

## FUND FINANCE FRIDAY

## Private Funds CFO Offers Discussion of General Subscription Facility Points

July 19, 2019 | Issue No. 37



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*Private Funds CFO* this week offered the perspective of both private equity fund leaders and long-time senior fund finance banker Mike Robin of Citibank on the subscription facility market. The extensive piece, titled “The Great Sub Line Debate,” sounded off on the duration of subscription facility borrowings, transparency in reporting the impact of credit facilities on investor returns, the sustainability of the subscription facility market, and the pros and cons of uncommitted credit facilities. As the article points out, the current trend is for borrowings to remain outstanding for slightly longer periods of time, which raises the age-old question of UBTI for tax-exempt investors. Also covered is a pattern of side letter requests for performance reporting with and without the availability of a line of credit. The administrative burden of maintaining such reporting has led general partners to be hesitant to accommodate such requests. The article also provides insight into the size of funds that are able to obtain access to a subscription facility and the terms under which differing funds may obtain the credit. Lastly, a brief summary of the advantages and disadvantages of uncommitted subscription facilities is discussed.

The *Private Funds CFO* article is available by subscription [here](#).