

**[DISCUSSION DRAFT]**

117<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R.** \_\_\_\_\_

To amend the Securities Exchange Act of 1934 to require nationally recognized statistical rating organizations to adopt a policy to consider climate-related risks when producing credit ratings.

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IN THE HOUSE OF REPRESENTATIVES

M. \_\_\_\_\_ introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

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**A BILL**

To amend the Securities Exchange Act of 1934 to require nationally recognized statistical rating organizations to adopt a policy to consider climate-related risks when producing credit ratings.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “[To be added Act of  
5 2021]”.

1 **SEC. 2. CONSIDERATION OF CLIMATE-RELATED RISKS.**

2 (a) IN GENERAL.—Section 15E of the Securities Ex-  
3 change Act of 1934 (15 U.S.C. 78o–7) is amended by add-  
4 ing at the end the following:

5 “(w) CONSIDERATION OF CLIMATE-RELATED  
6 RISKS.—

7 “(1) POLICY ON CLIMATE-RELATED RISKS.—  
8 Each nationally recognized statistical rating organi-  
9 zation shall adopt, integrate, and publish a written  
10 policy on how the organization will consider climate-  
11 related risks in the credit ratings produced by the  
12 organization.

13 “(2) MINIMUM CONTENTS.—The policy required  
14 under paragraph (1) shall include—

15 “(A) a consideration of physical and tran-  
16 sition risks to issuers that may impact the risk  
17 of rated securities, including for corporate  
18 issuers (and facilities and assets of such  
19 issuers) located in or otherwise committed to  
20 regions with high- or extremely-high baseline  
21 water stress or high- or extremely-high poten-  
22 tial for storms or fire;

23 “(B) in connection with credit ratings pro-  
24 duced with respect to insured depository institu-  
25 tions or credit unions, an assessment of cli-

1           mate-related risks in loan and investment port-  
2           folios as well as funding risks;

3           “(C) in connection with credit ratings pro-  
4           duced with respect to insurance companies, an  
5           assessment of climate-related risks in under-  
6           writing and investment portfolios as well as  
7           funding risks; and

8           “(D) in connection with credit ratings pro-  
9           duced with respect to asset-backed securities, a  
10          consideration of impacts on repayments under  
11          climate stressed scenarios outlined by the deci-  
12          sion by the United Nations Framework Conven-  
13          tion on Climate Change’s 21st Conference of  
14          Parties in Paris, France, adopted December 12,  
15          2015 (commonly referred to as the ‘Paris  
16          Agreement’).”.

17          (b) RULEMAKING.—Not later than the end of the  
18          180-day period beginning on the date of the enactment  
19          of this Act, the Securities and Exchange Commission shall  
20          issue rules to carry out the amendment made by sub-  
21          section (a).