

SDNY announces new self-reporting policy

March 2, 2026 | Client Update | 5-minute read

On February 24, 2026, the U.S. Attorney's Office for the Southern District of New York announced a new policy to incentivize companies to self-report financial crimes. Companies could be eligible for an immediate conditional declination and avoid fines or monitors but would be required to comply with various obligations.

The U.S. Attorney's Office for the Southern District of New York (SDNY) recently [announced](#) a [new policy](#) geared at encouraging companies that discover certain types of financial crimes to voluntarily disclose the misconduct to SDNY. Under the policy, SDNY would promptly (within two to three weeks) grant an eligible company a [conditional declination letter](#) stating that, if the company complies with certain conditions, it would not face prosecution and would not pay fines or forfeiture, though it would still be required to remediate and pay restitution to victims. SDNY also has broadened the definition of a "voluntary" disclosure by offering such credit to companies even when whistleblower and media reports precede the self-disclosure, and it has eliminated pervasiveness of misconduct and senior executive involvement from the list of "aggravating circumstances" that would make a company ineligible. Under the policy, a self-disclosing company would still be required to assume obligations similar to those under a non-prosecution agreement (NPA) or deferred prosecution agreement (DPA), including an obligation to report to SDNY for three years following the final notice of declination "all credible evidence or allegations of criminal conduct by the company or any of its employees that relates to violations of U.S. laws," not engaging in any other federal crimes, and waiving arguments under the statute of limitations in the event of a breach.

SDNY's policy is the most recent in a line of voluntary disclosure programs issued by different DOJ components, including revisions to the DOJ Criminal Division [Corporate Enforcement and Voluntary Self-Disclosure Policy](#) (CEP) announced in May 2025, as we discussed in a [prior client update](#). Given the varying benefits and obligations in each disclosure program, consideration should be given by a reporting entity as to which might be more favorable.

Key aspects of the new program

Eligibility for a declination

To be eligible for a declination under the new program, a self-reporting company must meet the following key criteria:

- **Categories of illegal activity:** The activity at issue must involve fraud or other financial misconduct affecting market integrity. Notably, the policy does not apply to foreign corruption or sanctions, and in fact these categories of misconduct are considered to be "aggravating circumstances" that would make a company ineligible under the policy.
- **Timely and voluntary self-disclosure:** The company must promptly report the conduct at issue to SDNY upon discovery, and the report must come before the company learns of a government investigation or receives a grand jury subpoena or other document request from the government. Notably, the self-report does *not* need to precede a whistleblower complaint or media reports so long as the public reporting is not on the existence of a government investigation into the misconduct.
- **Full cooperation:** The company must commit to providing "timely, truthful, continuing, and full cooperation." The cooperation requirements are robust and include refraining from committing a violation of all Title 18 and Title 15 laws

(which encompass most federal corporate federal crimes). The company is also required to disclose to SDNY for a period of three years after the final declination is awarded any credible evidence or allegations of conduct that relates to violations of U.S. law.

- **Remediation and restitution:** To receive a conditional declination letter, the company must commit to remediating the harm caused by the illegal activity and to making restitution to all injured parties. To receive a final declination letter, the company must reasonably remediate the harm and must make restitution to all injured parties.
- **No aggravating circumstances (including nexus for foreign corruption or sanctions):** Aggravating circumstances—including a nexus to terrorism, sanctions evasion, foreign corruption, or human trafficking—disqualify a company from receiving a declination. Notably, the policy does not treat the “seriousness of the offense, the pervasiveness of the misconduct within the company, the severity of harm caused by the misconduct, past criminal adjudications, or the involvement of senior leaders as an aggravating or disqualifying circumstance.”

Benefits of self-reporting

When a self-reporting company is eligible for the program, SDNY will decline to bring any criminal prosecution against the company for the acts it committed in furtherance of the illegal activity at issue. Additionally, SDNY will not require any form of financial penalty, provided the company makes reasonable best efforts to provide “prompt and full” restitution to all injured parties. Further, SDNY will not require the company to employ or be supervised by a monitor. SDNY will issue a conditional declination “promptly” upon its determination that a company is eligible for the program. Companies can expect this conditional declination within two to three weeks of their self-reports. SDNY will then issue a final notice of declination once a company completes its cooperation and remediation. The final declination would be an agreement between SDNY and the company and would contain a number of ongoing obligations on the company.

There are notable distinctions between the new SDNY policy and other DOJ voluntary disclosure policies. As we noted in a [prior client update](#), on May 12, 2025, the DOJ Criminal Division announced revisions to its [Corporate Enforcement and Voluntary Self-Disclosure Policy](#) (CEP). Although there is some overlap in the types of crimes covered by these two policies, the CEP applies to foreign corruption and sanctions violations, which are not encompassed in the SDNY policy. Again, a reporting entity should consider the benefits of each program when considering a self-disclosure.

Key takeaways

The new SDNY policy offers attractive benefits to companies that discover potential fraud or other financial misconduct, particularly if there are (or will soon be) press coverage related to the misconduct. A quick conditional declination, a favorable definition of what constitutes a voluntary disclosure, and omitting certain hallmarks of egregiousness (such as pervasiveness and senior executive involvement) as aggravating circumstances give companies meaningful reasons to disclose such misconduct. Companies considering a self-report under the policy still would need to consider the obligations it would take on, such as committing to disclose any allegations of a violation of U.S. law for three years after the final declination (which could be six or more years after the initial disclosure), and the prohibition against violating any U.S. law.

As with other voluntary disclosure programs, it will be important to see how the SDNY policy is implemented in practice, and it will be important for companies to weigh the risks and benefits to disclosure under this and other policies when they discover potential misconduct. As this policy only applies to SDNY, it will also be important to see if other DOJ components follow suit with similar policies.

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.

Greg D. Andres

+1 212 450 4724
greg.andres@davispolk.com

Sidney Bashago

+1 212 450 4826
sidney.bashago@davispolk.com

Martine M. Beamon

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

Robert A. Cohen

+1 202 962 7047
robert.cohen@davispolk.com

Daniel S. Kahn

+1 202 962 7140
daniel.kahn@davispolk.com

Neil H. MacBride

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

Tatiana R. Martins

+1 212 450 4085
tatiana.martins@davispolk.com

Fiona R. Moran

+1 202 962 7137
fiona.moran@davispolk.com

Stefani Johnson Myrick

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

Paul J. Nathanson

+1 202 962 7055
+1 212 450 3133
paul.nathanson@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.