

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-60451; August 5, 2009]

Notice Regarding the Requirement to Use eXtensible Business Reporting Language Format to Make Publicly Available the Information Required Pursuant to Rule 17g-2(d) of the Exchange Act

AGENCY: Securities and Exchange Commission (“Commission”).

ACTION: Notice.

SUMMARY: The Commission today is providing notice that an NRSRO subject to the disclosure provisions of paragraph (d) of Rule 17g-2 can satisfy the requirement to make publicly available ratings history information in an XBRL format by using an XBRL format or any other machine-readable format, until such time as the Commission provides further notice.

DATES: The compliance date for Rule 17g-2(d) is August 10, 2009.

FOR FURTHER INFORMATION CONTACT: Michael A. Macchiaroli, Associate Director, at (202) 551-5525; Thomas K. McGowan, Deputy Associate Director, at (202) 551-5521; Randall W. Roy, Assistant Director, at (202) 551-5522; Joseph I. Levinson, Special Counsel, at (202) 551-5598; or Rebekah E. Goshorn, Attorney, at (202), 551-5514; Division of Trading and Markets, Securities and Exchange Commission; 100 F Street, NE, Washington, DC 20549-7010.

SUPPLEMENTARY INFORMATION:

I. BACKGROUND

The Credit Rating Agency Reform Act of 2006 (“Rating Agency Act”)¹ defined the term “nationally recognized statistical rating organization” (“NRSRO”) and provided authority for the Securities and Exchange Commission (“Commission”) to implement registration, recordkeeping, financial reporting, and oversight rules with respect to registered credit rating agencies. The regulations implemented by the Commission pursuant to this mandate include Securities

¹ Public Law 109-291 (2006).

Exchange Act of 1934 (“Exchange Act”) Rule 17g-2,² which requires an NRSRO to make and retain certain records relating to its business and to retain certain other business records made in the normal course of business operations.

On February 2, 2009, the Commission adopted amendments to its NRSRO rules imposing additional requirements on NRSROs in order to address concerns about the integrity of their credit rating procedures and methodologies.³ Among other things, the rule amendments added new paragraphs (a)(8) and (d) to Rule 17g-2. New paragraph (a)(8) of Rule 17g-2 requires an NRSRO to make and retain a record for each outstanding credit rating it maintains showing all rating actions (initial rating, upgrades, downgrades, placements on watch for upgrade or downgrade, and withdrawals) and the date of such actions identified by the name of the security or obligor rated and, if applicable, the CUSIP for the rated security or the Central Index Key (CIK) number for the rated obligor.⁴ New paragraph (d) of Rule 17g-2 requires an NRSRO to make publicly available, on a six-month delayed basis, the ratings histories for a random sample of 10% of the credit ratings paid for by the obligor being rated or by the issuer, underwriter, or sponsor of the security being rated (“issuer-paid credit ratings”) pursuant to paragraph (a)(8) of Rule 17g-2 for each class of credit rating for which the NRSRO is registered and has issued 500 or more issuer-paid credit ratings.⁵

Paragraph (d) of Rule 17g-2 further requires that this information be made public on the NRSRO’s corporate Internet Web site in eXtensible Business Reporting Language (“XBRL”) format.⁶ The rule provides that in preparing the XBRL disclosure, an NRSRO must use the List

² 17 CFR 240.17g-2.

³ See Amendments to Rules for Nationally Recognized Statistical Rating Organizations, Exchange Act Release No. 59342 (February 2, 2009), 74 FR 6456 (“February 2009 Adopting Release”).

⁴ 17 CFR 240.17g-2(a)(8).

⁵ 17 CFR 240.17g-2(d).

⁶ Id.

of XBRL Tags for NRSROs as specified on the Commission's Web site.⁷ The Commission established a compliance date of August 10, 2009 for this provision.

The Commission today is providing notice that an NRSRO subject to the disclosure provisions of paragraph (d) of Rule 17g-2 can satisfy the requirement to make publicly available ratings history information in an XBRL format by using an XBRL format or any other machine-readable format, until such time as the Commission provides further notice.

II. DISCUSSION

The Commission adopted Rule 17g-2 and the amendments thereto, in part, under authority to require NRSROs to make and keep for specified periods such records as the Commission prescribes as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act.⁸ In adopting new paragraph (d) to Rule 17g-2, the Commission noted that although NRSROs generally make their issuer-paid credit ratings publicly available for free, it can be difficult to compile the actions and compare them across NRSROs.⁹ The Commission therefore adopted the new disclosure requirements of paragraph (d) with the expectation that making this information more accessible will advance the Commission's goal of fostering accountability and comparability among NRSROs with respect to their issuer-paid credit ratings.¹⁰ Requiring NRSROs to publicly disclose rating action histories for a limited percentage of their outstanding issuer-paid credit ratings will allow market participants, academics and others to use the information to perform

⁷ Id. The February 2009 Adopting Release specified a compliance date of 180 days after publication in the Federal Register.

⁸ See Section 17(a)(1) of the Exchange Act (15 U.S.C. 78q(a)(1)).

⁹ See February 2009 Adopting Release, 74 FR at 6461.

¹⁰ Id. at 6460.

analysis comparing how the NRSROs subject to the disclosure rule perform in the classes of credit ratings for which they are registered.¹¹

As noted above, Rule 17g-2(d) provides that the ratings histories required under the rule must be made public on the NRSRO's corporate Internet Web site using an XBRL format.¹² Further, the rule requires an NRSRO to use the List of XBRL Tags for NRSROs published on the Commission's Web page. The List of XBRL Tags currently is not available. Therefore, the Commission is providing notice to NRSROs that they can satisfy the requirement in Rule 17g-2(d) to make publicly available ratings history information in an XBRL format by using an XBRL format or any other machine readable format, until such time as the Commission provides further notice. The Commission has every intention of providing notice as soon as practicable, once the List of XBRL Tags for NRSROs is available, that an XBRL format is the sole means by which an NRSRO may satisfy this requirement. Examples of other types of machine-readable formats include pipe delimited text data ("PDTD") and eXtensible Markup Language ("XML"). Data that is provided in a machine-readable format must be easily downloadable into commercially available spreadsheets or database programs.

The Commission also notes that the requirement in Exhibit 1 to Form NRSRO which states that "If the Applicant/NRSRO is required to make and keep publicly available on its corporate Internet Web site in an XBRL (eXtensible Business Reporting Language) format a sample of ratings action information pursuant to the requirements of 17 CFR 240.17g-2(d), provide in this Exhibit the Web site address where this information is, or will be, made publicly available" can be satisfied by providing the Web site address where the information is made

¹¹ Id at 6461

¹² 17 CFR 240.17g-2(d).

publicly available in an XBRL format or any other machine readable format, until such time as the Commission provides further notice.

By the Commission.

Elizabeth M. Murphy
Secretary