

HENSARLING  
144

**AMENDMENT TO H.R. \_\_\_\_\_**

**OFFERED BY MR. HENSARLING OF TEXAS**

[Amendment to NRSRO discussion draft of October 16, 2009]

Page 25, beginning on line 15, strike “that are not backed by the issuer’s full faith and credit in its assessment of the risk an investor in a security or money market instrument will not receive repayment in accordance with the terms of issuance”.

At the end of the bill, add the following new subsection:

- 1 (c) STUDY OF CREDIT RATINGS.—
- 2 (1) STUDY.—The Securities and Exchange
- 3 Commission shall conduct a study of the treatment
- 4 of different classes of bonds (municipal versus cor-
- 5 porate) by the nationally recognized statistical rating
- 6 organizations. Such study shall examine—
- 7 (A) whether there are fundamental dif-
- 8 ferences in the treatment of different classes of
- 9 bonds by such rating organizations that cause
- 10 some classes of bonds to suffer from undue dis-
- 11 crimination;

1 (B) if there are such differences, what are  
2 the causes of such differences and how can they  
3 be alleviated;

4 (C) whether there are factors other than  
5 risk of loss that are appropriate for the credit  
6 ratings agencies to consider when rating bonds,  
7 and do those factors vary across different sec-  
8 tors

9 (D) the types of financing arrangement  
10 used by municipal issuers

11 (E) the differing legal and regulatory re-  
12 gimes governing disclosures for corporate bonds  
13 and municipal bonds;

14 (F) the extent to which retail investors  
15 could be disadvantaged by a single ratings  
16 scale; and

17 (G) practices, policies, and methodologies  
18 by the nationally recognized statistical rating  
19 organizations with respect to rating municipal  
20 bonds.

21 (2) REPORT.—Within 6 months after the date  
22 of enactment of this Act, the Securities and Ex-  
23 change Commission shall submit a report on the re-  
24 sults of the study required by paragraph (1) to the  
25 Committee on Financial Services of the House of

1       Representatives and the Committee on Banking,  
2       Housing, and Urban Development of the Senate.  
3       Such report shall include as assessment of each of  
4       the issues and subjects described in subparagraphs  
5       (A) through (G) of paragraph (1).

