

News Alert

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Shumaker, Loop & Kendrick, LLP

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UPDATE - SEC Modifies MCDC Initiative in Response to Industry Concerns

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On July 31, 2014, the Securities and Exchange Commission extended the Municipalities Continuing Disclosure Cooperative Initiative ("MCDC") deadline to allow issuers and obligors more time to complete their reporting requirements and, with respect to underwriters, implemented a tiered approach to civil penalties based on the size of the firm. The new deadline for issuers and obligors to self-report is December 1, 2014. The deadline for underwriters remains unchanged at September 10, 2014. To encourage smaller municipal securities underwriting firms to participate in the initiative, the SEC modified the civil penalties to the following:

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.

In recognition of the 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 MCDC modification permits parties to use reasonably available sources of information to make good faith efforts to identify potential violations. If violations are identified by the SEC after the expiration of the initiative, the SEC 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.