

Insights

THE SEC REVISES ITS ENFORCEMENT MANUAL FOR THE FIRST TIME SINCE 2017

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The SEC's Enforcement Division last week announced the first major update to its Enforcement Manual in nearly a decade. The updated manual reflects what the Division calls its increased focus on ensuring due process (discussed in [this speech](#) by SEC Chair Paul Atkins) for the people and firms who might become defendants in SEC enforcement actions.

In large part, the updated manual announced on February 24 formalizes recent policy announcements—most notably relating to the Wells process, the procedure by which Enforcement gives a potential defendant advance notice and opportunity to be heard concerning potential charges. Under the new guidance, Enforcement will typically grant a Wells-notice recipient four weeks to respond to a notice; the staff are directed to provide Wells recipients information about “salient probative evidence”; and recipients may typically expect a meeting with senior SEC staff about their case. The updated manual also provides guidance about what is helpful in a Wells submission, including that in technical cases “an expert report may add to the effectiveness of a Wells submission.”

Similarly, the updated manual also memorializes the policy announced in [September 2025](#) that the Commission will consider, simultaneously with settlement proposals, a request to waive “automatic disqualifications and other collateral consequences that result from the underlying Commission enforcement action.”

Beyond memorializing these recent policy changes, the manual, updated for the first time since 2017, includes a myriad of other substantive and procedural changes. Most conspicuously, the manual identifies a list of factors the staff should consider when deciding whether to refer a case to prosecutors for a criminal investigation, including for example whether the putative defendant caused harm, held specialized knowledge, and is a recidivist. The manual further specifies that, in non-urgent matters, the staff should give the Director of Enforcement advanced notice, and an opportunity to respond, before making a criminal referral.

As to process updates, the manual establishes a new system for prioritizing use of the Division's resources. Specifically, the manual directs Associate Directors and Unit Chiefs to designate “their

'top five' priority matters, based on potential programmatic significance" and review those matters on a quarterly basis.

While these updates do not signal a fundamental shift in Enforcement's direction, they do reflect a renewed focus on ensuring fair process for potential adversaries and moving investigations efficiently.

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