

Clients & Friends Memo

Updated SEC Enforcement Manual Emphasizes Transparency, Consistency, and Efficiency

March 4, 2026

On February 24, 2026, the U.S. Securities and Exchange Commission (“SEC” or “Commission”) Division of Enforcement (“Enforcement Division”) [announced](#) significant updates to its Enforcement Manual (the “Manual”), marking the first major revision since 2017. The SEC said the changes are intended to reinforce fairness, transparency, efficiency, and consistency, and the Commission also indicated that the Manual will now undergo annual review.

The SEC framed the revisions as part of a broader effort to protect investors and maintain fair and efficient markets. Chairman Paul S. Atkins described the revisions as a “long-overdue step,” while Enforcement Division Director Margaret A. Ryan said the updates are intended to improve public understanding of how the SEC enforces federal securities laws.

Some of the key updates in this [revision](#) are described below:

The Wells Process

One of the most notable changes is the SEC’s effort to ensure a more consistent Wells process. The Wells process is significant because it gives companies and individuals an opportunity to respond to, and present a defense against, allegations before staff in the Enforcement Division recommends an enforcement action to the Commission. The revisions made to the Wells process in the Manual suggest the SEC is aiming for greater oversight by the Commission’s senior leadership in the investigative process and more timely resolutions of matters.

(a) Layers of Approval Before Issuance of a Wells Notice: The Manual adds another layer of internal review before staff can issue a Wells notice. Staff must still obtain approval from an Associate Director or Unit Chief, but they must now also secure approval from the Office of the Director before issuing a Wells notice or deciding to recommend an enforcement action without issuing one.

(b) Advance Notice to Recipients: The SEC has moved from treating advance notice as optional to signaling that it should be the default where circumstances permit. Under the prior version of the Manual, staff “may” provide advance notice of an impending Wells notice. The updated Manual states that staff “should, when feasible,” give advance oral notice to the recipient or the recipient’s counsel before sending a written Wells notice.

As part of the Wells process, staff also “should inform the recipient of the Wells notice of the salient, probative evidence that staff has gathered or received, which staff may have or should have reason to believe may not be known to the recipient.” More broadly, the update instructs staff to be more “forthcoming about the content of the investigative file” and, where appropriate, to make “reasonable efforts” to provide recipients with access to non-privileged portions of that file. Previously, staff had “discretion” in deciding whether to provide such access, so the shift to “reasonable efforts” creates a stronger expectation that staff will provide access where appropriate.

(c) Extended Response Time and Increased Willingness to Meet: Recipients of a Wells notice now generally have four weeks to submit a response, whereas, previously, the response period had often been closer to two weeks, although that timing was not standardized. The Manual also permits recipients to seek an extension.

The updated process also states that “requests for a post-Wells notice meeting are typically granted,” specifying that any such meeting should take place within four weeks after the submission is received. Those meetings will include a member of the Enforcement Division’s senior leadership at the Associate Director level or above, creating a more formal opportunity for recipients to present their arguments directly to leadership before staff finalizes its recommendation.

(d) More Specific, Substantive Guidance: Finally, the Manual gives specific guidance on how to make a Wells submission most effective. It states that submissions generally should (1) accurately reflect evidence, legal issues, and precedent; (2) focus on genuinely disputed factual or legal issues; (3) address the evidence supporting staff’s position while identifying exculpatory evidence and unfavorable precedent; (4) explain why the evidence does not satisfy the required legal elements; (5) address litigation, policy, or programmatic risks; (6) cite to the investigative record or other legal precedent; (7) discuss the factors described in the [Seaboard Report](#), if applicable; and (8) provide expert analysis where appropriate.

Simultaneous Settlement and Waiver Review

The SEC has also restored its pre-2021 practice of allowing a settling party to ask that the Commission consider an offer of settlement and, at the same time, request waivers from automatic disqualifications and other consequences triggered by the underlying enforcement action. These disqualifications can limit the party's ability to use certain SEC regulatory provisions. In situations where the settlement is accepted and the waiver is denied, staff will typically seek a settlement decision from the settling party within five business days.

Cooperation Credit

The revised Manual also provides detailed guidance on how the Enforcement Division evaluates cooperation and how that cooperation may affect civil penalties, including by expressly recognizing the possibility of a "zero-penalty settlement" in appropriate cases. The Manual continues to emphasize self-policing, self-reporting, remediation, and cooperation, but the updated language offers more concrete direction on when cooperation credit may be available and what staff considers to be meaningful assistance.

On self-reporting, the update makes clear that credit is generally available only when a company comes forward before staff learns of the misconduct from another source, before there is an imminent threat of disclosure or investigation, before any media attention, and before another regulator has opened an investigation. The revised Manual also gives specific examples of what the SEC considers "effective remediation" and "exemplary cooperation." On the remediation side, that includes measures such as disciplining or terminating responsible employees and strengthening internal controls. On the cooperation side, the Manual points to steps such as summarizing factual findings from internal investigations, identifying key documents and individuals, and, generally, taking affirmative steps that assist with the investigation.

The revised Manual also makes clear that the newly-established Cooperation Committee will approve all cooperation agreements, deferred prosecution agreements, non-prosecution agreements, and immunity requests.

Criminal Referrals

The updated Manual also details how staff should evaluate potential referrals to criminal authorities. It states that, when deciding whether to refer possible violations to criminal law enforcement authorities, staff should consider factors including the harm or risk of harm caused by the conduct, the potential gain to the defendant, whether the defendant had specialized knowledge, whether the defendant knew the conduct was harmful or unlawful, whether the defendant is a recidivist, and whether the referral would provide protection to investors. While staff could—and did—routinely

make these referrals under the old guidelines, the update adds significantly more detail about how that decision should be made.

Key Takeaways

Taken together, these revisions do not necessarily signal a major shift in the SEC's enforcement priorities, but they do reflect a clear effort to make the enforcement process more predictable, more efficient, and more transparent, while also encouraging cooperation.

Given the SEC's limited enforcement activity over the past year, it remains to be seen whether these changes will ultimately lead to increased enforcement. In light of these changes, companies should place even greater emphasis on maintaining strong internal controls, reporting channels, and investigation protocols so they are positioned to respond quickly and engage effectively if issues arise.

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