

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 2990
OFFERED BY MR. OXLEY OF OHIO
Manager's amendment

Strike all after the enacting clause and insert the following:

1 **SEC. 1. SHORT TITLE; REFERENCES.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Credit Rating Agency Duopoly Relief Act of 2006”.

4 (b) REFERENCES.—Except as otherwise expressly
5 provided, whenever in this Act an amendment or repeal
6 is expressed in terms of an amendment to, or repeal of,
7 a section or other provision, the reference shall be consid-
8 ered to be made to a section or other provision of the Secu-
9 rities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

10 **SEC. 2. FINDINGS.**

11 Upon the basis of facts disclosed by the record and
12 report of the Securities and Exchange Commission made
13 pursuant to section 702 of the Sarbanes-Oxley Act of
14 2002 (116 Stat. 797), hearings before the House Com-
15 mittee on Financial Services during the 108th and 109th
16 Congresses, comment letters to the concept releases and
17 proposed rules of the Securities and Exchange Commis-



1 sion, and facts otherwise disclosed and ascertained, the
2 Congress finds that—

3 (1) credit rating agencies are of national con-
4 cern, in that, among other things—

5 (A) their ratings, publications, writings,
6 analyses, and reports are furnished and distrib-
7 uted, and their contracts, subscription agree-
8 ments, and other arrangements with clients are
9 negotiated and performed, by the use of the
10 mails and means and instrumentalities of inter-
11 state commerce;

12 (B) their ratings, publications, writings,
13 analyses, and reports customarily relate to the
14 purchase and sale of securities traded on securi-
15 ties exchanges and in interstate over-the-
16 counter markets, securities issued by companies
17 engaged in business in interstate commerce,
18 and securities issued by national banks and
19 member banks of the Federal Reserve System;

20 (C) the foregoing transactions occur in
21 such volume as substantially to affect interstate
22 commerce, and securities markets, the national
23 banking system, and the national economy; and

24 (D) their regulation serves the compelling
25 interest of investor protection; and



1 (2) the Securities and Exchange Commission—

2 (A) has, through its designation of certain
3 credit rating agencies as nationally recognized
4 statistical rating organizations, created an arti-
5 ficial barrier to entry for new participants; and

6 (B) will, in its latest proposed rule defining
7 nationally recognized statistical rating organiza-
8 tions, codify and strengthen this barrier.

9 **SEC. 3. DEFINITIONS.**

10 Section 3(a) (15 U.S.C. 78c(a)) is amended by add-
11 ing at the end the following new paragraphs:

12 “(60) CREDIT RATING.—The term ‘credit rat-
13 ing’ means an assessment of the creditworthiness of
14 an obligor as an entity or with respect to specific se-
15 curities or money market instruments.

16 “(61) CREDIT RATING AGENCY.—The term
17 ‘credit rating agency’ means any person—

18 “(A) engaged in the business of issuing
19 credit ratings on the Internet or through an-
20 other readily accessible means, for free or for a
21 reasonable fee;

22 “(B) employing either a quantitative or
23 qualitative model, or both, to determine credit
24 ratings; and



1 “(C) receiving fees from either issuers, in-
2 vestors, or other market participants, or a com-
3 bination thereof.

4 “(62) NATIONALLY RECOGNIZED STATISTICAL
5 RATING ORGANIZATION OR NRSRO.—The term ‘na-
6 tionally recognized statistical rating organization’
7 means a credit rating agency that—

8 “(A) has been in business for at least three
9 consecutive years; and

10 “(B) is registered under section 15E.

11 “(63) PERSON ASSOCIATED WITH A NATION-
12 ALLY RECOGNIZED STATISTICAL RATING ORGANIZA-
13 TION.—The term ‘person associated with a nation-
14 ally recognized statistical rating organization’ means
15 any partner, officer, director, or branch manager of
16 such nationally recognized statistical rating organi-
17 zation (or any person occupying a similar status or
18 performing similar functions), any person directly or
19 indirectly controlling, controlled by, or under com-
20 mon control with such nationally recognized statis-
21 tical rating organization, or any employee of such
22 nationally recognized statistical rating organiza-
23 tion.”.



1 **SEC. 4. REGISTRATION OF NATIONALLY RECOGNIZED STA-**
2 **TISTICAL RATING ORGANIZATIONS.**

3 (a) AMENDMENT.—The Securities Exchange Act of
4 1934 is amended by inserting after section 15D (15
5 U.S.C. 78o–6) the following new section:

6 **“SEC. 15E. REGISTRATION OF NATIONALLY RECOGNIZED**
7 **STATISTICAL RATING ORGANIZATIONS.**

8 “(a) REGISTRATION PROCEDURES.—

9 “(1) FILING OF APPLICATION FORM.—A credit
10 rating agency that elects to be treated as a nation-
11 ally recognized statistical rating organization for the
12 purposes of Federal statutes, rules, and regulations
13 may be registered by filing with the Commission an
14 application for registration in such form and con-
15 taining such of the following and any other informa-
16 tion and documents concerning such organization
17 and any persons associated with such organization
18 as the Commission, by rule, may prescribe as nec-
19 essary or appropriate in the public interest or for
20 the protection of investors:

21 “(A) any conflicts of interest relating to
22 the issuance of credit ratings by a nationally
23 recognized statistical rating organization;

24 “(B) the procedures and methodologies
25 such nationally recognized statistical rating or-
26 ganization uses in determining credit ratings;



1 “(C) credit ratings performance measure-
2 ment statistics over short-term, mid-term, and
3 long-term periods of such nationally recognized
4 statistical rating organization;

5 “(D) policies or procedures adopted and
6 implemented by such nationally recognized sta-
7 tistical rating organization to prevent the mis-
8 use in violation of this title (or the rules and
9 regulations thereunder) of material, non-public
10 information; and

11 “(E) the organizational structure of such
12 nationally recognized statistical rating organiza-
13 tion.

14 “(2) REVIEW OF APPLICATION.—

15 “(A) INITIAL DETERMINATION.—Within
16 90 days of the date of the filing of such applica-
17 tion (or within such longer period as to which
18 the applicant consents) the Commission shall—

19 “(i) by order grant such registration;

20 or

21 “(ii) institute proceedings to deter-
22 mine whether registration should be de-
23 nied.

24 “(B) CONDUCT OF PROCEEDINGS.—Such
25 proceedings shall include notice of the grounds



1 for denial under consideration and opportunity
2 for hearing and shall be concluded within 120
3 days of the date of the filing of the application
4 for registration. At the conclusion of such pro-
5 ceedings the Commission, by order, shall grant
6 or deny such registration. The Commission may
7 extend the time for conclusion of such pro-
8 ceedings for up to 90 days if it finds good cause
9 for such extension and publishes its reasons for
10 so finding or for such longer period as to which
11 the applicant consents.

12 “(C) GROUNDS FOR DECISION.—The Com-
13 mission shall grant such registration if the
14 Commission finds that the requirements of this
15 section are satisfied. The Commission shall
16 deny such registration if it does not make such
17 a finding or if it finds that if the applicant were
18 so registered, its registration would be subject
19 to suspension or revocation under subsection
20 (b).

21 “(3) PUBLIC AVAILABILITY OF INFORMATION.—
22 Subject to section 24, the Commission, by rule, shall
23 require a nationally recognized statistical rating or-
24 ganization, upon the granting of registration under
25 this section, to make the information and documents



1 filed with the Commission in its application for reg-
2 istration, or in any amendment filed under sub-
3 section (b)(1) or (2), publicly available on the
4 website or comparable readily accessible means of
5 such nationally recognized statistical rating organi-
6 zation.

7 “(b) UPDATE OF REGISTRATION.—

8 “(1) UPDATE.—Each nationally recognized sta-
9 tistical rating organization shall promptly amend its
10 application for registration under this section if any
11 information or documents provided therein become
12 materially inaccurate, except that a nationally recog-
13 nized statistical rating organization is not required
14 to amend the information required to be filed under
15 subsection (a)(1)(C) by a filing under this para-
16 graph, but shall amend such information in such or-
17 ganization’s annual filing under paragraph (2) of
18 this subsection.

19 “(2) CERTIFICATION.—Not later than 90 days
20 after the end of each calendar year, each nationally
21 recognized statistical rating organization shall file
22 with the Commission an amendment to its registra-
23 tion, in such form as the Commission, by rule, may
24 prescribe as necessary or appropriate in the public
25 interest or for the protection of investors—



1 “(A) certifying that the information and
2 documents in the application for registration of
3 such nationally recognized statistical rating or-
4 ganization continue to be accurate; and

5 “(B) listing any material changes that oc-
6 curred to such information or documents during
7 the previous calendar year.

8 “(c) ACCOUNTABILITY FOR RATINGS PROCE-
9 DURES.—

10 “(1) AUTHORITY.—The Commission shall have
11 the authority under this Act to take action against
12 any nationally recognized statistical rating organiza-
13 tion if such nationally recognized statistical rating
14 organization issues credit ratings in contravention of
15 those procedures, criteria, and methodologies that
16 such nationally recognized statistical rating
17 organization—

18 “(A) includes in its application for reg-
19 istration under this section; or

20 “(B) makes and disseminates in reports
21 pursuant to section 17(a) or the rules and regu-
22 lations thereunder.

23 “(2) LIMITATION.—The rules and regulations
24 applicable to nationally recognized statistical rating
25 organizations the Commission may prescribe pursu-



1 ant to this Act shall be narrowly tailored to meet the
2 requirements of this Act applicable to nationally rec-
3 ognized statistical rating organizations and shall not
4 purport to regulate the substance of credit ratings or
5 the procedures and methodologies by which such na-
6 tionally recognized statistical rating organizations
7 determine credit ratings.

8 “(d) CENSURE, DENIAL, OR SUSPENSION OF REG-
9 ISTRATION; NOTICE AND HEARING.—The Commission, by
10 order, shall censure, place limitations on the activities,
11 functions, or operations of, suspend for a period not ex-
12 ceeding 12 months, or revoke the registration of any na-
13 tionally recognized statistical rating organization if the
14 Commission finds, on the record after notice and oppor-
15 tunity for hearing, that such censure, placing of limita-
16 tions, suspension, or revocation is in the public interest
17 and that such nationally recognized statistical rating orga-
18 nization, or any person associated with such nationally
19 recognized statistical rating organization, whether prior to
20 or subsequent to becoming so associated—

21 “(1) has committed or omitted any act, or is
22 subject to an order or finding, enumerated in sub-
23 paragraph (A), (D), (E), (H), or (G) of paragraph
24 (4) of section 15(b), has been convicted of any of-
25 fense specified in subparagraph (B) of such para-



1 graph (4) within 10 years of the commencement of
2 the proceedings under this subsection, or is enjoined
3 from any action, conduct, or practice specified in
4 subparagraph (C) of such paragraph (4);

5 “(2) has been convicted during the 10-year pe-
6 riod preceding the date of filing of any application
7 for registration, or at any time thereafter, of—

8 “(A) any crime that is punishable by im-
9 prisonment for 1 or more years, and that is not
10 described in section 15(b)(4)(B); or

11 “(B) a substantially equivalent crime by a
12 foreign court of competent jurisdiction; or

13 “(3) is subject to any order of the Commission
14 barring or suspending the right of the person to be
15 associated with a nationally recognized statistical
16 rating organization.

17 “(e) WITHDRAWAL FROM REGISTRATION.—A nation-
18 ally recognized statistical rating organization registered
19 under this section may, upon such terms and conditions
20 as the Commission may establish as necessary in the pub-
21 lic interest or for the protection of investors, withdraw
22 from registration by filing a written notice of withdrawal
23 with the Commission. If the Commission finds that any
24 nationally recognized statistical rating organization is no
25 longer in existence or has ceased to do business as a credit



1 rating agency, the Commission, by order, shall cancel the
2 registration of such nationally recognized statistical rating
3 organization.

4 “(f) REPRESENTATIONS.—

5 “(1) REPRESENTATIONS OF SPONSORSHIP BY
6 UNITED STATES OR AGENCY THEREOF.—It shall be
7 unlawful for any nationally recognized statistical rat-
8 ing organization registered under this section to rep-
9 resent or imply in any manner whatsoever that such
10 nationally recognized statistical rating organization
11 has been designated, sponsored, recommended, or
12 approved, or that such nationally recognized statis-
13 tical rating organization’s abilities or qualifications
14 have in any respect been passed upon, by the United
15 States or any agency, any officer, or any employee
16 thereof.

17 “(2) REPRESENTATION AS NRSRO OF UNREGIS-
18 TERED CREDIT RATING AGENCIES.—It shall be un-
19 lawful for any credit rating agency to represent or
20 imply in any manner whatsoever that such credit
21 rating agency has been designated, sponsored, rec-
22 ommended, or approved, or that such credit rating
23 agency’s abilities or qualifications have in any re-
24 spect been passed upon, by the United States or any
25 agency, any officer, or any employee thereof. It shall



1 be unlawful for any credit rating agency that is not
2 registered under this section as a nationally recog-
3 nized statistical rating organization to state that
4 such credit rating agency is a nationally recognized
5 statistical rating organization under this Act.

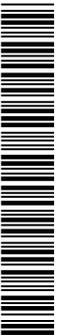
6 “(3) STATEMENT OF REGISTRATION UNDER SE-
7 CURITIES EXCHANGE ACT OF 1934 PROVISIONS.—No
8 provision of paragraph (1) shall be construed to pro-
9 hibit a statement that a nationally recognized statis-
10 tical rating organization is a nationally recognized
11 statistical rating organization under this Act, if such
12 statement is true in fact and if the effect of such
13 registration is not misrepresented.

14 “(g) PREVENTION OF MISUSE OF NONPUBLIC IN-
15 FORMATION.—Each nationally recognized statistical rat-
16 ing organization shall establish, maintain, and enforce
17 written policies and procedures reasonably designed, tak-
18 ing into consideration the nature of such nationally recog-
19 nized statistical rating organization’s business, to prevent
20 the misuse in violation of this title, or the rules or regula-
21 tions thereunder, of material, nonpublic information by
22 such nationally recognized statistical rating organization
23 or any person associated with such nationally recognized
24 statistical rating organization. The Commission, as it
25 deems necessary or appropriate in the public interest or



1 for the protection of investors, shall adopt rules or regula-
2 tions to require specific policies or procedures reasonably
3 designed to prevent misuse in violation of this title (or the
4 rules or regulations thereunder) of material, nonpublic in-
5 formation.

6 “(h) MANAGEMENT OF CONFLICTS OF INTEREST.—
7 Each nationally recognized statistical rating organization
8 shall establish, maintain, and enforce written policies and
9 procedures reasonably designed, taking into consideration
10 the nature of the business of such nationally recognized
11 statistical rating organization and affiliated persons and
12 affiliated companies of such nationally recognized statis-
13 tical rating organization, to address and manage the con-
14 flicts of interest that can arise from such business. The
15 Commission, as it deems necessary or appropriate in the
16 public interest or for the protection of investors, shall
17 adopt rules or regulations to prohibit, or require the man-
18 agement or disclosure of, any conflicts of interest relating
19 to the issuance of credit ratings by a nationally recognized
20 statistical rating organization including, without limita-
21 tion, conflicts of interest relating to—



22 “(1) the manner in which a nationally recog-
23 nized statistical rating organization is compensated
24 by the obligor, or any affiliate of the obligor, for
25 issuing credit ratings or providing related services;

1 “(2) the provision of consulting, advisory, or
2 other services by a nationally recognized statistical
3 rating organization, or any person associated with
4 such nationally recognized statistical rating organi-
5 zation, to the obligor, or any affiliate of the obligor;

6 “(3) business relationships, ownership interests,
7 or any other financial or personal interests between
8 a nationally recognized statistical rating organiza-
9 tion, or any person associated with such nationally
10 recognized statistical rating organization, and the
11 obligor, or any affiliate of the obligor; and

12 “(4) any affiliation of a nationally recognized
13 statistical rating organization, or any person associ-
14 ated with such nationally recognized statistical rat-
15 ing organization, with any person that underwrites
16 the securities or money market instruments that are
17 the subject of a credit rating.

18 “(i) PROHIBITED CONDUCT.—

19 “(1) PROHIBITED ACTS AND PRACTICES.—The
20 Commission may adopt rules or regulations to pro-
21 hibit any act or practice relating to the issuance of
22 credit ratings by a nationally recognized statistical
23 rating organization that the Commission determines
24 to be unfair, coercive, or abusive, including any act
25 or practice relating to—



1 “(A) seeking payment for a credit rating
2 that has not been specifically requested by the
3 obligor—

4 “(i) from an obligor; or

5 “(ii) from an affiliate of an obligor,
6 unless—

7 “(I) the organization is organized
8 under subsection (a)(1)(E) to receive
9 fees from investors or other market
10 participants, or a combination thereof;
11 and

12 “(II) the affiliate is such an in-
13 vestor or participant;

14 “(B) conditioning or threatening to condi-
15 tion the issuance of a credit rating on the obli-
16 gor’s, or an affiliate of the obligor’s, purchase
17 of other services or products, including pre-
18 credit rating assessment products, of the na-
19 tionally recognized statistical rating organiza-
20 tion or any person associated with such nation-
21 ally recognized statistical rating organization;

22 “(C) lowering or threatening to lower a
23 credit rating on, or refusing to rate, securities
24 or money market instruments issued by an
25 asset pool unless a portion of the assets within



1 such pool also is rated by the nationally recog-
2 nized statistical rating organization;

3 “(D) modifying or threatening to modify a
4 credit rating or otherwise departing from its
5 adopted systematic procedures and methodolo-
6 gies in determining credit ratings, based on
7 whether the obligor, or an affiliate of the obli-
8 gor, pays or will pay for the credit rating or
9 any other services or products of the nationally
10 recognized statistical rating organization or any
11 person associated with such nationally recog-
12 nized statistical rating organization.

13 “(2) RULE OF CONSTRUCTION.—Nothing in
14 paragraph (1), or in any rules or regulations adopt-
15 ed thereunder, shall be construed to modify, impair,
16 or supersede the operation of any of the antitrust
17 laws. For the purposes of the preceding sentence,
18 the term ‘antitrust laws’ has the meaning given it in
19 the first section of the Clayton Act (U.S.C.), except
20 that such term includes section 5 of the Federal
21 Trade Commission Act to the extent such section 5
22 applies to unfair methods of competition.

23 “(j) DESIGNATION OF COMPLIANCE OFFICER.—Each
24 nationally recognized statistical rating organization shall
25 designate an individual responsible for administering the



1 policies and procedures that are required to be established
2 pursuant to subsections (g) and (h), and for ensuring com-
3 pliance with the securities laws and the rules and regula-
4 tions thereunder, including those promulgated by the
5 Commission pursuant to this section.

6 “(k) STATEMENTS OF FINANCIAL CONDITION.—
7 Each nationally recognized statistical rating organization
8 shall, on a confidential basis, file with the Commission,
9 at intervals determined by the Commission, such financial
10 statements, certified (if required by the rules or regula-
11 tions of the Commission) by an independent public ac-
12 countant, and information concerning its financial condi-
13 tion as the Commission, by rule, may prescribe as nec-
14 essary or appropriate in the public interest or for the pro-
15 tection of investors.

16 “(l) ELIMINATION OF COMMISSION DESIGNATION
17 PROCESS FOR NRSRO’S.—

18 “(1) CESSATION OF DESIGNATION.—Within 30
19 days after the enactment of the Credit Rating Agen-
20 cy Duopoly Relief Act of 2006, the Commission shall
21 cease to designate persons and companies as nation-
22 ally recognized statistical rating organizations, as
23 that term is used under rule 15c3–1 of the Commis-
24 sion’s rules (17 CFR 240.15c3–1).



1 “(2) PROHIBITION ON RELIANCE ON NO-ACTION
2 RELIEF.—The no-action relief that the Commission
3 has granted with respect to the designation of na-
4 tionally recognized statistical rating organizations,
5 as that term is used under rule 15c3–1 of the Com-
6 mission’s rules (17 CFR 240.15c3–1), shall be void
7 and of no force or effect.

8 “(3) NOTICE TO OTHER AGENCIES.—Within 30
9 days after the date of enactment of the Credit Rat-
10 ing Agency Duopoly Relief Act of 2006, the Com-
11 mission shall give notice to the Federal agencies
12 which employ the term ‘nationally recognized statis-
13 tical rating organization’ (as that term is used under
14 rule 15c3–1 of the Commission’s rules (17 CFR
15 240.15c3–1)) in their rules and regulations regard-
16 ing the actions undertaken pursuant to this section.

17 “(4) REVIEW OF EXISTING REGULATIONS.—
18 Within 180 days after the date of enactment of the
19 Credit Rating Agency Duopoly Relief Act of 2006,
20 the Commission shall review its existing rules and
21 regulations which employ the term ‘nationally recog-
22 nized statistical rating organization’ or ‘NRSRO’
23 and promulgate new or revised rules and regulations
24 as the Commission may prescribe as necessary or



1 appropriate in the public interest or for the protec-
2 tion of investors.”.

3 (b) CONFORMING AMENDMENTS TO THE 1934
4 ACT.—

5 (1) Section 15(b)(4)(B)(ii) of such Act (15
6 U.S.C. 78o(b)(4)(B)(ii)) is amended by inserting
7 “nationally recognized statistical rating organiza-
8 tion,” after “transfer agent,”.

9 (2) Section 15(b)(4)(C) of such Act is amended
10 by inserting “nationally recognized statistical rating
11 organization,” after “transfer agent,”.

12 (3) Section 21B(a) of such Act (15 U.S.C. 78u-
13 2(a)) is amended by inserting “15E,” after “15C,”.

14 (c) OTHER CONFORMING AMENDMENTS.—

15 (1) Section 2(a) of the Investment Company
16 Act of 1940 (15 U.S.C. 80a-2(a)) is amended by
17 adding at the end the following new paragraph:

18 “(53) The term ‘credit rating agency’ has the
19 same meaning as given in section 3 of the Securities
20 Exchange Act of 1934.”.

21 (2) Section 9(a)(1) of the Investment Company
22 Act of 1940 (15 U.S.C. 80a-9(a)) is amended by in-
23 serting “credit rating agency,” after “transfer
24 agent,”.



1 (3) Section 9(a)(2) of the Investment Company
2 Act of 1940 (15 U.S.C. 80a-9(a)) is amended by in-
3 sserting “credit rating agency,” after “transfer
4 agent,”.

5 (4) Section 202(a) of the Investment Advisers
6 Act of 1940 (15 U.S.C. 80b-2(a)) is amended by
7 adding at the end the following new paragraph:

8 “(28) The term ‘credit rating agency’ has the
9 same meaning as given in section 3 of the Securities
10 Exchange Act of 1934.”.

11 (5) Section 203(e)(2)(B) of the Investment Ad-
12 visers Act of 1940 (15 U.S.C. 80b-3(e)) is amended
13 by inserting “credit rating agency,” after “transfer
14 agent,”.

15 (6) Section 203(e)(4) of the Investment Advis-
16 ers Act of 1940 (15 U.S.C. 80b-3(e)) is amended by
17 inserting “credit rating agency,” after “transfer
18 agent,”.

19 (7) Section 1319 of the Housing and Commu-
20 nity Development Act of 1992 (12 U.S.C. 4519) is
21 amended by striking “effectively” and all that fol-
22 lows through “broker-dealers” and inserting “that is
23 a nationally recognized statistical rating organiza-
24 tion, as such term is defined in section 3(a) of the
25 Securities Exchange Act of 1934”.



1 (8) Section 439 of the Higher Education Act of
2 1965 (20 U.S.C. 1087–2) is amended in subsection
3 (r)(15)(A) by striking “means any entity recognized
4 as such by the Securities and Exchange Commis-
5 sion” and inserting “means any nationally recog-
6 nized statistical rating organization as that term is
7 defined under the Securities Exchange Act of 1934”.

8 (9) Section 181(11) of title 23, United States
9 Code, is amended by striking “identified by the Se-
10 curities and Exchange Commission as a nationally
11 recognized statistical rating organization” and in-
12 sserting “registered with the Securities and Exchange
13 Commission as a nationally recognized statistical
14 rating organization as that term is defined under the
15 Securities Exchange Act of 1934 (15 U.S.C. 78 et
16 seq.)”.

17 **SEC. 5. ANNUAL AND OTHER REPORTS.**

18 Section 17(a)(1) (15 U.S.C. 78q(a)(1)) is amended
19 by inserting “nationally recognized statistical rating orga-
20 nization,” after “registered transfer agent,”.

21 **SEC. 6. GAO STUDY AND REPORT REGARDING CONSOLIDA-**
22 **TION OF CREDIT RATING AGENCIES.**

23 (a) STUDY REQUIRED.—The Comptroller General of
24 the United States shall conduct a study—

25 (1) to identify—



1 (A) the factors that have led to the consoli-
2 dation of credit rating agencies;

3 (B) the present and future impact of the
4 condition described in subparagraph (A) on the
5 securities markets, both domestic and inter-
6 national; and

7 (C) solutions to any problems identified
8 under subparagraph (B), including ways to in-
9 crease competition and the number of firms ca-
10 pable of providing credit rating services to large
11 national and multinational business organiza-
12 tions that are subject to the securities laws;

13 (2) of the problems, if any, faced by business
14 organizations that have resulted from limited com-
15 petition among credit rating agencies, including—

16 (A) higher costs;

17 (B) lower quality of services;

18 (C) anti-competitive practices;

19 (D) impairment of independence; and

20 (E) lack of choice; and

21 (3) whether and to what extent Federal or
22 State regulations impede competition among credit
23 rating agencies.



1 (b) CONSULTATION.—In planning and conducting the
2 study under this section, the Comptroller General shall
3 consult with—

4 (1) the Securities and Exchange Commission;

5 (2) the Department of Justice; and

6 (3) any other public or private sector organiza-
7 tion that the Comptroller General considers appro-
8 priate.

9 (c) REPORT REQUIRED.—Not later than 180 days
10 after the date of enactment of this Act, the Comptroller
11 General shall submit a report on the results of the study
12 required by this section to the Committee on Banking,
13 Housing, and Urban Affairs of the Senate and the Com-
14 mittee on Financial Services of the House of Representa-
15 tives.

16 **SEC. 7. EFFECTIVE DATE.**

17 The amendments made by section 4 and 5 shall take
18 effect on January 1, 2008, except as otherwise provided
19 in paragraphs (1), (3), and (4) of subsection (l) of section
20 15E of the Securities Exchange Act of 1934 (as added
21 by such amendments), and except that the Securities and
22 Exchange Commission is authorized to prescribe rules and
23 regulations to carry out such amendments beginning on
24 the date of enactment of this Act.

