

**Endorsements of H.R. 2990
The Credit Rating Agency Duopoly Relief Act of 2005**

“We are pleased to endorse the recently introduced credit rating agency legislation. We support the proposed legislation’s goals of increased competition, greater transparency, and elimination of the current no-action process for certifying NRSROs.”

Dennis Ling, Chairman, Committee on Corporate Finance, Financial Executives International

“I commend Representative Michael G. Fitzpatrick for introducing this legislation. It is an excellent building block, and ultimately should provide a framework that will create more competition among rating agencies, greater investor protection, and better ratings...[T]his legislation is a major step in the direction of...restoring fairness and efficiency to the debt markets.”

Frank Partnoy, former Morgan Stanley and CS First Boston derivatives trader, and Professor of Law, University of San Diego School of Law

“We strongly support the proposed legislation for reforming the ratings industry since it does not impair the freedom of speech defense afforded rating firms and it addresses the two major problems that have long plagued the industry:

1. the dearth of competition, and
2. the failure of the current rating firms to provide timely, accurate ratings for protecting investors.”

Sean J. Egan, Managing Director, Egan-Jones Ratings Company

“It is a pleasure to speak in support of H.R. 2990, a pro-competitive, pro-investor alternatives, pro-market discipline bill. In January 2005, the AEI published an article of mine entitled, “End the Government-Sponsored Cartel in Credit Ratings”: H.R. 2990 would do just that...I believe H.R. 2990’s approach is in the best tradition of competition and disclosure, rather than regulatory prescription and government sponsorship. As always, greater competition will in time bring about better customer service, more innovation, more customer alternatives, greater price competition, reduced duopoly profits, and greater efficiency in the credit rating agency sector.”

Alex J. Pollock, former President and CEO, Federal Home Loan Bank of Chicago, and Resident Fellow, American Enterprise Institute

“The Credit Rating Agency Duopoly Relief Act of 2005 would require the SEC to register credit rating agencies within 90 days of application based on the criteria recommended by AFP. By eliminating the ambiguous NRSRO designation process in favor of a more transparent registration process, the Act will foster meaningful competition in the credit ratings market. The recent SEC proposal falls short in this regard. As such, AFP supports the legislative proposal...We believe that the registration process proposed in the “Credit Rating Agency Duopoly Relief Act of 2005” will minimize barriers to entry and foster competition among existing NRSROs and those that may later be registered... We hope the Committee will aggressively pursue enactment of the “Credit Rating Agency Duopoly Relief Act of 2005” and its rapid implementation by the Securities and Exchange Commission.”

James A. Kaitz, President and CEO, The Association for Financial Professionals

“While we have some technical concerns with H.R. 2990, the “Credit Rating Agency Duopoly Relief Act of 2005” recently introduced by Rep. Michael G. Fitzpatrick (R-PA), we support its goals—the promotion of competition among credit rating agencies and the protection of investors. We therefore look forward to working with the committee to ensure passage of legislation that achieves these goals.”

Paul Schott Stevens, President, Investment Company Institute

“This is a watershed piece of legislation...HR 2990 is the first serious effort to deal with the Justice Department's 1998 concern about regulatory barriers to entry...HR 2990 puts the emphasis on "registration" rather than "national recognition", thus defusing the most important barrier to entry for smaller and newer rating agencies...[T]he care that you have taken in HR 2990 to launch the process of opening up the ratings market to more effective competition will be felt throughout the US and around the world...The principal positive impacts of greater competition on the market will be:...lower prices for users of ratings... a much stronger emphasis on the deeper development of a ratings culture in the US, which will encourage all listed and unlisted companies to get regular financial health check-ups; over time this would reduce Chapter 11 cases and liquidations...The new regime will embed in capital markets a significantly improved early warning system that will help prevent new Enron and WorldCom surprises. No other piece of legislation of regulation comes close to achieving that aim with respect to the performance of the rating agencies.”

Patrick Caragata, Managing Director and CEO, Rapid Ratings

“Clearly, the bill aims squarely at the core of the problem: namely, the removal or mitigation of artificial barriers to entry in the provision of credit rating services...Artificial barriers to competition in the credit rating industry (such as the undefined NRSRO designation) should be removed. They lead to monopoly rents and economic inefficiency...The bill's overarching virtue is that it tries to correct a glaring defect that should never have existed in the first place, and certainly should not have been allowed to persist for 30 years.”

Jay Cochran, III, Senior Research Fellow, Mercatus Center