

Rep. Waters Proposes Changes to SEC "Bad Actor" Waiver Process

June 26, 2019 | Client Update

House Financial Services Committee Chair Maxine Waters (D-CA) has released a discussion draft of legislation to amend the SEC's approach to considering and granting waivers to automatic "bad actor" disqualifications. The draft legislation, entitled the ["Bad Actor Disqualification Act of 2019,"](#) would introduce a 180-day temporary waiver period, require a notice and comment period for all waiver applications, and prohibit SEC staff from providing applicants with advice as to whether a waiver is likely to be granted. Such changes could make it significantly more difficult to reach settlements involving a violation that would trigger disqualification, because parties would likely be less willing to settle without the near certainty of avoiding disqualification. The draft legislation could result in an increased number of SEC enforcement cases that must be resolved through litigation.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Martine M. Beamon

+1 212 450 4262
martine.beamon@davispolk.com

Angela T. Burgess

+1 212 450 4885
angela.burgess@davispolk.com

Neil H. MacBride

+1 202 962 7035
neil.macbride@davispolk.com

Stefani Johnson Myrick

+1 202 962 7165
stefani.myrick@davispolk.com

Annette L. Nazareth

+1 202 962 7075
annette.nazareth@davispolk.com

Linda Chatman Thomsen

+1 202 962 7125
linda.thomsen@davispolk.com

Zachary J. Zweihorn

+1 202 962 7136
zachary.zweihorn@davispolk.com

This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.

Related materials

[Read the full update](#)