

Dealscribe research shows that more than half of CLOs may have lost risk retention compliance

Dealscribe research shows that over half of European CLOs rely on a risk retention method now effectively outlawed by the European Banking Authority (EBA).

LONDON, UNITED KINGDOM, August 19, 2025 /EINPresswire.com/ -- Dealscribe research shows that over half of European CLOs rely on a risk retention method now effectively outlawed by the European Banking Authority (EBA).

According to a [report](#) published yesterday by Dealscribe, just over 85% of manager-originator European CLOs include conditional sale agreements to transfer credit risk from the CLO to the originator. For deals with third-party originators, the method is less common. 73% of third-party originator deals use the forward purchase agreement approach, which has not been called into question by the regulator. Manager-originator deals make up the majority of European CLOs.

The report goes on to explain that some CLOs include both conditional sale and forward purchase language, potentially giving managers a route to ensure that their existing deals continue to comply with risk retention rules. Other deals may need to go through an expensive legal process to remain risk-retention compliant.

"It is still unclear how CLO managers will respond to the EBA's statement, but it is clear that investors want to know which deals are affected," says Harriet Clunie-Wylde, Dealscribe's head of client engagement. "We have fielded dozens of inquiries on this in the last few days and have been able to provide clients with a list of which European CLOs appear to rely on conditional sale agreements for risk retention."

On 8 August, the EBA said a risk retention vehicle that enters into a conditional sale agreement "does not qualify as an originator and therefore cannot fulfil the risk retention requirement on this basis". The statement was posted in response to a question from market participant posed in 2021.

See the full report [here](#): Over half of European CLOs may need to be "re-seasoned" to stay risk retention compliant

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