

PwC Plus Article

By ESRB - European Systemic Risk Board | 01.03.2023

The externalities of fire sales: evidence from collateralized loan obligations

This paper investigates how covenants, intrinsic to Collateralized Loan Obligation (CLO) indentures, may amplify idiosyncratic shocks, imposing negative externalities on unrelated firms in CLO portfolios.

Keywords

Collateralized Loan Obligations (CLOs), Risk Management Banking

FS-sector(s)

Banking & Capital Markets

Topics

Risk & Regulation

Issuing Body

ESRB - European Systemic Risk Board