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## Transfer Restrictions May Create Additional Counterparty Risk for Distressed Debt Investors

#### **April 2014**

Experienced European loan traders know that borrowers and sponsors may be concerned about perceived "aggressive" investment funds buying into their debt, either directly or via sub participations. As a result, when European borrowers receive a request for an investment fund to enter their lender group via a secondary market transfer, they are increasingly using their consent rights to deny the request and maintain control of the make-up of the group. In this article, SRZ partner David J. Karp and associate Anthony Lombardi discuss how European traders must actively manage borrower consent and settlement risk.

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