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October 30, 2013

By Electronic Submission

Office of the Comptroller of the Currency
250 E Street, S.W.
Mail Stop 2–3
Washington, D.C. 20219

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., N.W.
Washington, D.C. 20551

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Alfred M. Pollard, Esq.
General Counsel
Federal Housing Finance Agency
1700 G Street, N.W.
Washington, D.C. 20552

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Regulations Division
Office of General Counsel
Department of Housing and Urban Development
451 7th Street, S.W., Room 10276
Washington, D.C. 20410-0500

Re: **Notice of Proposed Rulemaking, Credit Risk Retention**
SEC (Release No. 34-64148; File No. S7-14-11); FDIC (RIN 3064-AD74); OCC (Docket No. OCC-2011-0002); FRB (Docket No. 2011-1411); FHFA (RIN 2590-AA43); HUD (RIN 2501-AD53)

Ladies and Gentlemen:

Christopher Allen, on behalf of CVC Credit Partners, is pleased to submit these comments in response to the joint Further Notice of Proposed Rulemaking, 78 Fed. Reg. 57928 (Sept. 20, 2013; originally released Aug. 28, 2013) ("FNPRM"), concerning risk retention and

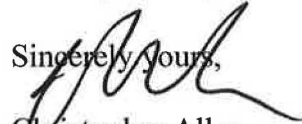
the implementation of Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act").

If the current rules are implemented, it will significantly impact the ability to issue CLOs by asset management businesses such as ours and result in job losses. Since CLOs provide a significant portion of the financing to companies in the United States, less CLOs will increase the cost of borrowing (perhaps very significantly) to all below investment grade companies in the U.S. who borrow money.

I believe a very simple solution to this mess is to simply define "risk" in a sensible way. For example, if "risk" was defined as all of the CLO tranches that are below investment grade (very appropriate and common / market-based way to assess risk), then managers could comply by holding 5% of the equity and any tranches below investment grade. This creates the alignment of interest, but the magnitude of the investment is such that most asset managers could comply (and continue to issue CLOs). Forcing managers to own 5% of AAA-BBB paper through a vertical strip does not make any sense at all and doesn't create any increased alignment of interest. It is the alignment created through the purchase of the most risky elements of the capital structure that investors believe creates the alignment of interest.

Thank you for your attention.

Sincerely Yours,



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