

FUND FINANCE FRIDAY

MJ Hudson Article on Subscription Facilities

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MJ Hudson published a primer on subscription credit facilities titled “Line Dance: The Rise of Subscription Credit Lines in Private Funds.” The article summarizes many of the views expressed in the financial press in the last two years and gives a summary of the ILPA guidelines. For a primer, it is relatively current and does a nice job of summarizing the issues (well, maybe theoretical issues). While thoughtfully prepared, we thought it unfortunate that there is again a suggestion to investors that subscription facilities impair transferability of their LP interests. There is also a suggestion to regulators that the product creates systemic risks. We do not agree with those suggestions. A copy of the article is available [here](#). A copy of Cadwalader’s response to an article making similar insinuations about investor transfers and systemic risk is available [here](#).