

WATERS and Ranking Member MCHENRY and the other members of the committee.

Mr. Speaker, I urge Members to support H.R. 5322, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. SHERMAN) that the House suspend the rules and pass the bill, H.R. 5322, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

□ 1615

UNIFORM TREATMENT OF NRSROS ACT

Mr. SHERMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6934) to amend the CARES Act to require the uniform treatment of nationally recognized statistical rating organizations under certain programs carried out in response to the COVID-19 emergency, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 6934

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”.

SEC. 2. UNIFORM TREATMENT OF NRSROS.

(a) IN GENERAL.—Section 4003 of the CARES Act (15 U.S.C. 9042), as amended by section 902, is further amended by adding at the end the following:

“(m) UNIFORM TREATMENT OF NRSROS.—

“(1) IN GENERAL.—If, in carrying out this section or any other program making use of a facility established under section 13(3) of the Federal Reserve Act in response to the COVID-19 emergency, the Secretary of the Treasury or 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 Secretary or 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.

“(2) EXCEPTION.—

“(A) IN GENERAL.—The Secretary or the Board of Governors may exclude a nationally recognized statistical rating organization from the application of paragraph (1) if, in consultation with the Securities and Exchange Commission, the Secretary or Board of Governors, as applicable, determines 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.

“(B) REPORT.—If the Secretary or the Board of Governors excludes a nationally recognized statistical rating organization

from the application of paragraph (1) pursuant to subparagraph (A), the Secretary or Board of Governors, as applicable, shall, as soon as practicable after such exclusion, disclose to the public the reasoning for such exclusion.

“(3) NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION.—In this subsection, 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 Securities 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 findings and determinations made in carrying out the study required under paragraph (1).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. SHERMAN) and the gentleman from South Carolina (Mr. TIMMONS) each will control 20 minutes.

The Chair recognizes the gentleman from California.

GENERAL LEAVE

Mr. SHERMAN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SHERMAN. Mr. Speaker, I yield myself as much time as I may consume.

Mr. Speaker, I rise in support of H.R. 6934, the Uniform Treatment of NRSROS, which is sponsored by Congresswoman DEAN from Pennsylvania.

This important legislation from Congresswoman DEAN will ensure that qualified issuers have fair access to lending facilities, and it will ensure that these facilities are granted on clear terms.

This is not a time where agencies such as the Federal Reserve should just make it up as they go along, especially when these policies disproportionately harm small and mid-sized companies. Thus, my colleague, Ms. DEAN, introduced, and I was pleased to cosponsor, legislation to provide clarity in the lending process by ensuring that nationally recognized statistical rating organizations, also referred to as NRSROS, are treated uniformly.

More specifically, the Federal Reserve and Treasury often require a credit rating to apply for participation in a lending facility. When there is such a requirement, the Federal Reserve has, at times, required that the

rating be issued by a specific credit rating agency or has required that the rating be from a specific category of NRSROS, such as the so-called major NRSROS.

Often, these categories are self-created by the Federal Reserve and have been undefined and unclear to issuers. These requirements act as an obstacle between issuers and these lending facilities. This clearly was not Congress’ intent, as it goes against Dodd-Frank, which mandates that we foster competition among NRSROS rather than trying to make sure that companies rely only on an oligarchy of three NRSROS.

As chair of the Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets, I am quite familiar with the work that has been done in the last decade to end overreliance on the big three credit agencies, which led us into the 2008 crisis. It is those big three that gave AAA ratings to Alt-A lendings, which I believe is what caused the 2008 crisis.

Decisions by the Fed and Treasury with respect to many lending facilities have threatened to undo our work to try to diversify the availability of different NRSROS.

H.R. 6934, which is limited to facilities which have been stood up in response to the COVID-19 pandemic, will set clear credit rating standards for both the Federal Reserve and its issuers. It also clarifies Congress’ intent and will ensure that its legislative objectives are carried out at the agency level.

Most importantly, however, the legislation will result in more issuers having access to these lending facilities, an important objective during this pandemic and economic downturn, while it will still ensure that there are standards in effect that will adequately protect the facility and the interests of the taxpayer.

Mr. Speaker, I greatly appreciate Congresswoman DEAN’s leadership in bringing forth this important legislation, and I reserve the balance of my time.

Mr. TIMMONS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to thank the gentlewoman from Pennsylvania (Ms. DEAN) for introducing this bipartisan bill.

Since the early days of the pandemic, the Federal Reserve has acted swiftly to ensure liquidity is available to companies of all sizes across the country. The emergency facilities support businesses and, in turn, their workers and customers.

The committee has continually called for a broad-based approach to aid our businesses and communities throughout this economic crisis. H.R. 6934 simply encourages the Federal Reserve to include companies that have credit ratings from all SEC-registered and supervised NRSROS as participants in its emergency facilities.

Though the Federal Reserve revised some of the requirements for companies with credit ratings from smaller

NRSROs, there are still companies left on the sidelines. This bill will ensure small and mid-sized businesses have access to the facilities that provide necessary support.

An open and transparent process is essential to the success of the emergency facilities. This bill supports that process.

Mr. Speaker, I urge my colleagues to support the bill, and I reserve the balance of my time.

Mr. SHERMAN. Mr. Speaker, I yield 3 minutes to the gentlewoman from Pennsylvania (Ms. DEAN), the author of this legislation.

Ms. DEAN. Mr. Speaker, I thank my colleague and friend and chair for yielding, and I thank my colleague on the other side of the aisle for his support for this bill.

Mr. Speaker, I rise in support of H.R. 6934, the Uniform Treatment of NRSROs Act.

NRSROs are nationally recognized statistical rating agencies. This is a bipartisan bill that addresses businesses' need for greater access to Federal lending facilities in the time of COVID and a uniform treatment of credit rating agencies in the application process for these much-needed loans.

In response to the economic crisis resulting from the COVID-19 pandemic, several lending facilities have been created to assist struggling businesses at this difficult time. The Federal Reserve and Treasury, however, have limited access to these facilities to businesses whose assets have been rated by only a select few credit rating agencies, making it unnecessarily difficult for many businesses to access much-needed resources.

In Pennsylvania alone, several small and mid-sized companies as well as municipal bond issuers have been excluded from the facilities or have their ratings from nonapproved rating agencies called into question by the market.

This legislation seeks to remove these barriers by amending the CARES Act to require that the Federal Reserve and Treasury accept ratings from any nationally recognized statistical rating organization, or NRSRO. This would have the effect of opening up access to the facilities to issuers with a rating from any duly recognized NRSRO that has been approved in the relevant asset class by the SEC.

This legislation would also require the Comptroller General to issue, within 1 year of enactment, a study on the quality of credit rating agencies across NRSROs, including during the 2008 crisis. The study would also explore the effect of competition on the quality of credit ratings and on the ability of small and mid-sized companies and financial institutions to access the capital markets.

At a time of unprecedented economic uncertainty, we need to make sure that small and mid-sized businesses have access to capital markets needed to survive and recover. By expanding eligible NRSROs, this legislation opens up ac-

cess, transparency, and healthy competition, without compromising quality, at a time when it is needed most.

Mr. Speaker, I thank Chairwoman WATERS, the Financial Services Committee staff, and, importantly, my Republican colead, Representative ANDY BARR, for their work on this legislation to help struggling businesses get the capital they need.

Mr. Speaker, I urge my colleagues to support this legislation.

Mr. TIMMONS. Mr. Speaker, I am prepared to close.

I would simply urge my colleagues to support H.R. 6934, and I yield back the balance of my time.

Mr. SHERMAN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I again would like to thank my colleague from Pennsylvania (Ms. DEAN) for introducing, supporting, and, in effect, passing this legislation here today. It will help qualified issuers have access to lending facilities; it will ensure that that access to facilities is granted on terms that are clear; and it will ensure that Congress' legislative intent is carried out and is consistent with the policy of Congress that we have focused on in the Investor Protection, Entrepreneurship, and Capital Markets Subcommittee to make sure that we are not overly reliant on just three credit rating agencies.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. SHERMAN) that the House suspend the rules and pass the bill, H.R. 6934, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

STOPPING TRAFFICKING, ILLICIT FLOWS, LAUNDERING, AND EXPLOITATION ACT OF 2020

Mr. SHERMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 7592) to require the Comptroller General of the United States to carry out a study on trafficking, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 7592

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 "Stopping Trafficking, Illicit Flows, Laundering, and Exploitation Act of 2020" or the "STIFLE Act of 2020".

SEC. 2. FINDINGS.

The Congress finds the following:

(1) Trafficking is a national-security threat and an economic drain of our resources.

(2) As the U.S. Department of the Treasury's recently released "2020 National Strategy for Combating Terrorist and Other Illicit

Financing" concludes, "While money laundering, terrorism financing, and WMD proliferation financing differ qualitatively and quantitatively, the illicit actors engaging in these activities can exploit the same vulnerabilities and financial channels."

(3) Among those are bad actors engaged in trafficking, whether they trade in drugs, arms, cultural property, wildlife, natural resources, counterfeit goods, organs, or, even, other humans.

(4) Their illegal (or "dark") markets use similar and sometimes related or overlapping methods and means to acquire, move, and profit from their crimes.

(5) In a March 2017, report from Global Financial Integrity, "Transnational Crime and the Developing World", the global business of transnational crime was valued at \$1.6 trillion to \$2.2 trillion annually, resulting in crime, violence, terrorism, instability, corruption, and lost tax revenues worldwide.

SEC. 3. GAO STUDY.

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

(1) the major trafficking routes used by transnational criminal organizations, terrorists, and others, and to what extent the trafficking routes for people (including children), drugs, weapons, cash, child sexual exploitation materials, or other illicit goods are similar, related, or cooperative;

(2) commonly used methods to launder and move the proceeds of trafficking;

(3) the types of suspicious financial activity that are associated with illicit trafficking networks, and how financial institutions identify and report such activity;

(4) the nexus between the identities and finances of trafficked persons and fraud;

(5) the tools, guidance, training, partnerships, supervision, or other mechanisms that Federal agencies, including the Department of the Treasury's Financial Crimes Enforcement Network, the Federal financial regulators, and law enforcement, provide to help financial institutions identify techniques and patterns of transactions that may involve the proceeds of trafficking;

(6) what steps financial institutions are taking to detect and prevent bad actors who are laundering the proceeds of illicit trafficking, including data analysis, policies, training procedures, rules, and guidance;

(7) what role gatekeepers, such as lawyers, notaries, accountants, investment advisors, logistics agents, and trust and company service providers, play in facilitating trafficking networks and the laundering of illicit proceeds; and

(8) the role that emerging technologies, including artificial intelligence, digital identity technologies, blockchain technologies, virtual assets, and related exchanges and online marketplaces, and other innovative technologies, can play in both assisting with and potentially enabling the laundering of proceeds from trafficking.

(b) CONSULTATION.—In carrying out the study required under subsection (a), the Comptroller General shall solicit feedback and perspectives to the extent practicable from survivor and victim advocacy organizations, law enforcement, research organizations, private-sector organizations (including financial institutions and data and technology companies), and any other organization or entity that the Comptroller General determines appropriate.

(c) REPORT.—The Comptroller General shall issue one or more reports to the Congress containing the results of the study required under subsection (a). The first report shall be issued not later than the end of the 15-month period beginning on the date of the enactment of this Act. The reports shall contain—