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The SEC Revises Its Enforcement Playbook: Key Takeaways from the Updated Enforcement Manual

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For the first time since 2017, the SEC on February 24, 2026 issued revisions to its [Enforcement Manual](#) (the “Manual”), the document that provides policy and procedural guidance for its enforcement activities. These revisions largely codify long standing practices and some of the current Commission’s priorities rather than introducing significant changes. Notable among the revisions are a codification of recent remarks by Chairman Paul Atkins regarding the Wells process; additions to the Cooperation program, including formalization of a Cooperation Committee within the Division of Enforcement; and codification of a formal process for simultaneous consideration of settlement offers and waiver requests.

Overview of Changes and Takeaways

1. Wells Process

a. Summary of Changes

The Manual prescribes more defined procedures for the Wells process,¹ including the information that respondents should receive as part of that process and the Commission’s expectations for respondents’ Wells submissions, codifying changes that were first announced by Chairman Atkins last October and more recently echoed by Enforcement Director Margaret Ryan.

Consistent with long-standing practice, the Manual specifies that a Wells notice “will be provided” in most cases, and that after a respondent’s Wells submission is filed, requests for a post-Wells notice meeting will “typically” be granted and “will” involve an official at or above the Associate Director level. The Manual also requires Director approval to issue new Wells notices, in addition to the Associate Director/Unit Chief approval required under the 2017 version;² as a matter of practice, Enforcement Directors across the past several Commissions have required prior notification from (*i.e.*, an opportunity to approve or question) the Staff seeking to issue a Wells notice.

Perhaps most notably, however, the Manual for the first time sets out default timelines for multiple stages of the process, including that respondents will generally be given four weeks (as opposed to two) to file a Wells submission, and that post-Wells meetings should occur no later than four weeks after that submission is received.

¹ The Wells process, under 17 C.F.R. § 202.5(c), allows the subjects of SEC investigations to submit a statement setting forth their position regarding the subject matter, prior to the initiation of formal proceedings by the SEC. In general, the process includes a Wells notice setting forth the Staff’s preliminary recommendation regarding the action that might be brought, the respondent’s voluntary Wells submission, and in some cases a post-Wells notice meeting between the respondent, Staff, and SEC senior leadership to discuss the Staff’s recommendation.

² Enforcement Manual, SEC, Office of Chief Counsel (Feb. 24, 2026) (“Manual”), at 2.3.

The Manual also states that the Staff should (1) inform respondents as to the both the charges and, for the first time, types of relief that the Staff may recommend, and (2) share information with respondents regarding the “salient, probative evidence” collected to-date, subject to confidentiality concerns. Post-Wells, the Manual clarifies that the Staff “should be forthcoming about the content of the investigative file,” and on a case-by-case basis, should make “reasonable efforts” to allow review of relevant portions of the file that are not confidential or sensitive. These case-by-case considerations include whether access to the file would “facilitate the ability of the recipient of the Wells notice to respond meaningfully to the staff’s proposed recommendations.”

The presumption that the Staff will make “reasonable efforts” to allow review of case documents is significant, and may allow respondents greater insight into the precise facts that the Staff may rely on in making their recommendations. However, respondents are not guaranteed this access, and should be cognizant of the possibility that the most pertinent information may fall under exceptions for whistleblower information, Bank Secrecy Act material, or material relating to parallel investigations.

Finally, the Manual also provides guidance on the substance of respondents’ Wells submissions. This includes a general explanation that submissions are “most helpful when they focus on disputed factual or legal issues, or raise significant legal risks or policy or programmatic concerns,” and a list of factors helpful to the Commission in a Wells submission. This same guidance has been subject of numerous speeches by Enforcement Directors over the years.³ The Manual provides that both Wells submissions and White Papers submitted outside of the Wells process, if accepted, will generally be presented to the Commission along with the Staff’s recommendations, which again has been a longstanding practice.⁴

b. Takeaways

- The most significant changes to the Wells practice are (1) the timelines spelled out for various stages of the process, and (2) the directive to staff to be more open about sharing the investigative record. In our experience, these practices had previously varied across regions and offices. In some instances, putative defendants were given very little time to make submissions and provided with limited visibility into the investigative record. These changes should result in a more consistent process that benefits both respondents and the SEC. In our experience, alignment on the facts is more likely to lead to a resolution than if there is information disparity between the parties.

2. Cooperation & the Cooperation Committee

a. Summary of Changes

The Manual emphasizes that “[m]eaningful cooperation allows the SEC to streamline its investigations, conserve its resources, and more effectively protect the investing public.”⁵ To that end, the Manual makes several additions to the cooperation program. This should not be confused with cooperation credit – which is commonly included in settlements in the form of lower or no penalties.⁶ The actual cooperation program has been infrequently used historically.

³ *E.g.*, Steven Peikin, *Keynote Address at the New York City Bar Association’s 7th Annual White Collar Crime Institute* (May 9, 2018) (discussing elements of effective Wells submissions and noting that “Wells meetings tend to be the most productive when defense counsel focuses on the most important arguments and issues in the case, as opposed to taking a blunderbuss approach that attempts to address every possible argument, fact, element, and issue”).

⁴ Manual at 2.4.

⁵ Manual at 6.

⁶ *See, e.g.*, Gurbir Grewal, “*The Five Principles of Effective Cooperation in SEC Investigations*,” *Remarks at Securities Enforcement Forum West 2024* (May 23, 2024) (“[T]here are real benefits to parties that cooperate with Commission investigations. . . . These benefits can affect both the charges and the remedies the Division may recommend, and that the Commission may ultimately impose. On the charging side, we may recommend bringing reduced charges or we may decline to recommend charges altogether. On the remedies side, we may recommend reduced or even zero civil penalties.”).

The Manual now specifically notes the availability of zero-penalty settlements, DPAs, and, under limited circumstances, NPAs, as possible outcomes where respondents exhibit strong cooperation.⁷ It formally establishes a “Cooperation Committee” to oversee the Division’s cooperation program, and requires the Staff to seek Committee approval for all cooperation agreements, DPAs, NPAs, and immunity requests. This is not new: the SEC has used cooperation committees, formally or informally, for years. Similarly, the revisions’ reference to no-penalty settlements, DPAs, and NPAs simply serve to codify existing pathways, but may give respondents additional formal support to cite when seeking a resolution that does not include civil penalties, disgorgement, or institutional bars.

The Manual makes explicit, consistent with past practice, that timing is a key factor in receiving no-penalty or reduced penalty outcomes. The revisions specify that self-reporting credit “will rarely be appropriate” for conduct that the SEC is already aware of, or which another regulator is already investigating. Likewise, the Manual emphasizes that the Staff should consider the timeliness of cooperation, and notes that “[a]ssistance early in an investigation will often more meaningfully advance an investigation than the same assistance later in the investigation.”⁸

The revisions also add specific examples both of effective remediation and robust cooperation. For remediation, this includes taking “appropriate action” with regard to implicated employees; strengthening internal controls; clawing back executive compensation where appropriate; providing prompt corrective disclosures; hiring staff to address accounting and financial disclosure issues; improving training; and retaining independent compliance consultants to advise on further remediation.

As to cooperation, the Manual explains that this must extend beyond mere subpoena compliance, and gives examples including identifying key documents and witnesses; summarizing factual findings or providing details explanations of factual issues; providing expert financial analyses; facilitating voluntary witness interviews; summarizing interviews of foreign witnesses or translating foreign-language documents; or “any other measures that meaningfully advance the Commission’s investigation.”⁹

Both of these lists provide a practical roadmap for entities’ response to enforcement proceedings, and entities considering cooperation can view this as a starting point for cooperation and remediation efforts. In addition, entities that become aware of events or practices that could result in future enforcement attention should view the guidance regarding remediation as a key tool in their crisis response.

b. Takeaways

- For years, Commissioners and Enforcement Directors have promoted the benefits of cooperation and remediation in substantially the same manner as the Manual.
- The emphasis on the cooperation program in the Manual, however, appears to further telegraph the Commission’s continued view that cooperation is a key element in favorable resolution of enforcement investigations.
- The express inclusion of timeliness criteria for self-reporting in the Manual provides a strong incentive for boards and audit committees to ensure that company compliance programs are robust enough to detect misconduct early, so that a pathway exists for prompt self-reporting to the SEC before a matter attracts media or other regulatory attention. The Manual’s emphasis on timely cooperation likewise provides an incentive for entities to move quickly in the event of regulatory scrutiny.

⁷ Manual at 6.1.2.

⁸ Manual at 6.1.2.

⁹ Manual at 6.1.2.

3. *Settlement Offers & Waiver Requests*

a. Summary of Changes

The Manual codifies the Commission's September 2025 decision to return to an on-again/off-again practice of permitting entities to request that the Commission simultaneously consider an offer of settlement along with related requests for waivers from automatic disqualifications or other collateral consequences. The Manual indicates that the Staff will present these items to the Commission at the same time, along with the Staff's recommendations, and if the settlement is accepted but the waiver is rejected, the Staff will "promptly" notify the respondent or defendant and request a decision on whether to move forward with the offer of settlement.¹⁰

In settlements where collateral consequences are a gating issue, this policy will allow respondents to weigh the full set of consequences as part of their decision regarding settlement, rather than considering collateral consequences in the abstract while awaiting a future decision on waiver. This can provide valuable information in a respondent's decision as to whether to proceed with settlement, or risk litigation.

b. Takeaways

- This approach is similar to the stated approach of the Clayton Commission and a practice dating back to the Cox Commission. This change allows parties to resolve matters while understanding the full consequences of their resolution. That said, in our experience, in most instances, over the past several Commissions, regardless of the stated policy at the time, parties were generally not required to settle without knowing the collateral consequences of a settlement.

4. *Contacting Senior Officials*

a. Summary of Changes

The Manual instructs that attorneys seeking to contact officials at the Associate Director/Unit Chief level or above "should in the first instance seek to schedule any such discussions through an appropriate staff attorney or Assistant Director."¹¹ While this does not prohibit direct contact with senior officials, it expresses a clear preference by the Division that correspondence should be channeled through the Staff responsible for a matter, and signals that the Division may continue to observe a more rigid hierarchy going forward. The prior manual used language along the lines of "encouraging" such participation, which is softer than the directive language in the Manual.

b. Takeaways

- Counsel should take note that this is mainly a departure in emphasis – Enforcement's expectation is that issues will be elevated appropriately and that Enforcement staff should be included in communications with senior officials. In our experience, this was a common practice at the SEC across different Commissions. Senior leadership will continue to be supportive of Staff during the course of investigations.

5. *"Piling On"*

a. Summary of Changes

In its guidance for closing investigations, the Manual newly instructs that the Staff should consider "[w]hether the conduct is more appropriately addressed by another U.S. regulator or law enforcement authority, a foreign regulator, or through private litigation."¹² And while the prior version of the manual indicated that investigations resulting in

¹⁰ Manual at 2.5.2.1.

¹¹ Manual at 3.1.1.

¹² Manual at 2.6.1.

enforcement actions could be closed only following a final judgment or Commission order, the Manual specifies that such an investigation may also be closed if “the Commission has approved dismissal of the action.”¹³

b. Takeaways

- This added factor creates an additional basis on which respondents can argue that the decision should not enter into formal enforcement proceedings, either because other regulators – or private parties – are better suited to vindicate the rights at issue. This may be particularly persuasive in cases where multiple regulators or a host of private actors have all taken interest in the same event or transaction.

6. Engagement

a. Summary of Changes

Finally, in a broader sign of the Commission’s priorities, the Manual expands the SEC’s Mission Statement from four values integral to the SEC’s mission – Integrity, Fairness, Commitment, and Teamwork – to five. The fifth, Engagement, states that the SEC is focused on “engaging with harmed investors and other members of the public in a professional manner.”¹⁴ Additions to the Manual’s guidance regarding investigative practices supplement this, and state that Staff should, as appropriate, educate investors as to the SEC’s role and what investors can expect as part of the investigation or action, and direct investors to additional resources.¹⁵

b. Takeaways

- The Commission’s concern over harm to individual investors is not new, but has been a subject of particular emphasis for the current Commissioners. The addition of Engagement as a core value in the Manual reflects the Commission and Enforcement Division’s focus on harm to these investors, and may translate into greater receptivity by the Staff to arguments or settlement proposals focused on the impact on investors, or remediation strategies focused on making demonstrably harmed investors whole.

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¹³ Manual at 2.6.1.

¹⁴ Manual at 1.4.1.

¹⁵ Manual at 3.3.6.

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