

# United States Senate

February 3, 2014

The Honorable Thomas J. Curry  
Comptroller of the Currency  
Office of the Comptroller of the Currency  
400 7th Street, SW  
Washington, D.C. 20219

The Honorable Mary Jo White  
Chair  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

The Honorable Martin J. Gruenberg  
Chairman  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, D.C. 20552

The Honorable Janet Yellen  
Chair  
Federal Reserve Board of Governors  
20th and C Streets, NW  
Washington, D.C. 20551

## Re: Credit Risk Retention, Joint Further Notice of Proposed Rulemaking

Dear Comptroller Curry, Chairman Gruenberg, Chair White, and Chair Yellen:

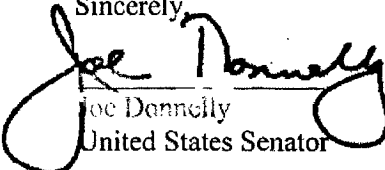
As you finalize your joint rulemaking efforts on credit risk retention, I ask you to consider the potential negative effect this rule could have on an important source of financing to American businesses that utilize open-market collateralized loan obligations ("CLOs"). As the U.S. economy continues to recover, it is important that the federal government puts in place policies that protect the larger economy, but still allow businesses to create jobs.

Nationally, CLOs finance about \$300 billion in loans, and such financing supports the expansion of businesses, the employment of more workers, and greater economic growth. In fact, in Indiana, CLOs finance nearly \$6 billion in loans to Hoosier businesses, including many manufacturers.

In the August 2013 rule re-proposal, regulators sought improvements over the original April 2011 proposal to avoid significant disruption to the CLO market. The re-proposed rule acknowledges that "(t)he agencies' goal in proposing this alternative risk retention option is to avoid having the general risk retention requirements create unnecessary barriers to potential open-market CLO managers sponsoring CLO securitizations." However, some argue that as written, the rules will unnecessarily restrict the market and result in fewer CLO issuances and less competition. When issuing a final rule, I ask that you carefully consider these concerns.

I support efforts on risk retention to ensure complex financial products do not pose grave risks to the greater economy. In the process of minimizing broader risk, regulators must strike a balance and do so in a way that does not threaten this vital source of financing. Please ensure that the final rule does not risk harming the CLO market's ability to fund the business lending that is important to Indiana and the nation. Thank you for your immediate attention.

Sincerely,

  
Joe Donnelly  
United States Senator