

BPC LEADERS' FORUM:

CREDIT RATING AGENCY REFORM



BIPARTISAN POLICY CENTER



BIPARTISAN POLICY CENTER

THE BIPARTISAN POLICY CENTER is a non-profit organization that was established in 2007 by former Senate Majority Leaders Howard Baker, Tom Daschle, Bob Dole and George Mitchell to provide a forum where tough policy challenges can be addressed in a pragmatic and politically viable manner. We seek to develop policy solutions that make sense for the nation and can be embraced by both parties. After reaching shared solutions through principled compromise, we will then work to implement these policies through the political system. The BPC is currently focused on five major issues: national security, health care, energy, agriculture, and transportation. Each of these efforts is led by a diverse team of political leaders, policy experts, business leaders and academics. To learn more about BPC and its projects, please visit www.bipartisanpolicy.org.



“ We must investigate rating agencies and potential conflicts

of interest with the people they are rating. And transparency requirements must demand full disclosure by financial institutions to shareholders and counterparties.”

RENEWING THE AMERICAN ECONOMY
SENATOR BARACK OBAMA

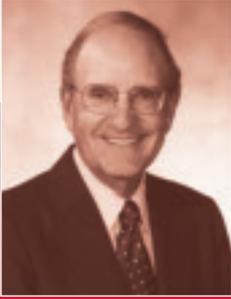
MARCH 27, 2008

“ Financial institutions need to fully disclose

their losses, only then can regulators and ratings agencies really do their jobs.”

STATEMENT ON AMERICA'S CREDIT CRUNCH
SENATOR JOHN MCCAIN

MARCH 11, 2008



SENATOR GEORGE J. MITCHELL

Advisory Board
Bipartisan Policy Center

On behalf of the Bipartisan Policy Center (BPC) and my colleagues, Senators Bob Dole, Tom Daschle, and Howard Baker, I was delighted to host the BPC Leaders' Forum on Credit Rating Agency Reform on June 9, 2008 in New York City. The Forum brought together eight of the nation's most distinguished leaders in the financial industry, and U.S. Senators Bob Bennett, Debbie Stabenow, and Tom Carper. The meeting addressed creative ideas for reforming our nation's credit rating agencies (CRAs). The inability of CRAs to accurately assess the risks associated with an array of complex new investment instruments is widely understood to have played a significant role in the collapse in credit markets that continues to depress our nation's economy.

Since our June 9th discussion, the Forum participants have been working to develop a set of shared recommendations to improve investor confidence and help return our nation to robust and sustained economic growth.

This Leaders' Forum is emblematic of the structure BPC has successfully deployed in pursuing other policy initiatives in the fields of energy, agriculture, transportation, national security, and health care. We work to develop pragmatic policy solutions that make sense for the nation and can be embraced by both parties. After reaching shared solutions through principled compromise, we then advocate for these policies through the political system.

A viable political solution to the CRA problem must strike an acceptable balance between the need to let markets work free of excessive government constraint and the desire to protect investors and creditors from the consequences of market failure.

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– Senator George Mitchell

The pages that follow reflect a broad diversity of insights and ideas from leaders in the financial community. Some argue that there is merit to scaling back regulations and practices that serve to maintain CRA dominance in the credit markets, by shifting the onus for credit evaluation to individual investors. Others are concerned, however, that such a burden might be too overwhelming or inefficient, particularly for smaller investors. Alternatively, those participants would prefer to seek measures to strengthen, restructure, or better regulate the CRAs in a manner that would inspire investor confidence.

“Groups of this kind have a responsibility and the opportunity to emerge not just as a source of wisdom from which people can draw, but also as a source of leadership from which government can draw.”

– Senator Bob Bennett

While we work together to explore these proposed solutions, it is worth highlighting three themes that are widely shared:

1. The problem is big and will require more substantial and comprehensive reforms than expected from either the regulators or the credit rating agencies.
2. There is broad concern about the “issuer-pays” compensation model and its inherent conflicts of interest.
3. The market for better information should be enhanced through increased credit rating agency disclosure, transparency, and accountability.

We are committed to working together in a bipartisan manner to turn our collective ideas into shared recommendations for reforming credit ratings agencies. Once formed, we will communicate our group’s proposed solutions to Washington policymakers, industry, and the public, as we seek to turn our ideas into real action. We are hopeful and confident these efforts will play a constructive role in advancing a comprehensive set of credit rating solutions that will be effective in helping restore investor confidence and a thriving U.S. economy.

Sincerely,



George J. Mitchell
BPC Advisory Board

ROGER C. ALTMAN IS CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF EVERCORE PARTNERS



Mr. Altman began his investment banking career at Lehman Brothers and became a general partner of that firm in 1974. Beginning in 1977, he served as Assistant Secretary of the U.S. Treasury for four years. He then returned to Lehman Brothers, later becoming co-head of overall investment banking, a member of the firm's Management Committee and its Board. He remained in those positions until the firm was sold to Shearson/American Express.

In 1987, Mr. Altman joined The Blackstone Group as Vice Chairman, head of the Firm's merger and acquisition advisory business and a member of its Investment Committee. Mr. Altman also had primary responsibility for Blackstone's international business.

Beginning in January 1993, Mr. Altman returned to Washington to serve as Deputy Secretary of the U.S. Treasury for two years. In 1996, he formed Evercore Partners which has become the most active investment banking boutique in the world.

Mr. Altman is a Trustee of New York-Presbyterian Hospital, serving on its Investment Committee, and also is Vice Chairman of The Board of The American Museum of Natural History. He also is a Trustee of New Visions for Public Schools and is a member of The Council on Foreign Relations. He received an A.B. from Georgetown University and an M.B.A. from the University of Chicago.

Established in 1996, Evercore Partners is a leading investment banking boutique providing advisory services to prominent multinational corporations on significant mergers, acquisitions, divestitures, restructurings and other strategic corporate transactions. Evercore also has a successful investment management business through which private equity and venture capital funds are managed for sophisticated institutional investors. To date, the Firm has handled over \$600 billion of merger, acquisition, recapitalization and restructuring transactions.

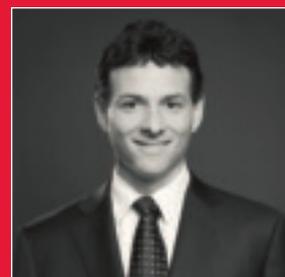
“One of the fall-outs of this credit market collapse may be movement toward a system similar to the one existing on the equity side, where investors consider and weigh the information and analysis the CRAs provide, but where the ratings themselves are secondary.”

The recent credit crisis has brought to light a problem associated with credit rating agencies, which may be described as that of the “haves” versus the “have nots”. The “haves” include those who do their own credit research and pay little attention to the ratings given by credit rating agencies (CRAs). When Evercore Partners advises someone on the liquidity or ratings outlook of a particular credit, we’re interested more in the ratings agencies’ information than in their specific ratings. On the other hand, the “have nots” are the far larger number of institutions without the capacity to do their own credit market research, and who therefore rely on the ratings of CRAs.

There is an interesting analogy on the equity side of the investment industry that provides insight. I don’t know of anyone who invests based on the buy/hold/sell recommendations of the large securities firms. Investors appreciate the associated analysis, but most feel the recommendations are without value. One of the fall-outs of this credit market collapse may be movement toward a system similar to the one existing on the equity side, where investors consider and weigh the information and analysis the CRAs provide, but where the ratings themselves are secondary.



DAVID EINHORN IS PRESIDENT AND FOUNDER OF GREENLIGHT CAPITAL



David Einhorn is the President and founder of Greenlight Capital. Prior to founding Greenlight, Einhorn worked at Donaldson, Lufkin & Jenrette (DLJ) as an analyst in the Investment Banking Group. After DLJ, Einhorn joined Siegler, Collery & Co., a buyout and investment management firm, as an investment analyst. Einhorn is the Chairman of Greenlight Capital Re, Ltd. (Nasdaq: GLRE) and serves on the boards of the Michael J. Fox Foundation for Parkinson's Research and Hillel: The Foundation for Jewish Campus Life. Einhorn graduated with a B.A. in Government, summa cum laude, from Cornell University. Einhorn is the author of *Fooling Some of the People All of the Time: A Long Short Story*, published in May 2008.

Greenlight Capital is a value-oriented alternative investment firm with \$6 billion under management that invests primarily in publicly traded equities and corporate debt. Greenlight's goal is to achieve high absolute rates of return while minimizing the risk of capital loss. Since its inception in 1996, Greenlight has generated greater than a twenty-five percent annualized net return for its partners.



“The rating agency exemption from Regulation FD, which is the basis for their access to inside information, should be rescinded.”

Credit rating agencies (CRAs) have helped cause the credit bubble by promoting a system of false confidence. In the best of all possible worlds, the NRSRO (National Registered Statistical Rating Organization) designation, under which rating agencies are registered with the SEC, should be abolished. The label only gives investors unwarranted confidence that CRA ratings should be trusted. The NRSRO standard creates a government sponsored oligopoly. The result is high profit margins for the rating agencies that are understaffed, fail to retain top talent and perform inadequate credit analysis and infrequent ratings monitoring.

A lesser, but needed reform is for the users of the ratings rather than the issuers of the ratings to pay for the ratings. The issuer-pays model encourages ratings shopping. Adding more NRSROs only adds to the choices to identify easy graders. Having the users of ratings pay for the ratings will ensure that CRAs will be paid for the actual value of their work.

Most investors, lacking the same access to inside information, feel compelled to rely on judgments of the credit rating agencies. CRAs are prevented from divulging inside information to investors and generally will not even reveal the sources of this information. Accordingly, investors are reluctant to develop a contrary opinion. Investors generally believe that CRAs do more than they actually do. This promotes a false confidence in the ratings.

In order to liberate the investor from this over-reliance on the rating agencies, the rating agency exemption from Regulation FD, which is the basis for their access to inside information, should be rescinded. This reform would put the CRAs back on a level information plane with the investor and would encourage investors to perform their own analysis and to rely less on agency ratings.

LAURENCE “LARRY” D. FINK IS CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF BLACKROCK



Laurence “Larry” D. Fink, Chairman and Chief Executive Officer of BlackRock, is Chairman of the Executive and Management Committees. In addition, Mr. Fink is a Trustee and President of BlackRock Funds, the firm’s open-end fund family, and a Director of several of BlackRock’s offshore funds.

Prior to founding BlackRock in 1988, Mr. Fink was a member of the Management Committee and a Managing Director of The First Boston Corporation. Mr. Fink joined First Boston in 1976 and quickly became one of the first mortgage-backed securities traders on Wall Street. During his tenure at First Boston, Mr. Fink was co-head of the Taxable Fixed Income Division, which was responsible for trading and distribution of all government, mortgage and corporate securities. Mr. Fink also started the Financial Futures and Options Department and headed the Mortgage and Real Estate Products Group. In 1987, Mr. Fink was featured in *Investment Dealers’ Digest* (November 1987) as head of the mortgage-related securities group of “The Ultimate Brokerage Firm,” and in 1989, he was featured in *The Wall Street Journal Centennial Edition* as one of 28 businessmen, all under 45 years old, “...who could be among the business leaders of tomorrow.”

Mr. Fink serves as a member of the Board of Trustees of New York University, Chair of the Financial Affairs Committee and a member of the Executive Committee, the Ad Hoc Committee on Board Governance, and the Committee on Trustees. He is also Co-Chairman of the NYU Hospitals Center Board of Trustees, Chairman of the Development/Trustee Stewardship Committee and Chairman of the Finance Committee. Mr. Fink is also a Trustee of The Boys’ Club of New York.

Mr. Fink earned an MBA degree with a concentration in real estate from the University of California at Los Angeles (UCLA) in 1976 and a BA degree in political science from UCLA in 1974.

BlackRock is a premier provider of global investment management, risk management and advisory services to institutional and retail clients around the world. As of 31 March 2008, BlackRock’s assets under management total US\$1.36 trillion across equity, fixed income, cash management, alternative investment and real estate strategies.

“The overwhelming culprits are the investors themselves, who too eagerly traded liquidity for yield, while abrogating their fiduciary responsibility to the credit rating agencies.”



MARK T. GALLOGLY IS THE CO-FOUNDER AND MANAGING PRINCIPAL OF CENTERBRIDGE PARTNERS, L.P.



Mark T. Gallogly is the Co-Founder and Managing Principal of Centerbridge Partners, L.P. Prior to founding Centerbridge in partnership with Jeffrey H. Aronson in October 2005, Mr. Gallogly was at the Blackstone Group, where he was most recently a Senior Managing Director, the Head of Private Equity, member of The Blackstone Group's Management Committee and the Private Equity Group's Investment Committee.

In more than sixteen years at Blackstone, Mr. Gallogly was involved in a broad spectrum of industries, businesses and investment cycles. Mr. Gallogly has served on numerous public and private company Boards of Directors. He is currently on the Columbia Business School Board of Overseers, the Advisory Council of the Hamilton Project, an economic policy group at the Brookings Institution, and the Board of Directors of the Dana Corporation. Mr. Gallogly graduated with honors from the University of Notre Dame and attended Sophia University in Tokyo. He received his MBA from Columbia University. He lives in New York City with his wife, Lise Strickler, and their three daughters.

Centerbridge Partners L.P. is a private equity firm with two investment funds, a \$3.2 billion fund with a broad mandate to invest opportunistically in private equity and distressed debt, and a \$2.0 billion credit hedge fund. Centerbridge Partners was founded in October 2005 and is based in New York, New York.

“The greatest level of transparency should be achieved by requiring CRAs to provide investors with easy and timely access to their procedures and methodologies, and with very clear statistics about their performance over time.”

There are three concepts that should be applied in seeking to improve the credit rating agencies (CRAs). First of all, the greatest level of transparency should be achieved by requiring CRAs to provide investors with easy and timely access to their procedures and methodologies, and to furnish very clear statistics about their performance over time. Second, the inherent conflict of interest created by the issuer-pays compensation model must be eliminated by encouraging migration to an investor-pays model. Third, disclosure should be improved by developing a new rating system to provide investors with additional important information to improve the quality of their decisions. For instance, a system requiring a ratings suffix, as an indicator of liquidity level, would represent a high value/high impact change to better inform an investor's decision making.



ANTHONY “BUDDY” PISZEL IS THE EXECUTIVE VICE PRESIDENT-FINANCE & CHIEF FINANCIAL OFFICER OF FREDDIE MAC



Anthony “Buddy” Pizel is the Executive Vice President-Finance & Chief Financial Officer of Freddie Mac, a position he has held since joining Freddie Mac in November 2006. Pizel is a member of the company’s senior executive leadership team and reports directly to chairman and chief executive officer Richard F. Syron.

Pizel joined Freddie Mac from Health Net, Inc. where he served as executive vice president and chief financial officer since August 2004. While at Health Net, one of the nation’s largest publicly traded managed health care companies, he was responsible for all of the organization’s finance functions, including accounting, risk management, treasury and financial planning.

Prior to joining Health Net, Pizel served for more than a decade in senior financial positions at Prudential Financial, Inc., most recently as senior vice president and corporate controller from 1998 to 2004. He also served as Prudential’s corporate vice president assigned to special finance projects, chief financial officer of the individual life insurance business and chief financial officer of the asset management and retirement business. Pizel played a leading role in transforming Prudential from a private company to a public, SEC registered, company. Before joining Prudential, Pizel was an audit partner with Deloitte & Touche. He also served for two years as a practice fellow with the Financial Accounting Standards Board.

Pizel received an M.B.A. in accounting from Golden Gate University and a B.A. in economics from Rutgers University. He serves on the board of directors and as chairman of the audit committee of RehabCare Group, Inc.

Freddie Mac is a stockholder-owned company established by Congress in 1970 to support homeownership and rental housing. Freddie Mac fulfills its mission by purchasing residential mortgages and mortgage-related securities, which it finances primarily by issuing mortgage-related securities and debt instruments in the capital markets. Over the years, Freddie Mac has made home possible more than 50 million times, ensuring financing for one in six homebuyers and more than four million renters.



“A self-regulatory organization should be established to develop credit rating agency guidelines on data and model integrity, and to provide oversight of underlying rating processes.”

The securitization wave was a significant source of recent credit rating agency earnings and earnings growth. Volumes exploded, turnaround times were compressed at the same time that complexity of the structures increased. The credit rating agencies (CRAs) became overextended by this growth. Given the wave of recent ratings downgrades, it's safe to say the CRAs went beyond their traditional strength of corporate credit analysis to analyzing very complex structured securities, which required different models and analytical tools. To address this problem, a self-regulatory organization should be established to develop credit rating agency guidelines on data and model integrity, and to provide oversight of underlying rating processes.

Another practice that contributed to the current problem is the practice of issuers shopping, bond-by-bond, for a credit rating among the multiple agencies. This practice could be curtailed by requiring CRAs to contract with issuers to rate all bonds issued over some period of time. This change would limit an issuer's ability to shop for ratings.

SY STERNBERG IS CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER OF NEW YORK LIFE INSURANCE COMPANY



Sy Sternberg is chairman of the board and chief executive officer of New York Life Insurance Company, the largest mutual life insurance company in the United States and one of the largest life insurers in the world.

Mr. Sternberg joined New York Life in 1989 as senior vice president in charge of the company's group insurance department. He became chairman of the board and chief executive officer on April 1, 1997. Before joining New York Life in 1989, Mr. Sternberg spent 13 years at the Massachusetts Mutual Life Insurance Company, where he was most recently senior executive vice president.

Mr. Sternberg is a director of the CIT Group, Inc., Express Scripts, Inc., and the U.S. Chamber of Commerce. Mr. Sternberg is a member of the Council on Foreign Relations and the Business Roundtable. Mr. Sternberg is a Board of Trustees member for Big Brothers Big Sisters of New York City, New York-Presbyterian Hospital, and the Hackley School in Tarrytown, NY. He has recently been elected as Chairman of the Board of Trustees of Northeastern University.

In 1999, Mr. Sternberg was appointed by President Clinton and served through 2002 as a U.S. representative to the Asia-Pacific Economic Cooperation (APEC) Business Advisory Council (ABAC).

Mr. Sternberg earned a Bachelor of Electrical Engineering degree from the City College of New York in 1965 and an M.S.E.E. degree from Northeastern University in 1968. He is the father of two grown daughters, Jodi and Donna, and resides in Purchase, N.Y., with his wife, Laurie, and their son, Matthew.

Founded in 1845, the New York Life Insurance Company (NYLIC) is the largest mutual life-insurance company in the United States, and one of the largest life insurers in the world. Other New York Life affiliates provide an array of securities products and services, as well as institutional and retail mutual funds.



“The design of complex financial instruments has gotten far ahead of the credit rating agencies’ understanding of those complexities.”

The rapid growth of credit in recent years was facilitated by a dangerous increase in the issuance of complex and poorly understood financial securities, such as mortgage backed, collateralized debt obligations (CDOs), whose belated downgrades by credit rating agencies (CRAs) has been a major factor in the recent financial crisis. While conflicts of interest between “rater” and “rated” are often cited, the more significant cause of poor CRA performance is ignorance of the risks associated with the complex financial products they evaluate.

Unfortunately, the design of complex financial instruments has gotten far ahead of the credit rating agencies’ understanding of those complexities. Therefore, a new science has to be developed, one which understands the complexities associated with CDOs and similarly complex debt products, which are pervasive in today’s financial markets. While some firms may already possess the financial tools for properly evaluating these new financial products, it seems clear the CRAs are not among them. Therefore, to reinforce the emergence of more sophisticated and accurate credit rating models, basic analysis and validation of the CRAs’ models must be performed by independent third parties, which will be necessary for restoring investor confidence and our nation’s emergence from the credit crisis.

THE HONORABLE DAVID M. WALKER IS PRESIDENT AND CEO OF THE PETERSON FOUNDATION



The Honorable David M. Walker is President and CEO of the Peterson Foundation, where he is charged with leading the Foundation's efforts to enhance public understanding of the nature and urgency of selected key sustainability challenges that threaten America's future; propose sensible and workable solutions to address these challenges; and build public and political will to do something about them.

Prior to joining the Peterson Foundation, Mr. Walker served over nine years as Comptroller General of the United States and head of the U.S. Government Accountability Office (GAO), where he led a major transformation effort at the GAO and within the accountability profession both domestically and internationally.

From 1989 to 1998, Mr. Walker was a partner and global managing director at Arthur Andersen LLP. Before joining, Mr. Walker was Assistant Secretary of Labor for Pension and Welfare Benefit Programs and served as Acting Executive Director of the Pension Benefit Guaranty Corporation.

Mr. Walker is Chairman of the Independent Audit Advisory Committee for the United Nations. He is also a Fellow of the National Academy of Public Administration and the National Academy of Social Insurance. Mr. Walker's awards include the National Public Administrator of the Year by the George M. Romney Institute (2006), Economic Patriot of the Year by the Concord Coalition (2007), and Government Communicator of the Year by the National Association of Government Communicators (2008).

Mr. Walker is a certified public accountant. He has a B.S. degree in accounting from Jacksonville University and a Senior Management in Government Certificate in public policy from the John F. Kennedy School of Government at Harvard University.

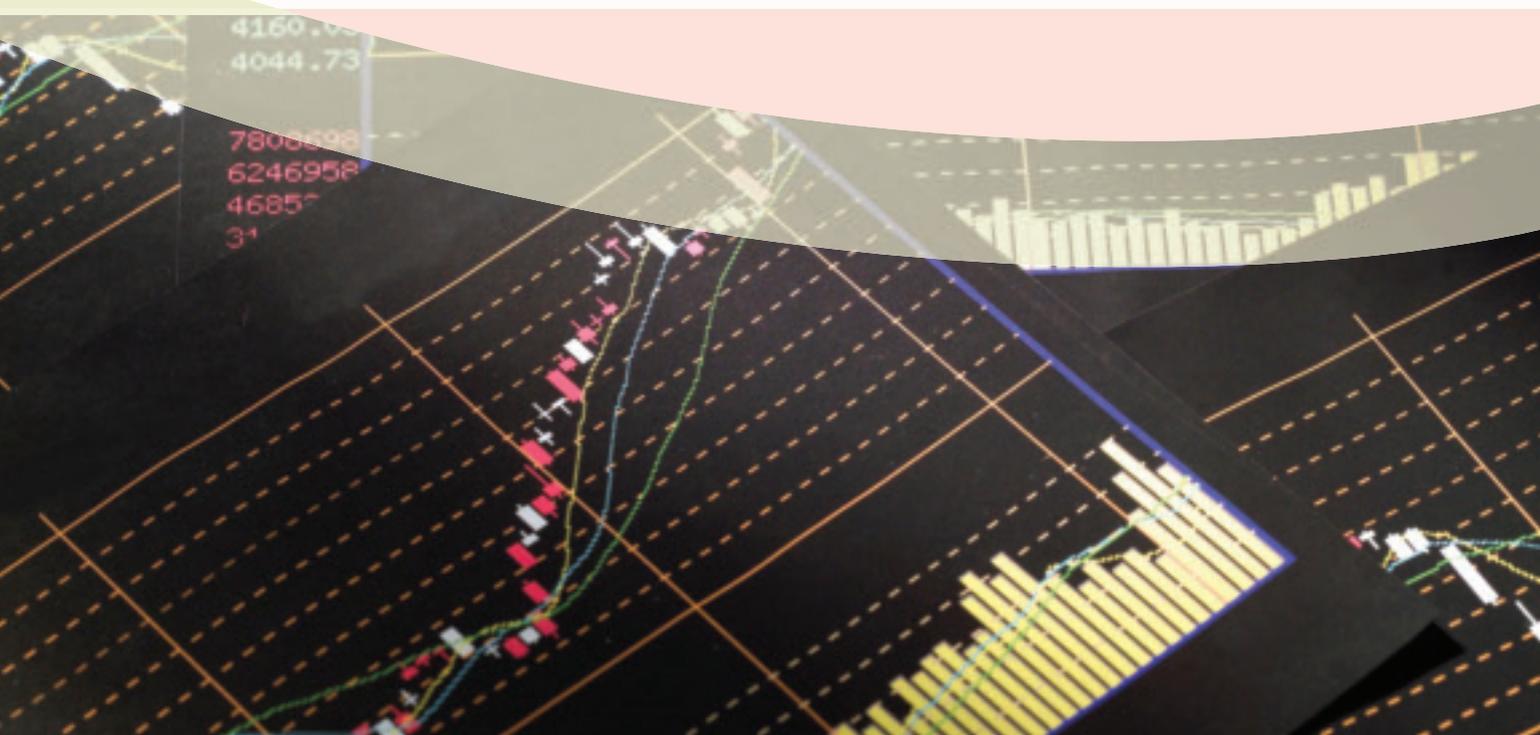
Mr. Walker is married to the former Mary Etheredge, and they have two adult children - a daughter, Carol, and a son, Andy - and three grandchildren - Christi, Grace and Danny. Mary and Dave reside in Alexandria, Virginia.

The mission of The Peter G. Peterson Foundation is increasing public awareness of the nature and urgency of several key challenges threatening America's future, and to accelerating action on them. To address these challenges successfully, we will work to bring Americans together to find sensible, long-term solutions that transcend age, party lines and ideological divides in order to achieve real results.

“An improved credit rating system...will provide incentives for people to do the right thing; it will involve increased transparency in order to provide reasonable assurances they will do the right thing; and it will have enhanced accountability for when people don't do the right thing.”

An improved credit rating system must incorporate three elements to be successful. It will provide incentives for people to do the right thing; it will involve increased transparency in order to provide reasonable assurances they will do the right thing; and it will have enhanced accountability for when people don't do the right thing. Incentives can be manifest through the rule of law, conflict policies, or compensation practices. To promote transparency, the rating agencies should publish their policies, methodologies, assumptions, and performance over time, including measures of their success in absolute terms, over time, and relative to each other. CPAs may also be able to play an enhanced role in connection with an improved credit rating system.

It's uncertain how accountability should be best implemented when credit rating agencies violate established standards. The federal government is outgunned and always will be, so a public/private partnership should be considered, similar to the Public Company Accounting Oversight Board (PCAOB), which was created by the Sarbanes/Oxley Act. PCAOB is a private sector, non-profit corporation which oversees the auditors of private companies in order to protect the interests of investors and to further the public interest. A private entity has the advantage of being able to pay to attract top talent, and as an independent third party, it can establish procedures that would provide more information to level the playing field between the “haves” and the “have nots”, a desirable outcome of any effort to reform credit rating agencies.



JOHN C. WHITEHEAD IS FOUNDING CHAIRMAN OF THE NATIONAL SEPTEMBER 11TH MEMORIAL AND MUSEUM AT THE WORLD TRADE CENTER



John C. Whitehead is Founding Chairman of the National September 11th Memorial and Museum at the World Trade Center. In late 2001, he was appointed Chairman of the Board of the Lower Manhattan Development Corporation, the organization responsible for the rebuilding and revitalization of Lower Manhattan. He served in that position until May 2006.

Mr. Whitehead graduated from Haverford College in 1943, and served in the U. S. Navy, participating in the invasions of Normandy, Southern France, Iwo Jima and Okinawa. He received his M.B.A. degree, with distinction, from Harvard in 1947. Mr. Whitehead began his professional career in 1947 at Goldman, Sachs & Co., was named Partner in 1956, and Co-Chairman and Senior Partner in 1976. He has served on the board of numerous companies, and as a Director of the New York Stock Exchange, and Chairman of the Securities Industry Association.

In April 1985, Mr. Whitehead was asked to become Deputy Secretary of State, and served until January 1989. Mr. Whitehead was awarded the Presidential Citizens Medal by President Reagan.

He is a former Chairman of the Board of the Federal Reserve Bank of New York, the United Nations Association, the International Rescue Committee, International House, The Andrew W. Mellon Foundation, the Harvard Board of Overseers, Haverford College, and the Asia Society. He is presently Chairman of the Goldman Sachs Foundation and is also Co Chairman of the Greater New York Councils of the Boy Scouts. He is a member of the Board of Trustees of the Eisenhower Exchange Fellowships and a former Director of Rockefeller University, Lincoln Center Theater, the J. Paul Getty Trust, Outward Bound, the East West Institute and the National Humanities Center. In Washington, Mr. Whitehead is Chairman Emeritus of the Brookings Institution and the Trustees Council of the National Gallery of Art.

The National September 11 Memorial & Museum will build, program, own and operate the Memorial & Museum at Ground Zero that have been planned by the Lower Manhattan Development Corporation (LMDC), a city-state entity established after 9/11 to guide the rebuilding of Lower Manhattan.



“Credit rating agencies should be charged with responsibility for periodically updating ratings of the bond issues of those industries perceived to be the most economically distressed.”

Credit rating agencies (CRAs) are superbly equipped to evaluate securities in their traditional lines of business, but they have failed miserably with respect to the far more complex, mortgage backed securities that permeate modern credit markets and lie at the root of the credit crisis.

While new regulations must be minimal, credit rating agencies should be charged with responsibility for periodically updating the ratings of bond issues in industries perceived to be the most economically distressed. Since the endeavor would be costly, rating agencies should be encouraged to charge the investors who would benefit from these subsequent services, rather than from the bond issuer receiving the initial rating. While there are currently not enough CRAs to provide for the volume of these recommended updates, new market entrants would be attracted by the fees it charges investors.



“ This opportunity
to meet in New York City

with some of the nation’s leading financial executives is critical in helping us develop public policy that will restore public confidence in the credit markets.”

SENATOR TOM CARPER

“ To solve the problems
associated with credit rating

agencies, we will need to be both thoughtful and bold.”

SENATOR DEBBIE STABENOW





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