requirements relate to the obligations of the parties when settling the trade manually without utilization of an Electronic Settlement Platform.

7. What is an Electronic Settlement Platform?

- An Electronic Settlement Platform means an electronic settlement system used to facilitate the transfer of syndicated loans such as ClearPar, Virtus Trade Settlement or any other electronic settlement system utilized by loan market participants to electronically settle the transfer of syndicated loans.

8. Is there a default option within the Standard Terms and Conditions as to whether the Paper Requirements or Settlement Platform Requirements shall apply to a trade?

- Yes, if nothing is otherwise set forth in the Other Terms of Trade Section of the Confirmation, the Settlement Platform Requirements shall be deemed to apply to the trade.

9. What must the Buyer do in order to receive the benefit of Delayed Compensation pursuant to Section 6(c)(ii) of the LSTA Par/Near Par Standard Terms and Conditions?

- For trades settling pursuant to the Settlement Platform Requirements, Buyer must satisfy the Buyer Settlement Platform Requirements.

- For trades settling manually, Buyer must satisfy the Paper Requirements.

TOPIC TWO - PRE-FUNDING REQUIREMENTS QUESTIONS

10. What are the Buyer Settlement Platform Requirements?

- For trades entered into on or before October 31, 2016, generally the Buyer Settlement Platform Requirements obligate a Buyer to execute online or submit via electronic mail its signature pages to both the Confirmation and Assignment Agreement by **T+6** (within six (6) Business Days following the Trade Date) to the Electronic Settlement Platform; provided, however, for Early Day Trades the Buyer is obligated to execute online or submit via electronic mail its signature pages to both the Confirmation and Assignment Agreement no later than two (2) Business Days prior to the applicable Commencement Date.
- For trades entered into on and after November 1, 2016, generally the Buyer Settlement Platform Requirements obligate a Buyer to execute online or submit via electronic mail its signature pages to both the Confirmation and Assignment Agreement by **T+5** (within five (5) Business Days following the Trade Date) to the Electronic Settlement Platform; provided, however, for Early Day Trades the Buyer is obligated to execute online or submit via electronic mail its signature pages to both the Confirmation and Assignment Agreement no later than four (4) Business Days prior to the applicable Commencement Date.
- Additionally, the Buyer Settlement Platform Requirements obligate the Buyer to select a Proposed Settlement Date on the Electronic Settlement Platform of no later than the Commencement Date and select “Persisted” in connection therewith and timely fund the Purchase Price (as detailed more in FAQs numbered 27 through 45 set forth in Topic Three below).
 - “Persisted” means the election by Buyer on the Electronic Settlement Platform whereby a Buyer represents that it is financially ready to settle the trade on any Business Day from and including the Commencement Date until and including the Delayed Settlement Date without interruption.

11. Are the timing requirements for paper/manual trades the same as the timing requirements for trades settled on an Electronic Settlement Platform?

- The timing requirements for executing the Confirmation and Assignment Agreement under the Paper Requirements by the Buyer are the same as the timing requirements for electronically settled trades --- by T+6 for trades entered into prior to November 1st and T+5 for trades entered into on or after November 1st.
- Likewise, the timing requirements for executing the Confirmation and Assignment Agreement with respect to Early Day Trades under the Paper Requirements by the Buyer are the same as the timing requirements under the Settlement Platform Requirements
- However, as detailed below, the timing requirements for remitting the Purchase Price in connection with the Paper Requirements are different than for trades settling pursuant to an Electronic Settlement Platform.

12. What happens if the Buyer fails to timely comply with its obligations (e.g. fails to timely execute the Confirmation, or the Assignment Agreement, or does not timely fund the Purchase Price)?

- Buyer will generally not be entitled to the benefit of any delayed compensation pursuant to Section 6(c)(ii) of the Standard Terms and Conditions, subject to certain limited exceptions.

13. Does a Buyer need to execute an Assignment Agreement that includes a material error?

- No, if the Buyer timely signs the Confirmation, the Buyer does not need to execute the Assignment Agreement to the extent it has a material error; provided, however, under such circumstances the Buyer shall be required to give notice of such error by T+3 (or in the case of an Early Day Trade by T+6) and to the extent such error is fixed by T+4 (or in the case of an Early Day Trade by T+8), the Buyer shall then be obligated to execute the Assignment Agreement by T+5/T+6. To the extent the material error is not timely fixed, the Buyer will still be entitled to benefit of delayed compensation notwithstanding its failure to execute such Assignment Agreement (provided that all of its other requirements are met, such as timely paying the Purchase Price once the trade settles).

14. What would be considered a material error on an Assignment Agreement?

- A material error may include, for example, a reference to the wrong Credit Agreement, Borrower or Facility name.

15. If the Buyer loses the benefit of delayed compensation under Section 6(c)(ii) will the Seller also lose the benefit of cost of carry under Section 6(c)(i) of the Standard Terms and Conditions?

- Yes, to the extent the Buyer is not entitled to the benefit of interest and accruing ordinary course fees relating to the Delay Period, the Seller will likewise lose the benefit of cost of carry interest at the Average LIBO Rate on the purchase price the Seller would have received under Section 6(c)(i) of the Standard Terms and Conditions had the trade settled on the Commencement Date.

16. Which party is responsible for submitting the Trade Details to the platform for trades that settle on an Electronic Settlement Platform?

- Generally the Dealer is required to submit the Trade Details to the Electronic Settlement Platform to enable generation of the Confirmation and Assignment Agreement.
- In situations where both parties to a trade are Dealers, the Seller shall be required to submit the Trade Details.
- In situations where neither party to a trade is a Dealer, the Seller shall be required to submit the Trade Details.

17. What is a “Dealer”?

- A Dealer means an entity that buys and sells loans as principal, for its own account, or for the account of its client, and holds itself out to the market as standing ready in the ordinary course of its business to purchase from customers and sell to customers loans in

its capacity as a market maker and is in fact regularly engaged in the business of making a market in loans extended to corporate borrowers.

18. What are the “Trade Details”?

- The Trade Details mean the agreed-upon terms of trade, including, without limitation, the Trade Date, the Borrower, the Credit Agreement, the Facility, the Purchase Amount of the Debt and the Purchase Rate.

19. For trades settling on an Electronic Settlement Platform when must the party responsible for submitting the Trade Details submit them into the platform?

- The Trade Details must be submitted by no later than T+1 (Trade Date plus one Business Day).

20. What happens if the Seller (if the Seller is the Dealer or neither party to the trade is a Dealer) does not submit the Trade Details to the Electronic Settlement Platform within T+1?

- Under such circumstances, the Buyer will automatically be entitled to the benefit of delayed compensation calculation set forth in Section 6(c)(ii) of the Standard Terms and Conditions whether or not Buyer satisfies its Buyer Settlement Platform Requirements.

21. What happens if the Buyer is the Dealer and the Trade Details are not submitted to the Electronic Settlement Platform within T+1?

- If Buyer is the Dealer and the Trade Details are not submitted by T+1, then the Seller must provide a notice (a “Dealer Failure Notice”) to Buyer/Dealer notifying the Buyer/Dealer of such failure to submit the Trade Details by no later than T+3 (Trade Date plus three Business Days).

22. What happens if the Seller does not provide a Dealer Failure Notice within T+3 to the Buyer/Dealer?

- Under such circumstances the Buyer/Dealer will automatically be entitled to the benefit of the calculation of delayed compensation under Section 6(c)(ii) of the Standard Terms and Conditions.

23. What happens if the Seller does provide a Dealer Failure Notice within T+3 to the Buyer?

- Under such circumstances the Buyer/Dealer must submit the Trade Details into the Electronic Settlement Platform by T+5 (and by Trigger Date plus ten (10) Business Days for Early Day Trades) and satisfy all of the other Buyer Settlement Platform Requirements in order to be entitled to the benefit of delayed compensation calculation under Section 6(c)(ii).
- If the Buyer/Dealer does not timely submit the Trade Details or satisfy its other Buyer Settlement Platform Requirements after receipt of a Dealer Failure Notice the Buyer/Dealer will not be entitled to the benefit of delayed compensation calculation under Section 6(c)(ii).

24. For trades settling pursuant to the Paper Requirements who is required to prepare the Confirmation and Assignment Agreement?

- Unless otherwise agreed upon by the parties, the Seller is responsible for drafting the Confirmation and the Assignment Agreement.
- 25. If the Seller is the responsible party for drafting a paper trade, when must the Seller deliver the Confirmation, which includes the Trade Details, and the Assignment Agreement?**
- Under such circumstances, the Seller must deliver to the Buyer such Confirmation, which includes the Trade Details, and the Assignment Agreement within T+1.
- 26. What happens if the Seller does not timely deliver the Confirmation and Assignment Agreement to the Buyer for a paper trade?**
- Buyer will automatically be entitled to the benefit of the calculation of delayed compensation regardless of whether the Buyer satisfies any of its other Paper Requirements.

TOPIC THREE - FUNDING REQUIREMENTS QUESTIONS

- 27. For trades entered into prior to November 1, 2016 and settled pursuant to an Electronic Settlement Platform, when must the Buyer fund the Purchase Price?**
- The Buyer shall be required to fund the Purchase Price on the Assignment Effective Date (the date on which the books and records of the administrative agent (the “Agent”) reflect the assignment and transfer of legal title of the Purchase Amount of the Debt from Seller to Buyer). However, it is important to note that, prior to November 1st, a Buyer shall be able to utilize “lead times” and cut-off times on an Electronic Settlement Platform, without penalty, which will effectively allow a Buyer additional time to timely coordinate payment of the Purchase Price on the Assignment Effective Date.
- 28. What are “lead times”?**
- “Lead times” relate to the period of time between when the Agent is ready to make the trade effective and when the Buyer is ready to fund. For example, if a Buyer has a “lead time” of two (2) Business Days the Agent generally on an Electronic Settlement Platform will give the Buyer two (2) Business Days advanced notification prior to making an Assignment Agreement effective.
- 29. What are “Business Days”?**
- As used in the Standard Terms and Conditions, a “Business Day” means any day that is not a Saturday, a Sunday or any other day on which the Federal Reserve Bank of New York is closed. Additionally, solely for purposes of determining the Commencement Date, Business Day excludes any day on which the New York Stock Exchange is closed.
- 30. Does the definition of “Business Day” take into account any foreign holidays?**
- No, the definition of Business Day does not take into account any foreign holidays.
- 31. Will it be possible for a Buyer to select different lead times on an Electronic Settlement Platform to the extent a trade relates to a foreign currency?**
- Yes, a Buyer is able to select a different Advanced Notification Setting (a/k/a lead time) on an Electronic Settlement Platform to the extent the trade relates to a foreign currency.

Thus, a Buyer could select to have an Advanced Notification Setting of “zero” for transactions settling in USD currency or select an Advanced Notification Setting of “one” for transactions settling in foreign currency.

32. What is an Advanced Notification Setting?

- An Advanced Notification Setting is a setting on an Electronic Settlement Platform whereby a Buyer elects to receive advanced notice prior to the Assignment Agreement being recorded on the registry.

33. For trades entered into on or after November 1, 2016 and settled pursuant to an Electronic Settlement Platform, when must the Buyer fund the Purchase Price?

- This depends on two variables -- the first whether the Buyer utilizes an Advanced Notification Setting, and the second the time of day during the Business Day on which the parties receive notification via the Electronic Settlement Platform that all required consents have been obtained to effectuate the legal transfer of the Purchase Amount of Debt on the registry (e.g. that the Assignment Agreement is fully executed) (the “Electronic Assignment Notification”).
- If Buyer does not utilize an Advanced Notification Setting and the parties receive the Electronic Assignment Notification **on or before 11 am** (NY time), the Buyer will be required to fund on the same date of such Electronic Assignment Notification. If the Buyer utilizes a one (1) day Advanced Notification Setting, the Buyer will be required to fund by the Business Day following receipt of the Electronic Assignment Notification.
- If the parties receive the Electronic Assignment Notification **after 11 am** (NY time) **but on or before 6 pm** (NY time), regardless whether the Buyer has a zero (0) day or a one (1) day Advanced Notification Setting, the Buyer will be required to fund by one (1) Business Day following receipt of the Electronic Assignment Notification.
- If the Buyer does not utilize an Advanced Notification Setting and the parties receive the Electronic Assignment Notification **after 6 pm** (NY time), the Buyer will be required to fund by one (1) Business Day following receipt of the Electronic Assignment Notification; provided, however, if the Buyer utilizes a one (1) day lead time, the Buyer will be required to fund no later than two (2) Business Days following receipt of the Electronic Assignment Notification.

34. If the Electronic Assignment Notification is received after 11 am (NY time) but the parties want to settle such trade on the same day of such Electronic Assignment Notification, may the parties agree to “override” the default rules on the Electronic Settlement Platform ?

- Yes, the parties may elect to override the default rules under such circumstances and have the trade made effective on the same day; provided, however, if the Agent complies with such request and makes the transaction effective earlier than the default standard, the Buyer will be obligated to fund the Purchase Price on the day such transfer is made effective on the Agent’s registry. If the Buyer under such circumstances consents to an earlier recordation but does not fund on the same day of such recordation, the Buyer will lose the benefit of delayed compensation.

35. From and after November 1, 2016 will a Buyer be allowed to have an Advanced Notification Setting on an Electronic Settlement Platform?

- Yes, a Buyer will be allowed to utilize an Advanced Notification Setting of one (1) Business Day. However, if a Buyer utilizes an Advanced Notification Setting of more than one (1) Business Day a Buyer will not be entitled to the benefit of delayed compensation pursuant to Section 6(c) of the Standard Terms and Conditions.

36. Are there any ramifications of using an Advanced Notification Setting of one (1) Business Day from and after November 1, 2016 on an Electronic Settlement Platform?

- Yes, where a Buyer utilizes an Advanced Notification Setting of one (1) Business Day, the Buyer will lose the benefit of one (1) day of delayed compensation when the parties receive the Electronic Assignment Notification **on or before 11 am (NY time) or after 6 pm (NY time)**.

37. Does the concept of “lead times” exist for manual transactions settled pursuant to the Paper Requirements?

- No, there is no concept of lead times for paper/manual transactions. However, the timing requirements for Buyer’s funding obligations for manual trades are contingent upon Seller providing Buyer with advanced notification of a Proposed Delayed Settlement Date no later than 6 pm (NY time) on the Business Day immediately preceding a Proposed Delayed Settlement Date. Additionally, Seller may only provide such advanced notification of a Proposed Delayed Settlement Date to the extent Seller reasonably determines in good faith that all required consents, acknowledgments and other actions will have been satisfied to settle the transaction on the Proposed Delayed Settlement Date.

38. Assuming advanced notification of a Proposed Delayed Settlement Date is timely given by Seller, when must the Buyer fund the Purchase Price with respect to trades settled manually pursuant to the Paper Requirements?

- Where Seller is the party responsible for obtaining the required consents, if the Buyer receives notification of the effectiveness of the Assignment Agreement from Seller on or prior to 11 am (NY time), the Buyer shall be required to fund the Purchase Price on the same Business Day of such receipt. If the Buyer receives such notification of effectiveness after 11 am (NY time), the Buyer shall be required to fund the Purchase Price no later than the Business Day following receipt of such notification.

39. For Paper Transactions where Buyer is responsible for obtaining the required consents, when must the Buyer fund the Purchase Price?

- Where Buyer is the party responsible for obtaining the required consents, if the Buyer receives notification of the effectiveness of the Assignment Agreement on or prior to 11 am (NY time), the Buyer shall be required to fund the Purchase Price on the same Business Day of such notification. If the Buyer receives such notification of effectiveness after 11 am (NY time), Buyer shall be required to fund the Purchase Price no later than the Business Day following receipt of such notification.

40. When happens if the Buyer does not timely fund the Purchase Price?

- The Buyer will lose the benefit of the entire delayed compensation calculation pursuant to Section 6(c)(ii) of the Standard Terms and Conditions subject to certain limited exceptions.

41. What happens if the Buyer funds one or two Business Days late? Under such circumstances will the Buyer only lose one or two Business Days of delayed compensation?

- No. If the Buyer does not fund by the Business Day on which the funding of the Purchase Price is required to be paid, the Buyer will lose all of the delayed compensation attributable to the Delay Period pursuant to the calculation set forth in Section 6(c)(ii) of the Standard Terms and Conditions.

42. Does a Buyer need to fund a Purchase Price timely if Buyer believes the Purchase Price calculation is incorrect?

- No, a Buyer does not need to timely pay a Purchase Price to the Seller to the extent (A) the Buyer reasonably believes in good faith that the calculation of the Purchase Price is incorrect, (B) Buyer has provided notice to Seller detailing such calculation error on or prior to the Business Day on which payment is due and (C) Buyer has timely complied with all of its other Delayed Compensation Requirements of the Buyer (e.g. timely executing the Confirmation and Assignment Agreement). Under such circumstances Buyer will still be entitled to the benefit of delayed compensation.

43. If the Buyer does not timely pay a Purchase Price which took into account the delay compensation calculations set forth in Section 6(c) of the Standard Terms and Conditions, how can Seller claim such amount previously credited to the Buyer?

- Under such circumstances the Seller may demand return of the Net Credited Amount from Buyer and the Buyer will be obligated to remit such amount within two (2) Business Days of such demand.

44. What is the “Net Credited Amount”?

- The “Net Credited Amount” reflects the difference between the following amounts:
 - (A) the amount of Interest and Accruing Fees accrued with respect to the Purchase Amount of the Debt during the Delay Period (pursuant to Section 6(c)(ii) of the Standard Terms and Conditions) and credited to the Buyer; and
 - (B) the cost of carry amount payable by Buyer to Seller on an amount equal to the interest that would have accrued during the Delay Period at the Average LIBO Rate on the purchase price calculated as of the Commencement Date (pursuant to Section 6(c)(i) of the Standard Terms and Conditions).

45. What is an example of a calculation of the “Net Credited Amount” to be returned?

- Assuming the following variables: (i) the purchase amount relates to a sale of \$5,000,000 of debt; (ii) the purchase rate is 90%; (iii) the Delay Period is 20 days; (iv) the interest rate on the debt equals 6% and (v) the Average LIBO Rate is 0.5%, then the Net Credited Amount shall be equal to \$15,416 determined as following:
 - (A) $\$5,000,000 \times 20/360 \times 6\% = \$16,666$ (credited amount to Buyer) and
 - (B) $(\$5,000,000 \times 90\%) \times 20/360 \times 0.5\% = \$1,250$ (cost of carry amount payable by Buyer)

TOPIC FOUR – MISCELLANEOUS QUESTIONS WITH A FOCUS ON EXCEPTIONS

46. What happens if the trade is delayed due to a failure to obtain third party consents, acknowledgments or an agent freeze?

- Under such circumstances the Buyer will still be entitled to receive the benefit of delayed compensation provided that Buyer has timely performed its Delayed Compensation Requirements (e.g. Buyer timely executed the Confirmation and Assignment Agreement and timely paid the Purchase Price when the trade settled).

47. Will a Buyer be required to execute a Confirmation or an Assignment Agreement in situations where a Seller has not provided to such Buyer all “know your customer” or Onboarding Information required by Buyer?

- Generally no. Under such circumstances a Buyer will still be entitled to receive the benefit of delayed compensation notwithstanding Buyer’s failure to timely execute a Confirmation or Assignment Agreement where certain “know your customer” or onboarding requirements of Buyer have not been satisfied; provided, however, in order to be able to utilize such exception the Buyer will be required to have requested Onboarding Information on or prior to the date any of Buyer’s Delayed Compensation Requirements are due.
- Additionally, in order to be able to utilize this exception, upon receipt of any such requested Onboarding Information from Seller, the Buyer must promptly finalize such counterparty onboarding requirements in a commercially reasonable manner in order to facilitate prompt settlement of the transaction.

48. Are there standard “know your customer” guidelines or onboarding requirements for a Buyer to follow to onboard the Seller (to prevent a Buyer from intentionally delaying the settlement by requesting additional documents)?

- In January 2016, the LSTA published *Know Your Customer Considerations for Syndicated Lending and Loan Trading: Guidelines for the Application of Customer Identification Programs, Foreign Correspondent Account Due Diligence, and Other Considerations* (“KYC Guidelines”) to help banks and other financial institutions understand the applicability of US anti-money laundering requirements in the context of their syndicated lending and loan trading activities. The LSTA understands that certain banks and financial institutions have modified their KYC practices and are adhering to the LSTA’s KYC Guidelines and, as a result, have shortened their loan trade settlement times. As highlighted in the KYC Guidelines, for most trades of fully funded term loans in the US loan market, a bank typically need only obtain the counterparty’s legal name and country of residence, and perform sanctions screening on their counterparty, including against government watch lists, such as OFAC’s SDN list (which requires visiting the Treasury Department’s website to ensure the counterparty’s name is not included on a government watch list).

49. Are there any exceptions to the Delayed Compensation rules for CLOs?

- Yes, there is a limited exception for newly formed CLOs. If Buyer notifies Seller that it is a newly formed CLO prior to the Commencement Date, Buyer may select, at any time during the Delay Period a CLO Blackout Period of no more than five (5) Business Days in which time the Agent will not effectuate and record an Assignment Agreement.

However, the newly formed CLO shall be required to fund and close the transaction once the CLO Blackout Period ends.

- Additionally, in the event the original buyer entity set forth in a Confirmation is replaced by a new buyer entity during the CLO Blackout Period and a new Assignment Agreement and Confirmation is prepared/generated, the new buyer entity will be deemed to have satisfied any prior Delay Compensation Requirements to the extent the original buyer had satisfied its obligations timely (e.g. the original buyer timely executed the original Assignment Agreement and Confirmation).

50. Is there an exception when the Buyer is unable to perform its Buyer Settlement Platform Requirements due to a malfunction of the Electronic Settlement Platform?

- Yes, there is a “force majeure” exception whereby delay compensation benefits shall still apply in situations where Buyer is unable to satisfy its requirements timely as a result of any act or circumstances relating to the functionality of the Electronic Settlement Platform which is outside the control of Buyer, cannot be prevented or overcome by Buyer and prevents Buyer from being able to perform its requirements; provided, however, under such circumstances a Buyer will be required to utilize commercially reasonable efforts to mitigate the effects of any such act or circumstance and to remedy any inability to perform its Buyer Settlement Platform Requirements as promptly as reasonably practicable.

51. Are there different rules when trading a Revolving Commitment versus a Term Loan?

- No, the rules are the same for revolver and term loan trades.

52. May the parties agree to opt out of the new delayed compensation requirement based rules?

- Yes, the parties can mutually agree to opt out of the new delayed compensation requirements for any trade. Such agreement could be documented by setting forth such agreements in the Trade Specific Other Terms of Trade section of the face of the Confirmation.

53. Will a Seller be able to “flip” the application of the new requirement based rules on an Electronic Settlement Platform such that the new requirements based rules shall not apply?

- Yes, it is the understanding of the LSTA that the Electronic Settlement Platforms will provide the Seller with an ability to “flip” the application of the new rules on an Electronic Settlement Platform such that the delayed compensation calculations under Section 6(c) of the Standard Terms and Conditions will automatically apply in the calculation of the Purchase Price regardless of whether any of the new requirement based rules are met.

54. Why are delays due to confirmation by a Buyer that it qualifies as an Eligible Assignee (e.g. it is not on a disqualified lender list or other similar type of list) not included as an exception to Buyer not being required to execute an Assignment Agreement until such confirmation has been obtained?

- It is expected that, if the Buyer believes it may not qualify as an “*Eligible Assignee*” with respect to the purchase of loans under a Credit Agreement (because the Buyer may be on a disqualified lender list or otherwise), the Buyer will take the necessary steps prior to

agreeing to purchase such loans in determining whether the Buyer meets the eligibility requirements under a Credit Agreement to acquire such loan by assignment. Thus, if a Buyer does a trade, it is expected to timely execute the Assignment Agreement regardless of whether it has confirmed its status as a disqualified lender.

55. Will the LSTA decide upon any disputes between parties relating to the new par/near par delayed compensation requirements?

- No, the LSTA will not decide upon any dispute between a Seller and a Buyer relating to the new par/near par delayed compensation requirements.

56. Will these new delayed compensation requirement rules affect LSTA distressed trades?

- No, the terms and conditions for delayed compensation relating to distressed trades have not been affected by these new requirement based rules being implemented for par/near par trades.