

## Subscriptions Lines – S&P in the Fund Financing Space

September 6, 2024

S&P Global  
Ratings

### Private Markets Insights

Credit is Credit

In a recent article, S&P Global Ratings outlines their criteria for rating certain facilities used by alternative investment funds called subscription lines. These facilities are secured by an alternative investment fund's limited partner capital commitments.

The criteria apply to issue credit ratings on a subscription line when:

- It benefits from a first priority perfected lien on a closed-ended AIF's LP capital commitments;
- We expect the primary source of repayment to be from calls on the LPs' undrawn capital commitments;
- The facility provider (lender) has direct access to all LP capital flows, either prior to a missed payment or after a missed payment; and
- All LP capital must flow through cash accounts over which the lender has a first priority perfected lien or cash accounts that are bankruptcy remote from the fund.

If any of these conditions does not apply, we rate the facility based on our AIF methodology. See Appendix for additional details on the scope.

Read the full article [here](#).

Register [here](#) to join S&P Global Ratings' Methodologies and Financial Services senior analysts for a live interactive webinar where they will discuss our recently released criteria for rating alternative investment fund (AIF) subscription line facilities secured by capital commitments and related changes to our AIF methodology.