[DISCUSSION DRAFT]

117TH CONGRESS
1ST SESSION

H. R. _____

To amend the Securities Exchange Act of 1934 to require nationally recognized statistical rating organizations to adopt a policy to consider climate-related risks when producing credit ratings.

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IN THE HOUSE OF REPRESENTATIVES

M. ______ introduced the following bill; which was referred to the Committee on

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A BILL

To amend the Securities Exchange Act of 1934 to require nationally recognized statistical rating organizations to adopt a policy to consider climate-related risks when producing credit ratings.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 SECTION 1. SHORT TITLE.
4 This Act may be cited as the “[To be added Act of
5 2021]”.

SEC. 2. CONSIDERATION OF CLIMATE-RELATED RISKS.

(a) In General.—Section 15E of the Securities Exchange Act of 1934 (15 U.S.C. 78o–7) is amended by adding at the end the following:

“(w) CONSIDERATION OF CLIMATE-RELATED RISKS.—

“(1) POLICY ON CLIMATE-RELATED RISKS.—
Each nationally recognized statistical rating organization shall adopt, integrate, and publish a written policy on how the organization will consider climate-related risks in the credit ratings produced by the organization.

“(2) MINIMUM CONTENTS.—The policy required under paragraph (1) shall include—

“(A) a consideration of physical and transition risks to issuers that may impact the risk of rated securities, including for corporate issuers (and facilities and assets of such issuers) located in or otherwise committed to regions with high- or extremely-high baseline water stress or high- or extremely-high potential for storms or fire;

“(B) in connection with credit ratings produced with respect to insured depository institutions or credit unions, an assessment of cli-
mate-related risks in loan and investment portfolios as well as funding risks;

“(C) in connection with credit ratings produced with respect to insurance companies, an assessment of climate-related risks in underwriting and investment portfolios as well as funding risks; and

“(D) in connection with credit ratings produced with respect to asset-backed securities, a consideration of impacts on repayments under climate stressed scenarios outlined by the decision by the United Nations Framework Convention on Climate Change’s 21st Conference of Parties in Paris, France, adopted December 12, 2015 (commonly referred to as the ‘Paris Agreement’).”.

(b) RULEMAKING.—Not later than the end of the 180-day period beginning on the date of the enactment of this Act, the Securities and Exchange Commission shall issue rules to carry out the amendment made by subsection (a).