# Haynes Boone's Panel Summary of the 9th Annual European Fund Finance Symposium 2025

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PRACTICES Fund Finance

The Fund Finance Association’s 9th Annual European Fund Finance Symposium, hosted on 18 September 2025, at the historic Old Billingsgate was well attended and, as usual, an opportunity to connect with industry friends from across the globe. Our European fund finance team sincerely thanks the Fund Finance Association and everyone involved in planning and participating in the conference.

If you weren’t able to attend the symposium, or couldn't make it to all of the programming, our team has prepared key takeaways that we hope you find informative.

The panels provided an insightful glimpse into the current European market, with discussions around navigating a landscape of macroeconomic volatility and elongated fundraising timelines. Notable themes included the strategic rise of securitisation and capital relief trades as key tools for regulatory capital efficiencies, and the continued growth and innovation in NAV facilities and GP financing solutions. Panels also highlighted the increasing influence of institutional investors like insurers and pension funds, the evolving alternative lender landscape and the tangible impact of regulatory developments, such as CRD6. The rise of continuation vehicles and the growing role of AI in boosting efficiency were also key topics throughout the day.

Our six Haynes Boone attendees enjoyed catching up with clients and friends and were pleased to hear our partner, Emily Fuller, participate in the panel covering “Single LP SMAs – The Continued Growth in the Market.”. As always, please reach out to any member of our global fund finance team if you would like to discuss any of these topics in more depth.

Please note these summaries reflect our key impressions from the various panel discussions and not the viewpoint of the authors or any specific panelist.

## Market Developments in EMEA

The EMEA fund finance market is navigating a challenging environment in 2025, shaped by macroeconomic volatility, elongated fundraising timelines and evolving GP-LP dynamics. This panel highlighted both structural headwinds and emerging opportunities across the region.

### Key Market Trends

- **Fundraising Slowdown**: Fundraising remains slow, with Q2 2024 noted as the lowest period for private equity capital raising since COVID. LP onboarding that used take months has been taking much longer, creating knock-on delays for subscription line facilities. The perceived slowdown may also be due to what the market are using as a reference point, as the environment is slower than it was at its peak a couple of years ago. There is some sentiment that maybe the market has settled, and what we are seeing is the status quo for fundraising, rather than a dip.

- **Lender Selectivity**: Liquidity constraints are forcing banks and alternative lenders to prioritise long-term relationships. Sponsors increasingly ask whether lenders will remain active over the next two to three years.
- **NAV Financing & Continuation Vehicles (CVs)**: Growth in NAV facilities and CVs reflect delayed exits, leading to slower return of capital to LPs. These products are becoming widely accepted liquidity tools, though asset quality (as well as diversity of assets held) and valuations remain key lender concerns.
- **SMAs & Evergreen Funds**: Separately Managed Accounts (SMAs) and evergreen structures are on the rise, driven particularly by Middle Eastern LPs. These investors are increasingly influential, pushing for stronger terms and parity across their portfolios. The growth in SMAs is also being driven by the slower fundraising environment, with larger LPs who have capital to deploy not willing to wait for comingled funds to close.
- **Rise of Wealth & Retail Capital**: High-net-worth and retail participation in private funds is growing, challenging traditional subscription line financing models as the LP pool then reflects less reliance on institutional investors and requires a shift in underwriting.
- **Private Credit & Real Estate Resilience**: Despite broader fundraising difficulties, private credit and real estate funds have shown relative strength, benefiting from investor appetite for yield and diversification.
- **Regulatory Developments (CRD6)**: The upcoming CRD6 regime will limit cross-border lending into the EU by non-EU entities, effective January 2026, with only narrow exemptions available. Market participants are closely watching national implementation and its impact on fund finance.

## Securitisation and Fund Finance Products

Securitisation is increasing, offering new liquidity solutions but also raising complex regulatory and compliance issues.

- **Broad Application of Securitisation Techniques**: Tools such as bankruptcy-remote SPVs, forward-flow arrangements and synthetic risk transfers are being implemented, including transactions that may not be caught by securitisation regulation.
- **Classic Fund Finance Examples**: NAV facilities, ABLs and subscription lines are increasingly being structured as securitisations. Several notable cash and synthetic securitisations of subscription line portfolios have closed, with lenders attracted by regulatory capital benefits.
- **Forward-Flow Transactions**: Growing in popularity, especially in investor subscription line arrangements, they provide liquidity to banks (capital relief) and additional funding to managers, while allowing banks to maintain client relationships.
- **Capital Relief Trades (CRTs)**: Banks are using securitisation structures to obtain regulatory capital relief on subscription line exposures, which, while low risk, are capital inefficient. Mass testing methods are most commonly applied.
- **SPVs as Structural Tools**: SPVs are increasingly used to facilitate regulatory compliance, manage risk-retention requirements and broaden investor access to asset pools.
- **Investor-Base Diversification**: Beyond banks, insurers, institutional investors and non-traditional lenders are becoming more active, attracted by securitisation’s ability to tailor risk-return profiles.
- **Benefits for Managers**: Managers use securitisation to lower funding costs (via reduced risk-weighted assets for lenders), access new pools of capital where subscription lines are unavailable, and to diversify their financing toolkit.
- **Regulatory & Compliance Challenges**:

    - Risk Retention: Typically a 5 percent vertical slice or junior piece, retained by the fund or SPV.
    - Reporting: Particularly burdensome due to asset-level, quarterly data requirements under EU/UK rules.
- **Prohibitions on Re-Securitisation**: Credit funds investing into securitisations may face regulatory issues if such investments are categorised as prohibited re-securitisations.
- **Regulatory Developments**:
    - EU and UK regimes are diverging post-Brexit, creating uncertainty for cross-border deals.
    - Proposals to amend securitisation regulations aim to broaden investor access (especially insurance capital) and ease reporting burdens, but implementation timelines remain uncertain.

**Ratings in Fund Finance**

- **Growth in Rated Fund Finance Facilities**: The market is seeing increasing demand for ratings on fund finance products (especially subscription lines, NAV and secondaries). Drivers include regulatory capital relief for banks and insurers, investor requirements for transparency and the broader retailisation of private credit. Most ratings remain private, reflecting GP reluctance to publish sensitive information, but public ratings are gradually gaining traction in certain jurisdictions (e.g., Japan, U.S.).

- **Evolving Rating Methodologies and Structures**: Rating agencies are adapting methodologies to reflect product innovation, including term facilities (moving beyond traditional revolving subscription lines), multi-strategy funds and more complex tranched or diagonal structures. Asset quality improvements are often offset by higher leverage, which remains the key determinant of rating outcomes. Transfer activity and fund investor base quality are also monitored but rarely cause rating changes absent material shifts.

- **Regulatory and Systemic Risk Considerations**: Regulation is both a driver and risk. In Europe, uncertainty persists over the acceptance of private ratings under EU rules, while insurers and institutional investors push for recognised ratings. Regulators' growing focus on transparency in private credit could accelerate rating adoption. Looking ahead, systemic risks include leverage creep, untested continuation vehicle financings and retail investor participation, though conservative structuring has so far mitigated major failures.

**GP Financing Solutions (Trends and Developments)**

- An increase in GP financing has been driven by (i) consolidation between top-tier sponsors (ii) challenging environment for market exits, (iii) investors requiring more skin in the game and (iv) more junior members coming into GPs, who require their stake to be funded.

- To a certain extent, increased need for GP financing is driven by sponsor/GP success as funds get bigger, with GP financing typically required at first close.

- GP financing is typically used to invest in new funds but may also be used for succession planning.

- LPs are generally aware of GP financing and do not push back. In particular, LPs want to understand what succession planning is in place and how the fund will continue to be managed.

- LPAs previously required LP consent for a GP to pledge its rights, but this is now more rarely a requirement.
- Although the GP financing market is generally a private market, participants are seeing increased transparency about LP and GP financing. Many lenders who provide GP financing do so on a relationship basis with a very limited number of lenders leading on such products, as the economics are usually not as attractive as with other products.

**Institutional Investors (Insurance, Pension Fund etc.)**

- There is a perceived increase in numbers of insurance companies and pension funds becoming institutional investors within the fund finance market, attracted by a strong track record of performance and enhanced credit diversification.
- Institutional investors may invest through alternative managers for ease. In particular, when funding debt, such alternative managers provide access to an end-to-end solution and may reduce the operational burden in connection with RCFs.

**Rated Note Feeders and Collateralised Fund Obligations**

- Rated note feeders (RNFs) and collateralised fund obligations (CFOs) are alternative products for funds to raise equity.
- One key difference between RNFs and CFOs is that RNFs are used to invest in one fund, whereas CFOs are used across multiple funds and are collateralised (whereas RNFs are not usually collateralised).
- Managers may use these products for liquidity purposes, fundraising and using leverage on assets.
- The market is seeing an increase in the use of these products, notably within the secondaries and private credit space.

**Market Developments, Future of FF, AI and Regulatory Outlook**

**GP Financing Solutions (Trends and Developments)**

- **GPs Navigating the Market**: It can be difficult to know whom to speak to in the market to deliver the right product and the required value.
- **Lenders and Increased Capital Requirements**: As a result of increased capital requirements for banks and insurers, the market is seeing an increased interest in ratings, which will have an impact on pricing (i.e. rated facilities will provide more competitive pricing compared to unrated facilities). This dynamic will also add to the further increase of alternative lenders, some of whom are not impacted by such regulatory capital requirements.
- **Regulatory Requirements**: Licensing requirements will require lenders outside of the EU to establish branches within the EU to be able to lend within the EU. In the next few years, capital requirements may be extended to capture large alternative lenders.
- **AI**: Use of AI is gaining traction across the industry. Tailored AI products for funds, lenders and service providers (e.g., law firms) are being developed for the industry, which is particularly

helpful for lean teams and will boost competition.

**Developing the Alternative Lender Landscape**

- The alternative lender landscape has evolved over the last 10 - 20 years, with increased liquidity and lenders within the space. There has been a notable shift from traditional bank lenders to private credit over the last four to five years.
- The increase in alternative lenders is a result of increased demand from investors to participate in a relatively risk-free, lucrative product, as well as demand in the smaller cap and mid-tier sponsor space, which is underbanked by traditional lenders.
- The market has also become more complex and is constantly evolving with new structures. Generally, alternative lenders can be more flexible .