Articles + Publications | September 5, 2025

Evaluating the SEC's Rising Whistleblower Denial Rate

WRITTEN BY

Jay A. Dubow | Ghillaine A. Reid | Jaycee E. Parker

Published in Law360 on September 5, 2025. *© Copyright 2025, Portfolio Media, Inc., publisher of Law360. Reprinted here with permission.*

This year has seen a record percentage of whistleblower claim denials by the U.S. Securities and Exchange Commission.[1] This rising trend of award denials is a departure from the SEC's previous track record and may reflect a more conservative approach to whistleblower award determinations under the current administration.

Background of the SEC Whistleblower Program

The SEC's whistleblower program was launched in 2011 to incentivize whistleblowers to report credible information about possible federal securities law violations. The program authorizes the SEC to provide monetary awards to eligible individuals who provide original, credible information leading to an SEC enforcement action in which over $1 million in sanctions is ordered. Eligible whistleblowers receive between 10% and 30% of the monetary sanctions collected.

The whistleblower program has led to numerous enforcement actions and significant award amounts paid to eligible whistleblowers. The largest awards issued under this program range between $37 million and $279 million.

In fiscal year 2024, the commission awarded over $255 million to 47 individual whistleblowers, the third-highest annual amount in the program's history.[2] Since the program's inception, the SEC has awarded more than $2.2 billion to individual whistleblowers.[3]

The program is administered by the Office of the Whistleblower, an office within the SEC's Division of Enforcement. The Office of the Whistleblower is responsible for assessing and resolving claims for whistleblower awards, protecting the ability of individuals to report potential violations to the SEC, fielding tips from the public, and promoting the whistleblower program through education and public engagements.

Historically, the SEC has gone to great lengths to protect whistleblowers and promote the awards in order to continue receiving high-quality whistleblower tips. To ensure that whistleblowers can report potential securities law violations without fear of interference or retaliation, the SEC has brought a number of enforcement actions against entities and individuals who took actions to impede whistleblowers from reporting.

In doing so, “[t]he Commission sent a strong message that agreements and conduct that impede communication with the SEC will not be tolerated,” the Office of the Whistleblower wrote in its annual report to Congress for fiscal year 2024.[4] Many of these enforcement actions were brought when there was only the possibility of impeding reporting and no actual impediment had occurred. These enforcement actions underscore the SEC’s commitment to the whistleblower program’s success.

In line with this commitment, the SEC devotes significant resources to reviewing and assessing whistleblower claims through a robust, multitiered review process. This includes review by Office of the Whistleblower attorneys and staff, as well as attorneys in the Division of Enforcement’s Office of Chief Counsel and the SEC’s Office of the General Counsel.

Denial Trends in Recent Years

Despite the SEC’s substantial investment in the whistleblower program, award determinations for 2025 demonstrate a clear upward trend in the number of denials of whistleblower claims for awards.

Through Sept. 4, the SEC has issued 17 award orders and 84 denial orders for whistleblower claims, reflecting a denial rate of just over 83%.[5] Notably, in May and June of this year, the SEC issued 34 denial orders and 0 awards. The award determination data so far this year alone reflects a significant increase in the percentage of denials compared to the last few years.

In 2024, approximately 67% of the final orders issued by the SEC were denial orders. In 2023, the percentage of denial orders was approximately 75%, and in 2022, roughly 58%.

Possible Rationale for Increased Denials

Although the annual rate of whistleblower claim denials for 2025 is yet to be determined, the current trend suggests that the percentage of denials for 2025 could be significant. This trend may be attributed to a more conservative approach to issuing whistleblower awards under the current SEC leadership. The rise in denials may also indicate that the SEC is more closely scrutinizing whistleblower claims and employing a stricter application of the eligibility criteria.

The increase in denials could also reflect efforts to discourage frivolous and duplicative claims — the SEC’s fiscal year 2024 annual report to Congress revealed that over 14,000 of the 24,980 whistleblower tips received in 2024 could be attributed to two individuals.[6] And of the 18,354 whistleblower tips submitted in 2023, nearly 7,000 could be attributed to those same two individuals.[7]

Implications

Looking at the last few years of whistleblower award determinations, the most recent year is a clear departure from the relatively consistent rate of awards. If the rate of decline in whistleblower awards continues, this shift could have a chilling impact on whistleblowers coming forward. This may be by design. Such a chilling effect would ultimately undermine the goals of the whistleblower program.

Although the SEC's rationale for the upward trend of award denials may be difficult to discern at present, prospective whistleblowers and their attorneys should be careful when preparing their award claim submissions to make sure that they comply with the stringent requirements of the whistleblower tip process. These requirements include formal procedures for whistleblower applications, as well as specific eligibility requirements for awards.

Procedural noncompliance by award claimants could be one explanation for the recent denials, which can be avoided by strict adherence to the award procedure. Award denials on this basis may reflect a shift to more rigorous enforcement of the reporting and application requirements, contrary to the SEC's prior practice of waiving requirements in certain circumstances.

This departure is reflected in a May 5 order, in which the SEC disavowed its prior "information-focused approach" in favor of a "submission-focused interpretation" of the relevant whistleblower rules.[8]

This SEC order involved a covered action in which joint claimants submitted information regarding securities law violations to the press prior to submitting that information directly to the SEC. The commission found that their belated submission did not satisfy the whistleblower eligibility rules and declined to exercise discretionary authority to waive the eligibility requirement.

The analysis set forth in this order signals the SEC's interest in ensuring that claims are interpreted consistently and in line with statutory intent.

Looking Ahead

The SEC's award determinations for the rest of 2025 will reveal whether the current pattern of award denials is a strategic and intentional shift from prior years. If the increasing trend of denials continues, this may indicate that current SEC leadership is taking a more conservative approach to granting whistleblower awards, applying stricter enforcement of the eligibility requirements or trying to tamp down the whistleblower program entirely.

---

[1] Holland, John, "Whistleblower Awards Slow to Trickle as SEC Raises Bar on Claims," Bloomberg Law, July 22, 2025, https://news.bloomberglaw.com/securities-law/whistleblower-awards-slow-to-trickle-as-sec-raises-bar-on-claims.

[2] Securities and Exchange Commission Office of the Whistleblower Annual Report to Congress for Fiscal Year 2024, https://www.sec.gov/files/fy24-annual-whistleblower-report.pdf.

[3] Id.

[4] Id.

[5] https://www.sec.gov/enforcement-litigation/whistleblower-program/final-orders-whistleblower-award-determinations.

[6] Securities and Exchange Commission Office of the Whistleblower Annual Report to Congress for Fiscal Year 2024, https://www.sec.gov/files/fy24-annual-whistleblower-report.pdf.

[7] Id.

[8] Order Determining Whistleblower Award Claim, Exchange Act Release No. 102987, File No. 2025-27 (May 5, 2025), https://www.sec.gov/files/denial-orders-5525.pdf.

RELATED INDUSTRIES + PRACTICES

- Securities Investigations + Enforcement