



ILPA RELEASES RECOMMENDATIONS FOR INCREASED TRANSPARENCY AROUND SUBSCRIPTION LINES OF CREDIT

Guidance Prescribes Additional Quarterly and Annual Disclosures for LPs

June 10, 2020 – (Washington, DC and Toronto, Ontario) – The Institutional Limited Partners Association (ILPA) today released follow-on guidance to its 2017 recommendations regarding the use of subscription lines of credit by private equity general partners (GPs). The 2020 guidance prescribes quarterly and annual disclosures that provide greater transparency into the impact that subscription lines have on an individual LP’s unfunded commitments, exposure, and performance, as well as the key terms and costs associated with these facilities.

“While the use of subscription lines has become common practice across the industry, the caliber of disclosures industry-wide remains highly inconsistent. Increased standardization in the quality and frequency of information provided to LPs can help address blind spots in their ability to manage liquidity and assess fund-level performance,” said Neal Prunier, Director of Standards & Best Practices, ILPA. “ILPA also believes that greater standardization in the information provided will ultimately reduce bespoke LP requests for information and the associated effort required of GPs.”

The ILPA guidance, which was developed in concert with LPs, GPs, academics, consultants, and industry advisers, recommends the following information be provided to LPs on a quarterly and annual basis:

- Quarterly disclosures on the size of the facility, total balance of the facility, the individual LP’s and GP’s unfunded commitment financed through the facility, average number of days outstanding of each drawdown, net IRR with and without use of the facility
- Annual disclosures on terms such as lead bank, the fund’s drawdown limit, the fund’s maximum allowable borrowing (days), facility renewal option, collateral base, current use of the proceeds, and fees, as well as details on the methodology used for calculating net IRR with and without use of the facility

ILPA also advocates for, where reasonable, enhanced predictability of capital calls, both timing and amounts, particularly in cases where capital called represents a higher percentage of an LP’s unfunded commitment.

The guidance, titled “Enhancing Transparency Around Subscription Lines of Credit”, [can be found here](#). ILPA intends to continuously reflect member feedback and new market conditions into this document and will publish, as needed, updated guidance on the ILPA website.

About ILPA

The Institutional Limited Partners Association (ILPA) engages, empowers, and connects limited partners to maximize their performance on an individual, institutional, and collective basis. With 550+ member institutions representing more than \$2 trillion USD of private equity assets under management, ILPA is the only global organization dedicated exclusively to advancing the interests of LPs and their beneficiaries through best-in-class education, content, advocacy and events. For more information, please visit ILPA.org.

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