

# Client Alert

Current Issues Relevant to Our Clients

August 1, 2014

## SEC Extends MCDC Initiative Deadline for Issuers and Obligor; Civil Penalty Caps for Underwriters Tiered by Revenues

The SEC announced modifications to its Municipalities Continuing Disclosure Cooperation (MCDC) Initiative on July 31, 2014 as follows:

- Extends the deadline for issuers and obligors to self-report potential violations from September 10, 2014 to December 1, 2014. The deadline for underwriters is not changed and remains September 10, 2014.
- The cap on civil penalties for underwriters that self-report is tiered as follows:
  - For underwriters with 2013 reported total annual revenue of more than \$100 million: \$500,000
  - For underwriters with 2013 reported total annual revenue between \$20 million and \$100 million: \$250,000
  - For underwriters with 2013 reported total annual revenue of less than \$20 million: \$100,000
- Acknowledges the difficulty of identifying potential violations for periods that pre-date the EMMA system, and states that if violations are identified by the Enforcement Division after the expiration of the MCDC Initiative, the SEC will consider “reasonable, good faith, and documented efforts” in deciding whether to recommend enforcement action and in determining relief if enforcement action is recommended.

The SEC’s announcement can be found at <http://www.sec.gov/News/PressRelease/Detail/PressRelease/1370542578459#>.

Chapman and Cutler Client Alerts issued about the MCDC Initiative on March 12, 2014 and July 11, 2014 can be found at [http://www.chapman.com/media/publication/356\\_Chapman\\_SEC\\_Announces\\_Continuing\\_Disclosure\\_Cooperation\\_Initiative\\_To\\_Encourage\\_Self-Reporting\\_of\\_Municipal\\_Disclosure\\_Violations\\_031214.pdf](http://www.chapman.com/media/publication/356_Chapman_SEC_Announces_Continuing_Disclosure_Cooperation_Initiative_To_Encourage_Self-Reporting_of_Municipal_Disclosure_Violations_031214.pdf) and [http://www.chapman.com/media/publication/395\\_Chapman\\_SEC\\_Settles\\_First\\_Case\\_Under\\_MCDC\\_Initiative\\_071114.pdf](http://www.chapman.com/media/publication/395_Chapman_SEC_Settles_First_Case_Under_MCDC_Initiative_071114.pdf).

### For More Information

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*Please contact your primary attorney at Chapman and Cutler if you have any questions on the MCDC initiative..*

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