

PRESS RELEASE

SEC Enforcement Division Modifies Municipalities Disclosure Initiative

FOR IMMEDIATE RELEASE

2014-156

Washington D.C., July 31, 2014 — The Securities and Exchange Commission today announced modifications to its Enforcement Division’s Municipalities Continuing Disclosure Cooperation (MCDC) Initiative that will provide greater opportunity for smaller municipal securities underwriter firms and municipal issuers to take advantage of the initiative.

To allow issuers and obligors more time to complete their reporting requirements, the division has extended the deadline to self-report potential violations from September 10, 2014 to December 1, 2014. The deadline for underwriters remains unchanged at September 10, 2014. With respect to underwriters, the division has determined that to implement a tiered approach to civil penalties based on the size of the firm would encourage smaller underwriters to participate in the initiative.

“It is clear that many underwriters and issuers are working diligently to take advantage of the initiative within its time period,” said Andrew Ceresney, director of the Enforcement Division. “These adjustments to the program are designed to encourage as much participation as possible, which we expect will ultimately benefit investors by encouraging improved compliance with continuing disclosures by the broadest group of industry participants.”

Under the initiative, announced on March 10, 2014, the division agreed to recommend standardized settlement terms for municipal issuers and underwriters who self-report that they have made inaccurate statements in bond offerings about their prior compliance with continuing disclosure obligations under the Securities Exchange Act of 1934. In particular, the division will recommend that the Commission accept settlement terms for eligible underwriters that, among other things, include payment of civil penalties up to specified amounts.

The division's tiered approach to the cap on civil penalties for eligible underwriters is 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

Since announcing the initiative, the division has learned that some municipal underwriters and issuers have experienced difficulties in identifying potential violations for periods when filings were made in the Nationally Recognized Municipal Securities Information Repository (NRMSIR) system, which pre-dated the Electronic Municipal Market Access (EMMA) system. The division recognizes that parties may use reasonably available sources of information to make good faith efforts to identify potential violations but may not be able to identify certain violations during the period of the initiative due to the limitations of the pre-EMMA NRMSIR system. If violations are identified by the division after the expiration of the initiative, the division will consider reasonable, good faith, and documented efforts in deciding whether to recommend enforcement action and, to the extent enforcement action is recommended, in determining relief.

Questions regarding the initiative may be directed to MCDCinquiries@sec.gov.

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Related Materials

- [MCDC initiative](#)
- [MCDC questionnaire](#)