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BLOG

SEC Buyout Program and Other Initiatives Lead To Drop in Enforcement and General Counsel Staff

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On May 6, 2025, the Chairman of the Securities and Exchange Commission (SEC), Paul Atkins, informed SEC staff that the agency had reduced its full-time headcount by 15% across various offices and divisions since the start of the federal government's fiscal year in October 2024. At the end of the 2024 fiscal year, the SEC had 5,000 employees and 2,000 contractors. As of May 6, 2025, the SEC has 4,200 employees and 1,700 contractors. The agency has effected this staff reduction through a mix of different programs, including the SEC's recently offered buyout program. This program, first announced by SEC Chief Operating Officer Ken Johnson on February 28, 2025, offers staff members $50,000 to either quit, retire, or transfer to a different agency. The program further specifies that, if a former employee were to rejoin, he or she would be required to pay the $50,000 back to the agency. In the context of the wider effort to reduce the size of the federal government being conducted by the Trump Administration and the Department of Government Efficiency (DOGE), many workers are facing the decision whether to take the buyout or remain with the agency with the potential of staffing cuts in the future.

Further cuts to staff are more likely as DOGE has expanded its presence and budget-tightening efforts within the SEC specifically. DOGE, a quasi-governmental agency, first assumed a physical presence within the SEC in March and has grown to occupy three dedicated rooms in the SEC's Washington, D.C. headquarters. Atkins did not rule out further staff cuts in his address to the staff, and the SEC has since reassigned over 20 regular employees to contract review positions. The areas of the SEC hit the hardest by the staff departures include the Division of Enforcement and the Office of General Counsel.

These cuts to staff come as the SEC embarks on a reorganization aimed at refocusing the agency on "protecting investors; furthering capital formation; and safeguarding fair, orderly and efficient markets" as well as a current proposal to move the responsibilities of the Public Company Accounting Oversight Board (PCAOB) over to the SEC. For our coverage of the proposal, see here.

SEC Commissioner Hester Peirce stated at the Investment Adviser Association's annual compliance conference on March 6 that the cuts will be "very hard" both for her and the SEC overall due to the loss of experienced staff. When experienced regulators depart in large numbers, the SEC will have fewer employees with a deep understanding of securities regulation and agency practices. With these experienced employees leaving so abruptly, the remaining staff members will likely find it difficult to take over active cases or begin new investigations both due to the knowledge gap and the increased workload. Peirce did maintain that enforcement would remain a fixture in the

SEC's toolkit alongside regulation, guidance and examinations regardless of the cuts to the enforcement division. Atkins, when speaking to Congress on May 20 about the SEC's ability to take over the PCAOB's responsibilities, stated that the SEC was "fully capable" of handling an increase in its responsibilities, although he did state that some of the current departures "leave vacancies that in many cases need to be filled."

KEY TAKEAWAY

The SEC is undergoing staff cuts and structural reorganizations as part of a broader effort to reduce the size of the federal government. These cuts have reduced SEC enforcement staff by almost twenty percent and remaining staff members have been shifted from enforcement duties to contract review positions. However, neither the SEC's Chairman nor its commissioners have signaled that the decrease in staff would mark a reduction or shift away from enforcement actions. Although these losses in experienced staff may make it more difficult for the SEC to undertake enforcement actions promptly or efficiently, Chairman Atkins has maintained that the SEC will remain a strong regulator of financial markets even with fewer staff members.

Winston's Capital Markets & Securities Law Watch will continue to monitor developments and will provide our readers with additional updates as they become available.

For more information, or if you have any questions, please contact the authors of this blog post or your regular Winston contacts.

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