

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

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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.

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