

“The Swedish lending market has traditionally been dominated by banks”

Eric Halvarsson, partner at Hamilton Stockholm

What is the current state of the lending market in your jurisdiction and have any new trends emerged over the last 12 months?

→ “The Swedish lending market has traditionally been dominated by banks – particularly domestic and pan-Nordic banks – following the 2008 financial crisis. Recently, the lending market has been diversified and borrowers can now obtain funding from direct lending funds and other alternative debt providers, as well as increasingly through the public debt capital markets. While Nordic banks still account for the vast majority of secured lending transactions in Sweden, the excess liquidity in the market and the alternative sources of funding give borrowers more options than previously. This diversification looks likely to continue given the increased capital requirements being imposed on banks.”



Eric Halvarsson is partner in Hamilton's Banking and Finance practice.

Is secured lending a regulated activity in your jurisdiction?

→ “Secured lending is not regulated in Sweden unless it involves consumers. However, if the entity extending loans also accepts deposits from the public, this constitutes a regulated financing activity which requires a permit in Sweden (either directly from the Swedish Financial Supervisory Authority (FSA) or through EU passporting rules).

Further, if the lending activity is considered to be fairly regular, the entity may be regarded as conducting a permanent financing business in Sweden; in such cases, the FSA must be notified. While the regulatory situation is not entirely clear, more incidental lending to Swedish borrowers does not usually require notification.”

Is well-established market-standard facility documentation used in your jurisdiction for secured

lending transactions?

→ “The Loan Market Association (LMA) recommended forms are widely used in Sweden (with adjustments for Swedish law aspects) in the investment grade and leveraged lending markets. Some real estate finance transactions are also documented based on the LMA recommended forms, but local standard bank templates are more prevalent. On bilateral transactions, a shortened version of the LMA forms is common.”

Who are the active providers of secured finance in your jurisdiction (eg, international banks, local banks or non-bank financial institutions)?

→ “Local and pan-Nordic banks are most active, but non-bank institutions such as direct lending funds are increasingly active, particularly in the leveraged finance space. International banks are active in certain segments, such as the real estate finance market. International banks also participate in large cap transactions and funding to large corporates. Institutional investors

tend to participate through the public debt capital markets, but there has also been some activity by, for example, insurers in the direct lending space.”

Are there plans or proposals for reform or significant changes to the regulatory landscape in this area?

→ “There are no significant changes in the regulatory landscape that are exclusive to Sweden. The major reform work which is being carried out is the result of EU-wide legislation (eg, the EU Markets in Financial Instruments Directive II).”

[Read the complete guide here →](#)