

## **Guiding principles of the Loan Servicing Standards Matrix**

One of the core aims of the European Loan Operations Committee is to bring about increased efficiencies in the operational aspects in the syndication process.

In order to facilitate positive behavioural changes in the loan operations market, and thereby increase the efficiency of market practices, a "Heat Map" was produced, which sets out a recommended timetable for completing tasks to be actioned during the life of the loan.

This paper seeks to explain the purpose of each of the fields in the template Heat Map (attached at Appendix).

### **Deal Site Guidelines**

#### ***Opening deal sites***

Facility Agents to open deal sites on the day documents are executed. Facility Agents will post copies of the executed documents, together with conditions precedent letter (if applicable and not confirmed by email) and legal opinions to the deal site when such documents are made available.

### **Fee Guidelines**

#### ***Billing / Invoicing***

Wherever possible Facility Agents will ensure that invoices in relation to commitment fees, facilitation fees, utilisation fees, non-utilisation fees and all other accruing fees are sent to the borrower(s) a minimum of three business days prior to the fee payment date. If a Facility Agent in its own judgement decides that a minimum of three business days is not practical (e.g. due to anticipated utilisation during the period between issuing the invoice and the fee payment date), the Facility Agent will send the invoice as soon as possible.

#### ***Late-payment***

It is important to note that non-payment can constitute an Event of Default under the terms of the credit agreement. However it is clear on a practical level that not every instance of late-payment results in an Event of Default.

The following principles are intended to provide practical guidance in the event of a late-payment scenario that hasn't, for whatever reason, resulted in an Event of Default.

If the Facility Agent is not in receipt of the borrower's payment one business day following the fee payment date, assuming the delay is not caused by administrative or technical error or constitutes a Disruption Event, the Facility Agent will contact the borrower to request immediate payment.

If the Facility Agent is not in receipt of the borrower's payment by the seventh business day following the fee payment date, the Facility Agent will escalate internally, according to its internal process requirements, the fact that payment has not been received. The same steps will be repeated on a regular basis until the Facility Agent is in receipt of the borrower's payment.

## **General Administrative Standards**

### ***Conditions Precedent***

Facility Agents provide status updates to lenders in relation to whether Conditions Precedent have been satisfied or waived (or not as the case may be). Those updates will be distributed to credit/business contacts for each lender, as detailed on the administration detail form (**ADF**) submitted by each lender. The Facility Agent's operations team will confirm the same to their respective operations contacts at each lender, as detailed on the ADF.

### ***Conditions Subsequent***

Facility Agents provide status updates to lenders in relation to whether Conditions Subsequent have been satisfied or waived (or not as the case may be). Those updates will be distributed to credit/business contacts for each lender, as detailed on the administration detail form (**ADF**) submitted by each lender.

### ***Amended Repayment Schedules***

If, for whatever reason (typically following prepayment) the repayment schedule is required to be amended, the Facility Agent will make available to lenders (upon request) the amended repayment schedule by the fifth business date following the event that triggered the amendment.

### ***Pricing Changes***

The Facility Agent's operations team will confirm all pricing changes (typically margin and/or fee rate) to the operations contacts for each lender, on the effective date of the change (the assumption here is the Facility Agent will itself be aware of the pricing change on the effective date).

### ***Facility Commitment Changes***

The Facility Agent will confirm all facility commitment changes to the borrower and affected lender(s) on the effective date of the change (the assumption here is the Facility Agent will itself be aware of the facility commitment change on the effective date). The Facility Agent's operations team will also confirm the same to the operational contacts for each lender, as listed on the ADF.

### ***Arranger / Upfront / Participation Fees***

Where the Facility Agent is involved in the payment of fees, they will provide to lenders written confirmation of any arranger, upfront or participation fees (or variations thereof) due to lenders (including confirmation of payment date) on the business day that the fee(s) becomes payable. Confirmation will be distributed to the operations contacts for each lender.

### ***Facility Commitment Cancellation***

The Facility Agent will confirm all facility commitment cancellations to the lenders on the effective date of the cancellation. Confirmation will be distributed to both the operations and credit/business contacts for each lender, as detailed in the ADF.

## APPENDIX

### TEMPLATE HEAT MAP

Institution	Region	Deal Site Guidelines	Fee Guidelines						Administrative Standards				
		T • signing date	Billing T - 3	T+1 non payment client follow up	T+7 / T+30 Internal RM escalation	T+7 / T+30 Lenders updated	By T - CP Satisfaction	By T - CS Satisfaction	By T+5 Amended Rpt schedules advised to syndicate	By T Margin/Fee rate changes advised to syndicate	By T commitment changes advised	By T Arranger / Participation / Consent fees advised to syndicate	By T Commitment cancellation advised to syndicate
		(Business & Ops)	(Non Trade Finance related facilities)				(Business & Ops)	(Business & Ops)	(Business & Ops)	(Ops)	Ops	(Ops)	(Business & Ops)
Bank A	Europe	Live	Live	Live	Live	Live	Live		On request	Live	Live	Live	Live

Key	
	Live / Adopted / Complete
	Adoption in plan for 2022-23
	Adoption not in plan
TBC	Adoption plan TBC