

# Fund Finance Friday



## Navigating Liquidity

March 27, 2026

### Table of Contents:

- [The Liquidity Lifeline - How Subscription Lines Help BDCs and Interval Funds Navigate Redemption Pressures](#)
- [Updated Fund Finance Navigator](#)
- [Fund Finance Association Annual Awards - Entries Due Monday](#)
- [Welcome to Cadwalader!](#)
- [Register Now for FFA U 1.0: EMEA](#)
- [Fund Finance Hiring](#)

# The Liquidity Lifeline - How Subscription Lines Help BDCs and Interval Funds Navigate Redemption Pressures

March 27, 2026



By **Chad Stackhouse**  
Partner | Fund Finance



By **Karina Velez**  
Associate | Fund Finance

Subscription credit facilities have long been a staple of traditional private equity fund finance, but their application to business development companies (“BDCs”) and interval funds deserves fresh attention, particularly now, as the private credit market confronts a liquidity environment that few participants anticipated even twelve months ago. With redemption pressures mounting across privately-held BDCs and interval fund structures, the subscription line has quietly reemerged as one of the most practical liquidity tools available to fund sponsors.

This article explores the basics of how subscription lines to BDCs and interval funds address withdrawals, why a fund benefits from maintaining a subscription credit facility, and what additional sources of comfort lenders should, and increasingly do, look for when underwriting these credits.

## The Basics: BDCs vs. Interval Funds

BDCs and interval funds are both closed-end vehicles regulated under the Investment Company Act of 1940, but they operate under distinct leverage frameworks.

A BDC invests primarily in the debt and equity of middle-market companies. Following the passage of the Small Business Credit Availability Act in 2018, BDCs may elect to lower their asset coverage requirement from 200% to 150%, effectively permitting up to a 2:1 debt-to-equity leverage ratio, up from the previous 1:1 limit. This expanded capacity has driven meaningful growth in the BDC credit facility market.

Unlike a traditional closed-end fund, an interval fund continuously offers shares at NAV pricing and commits to periodically repurchase a stated percentage of outstanding shares (typically between 5% and 25%) at regular intervals, most commonly quarterly. Interval funds are subject to a 300% asset coverage requirement under the 1940 Act, meaning total assets must equal at least three times outstanding borrowings, which effectively caps debt at one-third of total assets (a roughly 0.5:1 debt-to-equity ratio). This is considerably more restrictive than the BDC leverage framework but still accommodates meaningful borrowing capacity when structured thoughtfully.

What unites both structures is their ability to raise capital through subscription programs. Uncalled investor commitments form the foundation of the borrowing base for a subscription credit facility, making these vehicles natural candidates for subline support.

## How Subscription Facilities Address Withdrawals

A key distinction between BDCs and interval funds lies in how they manage investor liquidity.

BDCs typically offer periodic tender offers, often capped at around 5% of outstanding shares. These tender offers are discretionary, as the BDC’s board retains the authority to reduce or suspend repurchases entirely, and many offering documents expressly reserve this right. This discretionary gating mechanism is a meaningful structural protection for subscription lenders, because it means that even in a period of elevated redemption demand, the fund is not obligated to return capital to investors at a pace that would impair the lender’s collateral base.

Interval funds, by contrast, are legally required to conduct periodic repurchase offers once the fund has adopted a fundamental policy setting the repurchase interval and the minimum repurchase amount. However, the board retains discretion over the amount of each repurchase offer (within the 5%–25% range), and the fund is required to maintain liquid assets sufficient to meet the full amount of any announced repurchase offer. From a subscription lender’s perspective, this creates a predictable, limited liquidity obligation rather than an open-ended one. The lender can

model the maximum periodic outflow and ensure that the borrowing base provides adequate coverage after accounting for the liquidity obligation.

For lenders, this distinction matters. BDCs present a more flexible, sponsor-driven liquidity model, while interval funds introduce a defined liquidity profile. In both cases, subscription facilities provide a mechanism to fund redemptions without forcing asset sales. Borrowing base dynamics also remain self-correcting, as investors redeem and their remaining commitments decline, borrowing availability under the credit facility correspondingly shrinks.

### **Why Funds Benefit from Having a Subscription Line in Place**

The current private markets environment has only increased the value of having a subscription facility in place. Private credit platforms are operating in a market where execution, speed, liquidity management, and investor confidence all matter more than ever. A subscription line gives sponsors a practical way to meet liquidity needs without forcing asset sales at unfavorable times or interrupting investment activity.

Just as importantly, it supports portfolio construction. Rather than holding excess cash to fund anticipated redemptions or capital needs, sponsors can preserve dry powder and deploy capital more efficiently. That can be especially valuable in private credit, where the ability to act quickly on attractive opportunities may be a meaningful competitive advantage.

### **Sources of Lender Comfort**

For lenders, the borrowing base remains essential, but it is only part of the analysis. A lender looking at a BDC or interval fund will also focus on the broader structure of the vehicle, including the quality and concentration of the investor base, the fund's gating and repurchase mechanics, the financial strength and reputational commitment of the sponsor, and the level of disclosure around portfolio performance and valuation. The regulatory framework under the 1940 Act also provides an important layer of discipline through reporting requirements, audited financials, and leverage limits.

### **Looking Ahead**

As BDCs and interval funds continue to grow as private credit platforms, subscription facilities are likely to become even more embedded in the core infrastructure supporting these vehicles. For sponsors, that means greater flexibility in managing capital and deploying it in new opportunities. For lenders, it means a credit product that remains attractive, but one that requires close attention to the underlying fund structure, investor liquidity mechanics, and sponsor support.

# Updated Fund Finance Navigator

March 27, 2026



By **Chris van Heerden**  
Director of Market Research | Fund Finance

Since our FFF Navigator was first published in July 2022, the fund finance market has continued to broaden in both product scope and legal complexity. In addition to new pieces on subscription facilities, side letters and core documentation concepts, *Fund Finance Friday* has published a growing body of topical education articles on NAV lending, evergreen structures, rated feeders and securitization, as well as jurisdiction-specific issues across key offshore fund domiciles. To make these resources easier to use, we have updated the Navigator through recent content, preserved the existing topic-based format and added separate sections for jurisdiction-specific and structured finance topics.

## Capital Commitments, LPA Terms, and Related Investor Considerations

### [Borrowing Base/Coverage Ratio Approaches in Subscription Finance Facilities](#)

Discusses the borrowing base and coverage ratio approaches in subscription finance facilities.

### [Hurdling Into the Borrowing Base](#)

Examines how lenders give borrowing base credit to investors that might not otherwise qualify for full inclusion.

### [Investor Transfers: Lender Considerations in an Everchanging Fund Finance Market](#)

Reviews lender considerations and due diligence issues arising from increased investor transfer activity.

### [Retail Investors: Challenges and Opportunities in Subscription Finance](#)

Explores the challenges and opportunities presented by retail investor capital in subscription finance facilities.

### [A Key Person Will Never Walk Alone . . .](#)

Reviews key person provisions and their relevance to fund finance transactions.

## Side Letters

### [A Fresh Look at Side Letters](#)

Revisits the growing importance and complexity of side letters.

### [Laying the Groundwork on Foreign Sovereign Immunity](#)

Provides an overview of foreign sovereign immunity issues relevant to subscription facilities and investor enforcement analysis.

## Credit Agreement Concepts and Documentation Mechanics

### [Comfort Letters](#)

Explains the role of comfort letters and how these differ from stronger forms of credit support.

### [Beyond the Boilerplate](#)

Highlights often-overlooked credit agreement provisions that can matter in fund finance negotiations.

### [Permitted Indebtedness](#)

Analyzes the scope and drafting of permitted indebtedness baskets in fund finance facilities.

### [Letter of Credit Refresher](#)

Provides a refresher on letters of credit and their use in fund finance transactions.

### [Syndication Synopsis: Overview and Considerations for Achieving a Successful Syndication](#)

Summarizes the syndication process and the main considerations for a successful launch.

### [Representing New Entrants in Syndicated Fund Finance Facilities](#)

Discusses practical considerations when advising lenders entering syndicated fund finance facilities for the first time.

## **Defaults and Remedies: The Interaction Between Security Documents and the UCC**

Examines how the UCC and security documents interact when a fund finance facility goes into default.

## **NAV Facilities**

### **Getting the Balance Right – Lender Controls Over Eligible Investments in NAV Facilities**

Reviews how lenders define and police eligible investments in NAV facilities.

### **Single-Asset Back-Leverage Facilities for Private Credit Loans**

Explores the structure and issues presented by facilities secured by a single private credit loan.

### **Secondaries Outlook: A Market All Grown Up**

Discusses how the secondaries market's development is shaping NAV and hybrid finance demand.

### **Is Cash King? Deferred Consideration and Specie/in-Kind Transactions in the Context of Private Equity NAV Financings**

Examines how deferred consideration and in-kind transactions are treated in NAV financings.

### **Family Office NAV Facilities**

Reviews the structural features and considerations specific to family office NAV facilities.

### **FoHF Security**

Analyzes collateral, control and valuation issues in financings involving funds of hedge funds.

### **Taking Security in NAV Lending: The SPV Pledge**

Discusses SPV pledge structures and their role in NAV lending.

### **Taking Security in NAV Lending: Delaware LLCs as Holding Vehicles**

Reviews perfection and enforcement issues where Delaware LLCs are used as holding vehicles.

### **NAV Finance Due Diligence: Current Themes From the European Market**

Highlights current diligence themes in European NAV finance transactions.

### **NAV Facility Valuation Challenge Rights**

Explains the mechanics and function of lender valuation challenge rights.

### **Qualified Borrowers and Portfolio Company Loans**

Reviews qualified borrower concepts and portfolio company loan flexibility in NAV structures.

### **Acquisition Financing Techniques in the Fund Finance Context**

Discusses how fund finance products are being used to support acquisitions and related transactions.

### **Payment Direction Letters: Their Role and Usage in NAV Financings**

Explains how payment direction letters are used to direct portfolio cashflows in NAV financings.

### **Spotlight on Evergreen Fund Finance (PDF)**

Provides a current overview of evergreen fund finance and the products being used in that segment.

## **Structured Finance / Rated Feeders / Securitization**

### **A Brief Primer on CFOs and Rated Feeder Funds**

Provides a primer on CFOs and rated feeder structures in the fund finance ecosystem.

### **Subscription Finance Facilities – the Allure to Securitise: A European Perspective**

Explores the drivers and structuring considerations behind securitizing subscription facilities in Europe.

### **Irish SPVs: Rated Note Feeders and Collateral Fund Obligations**

Reviews Irish SPV structures used for rated note feeder and collateral fund obligation transactions.

## **Jurisdiction-Specific and Cross-Border Topics**

### **Getting All Your 'Lux' in a Row – a Lender Checklist!**

Provides a lender-oriented checklist for transactions involving Luxembourg vehicles.

### **No Date, No Problem: Cayman Court Affirms Pre-Signed Share Transfer**

Reviews a Cayman decision relevant to share-transfer mechanics used in secured fund finance structures.

### **Cayman Ultimate General Partners In Subscription Facilities: Do They Ultimately Matter?**

Examines the role and relevance of Cayman ultimate general partners in subscription facilities.

### **The Cay-Lux-Jersey Connection – Features of the Most Commonly Seen Offshore Funds**

Compares key features of Cayman, Luxembourg and Jersey fund structures.

### **Intercreditor Issues for Fund Finance Lawyers in Europe**

Reviews intercreditor issues that arise in European fund finance transactions.

### **2026 Irish Fund Finance in Five - Part 1: Overview of Irish Fund Structures and Investment Vehicles**

Provides an overview of Irish fund structures and vehicles relevant to fund finance.

### **2026 Irish Fund Finance in Five - Part 2: Common Irish Legal Issues in Fund Financings**

Summarizes common Irish legal issues that arise in fund financings.

### **2026 Irish Fund Finance in Five - Part 3: Irish Security Considerations**

Reviews Irish security considerations in fund finance transactions.

### **2026 Irish Fund Finance in Five - Part 4: Irish Legal Due Diligence Considerations (PDF)**

Discusses key Irish legal due diligence points for lenders and counsel.

### **2026 Irish Fund Finance in Five - Part 5: Irish Subscription Documents Consideration (PDF)**

Examines Irish subscription document issues most relevant to fund finance transactions.

### **Searching in CayLux - What Can Be Found?**

Provides a practical guide to searches and record checks in Cayman and Luxembourg.

## **Regulatory and Other General Topics**

### **What Fund Finance Lenders Need To Know About CRD VI**

Explains the relevance of CRD VI to fund finance lenders.

### **U.S. Regulatory Capital Proposals: Key Points for Fund Finance**

Summarizes the March 2026 U.S. regulatory capital proposals most relevant to fund finance.

### **Fund Finance x Crypto – The Next Frontier**

Introduces the intersection between fund finance and crypto-related structures.

### **Fund Finance x Crypto – Tokenized Investment Funds**

Reviews tokenized fund issues relevant to financing and collateral analysis.

### **Balancing Lender and Borrower Confidentiality Interests**

Discusses confidentiality drafting tensions between borrowers and lenders in fund finance facilities.

## Fund Finance Association Annual Awards - Entries Due Monday

March 27, 2026



## INDUSTRY AWARDS

Nominations are being accepted through Monday for the Fund Finance Association's annual awards, which recognize individuals who go above and beyond in our industry.

The FFA invites you to nominate colleagues who have made meaningful contributions to fund finance — through leadership, innovation, mentorship, advocacy, or advancing diversity, equity, and inclusion across our global community.

Additional information is available [here](#).

## Welcome to Cadwalader!

March 27, 2026



Please join us in welcoming Eric Holland back to Cadwalader!

**Eric Holland** recently rejoined Cadwalader as counsel on the Fund Finance team in New York. Eric has worked at several global law firms, handling fund finance transactions, including subscription, NAV and hybrid facilities.

Eric earned his J.D. from Vanderbilt University Law School and his B.A. from George Washington University.

## Register Now for FFA U 1.0: EMEA

March 27, 2026



Now in its second year, FFA University 1.0 returns to London! Join the Fund Finance Association for this comprehensive two-day fund finance training program, offering a comprehensive look at the fund finance market through expert-led sessions on core products, legal and documentation considerations, market dynamics and key industry developments.

### Event Details

- Cost: £399
- Dates: April 28 & 29, 2026
- Format:
  - Day One – April 28: In-Person Training & Networking Reception
    - Location: Deutsche Bank, 21 Moorfields, London, EC2Y 9DB
  - Day Two – April 29: Virtual Training

Day one will conclude with a networking reception, providing an opportunity to continue discussions and connect with peers and speakers. Speakers will be announced soon.

View the agenda [here](#) and register [here](#).

## Fund Finance Hiring

March 27, 2026

Fund Finance Hiring

Here is who's hiring in fund finance:

**Cadwalader, Wickersham & Taft LLP** is seeking associates with three to six years of relevant experience for its Fund Finance practice in New York, Charlotte or London. Qualified candidates will have experience in syndicated lending, commercial lending, leverage finance, fund formation, CLOs, asset-based lending, NAV financings or acquisition financings. Candidates must possess excellent academic credentials and solid legal experience. Selected candidates will get extensive interaction with preeminent bank, asset manager and lending clients. If interested, **please email Margaret Cart**.

**Santander** is seeking a Structured Finance Analyst in New York. The individual will be responsible for supporting the Fund Solutions Group across the range of products and solutions, from Equity & Credit NAVs, Subscription lines, ABLs, GP lines and other related Equity financing solutions. The successful candidate will be expected to support the transaction across the full life cycle of the deal from origination, credit analysis, execution and active portfolio management. The role will cover a broad range of products and private capital funds with a focus in Private Equity, Infrastructure and Real Estate strategies. Interested candidates should email their resume and a subject line of "Fund Solutions Analyst" to both [atef.hasan@santander.us](mailto:atef.hasan@santander.us) and [kyle.wettlaufer@santander.us](mailto:kyle.wettlaufer@santander.us).

**Stifel** is seeking a Director/Managing Director of Fund Banking (Fund Finance). This individual will be the lead business development position for New York City and surrounding northeast geographies and will be focused on building new Fund Banking/Fund Finance business with VC/PE firms and being the senior relationship manager to those firms. Learn more [here](#).

**Redding Ridge Asset Management**, which was established and seeded by Apollo Global Management, is seeking candidates for a number of roles, including:

An **Associate, Asset Backed & Fund Finance Junior Deal Captain**. The Structuring & Advisory team is seeking a highly motivated Associate with strong attention to detail to join its expanding team in New York. This individual would work closely with senior team members and other stakeholders to assist in all stages of deal execution. Learn more [here](#).

An **Associate, CLO Structuring** to join the firm's dynamic Structuring & Advisory team, supporting both its market-leading global CLO issuance business and other platforms within the Apollo ecosystem utilizing securitization technology. Learn more [here](#).

A **Rating Advisory Analyst/Associate** to work closely with Rating Advisory and Structuring professionals, along with other senior investment professionals, in solving Apollo and Redding Ridge's most challenging capital structure challenges related to credit ratings. Learn more [here](#).

**Goldman Sachs** is seeking candidates to fill two Vice President roles, including:

A **Vice President** on the Private Lending Capital Call Financing (CCF) team in London, which is an integral part of the Private Bank's alternative asset lending capabilities. The candidate will evaluate all risk and economic implications of transactions, using strong analytical and technical skills and advise and develop credit solutions for clients that meet their needs and remain within acceptable risk parameters for the Bank. Learn more [here](#).

A **Vice President** on the Capital Call Financing (CCF) team in New York. This role sits at the intersection of origination, underwriting, and relationship management, supporting private equity and alternative investment sponsors with bespoke subscription finance solutions. The individual will be responsible for sourcing opportunities, structuring facilities, and ensuring disciplined credit execution in partnership with Credit Risk Management and broader Private Bank stakeholders. Learn more [here](#).

**BMO** is seeking a Vice President, Corporate Banking, FIG Asset & Wealth Managers. The position supports the origination and structuring of corporate lending transactions and coordinates with other products as an integral part of a larger coverage team. The candidate will act as a portfolio manager for the team, providing ongoing management of the lending portfolio. Learn more [here](#).

**Harneys (Luxembourg)** is seeking associates with three to six years of relevant experience for its Fund Finance, Investment Funds and Corporate practices in Luxembourg. Qualified candidates will have experience in one of subscription finance, NAV financings, leverage finance, fund formation, securitization, or general corporate and commercial matters (including mergers, acquisitions and restructuring). Applications of interest should be sent to Cyrielle Nicolas at [cyrielle.nicolas@harneys.com](mailto:cyrielle.nicolas@harneys.com).