



FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS - NEWS RELEASE -

FOR IMMEDIATE RELEASE

House Committee Seeks to Lengthen Government's Regulatory Arm

EDWARDSVILLE, IL, December 1, 2009 -Legislation has been approved by a House committee that would require the Securities and Exchange Commission (SEC) to tighten regulation of credit rating firms.

The Financial Services Committee voted 49-14 to approve the bill, third in a series of measures to expand federal control of the financial industry.

The committee adopted a provision that would remove references to credit rating agencies in a handful of laws, including the Federal Deposit Insurance Act and the Securities Exchange Act. The stated reason: such statutory references give the ratings by the private agencies an importance they should not have.

Banking regulators would be required (a) to review their own rules and remove any requirements that mandate reliance on credit rating agencies and replace them with a uniform standard of creditworthiness, and (b) to report to Congress on the modifications.

At minimum, the underlying bill would require yearly reviews by the SEC of the firms' practices and internal functions, and would allow the SEC to impose fines on those that fail to meet acceptable internal risk controls.

Further, the bill would require the SEC to write rules to increase the disclosure of information on both initial ratings and subsequent comparable ratings.

This news release has been issued by the Federation of American Consumers and Travelers (FACT). FACT is a consumer organization, formed under the not-for-profit corporation laws of the District of Columbia in 1984. It currently serves more than 1 million consumers nationwide. Additional information on FACT may be found in the *Encyclopedia of Associations*, and by visiting the association's Web site (www.usafact.org). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from [medical insurance](#) and [dental discounts](#) to [prescription drug savings](#) and [scholarships](#). FACT's administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025.