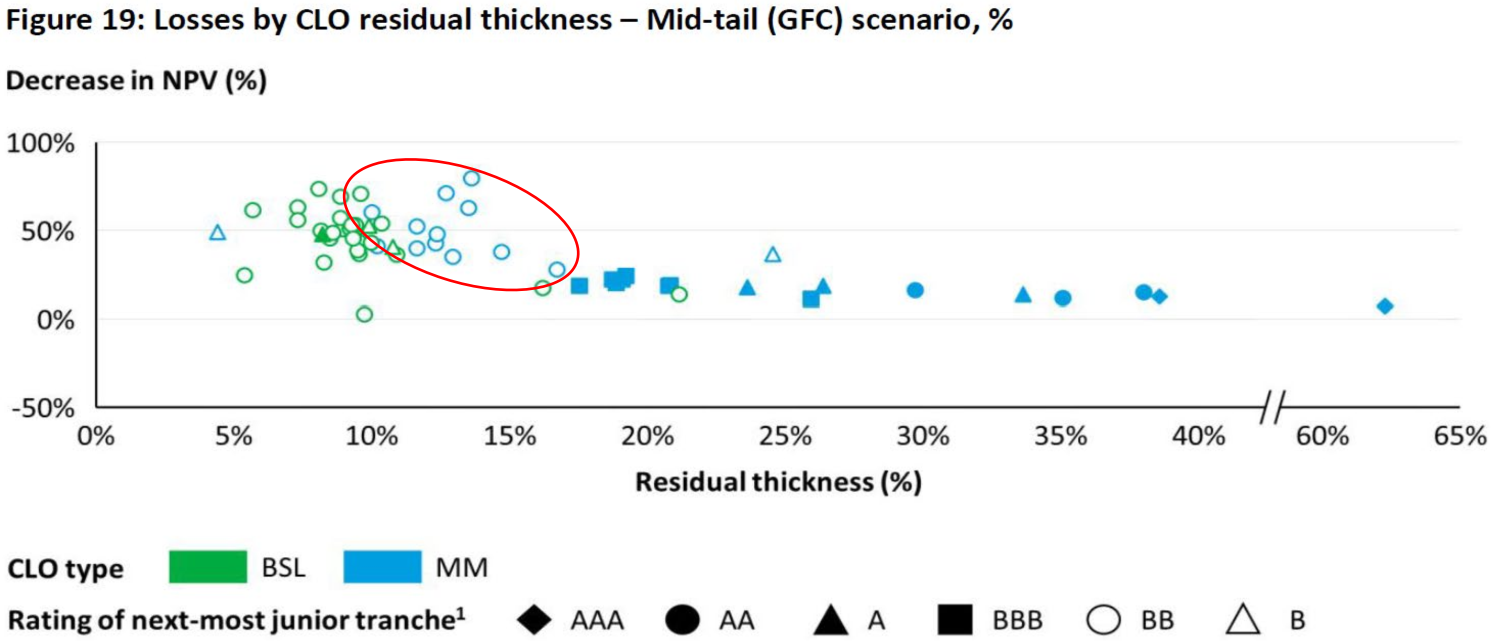
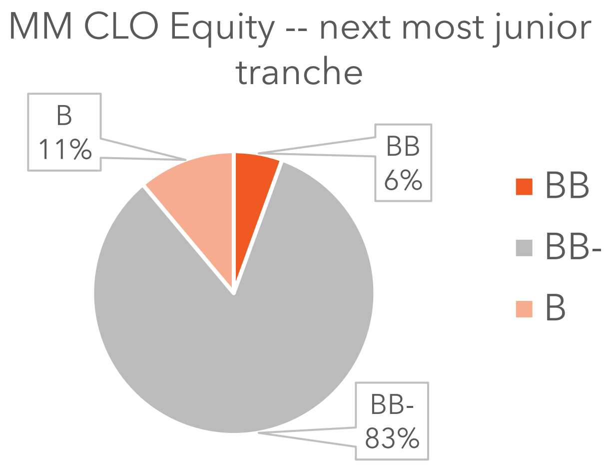
Concerns about proposal

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?

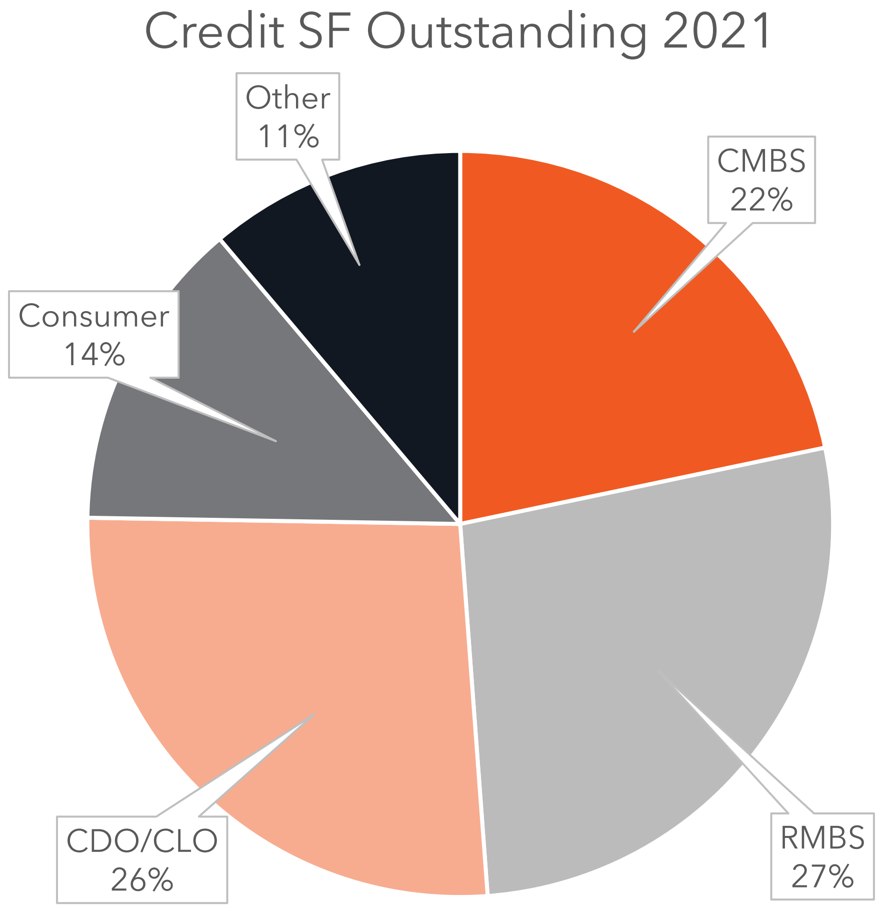
MM CLO Losses vs actual holdings





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) .



Source: SIFMA