

SEC Reportedly Plans to Cut Regional Directors as Cost-Saving Measure

WRITTEN BY

Jay A. Dubow | Ghillaine A. Reid | Nicole S. Giffin

According to news sources, including [Reuters](#), on Friday, February 21, the U.S. Securities and Exchange Commission (SEC) reportedly informed regional directors at its 10 regional offices that it plans to eliminate their roles as part of cost-saving measures required by the new administration. The plan to remove the regional directors has not been made public at this time, but at least two anonymous sources reportedly spoke to Reuters about the announcement made on Friday.

This news comes on the heels of President Trump's [executive order](#) titled "Implementing The President's 'Department of Government Efficiency' Workforce Optimization Initiative," which he signed on February 11. Among other things, Trump's executive order requires agencies to consult with the Department of Government Efficiency (DOGE) for hiring decisions and ordered agency heads to prepare to initiate large-scale reductions in force. Within 30 days, agency heads must submit a report identifying any statutes that establish the agency, or subcomponents of the agency, as statutorily required entities, and discuss whether the agency or any of its subcomponents should be eliminated or consolidated.

The SEC's regional offices examine regulated entities in their region. They often identify and lead investigations and enforcement actions, with guidance from the regional directors. If regional directors are eliminated, it will undoubtedly impact the SEC's investigation and enforcement efforts. Companies will likely see a reprieve on investigations and enforcement actions, at least in the short term. Cutting the regional directors' role will likely stall decisions on whether to bring enforcement actions and slow the pace at which they are filed. It will also likely have an impact on employee morale.

It remains to be seen whether the reported plans to eliminate the regional directors' roles will come to fruition, whether the SEC might include plans to close and/or consolidate any additional regional offices after [closing its Salt Lake Regional Office in June 2024](#), or what other cost-saving measures the SEC could take.

If you have any questions, comments, or concerns about the potential implications of this article, Jay Dubow, Ghillaine Reid, and our other Securities Investigations + Enforcement attorneys are available to guide you through any implications and evaluate the best strategy for your business.

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