

MEDIA MENTIONS

Schulte partner Martin Sharkey quoted in *LevFin Insights*

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Schulte Roth & Zabel partner Martin Sharkey shared his perspective on Morningstar DBRS (“Morningstar”) recently entering Europe’s CLO rating scene, with *LevFin Insights*. Morningstar had previously made inroads by rating European CLO warehouses and mid-market CLOs in the US. The firm is the first new company in 20 years to enter Europe’s CLO market, which has been dominated by ratings from Fitch, S&P and Moody’s.

Breaking into this established market presents challenges due to various entry barriers. Although most investors are receptive to all rating agencies, banks tend to have preferred partners for arranging their deals. According to CRA 3 legislation, every rated structured finance debt tranche in Europe, including CLOs, must receive ratings from at least two agencies.

“Though this requirement is in force, there’s no obligation to appoint a smaller rating agency,” stated Martin. “It just has to be a consideration during the dealmaking process.”

The original idea was that the legislation might loosen the grip of the big three ratings firms, he said, but in practice it has not had that effect.

Learn more about Schulte’s CLO Group [here](#).

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