



Repeal of Rule 436(g)

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Repeal of Rule 436(g): Rating Agency Regulation

Dodd-Frank nullifies Securities Act Rule 436(g), which had exempted NRSRO credit ratings from being considered part of a registration statement prepared or certified by an expert. As a result, an ABS issuer must obtain and file the NRSRO's consent in order to include an NRSRO credit rating in a registration statement. This consent, in turn, exposes the NRSRO to liability as an expert under Securities Act Section 11 for material misstatements/omissions relating to its rating (Section 939G).

- SEC has issued a “no-action letter” relieving ABS issuers from the requirement to disclose ratings in a registration statement (See November 2010 Ford Motor Credit no-action letter).

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