

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 232, 240, 249, and 249b

Release No. 34-72936A; File No. S7-18-11

RIN 3235-AL15

Nationally Recognized Statistical Rating Organizations; Correction

AGENCY: Securities and Exchange Commission.

ACTION: Final rule; correction.

SUMMARY: The Securities and Exchange Commission (“Commission”) is correcting a final rule that appeared in the Federal Register of September 15, 2014 (79 FR 55078). The rule applies to credit rating agencies registered with the Commission as nationally recognized statistical rating organizations (“NRSROs”), providers of third-party due diligence services for asset-backed securities, and issuers and underwriters of asset-backed securities.¹

DATES: Effective November 14, 2014.

FOR FURTHER INFORMATION CONTACT: Rose Russo Wells, Senior Counsel, at (202) 551-5527; Division of Trading and Markets, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-7010.

SUPPLEMENTARY INFORMATION: In FR Doc. 2014-20890, appearing on page 55078 in the Federal Register of Monday, September 15, 2014, the following corrections are made:

1. On page 55261, in the second column, under the heading “Text of Final Rules” the word “Regulation” is corrected to read “Regulations”

§ 240.15Ga-2 Findings and conclusions of third-party due diligence reports. [Corrected]

¹ See Nationally Recognized Statistical Rating Organizations, Exchange Act Release No. 72936 (Aug. 27, 2014), 79 FR 55078 (Sep. 15, 2014).

2. On page 55261, in the third column, in Part 240 General Rules and Regulations, Securities Exchange Act of 1934, Section 240.15Ga-2(a), the citation “(15 U.S.C. 78c(a)(79))” is corrected to read “(15 U.S.C. 78c(a)(79))”

§ 240.17g-3 Annual financial and other reports to be filed or furnished by nationally recognized statistical rating organizations. [Corrected]

3. On page 55263, in the second column, in Part 240 General Rules and Regulations, Securities Exchange Act of 1934, Section 240.17g-3, in amendment 7.f, the instruction “In paragraphs (a)(3) introductory text, (a)(4) introductory text, and (a)(5) introductory text, by removing the first word “An” and in its place adding the phrase “File with the Commission an unaudited financial report, as of the end of the fiscal year,”” is corrected to read: “In paragraphs (a)(3) introductory text, (a)(4) introductory text, and (a)(5) introductory text, by removing the words “An unaudited financial report” and in their place adding the phrase “File with the Commission an unaudited financial report, as of the end of the fiscal year,””

4. On page 55263, in the second column, in Part 240 General Rules and Regulations, Securities Exchange Act of 1934, Section 240.17g-3, in amendment 7.g, the instruction “In paragraph (a)(6) introductory text, by removing the first word “An” and in its place adding the phrase “Furnish the Commission with an unaudited report, as of the end of the fiscal year,”” is corrected to read “In paragraph (a)(6) introductory text, by removing the words “An unaudited report” and in their place adding the phrase “Furnish the Commission with an unaudited report, as of the end of the fiscal year,””

§ 240.17g-5 Conflicts of interest. [Corrected]

5. On page 55264, in the second column, in Part 240 General Rules and Regulations, Securities Exchange Act of 1934, Section 240.17g-5, amendments 8.b and 8.h are deleted and the remaining amendments are renumbered: 8.a, 8.b, 8.c, 8.d, 8.e, 8.f, 8.g, and 8.h.

PART 249b—FURTHER FORMS, SECURITIES EXCHANGE ACT OF 1934 [Corrected]

6. On page 55274, in Part 249b, Further Forms, Securities Exchange Act of 1934, in amendment 17, the words “Form (referenced in § 249b.300)” are corrected to read “Form NRSRO (referenced in § 249b.300)”

7. On pages 55309-55310, in Part 249b, Further Forms, Securities Exchange Act of 1934, amendment 17, the list is corrected to read:

I. EXPLANATION OF TERMS.

1. COMMISSION - The U.S. Securities and Exchange Commission.
2. CREDIT RATING [Section 3(a)(60) of the Exchange Act] - An assessment of the creditworthiness of an obligor as an entity or with respect to specific securities or money market instruments.
3. CREDIT RATING AGENCY [Section 3(a)(61) of the Exchange Act] - Any person:
 - engaged in the business of issuing credit ratings on the Internet or through another readily accessible means, for free or for a reasonable fee, but does not include a commercial credit reporting company;
 - employing either a quantitative or qualitative model, or both to determine credit ratings; and
 - receiving fees from either issuers, investors, other market participants, or a combination thereof.
4. NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION [Section 3(a)(62) of the Exchange Act] - A credit rating agency that:
 - issues credit ratings certified by qualified institutional buyers in accordance with section 15(a)(1)(B)(ix) of the Exchange Act with respect to:

- financial institutions, brokers, or dealers;
 - insurance companies;
 - corporate issuers;
 - issuers of asset-backed securities;
 - issuers of government securities, municipal securities, or securities issued by a foreign government; or
 - a combination of one or more of the above; and
 - is registered as an NRSRO.
5. PERSON - An individual, partnership, corporation, trust, company, limited liability company, or other organization (including a separately identifiable department or division).
6. PERSON WITHIN AN APPLICANT/NRSRO – The person filing or furnishing, as applicable, Form NRSRO identified in Item 1, any credit rating affiliates identified in Item 3, and any partner, officer, director, branch manager, or employee of the person or the credit rating affiliates (or any person occupying a similar status or performing similar functions).
7. SEPARATELY IDENTIFIABLE DEPARTMENT OR DIVISION - A unit of a corporation or company:
- that is under the direct supervision of an officer or officers designated by the board of directors of the corporation as responsible for the day-to-day conduct of the corporation's credit rating activities for one or more affiliates, including the supervision of all employees engaged in the performance of such activities; and
 - for which all of the records relating to its credit rating activities are separately created or maintained in or extractable from such unit's own facilities or the facilities of the corporation, and such records are so maintained or otherwise accessible as to permit independent examination and enforcement by the Commission of the Exchange Act and rules and regulations promulgated thereunder.

8. QUALIFIED INSTITUTIONAL BUYER [Section 3(a)(64) of the Exchange Act] - An entity listed in 17 CFR 230.144A(a) that is not affiliated with the credit rating agency.

Dated: October 7, 2014

Kevin M. O'Neill
Deputy Secretary