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SEC Votes on Measures to Further Strengthen Oversight of Credit Rating Agencies

FOR IMMEDIATE RELEASE
2009-200

Video: Open Meeting



Chairman Schapiro discusses credit rating agency reforms:

[Windows Media Player](#)
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Washington, D.C., Sept. 17, 2009 — The Securities and Exchange Commission today voted unanimously to take several rulemaking actions to bolster oversight of credit ratings agencies by enhancing disclosure and improving the quality of credit ratings.

Additional Materials

- [Fact Sheet About Credit Rating Agencies](#)
 - [Rules/Forms Affected by SEC Actions](#)
 - [SEC Proposal on Credit Ratings Disclosure](#)
 - [SEC Proposal on References to NRSRO Ratings](#)
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Credit rating agencies are organizations that rate the creditworthiness of a company or a financial product, such as a debt security or money market instrument. In particular, the Commission voted to adopt or propose measures intended to improve the quality of credit ratings by requiring greater disclosure, fostering competition, helping to address conflicts of interest, shedding light on rating shopping, and promoting accountability.

"These proposals are needed because investors often consider ratings when evaluating whether to purchase or sell a particular security," said SEC Chairman Mary Schapiro. "That reliance did not serve them well over the last several years, and it is incumbent upon us to do all that we can to improve the reliability and integrity of the ratings process and give investors the appropriate context for evaluating whether ratings deserve their trust."

In 2006, Congress passed the Credit Rating Agency Reform Act that provided the SEC with authority to impose registration, recordkeeping, and reporting rules on credit rating agencies registered as Nationally Recognized Statistical Rating Organizations (NRSRO). Currently, 10 credit rating agencies are registered with the Commission as NRSROs.

Among the Commission's actions today to create a stronger, more robust regulatory framework for credit rating agencies:

- Adopted rules to provide greater information concerning ratings histories - and to enable competing credit rating agencies to offer unsolicited ratings for structured finance products, by granting them access to the necessary underlying data for structured products.
- Proposed amendments that would seek to strengthen compliance programs through requiring annual compliance reports and enhance disclosure of potential sources of revenue-related conflicts.
- Adopted amendments to the Commission's rules and forms to remove certain references to credit ratings by nationally recognized statistical rating organizations.
- Reopened the public comment period to allow further comment on Commission proposals to eliminate references to NRSRO credit ratings from certain other rules and forms.
- Proposed new rules that would require disclosure of information including what a credit rating covers and any material limitations on the scope of the rating and whether any "preliminary ratings" were obtained from other rating agencies - in other words, whether there was "ratings shopping."

- Voted to seek public comment on whether to amend Commission rules to subject NRSROs to liability when a rating is used in connection with a registered offering by eliminating a current provision that exempts NRSROs from being treated as experts when their ratings are used that way.

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Public comments on new rules or amendments proposed today must be received by the Commission within 60 days after their publication in the Federal Register.

The full text of the proposed and final rules and amendments voted on by the Commission today will be posted to the SEC Web site as soon as possible.

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<http://www.sec.gov/news/press/2009/2009-200.htm>