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
MAY 19, 2020
Ms. DEAN (for herself, Ms. WATERS, and Mr. BARR) introduced the following bill; which was referred to the Committee on Financial Services

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.

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

SECTION 1. 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 Securities and Exchange Commission has approved the nationally recognized statistical rating organization 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 institu-
tions 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 Gen-
eral shall issue a report to the Congress containing
all finding and determinations made in carrying out
the study required under paragraph (1).