
SEC Reverses Policy on Conditional Settlement Offers

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On February 11, 2021, the Acting Chair of the U.S. Securities and Exchange Commission (“SEC” or “Commission”), Allison Herren Lee, announced that the Division of Enforcement will no longer recommend to the Commission settlement offers conditioned upon waivers of certain automatic disqualifications that arise following violations of federal securities laws. The announcement marks a return to the Commission’s long-standing, prior practice of segregating the waiver application process from settlement negotiations. This practice was briefly abandoned beginning in July 2019 when then-SEC Chairman Jay Clayton announced that settling parties may submit settlement offers conditioned upon waivers from disqualification.