

Corporate Governance and Loan Syndicate Structure

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 - ▶ What do we mean by “firm governance” and “credit contracts”?
 - ▶ Shareholder rights ⇒ Syndicate structure

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 - ▶ Sufi (2007) - more concentrated syndicates for informationally opaque and riskier firms
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 - ▶ Firms with greater shareholder rights have lower barriers for takeovers - which can lead to increase in leverage post-acquisition.
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- ▶ This necessitates more intense monitoring by the lenders.
- ▶ Financial contracts (e.g. Syndicate Structure) should respond by providing greater incentives to monitor for the lenders. (i.e. more concentrated syndicates, higher share of lead etc.)

Main Results

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- ▶ Natural experiment results - after the passage of anti- takeover statutes (ATS), the firms incorporated in those states have
 - ▶ Significantly larger more diffused syndicates
 - ▶ More likely to have a syndicated vis-a-vis sole lender loan
 - ▶ Results robust to recommendations by Karpoff and Wittry (2015)
- ▶ Traditional regression results
 - ▶ Same results when using G-Index
 - ▶ Robust to using specific anti-takover provisions (classified board, poison pill etc.)

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- ▶ Financial contracts (e.g. Syndicate Structure) should respond by providing greater incentives to monitor for the lenders.
- ▶ Syndicate Structure is proxied 3 different ways
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- ▶ Shareholder rights - Tricky - very factors that drive syndicate structure could be driving choice of governance.
- ▶ Natural Experiment - Exogenous decrease in shareholder rights of firms. Passage of second generation anti takeover laws.
- ▶ Prediction - After adoption of these ATS, need for monitoring declines syndicates should become more diffused.

Identification via exogenous shock to the firm governance

- ▶ Based on the adoption of anti-takeover statutes (ATS) by different states, most U.S. states adopted these in the late 1980's
- ▶ Used in several studies including
 - ▶ Bertrand and Mullainathan 2003; Cheng, Nagar, and Rajan 2005

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- ▶ Key variable **"AfterATS"** based on 3 types of ATS as outlined by Cheng, Nagar, and Rajan 2005
 1. control share acquisition (CS),
 2. fair price (FP),
 3. business combinations (BC)
- ▶ Define year 0 as year in which a state adopts the first of three laws described above
- ▶ AfterATS takes value of 1 for all subsequent years and 0 otherwise

Sample Details

- ▶ Now we have the main dependent variable (syndicate structure) and the key variable of interest (AfterATS), we can start estimation!
- ▶ Our sample is NOT a panel - consists of loans originating at different points in time. We follow two different sample construction methodologies and estimate our results on each of them

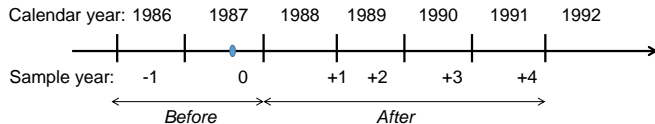
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- ▶ Our sample is NOT a panel - consists of loans originating at different points in time. We follow two different sample construction methodologies and estimate our results on each of them
 - ▶ CALENDAR TIME SAMPLE: Focus on 1986-1991 period
 - ▶ EVENT TIME SAMPLE: 7-year window for each state [+3,-3], only those firms that had “syndicated” loan both *before* and *after* the adoption of ATS

Time Line

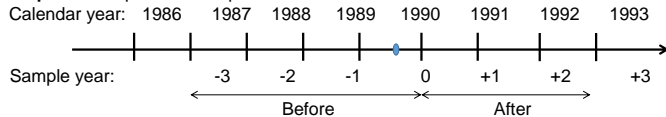
CALENDAR TIME SAMPLE: All loans in period 01/1986 to 12/1991.

Example : Law was passed in November 1987.

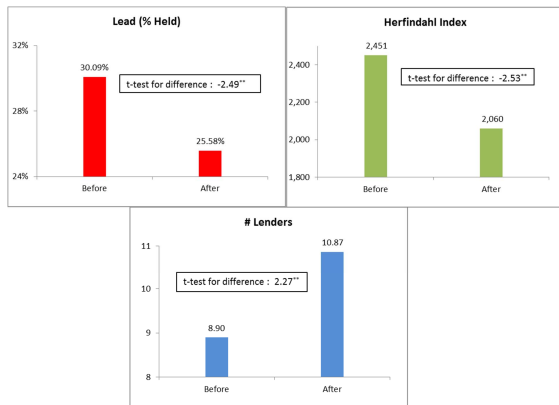


EVENT TIME SAMPLE: Select treated firms in $[-3,+3]$

Example 1: Law passed in September 1990.



Univariate Analysis



Descriptive Statistics

Panel A: Calendar Time Sample, 1986 – 1991.

Variable	Mean	SD	25%	50%	75%	N
% Held by Lead Bank	32.17	20.14	15.22	29.76	50.00	1,748
Herfindahl	2,747	1,760	1,220	2,247	4,158	1,748
# Lenders	8.17	8.25	3	5	10	1,748
Opaque	0.83	0.3772	1	1	1	1,748
Assets (Million \$)	1,928	4,103	209.9	568.6	1,932	1,748
Facility Amount (Million \$)	272.6	460.5	42.5	103.3	274.2	1,748
Maturity	53.4	31.8	27	53	78	1,748

Panel B: Event Time Sample.

Variable	Mean	SD	25%	50%	75%	N
% Held by Lead Bank	29.09	19.34	13.33	25.00	45.00	557
Herfindahl	2,408	1,691	1,048	1,820	3,560	557
# Lenders	9.52	9.14	3	7	12	557
Opaque	0.74	0.44	0	1	1	557
Assets (Million \$)	2,655	5,170	241.9	746.6	2,662	557
Facility Amount (Million \$)	304.6	472.0	45.6	118.9	360.0	557
Maturity	53.4	32.7	25	55	79	557

Baseline Results

$$(\textit{Syndicate Structure})_{itf} = \alpha_i + \alpha_t + \alpha_f + \beta(\textit{AfterATS}) + \mathbf{X}_{itf}\Gamma + \epsilon_{itf}$$

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	Calendar			Event		
	(1) % Held	(2) Herfindahl	(3) ln(1+#)	(4) % Held	(5) Herfindahl	(6) ln(1+#)
AfterATS	-0.0627** (-2.03)	-0.0641** (-2.26)	0.0603* (1.75)	-0.0960*** (-3.79)	-0.1065*** (-3.99)	0.1226*** (3.24)
Opaque Firm	0.0072 (0.36)	0.0247 (1.66)	-0.0504*** (-3.35)	0.0131 (0.57)	0.0327 (1.39)	-0.0530* (-2.00)
Assets	-0.0449*** (-2.87)	-0.0242 (-1.17)	0.0503** (2.51)	-0.0505** (-2.64)	-0.0456*** (-3.84)	0.0711*** (5.83)
Facility Amount	-0.0061 (-0.61)	-0.0134 (-1.39)	0.0107 (0.92)	0.0030 (0.26)	-0.0251 (-1.14)	0.0228 (1.00)
Facility Amount × Middle	-0.0154 (-0.63)	-0.0582** (-2.29)	0.1847** (2.29)	0.0057 (0.25)	-0.0171 (-0.72)	0.0147 (0.69)
Facility Amount × Large	-0.0190 (-1.55)	0.0392* (0.02)	0.1523** (1.69)	-0.0131 (-0.57)	0.0194 (1.09)	0.0335 (1.11)
Maturity	-0.0222*** (-4.01)	-0.0096** (-2.28)	0.0230* (1.92)	-0.0195* (-2.06)	-0.0098* (-1.89)	0.0143* (1.84)
Term Loan	0.0111 (1.62)	-0.0010 (-0.25)	-0.0029 (-0.54)	0.0107 (0.84)	-0.0029 (-0.35)	-0.0034 (-0.23)
Loan Purpose Indicators	Yes	Yes	Yes	Yes	Yes	Yes
Industry Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,748	1,748	1,748	557	557	557
Adjusted R ²	0.742	0.765	0.769	0.664	0.699	0.725

Robustness - Generalized Linear Model and Poisson Estimates

	Calendar			Event		
	(1)	(2)	(3)	(4)	(5)	(6)
	% Held	Herfindahl	ln(1+#)	% Held	Herfindahl	ln(1+#)
AfterATS	-0.3445*** (-2.73)	-0.3888*** (-3.03)	0.0871*** (2.65)	-0.4812*** (-4.22)	-0.5694*** (-4.55)	0.1795*** (3.47)
Opaque	0.0695 (0.78)	0.2273*** (2.65)	-0.0602*** (-4.24)	0.1184 (1.03)	0.2783* (1.89)	-0.0694*** (-2.73)
Assets	-0.2094*** (-3.51)	-0.1055 (-1.28)	0.0846*** (4.07)	-0.2505*** (-3.31)	-0.2410*** (-4.65)	0.1150*** (7.53)
Facility Amount	-0.0229 (-0.67)	-0.0553* (-1.65)	0.0235 (1.64)	0.0244 (0.58)	-0.1179 (-1.36)	0.0413 (1.42)
Facility Amount × Middle	-0.1031 (-1.17)	-0.2437*** (-3.78)	0.0813*** (3.09)	0.0492 (0.65)	-0.1267 (-1.59)	0.0170 (0.64)
Facility Amount × Large	-0.1598*** (-3.27)	-0.0776 (-1.52)	0.0451* (1.82)	-0.1718* (-1.93)	-0.0421 (-0.43)	0.0319 (0.92)
Maturity	-0.1252*** (-5.79)	-0.0598*** (-3.22)	0.0320** (2.47)	-0.1263*** (-2.70)	-0.0748*** (-2.60)	0.0147* (1.81)
Term Loan	0.0648** (2.35)	0.0014 (0.08)	-0.0015 (-0.27)	0.0858 (1.48)	0.0202 (0.40)	0.0015 (0.10)
Loan Purpose Indicators	Yes	Yes	Yes	Yes	Yes	Yes
Industry Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
<i>After, marginal effect</i>	-0.0630	-0.0668	0.1690	-0.0851	-0.0909	0.3708
Observations	1,748	1,748	1,748	557	557	557
McFadden pseudo- R^2	0.190	0.168	0.079	0.167	0.159	0.075

Criticism of ATS natural experiment

- ▶ Catan and Kahan (2014) Blistering attack - With proper specification the effect of ATS goes away in many papers
- ▶ Karpoff and Wittry (2015) - Take into account the criticism of Catan and Kahan and show that ATS still have explanatory power and suggest a number remedies to address various issue

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 - ▶ Pre -1982 “First-Generation” anti-takeover laws confound interpretation **Not relevant for us our sample period starts in 1986**
 - ▶ “Firm-level” AT protection **We use firm fixed effects**
 - ▶ ATS adoption is not exogenous for some firms **We exclude “motivating firms”; drop GA and TN based firms**
 - ▶ Look beyond just the BC laws **We broaden the ATS to include Poison Pill as well as Director Duties laws**
 - ▶ Legal Regime - Take into account important Supreme court decisions that resolved uncertainty **We implement this**

Implementing KW suggestions

Panel A: Exclusion of borrowing firms incorporated in states with opting-in antitakeover laws

	Calendar			Event		
	(1)	(2)	(3)	(4)	(5)	(6)
	% Held by Lead Bank	Herfindahl	log(1+#Lenders)	% Held by Lead Bank	Herfindahl	log(1+#Lenders)
After	-0.0669** (-2.11)	-0.0658** (-2.22)	0.0616* (1.75)	-0.0950*** (-3.73)	-0.1066*** (-3.96)	0.1242*** (3.27)
Observations	1,707	1,707	1,707	548	548	548
Adjusted R^2	0.745	0.766	0.768	0.663	0.698	0.723

Panel B: Exclusion of motivating companies

After	-0.0634** (-2.05)	-0.0642** (-2.23)	0.0609* (1.77)	-0.0953*** (-3.80)	-0.1062*** (-4.00)	0.1220*** (3.25)
Observations	1,729	1,729	1,729	550	550	550
Adjusted R^2	0.740	0.763	0.767	0.663	0.698	0.724

Panel C: Controlling for five antitakeover laws

After	-0.0736** (-2.27)	-0.0666** (-2.43)	0.0574* (1.69)	-0.1225*** (-3.08)	-0.1229*** (-3.31)	0.1315*** (3.15)
Observations	1,748	1,748	1,748	487	487	487
Adjusted R^2	0.743	0.765	0.769	0.675	0.716	0.729

Implementing KW suggestions - Court Decisions

NOTE: Sample Period 1986-1998 since Unitrin decision was in 1995!

	(1)	(2)	(3)	(4)	(5)	(6)
	Lead %	Herfindahl	ln(1+#lenders)	Lead %	Herfindahl	ln(1+#lenders)
AfterATS	-0.0710** (-2.64)	-0.0486** (-2.53)	0.0620** (2.32)	-0.0704** (-2.38)	-0.0536** (-2.39)	0.0606** (2.06)
Control Share X CTS				0.0087 (0.21)	-0.0100 (-0.38)	0.0044 (0.15)
Business Combination X Amanda				0.0013 (0.04)	0.0115 (0.42)	0.0092 (0.37)
Poison Pill X Unitrin				-0.0015 (-0.08)	-0.0066 (-0.42)	0.0056 (0.32)
Opaque Firm	0.0124* (1.80)	0.0120** (2.27)	-0.0169*** (-3.07)	0.0125* (1.76)	0.0121** (2.22)	-0.0167*** (-3.12)
Assets	-0.0414*** (-2.80)	-0.0347*** (-3.45)	0.0439*** (4.20)	-0.0414*** (-2.82)	-0.0348*** (-3.45)	0.0440*** (4.17)
Amount	-0.0066 (-0.96)	-0.0150*** (-3.24)	0.0173*** (3.39)	-0.0066 (-0.97)	-0.0149*** (-3.23)	0.0172*** (3.40)
Amount × Middle	-0.0406** (-2.17)	-0.0453*** (-3.03)	0.0728*** (4.40)	-0.0405** (-2.15)	-0.0452*** (-3.02)	0.0728*** (4.36)
Amount × Large	-0.0212*** (-3.69)	-0.0078 (-1.61)	0.0569*** (5.55)	-0.0212*** (-3.74)	-0.0080 (-1.65)	0.0570*** (5.54)
Maturity	-0.0187*** (-6.34)	-0.0107*** (-3.88)	0.0189*** (4.05)	-0.0187*** (-6.19)	-0.0108*** (-3.83)	0.0190*** (4.01)
Term Loan	0.0133*** (5.55)	0.0011 (0.47)	0.0026 (0.61)	0.0134*** (5.37)	0.0011 (0.48)	0.0026 (0.61)
Loan Purpose Indicators	Yes	Yes	Yes	Yes	Yes	Yes
Industry Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	5,824	5,824	5,824	5,824	5,824	5,824
Adjusted R ²	0.685	0.728	0.766	0.685	0.728	0.766

Extensive margins - To syndicate or not to syndicate

	(1)	(2)
	Sole Lender	Sole Lender
AfterATS	-4.1957*** (-5.77)	-4.2116*** (-6.88)
Opaque	0.6364** (2.16)	1.0084*** (3.28)
Maturity	-0.0055 (-0.98)	-0.0124** (-2.52)
Relationship	-0.7813 (-1.34)	-0.9420*** (-2.81)
Ln(1 + # Previous Deals)	-1.4749*** (-6.51)	-0.7744** (-2.24)
Facility Amount	-0.0022*** (-7.07)	-0.0024*** (-4.16)
Secured	0.0144 (0.09)	0.2075* (1.82)
Loan Purpose Indicators	Yes	Yes
Industry Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	Yes
Firm Fixed Effects	Yes	Yes
<i>After, marginal effect</i>	-0.3080	-0.3370
Observations	1,785	1,975
Pseudo R^2	0.616	0.608

Alternative Specification

We use a different approach based on Chava et al. (2009)

- ▶ G-Index of Gompers et al.(2003) counts the number of anti-takeover provisions of the firm (up to 24)
- ▶ Narrower provisions e.g. classified board+poison pill

We estimate the following specification

$$(\text{Syndicate Structure})_i = \alpha + (\text{Shareholder Rights})_i \lambda + \mathbf{X}_i \Gamma + \epsilon_i$$

Alternative Specification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Lead %	Herfindahl	ln(1+#Lenders)	Lead %	Herfindahl	ln(1+#Lenders)	Lead %	Herfindahl	ln(1+#Lenders)
GIndex	-0.0031*** (-3.09)	-0.0022** (-2.33)	0.0077* (1.75)						
Classified board combined with Prohibitions on voting				-0.0127** (-2.41)	-0.0118** (-2.46)	0.0496** (2.11)			
Classified Board combined with Poison Pill and Blank Check							-0.0126** (-2.31)	-0.0091* (-1.85)	0.0243 (1.02)
Opaque Firm	0.0627*** (4.01)	0.0542*** (3.93)	-0.1681*** (-3.13)	0.0629*** (4.00)	0.0544*** (3.93)	-0.1688*** (-3.14)	0.0621*** (3.94)	0.0538*** (3.88)	-0.1670*** (-3.10)
Relationship	-0.0157** (-2.22)	-0.0147** (-2.36)	0.1078*** (3.34)	-0.0159** (-2.25)	-0.0150** (-2.42)	0.1090*** (3.39)	-0.0152** (-2.14)	-0.0143** (-2.30)	0.1065*** (3.30)
Opaque × Relationship	-0.0107 (-0.84)	-0.0126 (-1.10)	-0.0557 (-1.13)	-0.0098 (-0.77)	-0.0120 (-1.05)	-0.0578 (-1.18)	-0.0106 (-0.83)	-0.0126 (-1.10)	-0.0563 (-1.14)
Log(1 + # Previous Deals)	-0.0000 (-0.01)	0.0015 (0.33)	0.0157 (0.70)	0.0005 (0.09)	0.0018 (0.40)	0.0144 (0.64)	0.0001 (0.01)	0.0016 (0.34)	0.0152 (0.67)
Opaque × Log(1 + # Previous Deals)	-0.0281*** (-3.31)	-0.0241*** (-3.09)	0.0897*** (2.83)	-0.0280*** (-3.30)	-0.0241*** (-3.10)	0.0900*** (2.85)	-0.0271*** (-3.20)	-0.0234*** (-3.01)	0.0875*** (2.76)
Log(Assets)	-0.0191*** (-4.80)	-0.0119*** (-3.15)	0.0948*** (5.34)	-0.0190*** (-4.79)	-0.0117*** (-3.14)	0.0940*** (5.40)	-0.0197*** (-4.91)	-0.0123*** (-3.24)	0.0959*** (5.39)
Amount	-0.0788*** (-8.05)	-0.0822*** (-8.63)	0.2496*** (7.96)	-0.0786*** (-8.02)	-0.0820*** (-8.63)	0.2489*** (7.98)	-0.0781*** (-7.94)	-0.0816*** (-8.55)	0.2482*** (7.90)
Amount × Middle	0.0164 (1.18)	0.0255** (2.02)	0.1495*** (3.00)	0.0152 (1.10)	0.0247** (1.97)	0.1522*** (3.08)	0.0148 (1.06)	0.0244* (1.93)	0.1533*** (3.10)
Amount × Large	0.0716*** (6.36)	0.0697*** (6.76)	-0.0063 (-0.15)	0.0712*** (6.32)	0.0693*** (6.73)	-0.0045 (-0.11)	0.0712*** (6.28)	0.0694*** (6.70)	-0.0055 (-0.13)
Maturity	-0.0260*** (-6.21)	-0.0241*** (-6.01)	0.1284*** (6.68)	-0.0260*** (-6.22)	-0.0241*** (-6.04)	0.1284*** (6.72)	-0.0259*** (-6.14)	-0.0240*** (-5.95)	0.1282*** (6.66)
Term Loan	0.0268*** (2.61)	0.0144 (1.52)	0.1328*** (3.86)	0.0272*** (2.66)	0.0147 (1.55)	0.1320*** (3.83)	0.0272*** (2.65)	0.0146 (1.55)	0.1318*** (3.83)
Observations	3223	3223	3223	3223	3223	3223	3223	3223	3223
R ²	0.428	0.429	0.585	0.427	0.429	0.585	0.426	0.429	0.584

NOTE: Higher G-Index implies lower Shareholder rights

Changes Regression - Gindex is sticky

This table provides the OLS estimates of the following model.

$$\Delta(\text{Syndicate Structure})_i = \alpha + \Delta(\text{G Index})_i\lambda + \Delta\text{Assets}_i\gamma + \Delta\text{Amount}_i\delta + \Delta\text{Maturity}_i\beta + \epsilon_i$$

	(1) Δ Lead %	(2) Δ HHI	(3) Δ # Lenders	(4) Δ Lead %	(5) Δ HHI	(6) Δ # Lenders
Δ G	-0.0149** (-2.29)	-0.0140** (-2.46)	0.6491** (2.29)			
Δ G ≥ +1				-0.0394** (-2.38)	-0.0421*** (-2.78)	1.7553** (2.05)
Δ Assets	-0.0000 (-1.54)	-0.0000 (-0.94)	-0.0000 (-0.43)	-0.0000 (-1.39)	-0.0000 (-0.89)	-0.0000 (-0.54)
Δ Amount	-0.0001*** (-4.10)	-0.0001*** (-4.00)	0.0074*** (5.20)	-0.0001*** (-4.04)	-0.0001*** (-3.99)	0.0075*** (5.19)
Δ Maturity	-0.0000*** (-3.01)	-0.0000*** (-2.79)	0.0014** (2.37)	-0.0000*** (-2.90)	-0.0000*** (-2.75)	0.0014** (2.26)
Observations	280	280	280	280	280	280
R ²	0.091	0.092	0.204	0.087	0.092	0.201

What could be driving the need for monitoring

	(1)	(2)	(3)	(4)	(5)	(6)
	Lead %	Herfindahl	$\ln(1+\#\text{Lenders})$	Lead %	Herfindahl	$\ln(1+\#\text{Lenders})$
GIndex	-0.0015 (-1.30)	-0.0006 (-0.59)	0.0033 (0.71)	-0.0031*** (-2.60)	-0.0024** (-2.17)	0.0062 (1.18)
G × Distressed	-0.0067*** (-3.03)	-0.0062*** (-2.75)	0.0185* (1.71)			
Distressed Firm	0.0870*** (3.52)	0.0800*** (3.26)	-0.1471 (-1.50)			
G × Low Leverage 1/4				-0.0003 (-0.13)	0.0008 (0.41)	0.0054 (0.63)
Low Leverage 1/4				0.0031 (0.15)	-0.0071 (-0.38)	-0.1218 (-1.52)
Opaque Firm	0.0614*** (3.98)	0.0530*** (3.91)	-0.1637*** (-3.07)	0.0625*** (3.94)	0.0542*** (3.88)	-0.1371** (-2.53)
Relationship	-0.0162** (-2.29)	-0.0152** (-2.43)	0.1105*** (3.42)	-0.0157** (-2.22)	-0.0147** (-2.37)	0.1070*** (3.34)
Opaque × Relationship	-0.0094 (-0.74)	-0.0115 (-1.02)	-0.0581 (-1.19)	-0.0107 (-0.83)	-0.0127 (-1.10)	-0.0601 (-1.23)
Log(1 + # Previous Deals)	-0.0010 (-0.21)	0.0006 (0.13)	0.0152 (0.68)	-0.0000 (-0.01)	0.0015 (0.32)	0.0136 (0.61)
Opaque × Log(1 + # Previous Deals)	-0.0275*** (-3.24)	-0.0235*** (-3.03)	0.0888*** (2.84)	-0.0281*** (-3.31)	-0.0241*** (-3.10)	0.0811*** (2.59)
Log(Assets)	-0.0204*** (-5.10)	-0.0130*** (-3.41)	0.0937*** (5.26)	-0.0192*** (-4.80)	-0.0118*** (-3.14)	0.0941*** (5.34)
Amount	-0.0768*** (-7.97)	-0.0803*** (-8.49)	0.2493*** (7.87)	-0.0788*** (-8.05)	-0.0822*** (-8.63)	0.2519*** (8.08)
Amount × Middle	0.0131 (0.95)	0.0224* (1.79)	0.1528*** (3.06)	0.0165 (1.18)	0.0254** (2.01)	0.1473*** (2.97)
Amount × Large	0.0710*** (6.39)	0.0691*** (6.77)	-0.0042 (-0.10)	0.0716*** (6.35)	0.0698*** (6.75)	-0.0071 (-0.17)
Maturity	-0.0265*** (-6.35)	-0.0245*** (-6.16)	0.1290*** (6.74)	-0.0260*** (-6.20)	-0.0241*** (-6.01)	0.1279*** (6.65)
Term Loan	0.0267*** (2.62)	0.0143 (1.53)	0.1328*** (3.88)	0.0269*** (2.63)	0.0143 (1.52)	0.1298*** (3.80)
Observations	3223	3223	3223	3223	3223	3223
R ²	0.432	0.434	0.586	0.428	0.429	0.586

Conclusion

- ▶ Changes in corporate governance affect financial contracting
 - ▶ Causal evidence from natural experiment
 - ▶ After the adoption of ATS firms borrow from larger less concentrated syndicates
 - ▶ Firms are less likely to borrow from a sole lender (more likely to have a syndicated loan)
 - ▶ Additional evidence from G-Index and Other Entrenchment indexes
 - ▶ Firms with greater shareholder rights have larger less concentrated syndicates
 - ▶ Need for more concentrated syndicated (i.e. more monitoring) appears to be driven by risk-shifting incentives of distressed firms rather than concerns about M&A