# Concerns about proposal

1. Proposal essentially only assigns 45% to BSL CLOs

2. Risk to MM CLOs is similar to that of BSL (chart)

3. Counter-intuitive to benefit classes which have illiquidity risk due to lack of transparency as to the underlying

4. CRE CLOs and CMBS are currently underperforming due to stress in commercial real estate.

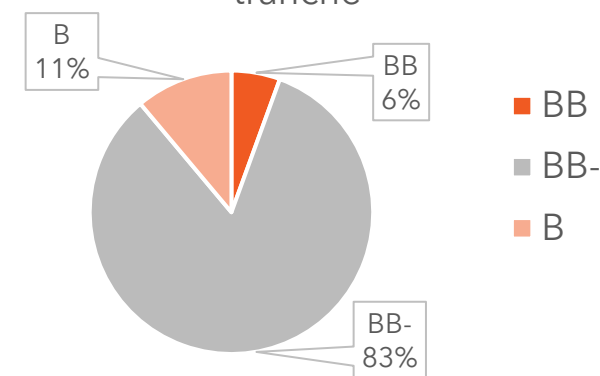5. Enforcement of classification – who classifies the transactions?

# MM CLO Losses vs actual holdings



Figure 19: Losses by CLO residual thickness – Mid-tail (GFC) scenario, %
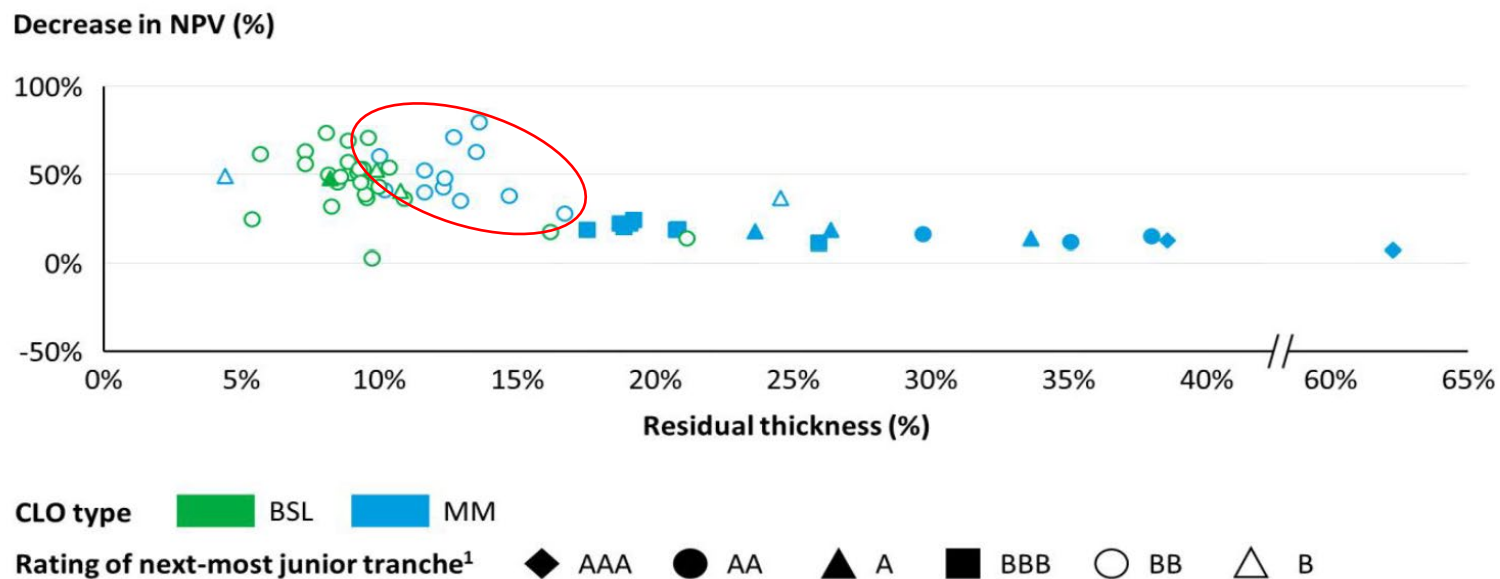
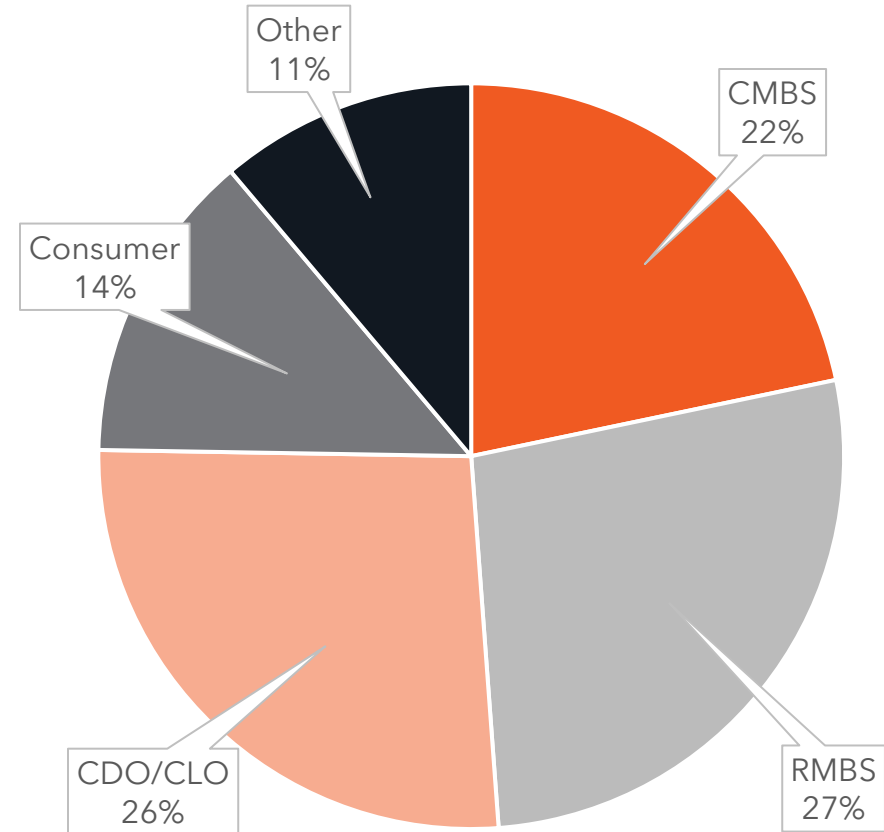MM CLO Equity -- next most junior tranche

# SF Credit Sensitive Securities

- The assets securitized fall into several categories:

  1. Mortgages: Residential and Commercial (excluding GSE guaranteed)

  2. Consumer: Auto (loans and leases), Credit Card, Student Loan

  3. Credit: CLOs (backed by high yield loans), CDOs, Synthetic CDOs, CBOs

  4. Other / Esoteric: CFO, Royalties (music and pharma), Equipment (e.g. rail cars), Franchise (Dunkin Donuts) .

Credit SF Outstanding 2021

Other 11%
CMBS 22%
Consumer 14%
RMBS 27%
CDO/CLO 26%

*Source: SIFMA*