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GFOA Releases Third and Final Alert on SEC Continuing Disclosure Initiative.

As the December 1, 2014, deadline approaches for governments to participate in the SEC [Municipalities Continuing Disclosure Cooperation \(MCDC\) Initiative](#), the GFOA's Committee on Governmental Debt Management has released a final alert to provide guidance to governments on the initiative. MCDC, a voluntary program announced by the SEC on March 10, 2014, provides government issuers and underwriters with the opportunity to self-report instances of material misstatements in bond offering documents regarding the issuers' prior compliance with its continuing disclosure obligations. While the program is voluntary, the GFOA raised a number of concerns with the SEC ([see July 23, 2014, advocacy letter](#)), including concerns about the limited time that governments would have to review instances of material misstatements reported to the SEC by underwriters participating in the initiative.

On August 1, 2014, the SEC's Enforcement Division announced that it would extend the deadline for state and local government issuers to participate in the MCDC Initiative from September 10, 2014, to December 1, 2014. The deadline for underwriters to participate was not extended beyond September 10, 2014. The extended deadline provides state and local governments with nearly three months after underwriters have submitted their findings to the SEC for governments to communicate with underwriters, review and determine the accuracy of their findings, and discuss whether or not to dispute the findings. The GFOA's alerts on the initiative recommend that governments use this time to have these discussions with their underwriters, and determine whether or not to participate in MCDC. Beyond this recommendation, the newly issued alert also urges governments to carefully consider the consequences of self-reporting under the initiative. For example, though the terms of the initiative preclude SEC from imposing monetary fines on participating issuers, the SEC reserves the right to pursue separate enforcements against individuals within a government who it deems to be culpable of the misstatements. Additional information on individual liability and standardized settlement terms under the initiative are listed in Appendix A in the [GFOA's original MCDC Alert](#). All three of GFOA's alerts on this initiative are available [here](#).

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