

Regulatory Story

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Blackstone / GSO Loan Financing Ltd - BGLF Decision U.S. Court of Appeals Re: Risk Retention
Released 17:00 12-Feb-2018

RNS Number : 6428E
Blackstone / GSO Loan Financing Ltd
12 February 2018

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Decision U.S. Court of Appeals Re: Risk Retention

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On Friday, 9 February 2018, the U.S. Court of Appeals for the D.C. Circuit ruled in favour of the Loan Syndications and Trading Association ("LSTA") in its lawsuit against the U.S. Securities and Exchange Commission ("SEC") and the Federal Reserve, determining that U.S. CLO managers are not subject to the risk retention rules per the Dodd-Frank Act as it applies to "open market CLOs". There is a period of 45-days during which the U.S. government agencies may appeal the ruling. This ruling does not impact the risk retention rules for European CLO managers.

Blackstone / Debt Funds Management Europe Limited ("DFME"), as Adviser to Blackstone / GSO Loan Financing Limited ("BGLF" or the "Company"), and GSO / Blackstone Debt Funds Management LLC ("DFM"; together with DFME, the "Adviser"), its U.S. affiliate, have informed the Company's board that there is no intended change to the investment activity in U.S. CLOs by Blackstone / GSO US Corporate Funding, Ltd. in the near-term as a result of the ruling. The Adviser will evaluate the implications of this potential change in U.S. regulations on the long-term investment strategy of the Company, considering the potential impact of the ruling on investment performance and capital deployment, among other factors.

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