

# SEC Adopts Amendments to Remove References to Credit Ratings From Regulation M

### FOR IMMEDIATE RELEASE

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Washington D.C., June 7, 2023 — The Securities and Exchange Commission today adopted rule changes to remove and replace references to credit ratings from existing exceptions provided in Rule 101 and Rule 102 of Regulation M, a set of rules that prohibits activities that could artificially influence the market for an offered security.

“This adoption fulfills Congress’s wishes in the wake of the 2008 financial crisis, ensuring we don’t embed in our ruleset a reliance on credit ratings – and instead have appropriate alternative measures of creditworthiness,” said SEC Chair Gary Gensler. “This adoption will be the sixth and final of the SEC’s rulemakings to implement this mandate.”

The amendments, when effective, will remove certain existing rule exceptions in Rule 101 and Rule 102 of Regulation M that reference credit ratings for nonconvertible debt securities, nonconvertible preferred securities, and asset-backed securities and substitute in their place new exceptions that are based on alternative standards of creditworthiness. These substitutes include exceptions for nonconvertible debt securities and nonconvertible preferred securities of issuers who meet a specified probability of default threshold and exceptions for asset-backed securities that are offered pursuant to an effective shelf registration statement filed on the Commission’s Form SF-3.

The Commission also adopted a record preservation requirement under Rule 17a-4(b)(17) for broker-dealers who rely on Rule 101’s or Rule 102’s new exception for nonconvertible debt securities and nonconvertible preferred securities.

The [adopting release](#) will be published in the Federal Register. The final rules will become effective 60 days after publication in the Federal Register.

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## Related Materials

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- [Final Rule](#)
- [Fact Sheet](#)