GIBSON DUNN

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Former Gibson Dunn Partner David Woodcock Becomes SEC Enforcement Director

On May 4, 2026, former Gibson Dunn partner David Woodcock began his tenure as Director of the Division of Enforcement. While at Gibson Dunn, Woodcock was based in the firm's Dallas and Washington, D.C., offices and served as Chair of the firm's Securities Enforcement Practice Group.

Woodcock previously served as Director of the SEC's Fort Worth Regional Office from 2011 to 2015, where he supervised Enforcement and Examinations personnel and served on the Enforcement Advisory Committee. He also created and chaired the SEC's cross-office and cross-division Financial Reporting and Audit Task Force, designed to enhance the SEC's ability to detect and investigate violations of accounting and auditing standards.

In his inaugural speech, delivered on May 13, 2026, Woodcock stated that his priorities would be to support the Enforcement staff, "to return the enforcement program back to basics," and to pursue quality over quantity in the cases brought.

Woodcock's appointment followed Judge Margaret A. Ryan's March 16, 2026 resignation as Enforcement Director. In its press release announcing the resignation, the SEC stated that Judge Ryan's leadership refocused the Division on fraud, market manipulation, abuses of trust, and individual accountability. Similar themes appeared in Judge Ryan's public remarks as director in February 2026 at the Los Angeles County Bar Association. In that address, she emphasized transparent and fair Wells processes, informed adversarial engagement, a "back-to-basics" focus on quality and impact rather than "chasing numbers," and a more measured enforcement approach to non-fraud compliance failures.

SEC Proposes to Permit Semiannual Rather than Quarterly Reporting

On May 5, 2026, the SEC issued a proposed rule to permit issuers to file one semiannual report each year rather than three quarterly reports. Semiannual reports would be filed on a new Form 10-S due 40 or 45 days after the conclusion of the issuer's half year. SEC Chairman Paul Atkins stated in the Commission's press release that "rigidity of the SEC's rules has prevented companies and their investors from determining for themselves the interim reporting frequency that best serves their business needs and investors." Commissioner Mark Uyeda issued a separate statement agreeing that the proposal may provide more flexibility to issuers and also noting that it might reduce the short-term focus on quarterly results, while Commissioner Hester Peirce offered that certain companies may be dissuaded from the public markets by the burdens of quarterly reporting, and that quarterly reporting burdens might need to be reduced overall.

SEC Releases Fiscal Year 2025 Enforcement Results

On April 7, 2026, the SEC issued a press release announcing that, for the fiscal year ending September 30, 2025, the agency had brought 456 enforcement actions, which resulted in orders for monetary relief totaling $17.9 billion (of which a significant amount related to the recovery of funds in connection with the Ponzi scheme carried out by Robert Allen Stanford).

More notably, the SEC took the opportunity to signal a changing enforcement strategy, prefacing the results by suggesting that resources had been "misapplied in prior years to pursue media headlines and run up numbers," resulting in "misguided expectations on what constitutes effective enforcement." Specifically, the press release criticized the prior Commission's actions related to off-channel communications, crypto firm registration, and "definition of a dealer" in recent years as not suitably focused on investor protection. According to Chairman Atkins, the current Commission intends to focus resources on misconduct that it believes inflicts the greatest harm, including fraud, market manipulation, and abuses of trust. The Chairman emphasized that a key focus in deterring harm will be holding individual wrongdoers accountable, consistent with FY 2025's 27 percent year-over-year increase in standalone actions that resulted in charges for one or more individuals.

The Commission also noted that it awarded roughly $60 million to 48 whistleblowers in FY 2025, while receiving a record 53,753 tips, complaints, and referrals.

SEC Rescinds "Gag Rule" and Updates Enforcement Manual

On May 18, 2026, the SEC formally rescinded its policy, reflected in Rule 202.5(e), requiring that respondents offering to settle an enforcement proceeding must agree not to admit or deny the Commission's allegations, an approach sometimes known as the "gag rule." The Commission's press release announcing the action stated that, going forward, the Commission will no longer enforce the gag rule even against respondents who settled enforcement proceedings in the past and are subject to the rule by the terms of their settlements.

The SEC's action follows the Division of Enforcement announcing on February 25, 2026 revisions to its Enforcement Manual—the first update since 2017—to reflect procedural and substantive changes intended to promote greater transparency, consistency, and efficiency in the Division's investigations. The SEC also announced at the time that the Manual will be revised annually going forward.

The Manual revisions include significant updates to the Wells process. Specifically, Staff must now obtain approval from both an Associate Director and the Office of the Director before issuing a Wells notice or recommending an enforcement action without one—an additional layer of senior oversight beyond what was previously required. Staff are also encouraged to provide advance oral notice of an impending Wells notice where feasible. The Manual directs Staff to be more forthcoming in sharing key evidence with Wells notice recipients, including, in appropriate circumstances, access to certain portions of the investigative file. It further provides that, absent timing constraints, recipients should be afforded a four-week period to provide a Wells submission and that a post-submission meeting with an Associate Director or above should be scheduled to occur no later than four weeks after receipt of the submission. It remains to be seen whether the Division of Enforcement will grant extensions of time from the default four-week deadline at the same rate at which it permitted extensions to the prior default two-week deadline.

The Manual also restores the Commission's prior practice of permitting settling entities to request simultaneous consideration of a settlement offer and any related requests for statutory disqualification waivers. Among other notable updates, the revisions provide new guidance on cooperation credit and remediation, establish a new section on criminal referral factors, require Commission approval of formal orders, tighten the standard for non-prosecution agreements from "limited and appropriate" to "exceptional" circumstances, and introduce a requirement that Associate Directors and Unit Chiefs identify their "Top 5" priority matters to guide resource allocation.

For more information on the Manual revisions, please refer to Gibson Dunn's client alert.

DOJ Releases New Corporate Enforcement and Voluntary Self-Disclosure Policy

On March 10, 2026, the Department of Justice announced a new Corporate Enforcement and Voluntary Self-Disclosure Policy (CEP) establishing, for the first time, a uniform, Department-wide framework governing how prosecutors evaluate corporate voluntary self-disclosures, cooperation, and remediation across all non-antitrust criminal matters. The new policy supersedes component-specific corporate enforcement policies, representing a "One DOJ" approach that signals a shift toward greater centralization and consistency in corporate enforcement decisions across the Department.

The CEP provides that companies that voluntarily self-disclose misconduct, fully cooperate, and timely remediate are eligible for presumptive declinations absent aggravating circumstances; those who do not meet that threshold may still be eligible for reduced penalties and other benefits. At the same time, the policy introduces several notable changes. It expands the definition of corporate recidivism by directing prosecutors to consider certain past criminal resolutions beyond the five-year lookback period previously used in recidivism calculations. It also increases prosecutorial discretion in awarding cooperation credit for "near miss" self-disclosures by reducing the previously guaranteed 75% discount to a discretionary range of 50–75% off the low end of the U.S. Sentencing Guidelines. The new policy further provides that DOJ will tell a company early in the process whether a submitted disclosure qualifies for a declination or "near miss" benefit.

The new CEP adopts a more flexible approach to crediting good-faith self-disclosures in certain circumstances even when the disclosure is made to a DOJ component other than the one ultimately handling the matter or, in limited cases, to other authorities.

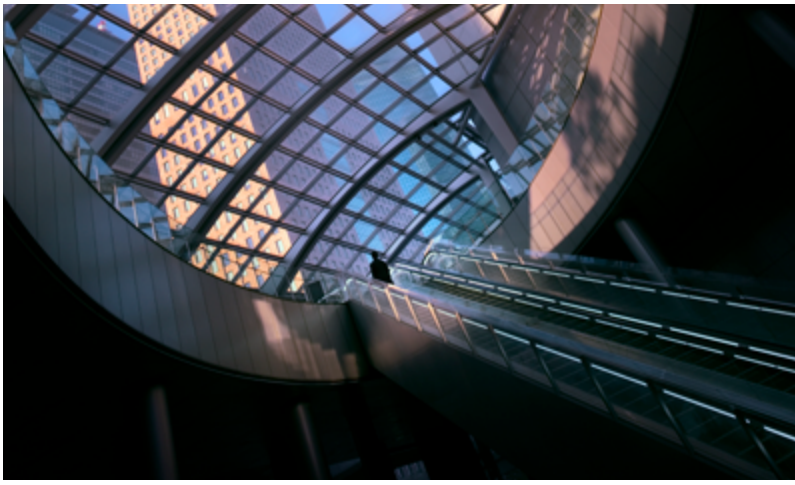
For more information, please refer to Gibson Dunn's client alert.

Attorney General Issues Memorandum on National Fraud Enforcement Division

On April 7, 2026, Acting Attorney General Todd Blanche issued a Memorandum officially ordering the creation of the previously announced DOJ National Fraud Enforcement Division. Citing the absence of a cohesive approach to "investigating and prosecuting fraud against taxpayer dollars and taxpayer-funded programs," the Memorandum articulates the Division's core mission to "zealously investigate and prosecute those who steal or fraudulently misuse taxpayer dollars."

DOJ will initially consolidate and realign resources to create the Division and then continue to expand the Division into a "robust litigating division" capable of handling any fraud related to taxpayer dollars. Effective as of the date of the Memorandum, the Assistant Attorney General of the Division (the previously confirmed Colin McDonald) assumed operational control of the Tax Section, the Health Care Fraud Unit, and the Market, Government, and Consumer Fraud Unit. The Memorandum also lays out the administrative process for providing the Division with additional resources, including an experienced prosecutor from each U.S. Attorney's Office and a grant program to encourage state and local prosecutors to join the Division.

The Memorandum also directs the establishment of the National Fraud Detection Center, mandates coordination between the FBI and the Division, and ordered a future recommendation by the Office of Legal Policy on whether non-criminal elements should be brought within the Division.

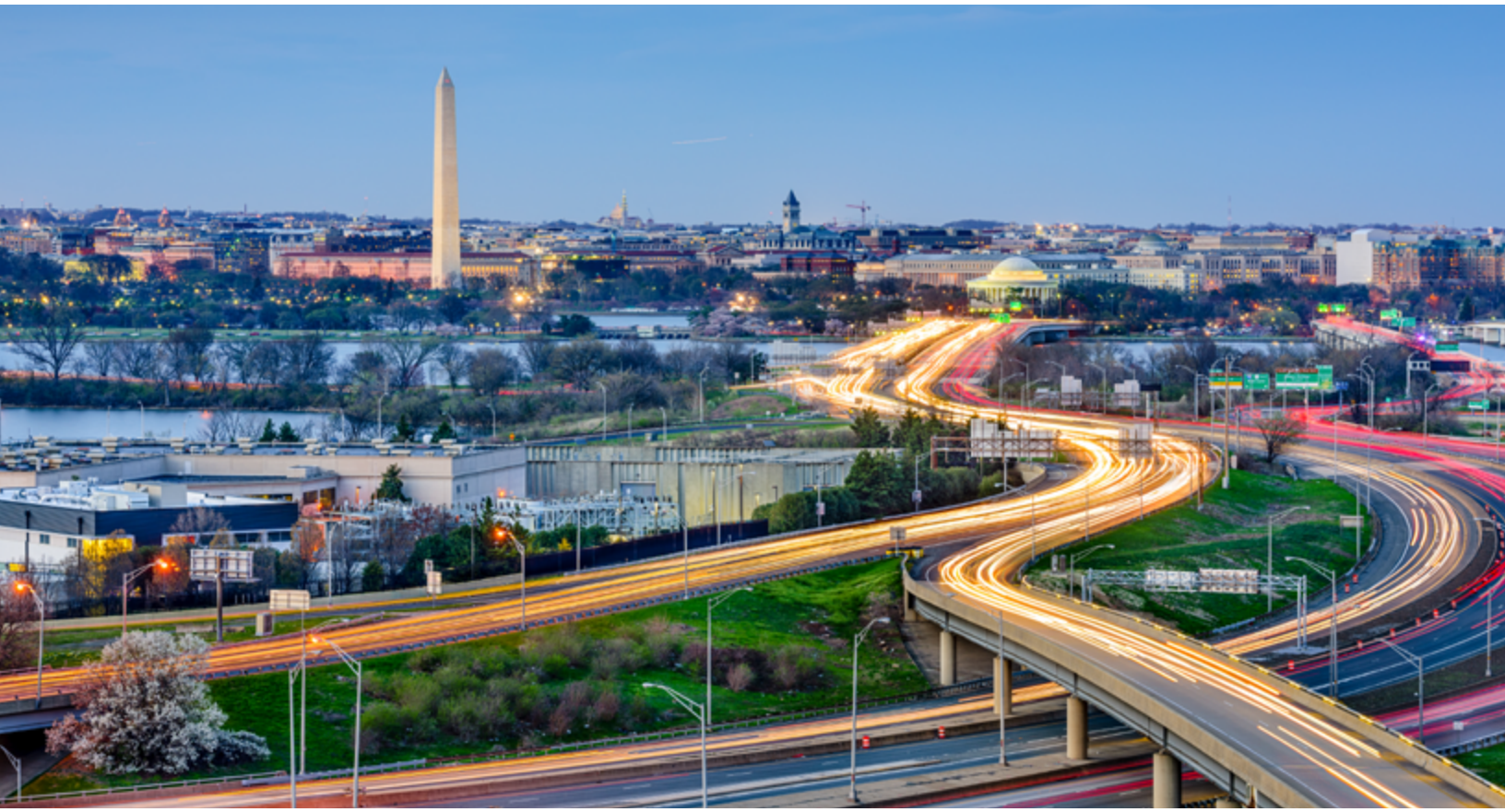


Insights and Takeaways from SEC Speaks

On March 19-20, 2026, the Practicing Law Institute hosted its annual SEC Speaks conference in Washington, D.C. Chairman Paul Atkins used his keynote to introduce an "A-C-T" strategic framework—Advance, Clarify, and Transform—as the organizing principle for the agency's regulatory agenda, designed to align regulation to modern tools, limit regulation by enforcement, and remake the existing "compliance labyrinth."

- Under the Advance pillar, Chairman Atkins called for updating the SEC's rules to reflect modern market realities, criticizing decades of accretive rulemaking that may no longer serve investors or reflects innovation.
- Under Clarify, he highlighted the recently signed SEC–CFTC Memorandum of Understanding and joint crypto interpretive guidance as early outputs of a new era of cross-agency harmonization.
- Under Transform, Chairman Atkins called for a "spring cleaning" of disclosure requirements that have drifted from the objective standard of materiality, announcing a first-principles review of these requirements within the Division of Corporation Finance and directing the Division of Enforcement to prioritize cases involving genuine investor harm—such as fraud, market manipulation, and abuses of trust—over technical violations where no investor harm occurred.

Commissioners Mark Uyeda and Hester Peirce—who together with Chairman Atkins constitute the entire Commission, with two Democratic-appointed seats currently vacant—delivered remarks consistent with the Chairman's themes. Commissioner Uyeda emphasized the SEC's role as a disclosure regulator rather than a merit regulator, pointed to forthcoming rulemaking expanding retail access to private markets and an innovation exemption for tokenized securities, and criticized the prior Commission's approach to crypto as overly enforcement-driven. Commissioner Peirce argued that the SEC should remain closely tethered to its statutory authority and limit mandatory disclosure to information that is material to investors in their capacity as investors, tied to risk-adjusted economic returns.



SEC Chairman Proposes Corporate Disclosure Reforms

Chairman Atkins's remarks at SEC Speaks built on themes he had articulated the prior month, in a February 17, 2026 speech at the Texas A&M School of Law Corporate Law Symposium. In his February remarks, Chairman Atkins articulated a goal to return the Commission to what he called the "minimum effective dose of regulation." He said he has directed the Staff to explore reforms to Regulation S-K, built around two organizing principles: that disclosure should be rooted in financial materiality, and that disclosure burdens should be scaled to a company's size and maturity. He described current disclosure requirements as the product of piecemeal additions over time, producing excessive volume, complexity, and cost that can overwhelm rather than inform investors.

- Volume: Chairman Atkins used executive compensation disclosure under Item 402 as his principal example of excessive volume. He argued that the current rules require too much detailed compensation disclosure for too many executives and suggested the SEC should revisit the number of named executives for whom companies must provide tabular and narrative disclosure. He suggested that the current regulations impose excessive burden on companies while offering limited material information to investors.

- Complexity: Chairman Atkins focused on simplifying disclosure mandates that, in his view, have become too technical to serve ordinary investors. His main target in this regard was the pay-versus-performance regime, which he described as costly to prepare and difficult to interpret. Atkins indicated that the SEC is open to making this framework materially simpler and more intelligible.

- Cost: Chairman Atkins criticized "comply or explain" disclosure requirements that, in practice, pressure issuers into adopting governance structures or policies to avoid appearing noncompliant, even where those structures may not fit the company's circumstances. He explained that, absent a Congressional directive, "it is not the SEC's role to enforce evolving notions of 'best practice' governance standards."

Chairman Atkins singled out risk factor disclosure as an area in need of more fundamental reform. He observed that Item 105 already calls for disclosure of material, not generic, risks, yet risk factor sections have become among the longest portions of the Form 10-K, even after the SEC's 2020 amendment requiring a summary for sections exceeding 15 pages. He suggested two possible avenues: first, allowing companies to incorporate a standard set of generally applicable risks published separately; and second, addressing the relevant litigation incentives directly through a safe harbor providing that failure to disclose broadly publicized risks affecting most companies would not constitute a material omission under some or all antifraud provisions.

DOL Initiates Rulemaking Regarding Independent Contractors

On February 26, 2026 the U.S. Department of Labor issued a proposed rule that would rescind the Department's narrow definition of "independent contractor"—adopted by the Biden Administration in 2024 to bring additional workers under the Fair Labor Standards Act's minimum wage and overtime requirements as "employees"—and replace it with the broader definition adopted during the first Trump Administration.

Like the prior definition, the proposed rule would recognize five factors for determining who qualifies as an independent contractor: (1) the nature and degree of control over the work, (2) the individual's opportunity for profit or loss, (3) the amount of skill required for the work, (4) the degree of permanence of the working relationship between the individual and the potential employer, and (5) whether the work is part of an integrated unit of production. The first two factors would be considered "core factors" carrying greater weight in the analysis.

For more information, please refer to Gibson Dunn's client alert.

South Korea Formally Codifies Attorney-Client Privilege

On January 29, 2026, the Korean National Assembly passed an amendment formally recognizing attorney-client privilege and attorney work product. The amendment to Korea's Attorney-at-Law Act is expected to take effect in February 2027, following a one-year grace period. Significantly, the amendment's protections will apply retroactively to attorney-client communications and attorney work product that predate the amendment's effective date.

Prior to the amendment, Korean law provided for limited protection for confidential information in an attorney's possession, but did not provide an avenue for the attorney or their client to assert privilege as a legal right, including during the execution of a search warrant. The amendment now protects against disclosure of "confidential communications exchanged for the purpose of providing or receiving assistance in legal cases or legal affairs" and "documents or materials prepared in connection with litigation, investigations or regulatory examinations," except in cases of client waiver, public interest, disputes between the attorney and client, and as required under other laws with special provisions.

EU Narrows Corporate Sustainability Reporting Obligations

On February 26, 2026, the European Union published Amendment Directive (EU) 2026/470, significantly simplifying corporate sustainability reporting (CSRD) and corporate sustainability due diligence (CSDDD) requirements. The directive went into effect on March 18, 2026, twenty days after publication.

Key changes include:

- Limiting the scope of the provisions to large EU companies—for CSRD, companies with more than 1,000 employees and more than EUR 450 million in net annual turnover; and, for CSDDD, companies with more than 5,000 employees and a net annual turnover above EUR 1.5 billion, including non-EU companies whose EU operations meet that threshold.
- Removing the obligations imposed by the CSDDD regarding Climate Transition Plans.
- Defining CSDDD's enforcement regime at a national rather than at a harmonized EU level. Member States will be required to limit the maximum fine to 3% of a company's global turnover, replacing the previously more open-ended approach.
- Postponing the CSDDD deadline for Member States by another year to July 2028, with compliance required for companies by July 2029.

For additional information, please see Gibson Dunn's March 4, 2026 and December 12, 2025 client alerts.

Other Recent SEC and PCAOB Developments

SEC

- On March 6, 2026, the SEC announced settled charges against New York audit firm EisnerAmper LLP, alleging the firm failed to comply with PCAOB audit standards during its audit of the 2020 financial statements of the Infinity Q Diversified Alpha Fund. The SEC previously brought charges against the Fund and the founder and chief investment officer of the Fund's registered investment adviser in connection with an alleged overvaluation scheme. The SEC's settlement did not require EisnerAmper to pay any monetary penalty, with the order detailing EisnerAmper's remedial efforts.

- Following on its prior enforcement action against Prager Metis CPAs LLC, the SEC on April 8, 2026 sanctioned the Prager Metis engagement partner responsible for the firm's audit of FTX. The partner was denied the privilege of appearing before the Commission, with a right to re-apply after two years.

PCAOB

- On April 14, 2026, the PCAOB, under the guidance of the new Board appointed by the SEC in January 2026, released its Annual Report. In this year's report, the Board highlighted its inspection program, increased resources for smaller firms, and its enforcement efforts. The report also focused on the PCAOB's standard-setting activities, but noted that QC 1000, the PCAOB's proposed quality control standard, has been postponed until December 15, 2026.

- On March 31, 2026, the PCAOB issued a Request for Public Comment on its 2026-2030 Strategic Plan, inviting input on what its strategic priorities should be, what standard-setting projects it should pursue, and how it can best deploy technology, among other questions.

- On May 5, 2026, the PCAOB updated its standard-setting agenda. Pending the results of its strategic planning, the agenda includes potential targeted revisions to QC 1000 and finalization of the broker-dealer inspection program.

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For further information about any of the topics discussed herein, please contact one of the Accounting Firm Advisory and Defense Practice Group Chairs or the Gibson Dunn attorney with whom you regularly work.