

Title IX – Investor Protection Act of 2009
Subtitle C – Improvements to the Regulation of Credit Rating Agencies

Section-by-Section Analysis

Section 931. Mandatory Registration of Credit Rating Agencies

This section provides for the mandatory registration of credit rating agencies.

Section 932. Enhanced Regulation of Nationally Recognized Statistical Rating Organizations

This section provides for the enhanced regulation of credit rating agencies by requiring (1) the SEC to review the nationally recognized statistical ratings organizations (“credit rating agencies” or “NRSROs”) for compliance with internal processes governing the agencies’ credit ratings and methodologies; (2) NRSROs to adopt policies to address and manage conflicts of interest and the SEC to adopt rules governing disclosure of such conflicts; (3) NRSROs to designate persons to serve as compliance officers and specifying the duties of those persons; (4) NRSROs to use rating symbols that distinguish between structured and non-structured products; and (5) the SEC to adopt rules to ensure transparent disclosure of rating methodologies and rules requiring qualitative and quantitative disclosure of risks for each rating.

Section 933. Strengthening Credit Rating Agency Independence

This section amends section 15E of the Securities Exchange Act of 1934 by adding subsections to prohibit an NRSRO from providing certain consulting services to companies that it also rates and authorizing the Commission to exempt NRSROs from those prohibitions when necessary or appropriate in the public interest and for the protection of investors.

Section 934. Issuer Disclosure of Preliminary Ratings

This section requires the SEC to adopt regulations requiring issuers to disclose preliminary credit ratings they receive from NRSROs on structured products and all forms of corporate debt.

Section 935. Regulations

This section requires the SEC to adopt final rules and regulations not later than 365 days after enactment of the Act.

Section 936. Study and Report

This section requires the Comptroller General to conduct a study and prepare a report on the extent to which the Securities and Exchange Commission has carried out the provisions of the Act, the appropriateness of relying on credit ratings for use in Federal, State, and local securities and banking regulations, and alternative means for compensating credit rating agencies that would create incentives for producing more accurate credit ratings.