

The opt out notices are not mandatory for financial institutions that do not share nonpublic personal information with nonaffiliated third parties except as permitted under an exception to the statute's opt out provisions. Regulation S-P implements the statute's privacy notice requirements with respect to broker-dealers, investment companies, and registered investment advisers ("covered entities"). The Act and Regulation S-P also contain consumer reporting requirements. In order for consumers to opt out, they must respond to opt out notices. At any time during their continued relationship, consumers have the right to change or update their opt out status. Most covered entities do not share nonpublic personal information with nonaffiliated third parties and therefore are not required to provide opt out notices to consumers under Regulation S-P. Therefore, few consumers are required to respond to opt out notices under the rule.

Compliance with Regulation S-P is necessary for covered entities to achieve compliance with the consumer financial privacy notice requirements of Title V of the GLBA. The required consumer notices are not submitted to the Commission. Because the notices do not involve a collection of information by the Commission, Regulation S-P does not involve the collection of confidential information. Regulation S-P does not have a record retention requirement per se, although the notices to consumers it requires are subject to the recordkeeping requirements of Rules 17a-3 and 17a-4 (17 CFR 240.17a-3 and 17a-4).

The Commission estimates that approximately 20,065 covered entities (approximately 5,326 registered broker-dealers, 4,571 investment companies, and, out of a total of 11,266 registered investment advisers, 10,168 registered investment advisers that are not also registered broker-dealers) that must prepare or revise their annual and initial privacy notices will spend an average of approximately 12 hours per year complying with Regulation S-P. Thus, the total compliance burden is estimated to be approximately 240,780 burden-hours per year.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Comments should be directed to (1) the Desk Officer for the SEC, Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102,

New Executive Office Building, Washington, DC 20503 or by sending an e-mail to:

*shagufta\_ahmed@omb.eop.gov*; and (ii) Charles Boucher, Director/Chief Information Officer, Securities and Exchange Commission, c/o Shirley Martinson, 6432 General Green Way, Alexandria, VA 22312 or send an e-mail to *PRA\_Mailbox@sec.gov*. Comments must be submitted within 30 days of this notice.

Dated: August 5, 2009.

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-60451; August 5, 2009]

### Notice Regarding the Requirement To Use eXtensible Business Reporting Language Format To Make Publicly Available the Information Required Pursuant to Rule 17g-2(d) of the Exchange Act

**AGENCY:** Securities and Exchange Commission ("Commission").

**ACTION:** Notice.

**SUMMARY:** The Commission today is providing notice that an NRSRO subject to the disclosure provisions of paragraph (d) of Rule 17g-2 can satisfy the requirement to make publicly available ratings history information in an XBRL format by using an XBRL format or any other machine-readable format, until such time as the Commission provides further notice.

**DATES:** The compliance date for Rule 17g-2(d) is August 10, 2009.

**FOR FURTHER INFORMATION CONTACT:**

Michael A. Macchiaroli, Associate Director, at (202) 551-5525; Thomas K. McGowan, Deputy Associate Director, at (202) 551-5521; Randall W. Roy, Assistant Director, at (202) 551-5522; Joseph I. Levinson, Special Counsel, at (202) 551-5598; or Rebekah E. Goshorn, Attorney, at (202), 551-5514; Division of Trading and Markets, Securities and Exchange Commission; 100 F Street, NE., Washington, DC 20549-7010.

**SUPPLEMENTARY INFORMATION:**

#### I. Background

The Credit Rating Agency Reform Act of 2006 ("Rating Agency Act")<sup>1</sup> defined the term "nationally recognized statistical rating organization" ("NRSRO") and provided authority for

the Securities and Exchange Commission ("Commission") to implement registration, recordkeeping, financial reporting, and oversight rules with respect to registered credit rating agencies. The regulations implemented by the Commission pursuant to this mandate include Securities Exchange Act of 1934 ("Exchange Act") Rule 17g-2,<sup>2</sup> which requires an NRSRO to make and retain certain records relating to its business and to retain certain other business records made in the normal course of business operations.

On February 2, 2009, the Commission adopted amendments to its NRSRO rules imposing additional requirements on NRSROs in order to address concerns about the integrity of their credit rating procedures and methodologies.<sup>3</sup> Among other things, the rule amendments added new paragraphs (a)(8) and (d) to Rule 17g-2. New paragraph (a)(8) of Rule 17g-2 requires an NRSRO to make and retain a record for each outstanding credit rating it maintains showing all rating actions (initial rating, upgrades, downgrades, placements on watch for upgrade or downgrade, and withdrawals) and the date of such actions identified by the name of the security or obligor rated and, if applicable, the CUSIP for the rated security or the Central Index Key (CIK) number for the rated obligor.<sup>4</sup> New paragraph (d) of Rule 17g-2 requires an NRSRO to make publicly available, on a six-month delayed basis, the ratings histories for a random sample of 10% of the credit ratings paid for by the obligor being rated or by the issuer, underwriter, or sponsor of the security being rated ("issuer-paid credit ratings") pursuant to paragraph (a)(8) of Rule 17g-2 for each class of credit rating for which the NRSRO is registered and has issued 500 or more issuer-paid credit ratings.<sup>5</sup>

Paragraph (d) of Rule 17g-2 further requires that this information be made public on the NRSRO's corporate Internet Web site in eXtensible Business Reporting Language ("XBRL") format.<sup>6</sup> The rule provides that in preparing the XBRL disclosure, an NRSRO must use the List of XBRL Tags for NRSROs as specified on the Commission's Web site.<sup>7</sup> The Commission established a

<sup>2</sup> 17 CFR 240.17g-2.

<sup>3</sup> See *Amendments to Rules for Nationally Recognized Statistical Rating Organizations*, Exchange Act Release No. 59342 (February 2, 2009), 74 FR 6456 ("February 2009 Adopting Release").

<sup>4</sup> 17 CFR 240.17g-2(a)(8).

<sup>5</sup> 17 CFR 240.17g-2(d).

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* The February 2009 Adopting Release specified a compliance date of 180 days after publication in the **Federal Register**.

<sup>1</sup> Public Law 109-291 (2006).

compliance date of August 10, 2009 for this provision.

The Commission today is providing notice that an NRSRO subject to the disclosure provisions of paragraph (d) of Rule 17g-2 can satisfy the requirement to make publicly available ratings history information in an XBRL format by using an XBRL format or any other machine-readable format, until such time as the Commission provides further notice.

## II. Discussion

The Commission adopted Rule 17g-2 and the amendments thereto, in part, under authority to require NRSROs to make and keep for specified periods such records as the Commission prescribes as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act.<sup>8</sup> In adopting new paragraph (d) to Rule 17g-2, the Commission noted that although NRSROs generally make their issuer-paid credit ratings publicly available for free, it can be difficult to compile the actions and compare them across NRSROs.<sup>9</sup> The Commission therefore adopted the new disclosure requirements of paragraph (d) with the expectation that making this information more accessible will advance the Commission's goal of fostering accountability and comparability among NRSROs with respect to their issuer-paid credit ratings.<sup>10</sup> Requiring NRSROs to publicly disclose rating action histories for a limited percentage of their outstanding issuer-paid credit ratings will allow market participants, academics and others to use the information to perform analysis comparing how the NRSROs subject to the disclosure rule perform in the classes of credit ratings for which they are registered.<sup>11</sup>

As noted above, Rule 17g-2(d) provides that the ratings histories required under the rule must be made public on the NRSRO's corporate Internet Web site using an XBRL format.<sup>12</sup> Further, the rule requires an NRSRO to use the List of XBRL Tags for NRSROs published on the Commission's Web page. The List of XBRL Tags currently is not available. Therefore, the Commission is providing notice to NRSROs that they can satisfy the requirement in Rule 17g-2(d) to make publicly available ratings history

information in an XBRL format by using an XBRL format or any other machine readable format, until such time as the Commission provides further notice.

The Commission has every intention of providing notice as soon as practicable, once the List of XBRL Tags for NRSROs is available, that an XBRL format is the sole means by which an NRSRO may satisfy this requirement. Examples of other types of machine-readable formats include pipe delimited text data ("PDTD") and eXtensible Markup Language ("XML"). Data that is provided in a machine-readable format must be easily downloadable into commercially available spreadsheets or database programs.

The Commission also notes that the requirement in Exhibit 1 to Form NRSRO which states that "If the Applicant/NRSRO is required to make and keep publicly available on its corporate Internet Web site in an XBRL (eXtensible Business Reporting Language) format a sample of ratings action information pursuant to the requirements of 17 CFR 240.17g-2(d), provide in this Exhibit the Web site address where this information is, or will be, made publicly available" can be satisfied by providing the Web site address where the information is made publicly available in an XBRL format or any other machine readable format, until such time as the Commission provides further notice.

By the Commission.

**Elizabeth M. Murphy,**  
*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-60426; File No. SR-NYSE-2009-74]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by New York Stock Exchange LLC Amending NYSE Rule 103B to Modify the Composition of the Exchange Selection Panel; and Prohibit Any Ex Parte Communications During and Regarding the Selection Process Between the DMM Units and the Individuals Serving on the Exchange Selection Panel

August 4, 2009.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act"),<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup>

notice is hereby given that on July 27, 2009, New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend NYSE Rule 103B ("Security Allocation and Reallocation") to: (1) Modify the composition of the Exchange Selection Panel; and 2) prohibit any ex parte communications during and regarding the selection process between the DMM units and the individuals serving on the Exchange Selection Panel. The text of the proposed rule change is available at the Exchange, the Commission's Public Reference Room, and <http://www.nyse.com>.<sup>4</sup>

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

##### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The New York Stock Exchange LLC ("NYSE" or "Exchange") proposes to amend NYSE Rule 103B ("Security Allocation and Reallocation") to: (1) Modify the composition of the Exchange Selection Panel; and (2) prohibit any ex parte communications during and regarding the selection process between

<sup>4</sup> The Commission notes that the Exchange inadvertently marked certain portions of the rule text incorrectly. Specifically, in paragraph (III)(B)(1) of Rule 103B the Exchange failed to indicate the deletion of a comma after "his or her designee" and failed to mark "(b)" as new text. In addition, the Exchange marked as new text one letter in a sentence being deleted from paragraph (III)(B)(1) of Rule 103B.

<sup>8</sup> See Section 17(a)(1) of the Exchange Act (15 U.S.C. 78q(a)(1)).

<sup>9</sup> See *February 2009 Adopting Release*, 74 FR at 6461.

<sup>10</sup> *Id.* at 6460.

<sup>11</sup> *Id.* at 6461.

<sup>12</sup> 17 CFR 240.17g-2(d).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.