

SEC Enforcement Manual Updates Signal Renewed Focus on Fairness, Transparency, and Efficiency

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Today, the Securities and Exchange Commission's (SEC) Division of Enforcement [announced](#) significant updates to its Enforcement Manual, the first comprehensive revision since 2017. These changes, which will now be reviewed annually, are designed to promote greater fairness, transparency, and efficiency in SEC investigations and enforcement actions.

The Role of the Enforcement Manual

The Enforcement Manual serves as the division's internal roadmap, guiding staff in how they initiate, investigate, and recommend enforcement actions. While it is not a formal rule and does not create enforceable rights, it provides valuable visibility into the processes the SEC staff are expected to follow.

Key Points From the Updated Enforcement Manual

One of the most consequential updates involves the Wells process, the stage at which potential respondents and defendants are given an opportunity to respond to the staff's anticipated enforcement recommendations. The revised manual emphasizes open and substantive dialogue between SEC staff and Wells recipients, with the aim of improving the quality of decision-making and the fairness of outcomes. As part of this, Wells recipients will ordinarily have four weeks to make their submissions, and the manual now provides guidance on what makes a Wells submission most useful to staff and the commission. The manual also clarifies that Wells meetings will generally be scheduled within four weeks of the staff's receipt of a submission and will include participation by a member of senior leadership within the division. These timeframes are intended both to promote timely resolution of investigations and to allow parties to learn more quickly whether the staff will recommend closure or an enforcement action.

Another key development is the formal restoration and clarification of the commission's practice of simultaneously considering settlement recommendations and related waiver requests. When settling an SEC enforcement action, parties may face automatic disqualifications and other collateral regulatory consequences, which can significantly affect their businesses beyond the immediate settlement terms. The updated manual confirms that settling parties may request that the commission evaluate an offer of settlement and any associated waiver request at the same time.

The Enforcement Manual also includes a more detailed framework for how the division evaluates cooperation by individuals and entities, including how cooperation may affect charging decisions and civil penalties. By articulating

the factors and general approach to cooperation credit in one place, the SEC aims to encourage earlier, more meaningful engagement with the staff. In addition, the updates address several internal process improvements: measures to support more consistent collaboration across SEC offices and specialty units; refinements to the formal order process that authorizes staff to issue subpoenas; an updated framework for referrals to criminal authorities; and other changes designed to better align written procedures with the division's current best practices.

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