

[DISCUSSION DRAFT]

116TH CONGRESS
2^D SESSION

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.

IN THE HOUSE OF REPRESENTATIVES

M____. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

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.

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. UNIFORM TREATMENT OF NRSROS.**

4 (a) IN GENERAL.—Section 4003 of the CARES Act
5 (15 U.S.C. 9042), as amended by section 902, is further
6 amended by adding at the end the following:

7 “(m) UNIFORM TREATMENT OF NRSROS.—

1 “(1) IN GENERAL.—If, in carrying out this sec-
2 tion or any other program making use of a facility
3 established under section 13(3) of the Federal Re-
4 serve Act in response to the COVID–19 emergency,
5 the Secretary of the Treasury or the Board of Gov-
6 ernors of the Federal Reserve System establishes a
7 requirement for an entity, security, or other instru-
8 ment to carry a minimum credit rating, the Sec-
9 retary or the Board of Governors shall accept credit
10 ratings provided by any nationally recognized statis-
11 tical rating organization with respect to such entity,
12 security, or other instrument, if the Securities and
13 Exchange Commission has approved the nationally
14 recognized statistical rating organization to issue
15 credit ratings with respect to the applicable asset
16 class of the entity, security, or other instrument.

17 “(2) EXCEPTION.—

18 “(A) IN GENERAL.—The Secretary or the
19 Board of Governors may exclude a nationally
20 recognized statistical rating organization from
21 the application of paragraph (1) if, in consulta-
22 tion with the Securities and Exchange Commis-
23 sion, the Secretary or Board of Governors, as
24 applicable, determines that the nationally recog-
25 nized statistical rating organization is unable to

1 provide reliable and accurate ratings for a par-
2 ticular asset class and that such exclusion is in
3 the public interest.

4 “(B) REPORT.—If the Secretary or the
5 Board of Governors excludes a nationally recog-
6 nized statistical rating organization from the
7 application of paragraph (1) pursuant to sub-
8 paragraph (A), the Secretary or Board of Gov-
9 ernors, as applicable, shall, as soon as prac-
10 ticable after such exclusion, disclose to the pub-
11 lic the reasoning for such exclusion.

12 “(3) NATIONALLY RECOGNIZED STATISTICAL
13 RATING ORGANIZATION.—In this subsection, the
14 term ‘nationally recognized statistical rating organi-
15 zation’ has the meaning given that term under sec-
16 tion 3 of the Securities Exchange Act of 1934 (15
17 U.S.C. 78c).”.

18 (b) GAO STUDY.—

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

21 (A) the quality of credit ratings across na-
22 tionally recognized statistical ratings organiza-
23 tions (as defined under section 3 of the Securi-
24 ties Exchange Act of 1934), including during
25 the 2008 economic crisis;

1 (B) the effect of competition on the quality
2 of credit ratings and on the ability of small-
3 and mid-size companies and financial institu-
4 tions to access the capital markets; and

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

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