To amend the Federal Reserve Act to require the uniform treatment of nationally recognized statistical rating organizations when the Board of Governors of the Federal Reserve System makes use of the Board’s unusual and exigent circumstances authority, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. Dean introduced the following bill; which was referred to the Committee on

A BILL

To amend the Federal Reserve Act to require the uniform treatment of nationally recognized statistical rating organizations when the Board of Governors of the Federal Reserve System makes use of the Board’s unusual and exigent circumstances authority, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Uniform Treatment of NRSROs Act”.

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SEC. 2. UNIFORM TREATMENT OF NRSROS.

(a) IN GENERAL.—Section 13(3) of the Federal Reserve Act (12 U.S.C. 347d(3)) is amended by adding at the end the following:

“(F) UNIFORM TREATMENT OF NRSROS.—

“(i) IN GENERAL.—If, in carrying out this paragraph, the Board of Governors of the Federal Reserve System establishes a requirement for an entity, security, or other instrument to carry a minimum credit rating, the Board of Governors shall accept credit ratings provided by any nationally recognized statistical rating organization with respect to such entity, security, or other instrument, if the nationally recognized statistical rating organization is registered with the Securities and Exchange Commission to issue credit ratings with respect to the applicable asset class of the entity, security, or other instrument.

“(ii) EXCEPTION.—

“(I) IN GENERAL.—The Board of Governors may exclude a nationally recognized statistical rating organization from the application of clause (i) if, in consultation with the Securities and Exchange Commission, the Board of Governors de-
termines that the nationally recognized statistical rating organization is unable to provide reliable and accurate ratings for a particular asset class and that such exclusion is in the public interest.

“(II) REPORT.—If the Board of Governors excludes a nationally recognized statistical rating organization from the application of clause (i) pursuant to subclause (I), the Board of Governors shall, as soon as practicable after such exclusion, disclose to the public the reasoning for such exclusion.

“(iii) NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION.—In this subparagraph, the term ‘nationally recognized statistical rating organization’ has the meaning given that term under section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).”.

(b) GAO STUDY.—

(1) STUDY.—The Comptroller General of the United States shall carry out a study on—

(A) the quality of credit ratings across nationally recognized statistical ratings organizations (as defined under section 3 of the Securi-
ties Exchange Act of 1934), including during the 2008 economic crisis;

(B) the effect of competition on the quality of credit ratings and on the ability of small- and mid-size companies and financial institutions to access the capital markets; and

(C) the implementation of the amendment made by subsection (a).

(2) REPORT.—Not later than one year after the date of enactment of this Act, the Comptroller General shall issue a report to the Congress containing all finding and determinations made in carrying out the study required under paragraph (1).