

111TH CONGRESS
1ST SESSION

H. R. 1445

To amend the Securities Exchange Act of 1934 to require nationally registered statistical rating organizations to provide additional disclosures with respect to the rating of certain structured securities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 2009

Mr. MCHENRY introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To amend the Securities Exchange Act of 1934 to require nationally registered statistical rating organizations to provide additional disclosures with respect to the rating of certain structured securities, and for other purposes.

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 “Credit Rating Agency
5 Transparency and Disclosure Act”.

1 **SEC. 2. ADDITIONAL RATINGS BASIS DISCLOSURES FOR**
2 **STRUCTURED SECURITIES.**

3 Section 15E(c) of the Securities Exchange Act of
4 1934 (15 U.S.C. 78o-7(c)) is amended by adding at the
5 end the following new paragraphs:

6 “(3) DISCLOSURES WITH RESPECT TO STRUC-
7 TURED SECURITIES.—

8 “(A) REGULATIONS REQUIRED.—The rules
9 and regulations prescribed by the Commission
10 pursuant to this title with respect to nationally
11 recognized statistical rating organizations shall,
12 with respect to the procedures and methodolo-
13 gies by which any nationally recognized statis-
14 tical rating organization determines credit rat-
15 ings for structured securities—

16 “(i) specify the information required
17 to be disclosed to such rating organizations
18 by the originators, issuers, and under-
19 writers of such structured securities on the
20 collateral underlying such structured secu-
21 rities; and

22 “(ii) establish and implement proce-
23 dures to collect and disclose information
24 about the processes used by such origina-
25 tors, issuers, and underwriters to assess

1 the accuracy and integrity of their data
2 and fraud detection.

3 “(B) DEFINITION.—For purposes of this
4 paragraph, the Commission shall, by rule or
5 regulation, define the term ‘structured securi-
6 ties’ as appropriate in the public interest and
7 for the protection of investors.

8 “(4) HISTORICAL DEFAULT RATE DISCLO-
9 SURES.—The rules and regulations prescribed by the
10 Commission pursuant to this title with respect to na-
11 tionally recognized statistical rating organizations
12 shall require each nationally recognized statistical
13 rating organization to establish and maintain, on a
14 publicly accessible Internet site, a facility to disclose,
15 in a central database, the historical default rates of
16 all classes of financial products rated by such orga-
17 nization.”.

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