

FUND FINANCE FRIDAY

ILPA's 'Principles 3.0' Hits the Press

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“Principles 3.0,” the Institutional Limited Partners Association (ILPA) guidelines for private equity best practices, hit the press yesterday. Subscription facility-related provisions generally had been well-telegraphed. Specific recommendations included the following:

- Performance reporting during fundraising and over the life of the fund should cover returns with and hypothetically without the use of such facilities.
- The use of credit facilities with terms longer than one year should be subject to limited partners advisory committee approval.
- Subscription facilities terms should be disclosed or made available to LPs on request.
- LPs should be offered the option to opt out of a facility at the onset of the fund.
- At fund close, or at the facility close, material terms of the facility should be disclosed to all LPs.
- ILPA is working towards publishing a model LPA.

The subscription facility recommendations are but a subset in a comprehensive set of guidelines. The full publication is available [here](#). We expect to return to the topic with further analysis.