

Distressed Debt and Claims Trading

August 9, 2010

LSTA Publishes Revised Documents Effective August 6, 2010

The Loan Syndications and Trading Association (LSTA) has released new forms of Purchase and Sale Agreement, Proceeds Letter, Distressed Trade Confirmation and Par/Near Par Trade Confirmation, effective for trades entered into on or after August 6, 2010.

None of these changes significantly alters the risk allocations between sellers and buyers; rather, these changes either establish drafting guidance or clean up the documents. Further, the much anticipated Buy-in/Sell-out (BISO) provisions have not yet been added to the Distressed Confirmation. Katten is actively engaged in the drafting of the BISO provisions and we will issue another Client Advisory summarizing these upon completion of the drafting process.

Highlighted below are some noteworthy revisions to the documents.

I. Purchase and Sale Agreement

- Language has been added to Seller's representations clarifying when lock-up agreements and other similar agreements should be disclosed to Buyer.
- Standard Terms have been revised to provide that if the trade date of the transaction precedes the trade date(s) of any of Seller's upstream purchases, Seller must remit to Buyer all distributions that Seller is not otherwise entitled to due to the "inverted trade dates."
- Check-the-box option regarding Judgment Currency has been eliminated and Standard Terms have been revised to provide that the exchange rate will be quoted by a known dealer mutually agreeable to the parties.

II. Proceeds Letter

- Revisions have been made to clarify Buyer's obligations to obtain certain ERISA representations on subsequent resales.
- New Proceeds Letter requires that if Seller is required to disgorge proceeds paid to it in error, Buyer must return to Seller such proceeds and related interest and charges payable by Seller.

If you would like to discuss these revisions or the proposed BISO provisions in greater detail, or if you would like to receive copies of the revised documents, please contact your Katten Muchin Rosenman LLP attorney or any of the following members of the [Distressed Debt and Claims Trading Practice](#):

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