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Leveraged Loan Insight & Analysis -10/31/2016

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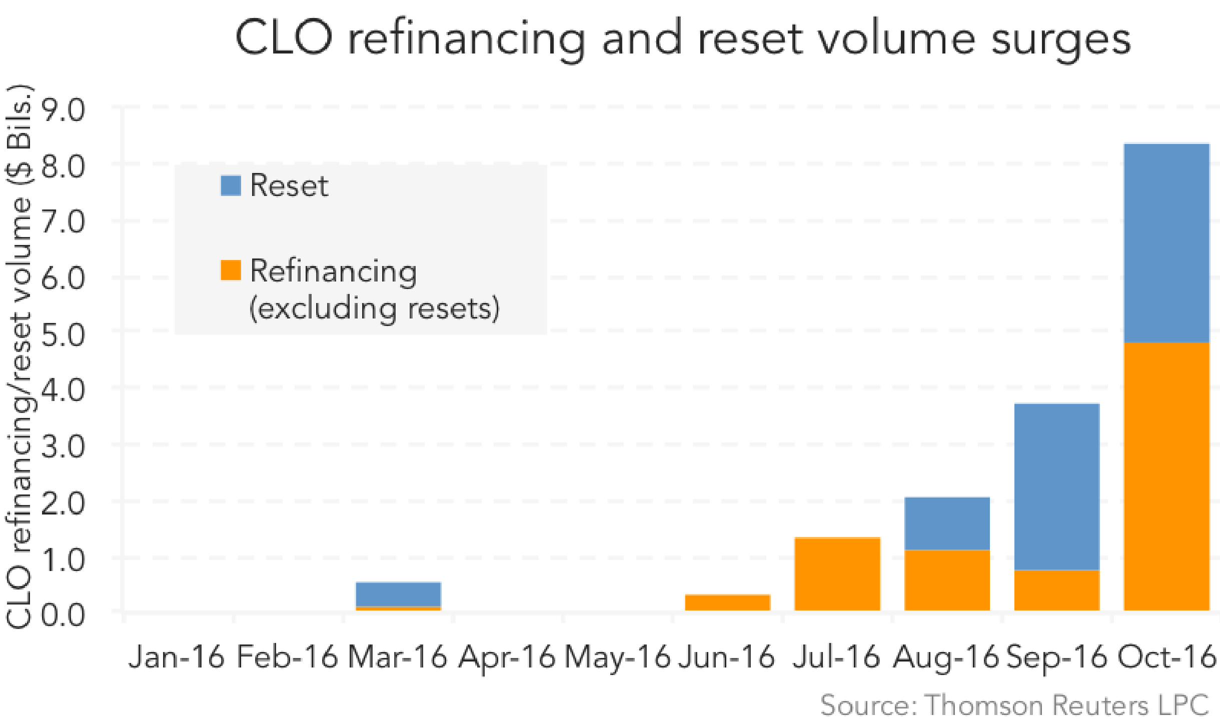
U.S. CLOs posted their best month since June 2015 with issuance of $8.4 billion in October, taking year to date issuance to $54.5 billion. In addition to new issuance, much of the energy in October was focused on refinancings and resets in advance of the upcoming risk retention deadline. After the new regulation comes into effect on December 24, compliance with risk retention rules will be required for deals that refinance.



This regulatory dynamic plus receptive investors have provided the impetus for CLO refinancing and reset activity to increasingly gain traction in the last few months. U.S. refinancing volume (excluding resets) jumped to $4.8 billion in October and resets climbed to $3.6 billion, a record month for this combined volume. This brought year to date refinancing/reset volume to $16.3 billion from 43 deals.