

# FANNIE MAE AND FREDDIE MAC FULL DISCLOSURE ACT

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## SUMMARY

The bill would repeal Fannie Mae's (Federal National Mortgage Association) and Freddie Mac's (Federal Home Loan Mortgage Corporation) exemptions from the SEC's (Security and Exchange Commission) registration and disclosure requirements – specifically, repealing exemptions from both the Securities Act of 1933\* and the Securities Exchange Act of 1934<sup>^</sup>. Fannie Mae and Freddie Mac would be required to pay registration fees and to disclose information as specified by the SEC about their securities, just as other publicly traded companies and issuers of private mortgage-backed securities (MBSs) do.

*\*The Securities Act of 1933: requires a public company to submit a registration statement and prospectus when bringing new issues to market.*

*^The Securities Exchange Act of 1934: registration triggers periodic disclosure requirements about the financial condition and management of companies that issue securities.*

## SECTION-BY-SECTION

### SECTION 1 – TITLE

- The Fannie Mae and Freddie Mac Full Disclosure Act

### SECTION 2 – REGISTRATION OF SECURITIES

- Repeals securities exemptions within the meaning of laws administered by the SEC with regard to mortgage-backed securities and subordinate obligations, and corporate securities – with an exception for approved sellers notwithstanding any other provision of this bill or the Securities Act of 1933 – issued by Fannie Mae.
- Repeals securities exemptions for any stock, obligations, securities, participants, or other instruments issued or guaranteed by Fannie Mae.
- Repeals securities exemptions within the meaning of the laws administered by the SEC with regard to corporate securities – with an exception for approved sellers notwithstanding any other provision of this bill or the Securities Act of 1933 – issued or guaranteed by Freddie Mac.
- Establishes that the SEC may issue any regulations as may be necessary or appropriate to carry out the purposes of this section and the amendments made by this section.
- Requires amendments under this section are made upon the expiration of the 180-day period beginning on the date of the enactment of this Act, but would apply only with respect to fiscal years of Fannie Mae and Freddie Mac that begin after the expiration of such 180-day period.

## **Definitions**

*approved seller – an institution approved by the corporation to sell mortgage loans to the corporation in exchange for pooled certificates.*

*pooled certificates – single class mortgage-backed securities guaranteed by the Corporation that have been issued by the Corporation directly to the approved seller in exchange for the mortgage loans underlying such mortgage-backed securities.*

*mortgage related securities – a single class mortgage-backed security guaranteed by the corporation that has been issued by the Corporation directly to the approved seller in exchange for the mortgage loans underlying such mortgage-backed securities or directly by the corporation for cash shall be deemed to be a mortgage related security as defined in section 3(a) of the Securities Exchange Act of 1934.*

## **SECTION 3 – LIMITATION ON REGISTRATION FEES**

- Establishes that notwithstanding any other provision of the title this bill amends, that no applicant, or group of affiliated applicants that do not include any investment company registered under the Investment Company Act of 1940, filing a registration statement subject to a fee is required in any fiscal year with respect to all registration statements filed by such applicant in such fiscal year to pay an aggregate amount in fees to the SEC in excess of five percent of the target offsetting collection amount for such fiscal year. Establishes that this would be made and would apply upon the expiration of the 180-day period beginning on the date of the enactment of this Act.
- Establishes that fees paid in connection with registration statements relating to business combinations would not be included in calculating the total fees paid by any applicant.