Q3 Numbers Refine Picture Of SEC Enforcement Trajectory

By **Adrienna Huffman, Jan Jindra and Erik Johannesson** (August 31, 2026)

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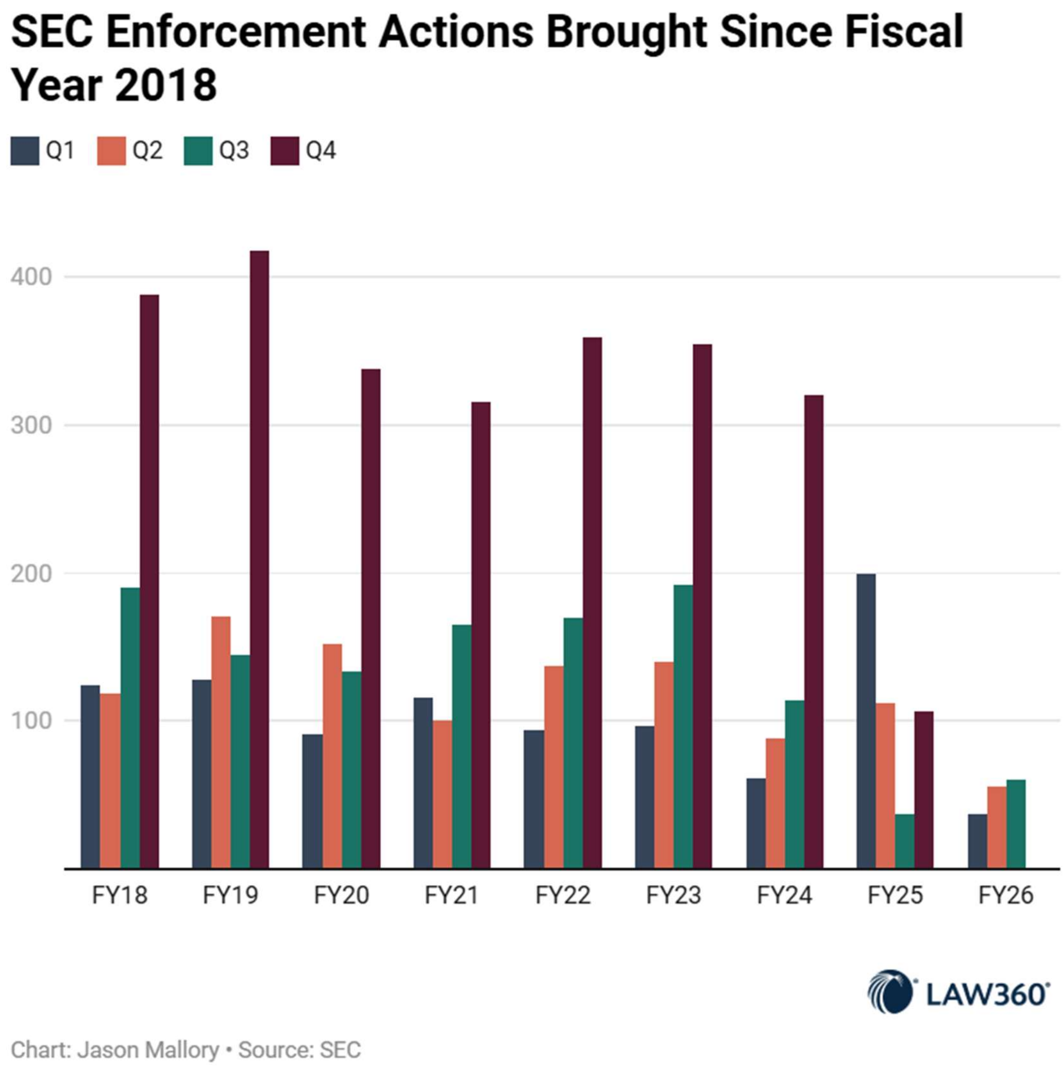
Relative to past years, the U.S. Securities and Exchange Commission's enforcement docket remained quiet through the third quarter of fiscal year 2026, running from April through June. While this reinforces the case that the enforcement slowdown that began last year may reflect more than a temporary transition between administrations, the estimate for the third quarter appears to show a slight rebound.

Although overall estimated case volume remains below historical levels, the mix of cases in the third quarter for fiscal year 2026 shifted notably. While investment adviser and securities offering cases continued to account for a substantial portion of the docket, insider trading matters surged. The commission also announced new initiatives targeting retail fraud and financial reporting.

Taken together, those developments suggest an enforcement program that may be smaller than in prior years, but one increasingly concentrated around traditional areas such as market abuse and individual misconduct.

Enforcement Volume Below Historical Levels, But Small Q3 Uptick

Relying on the SEC's press releases, litigation releases and administrative proceeding announcements, we estimate that the SEC filed 153 enforcement actions through the first nine months of fiscal year 2026: 93 during the first half of the fiscal year and another 60 during the third quarter.



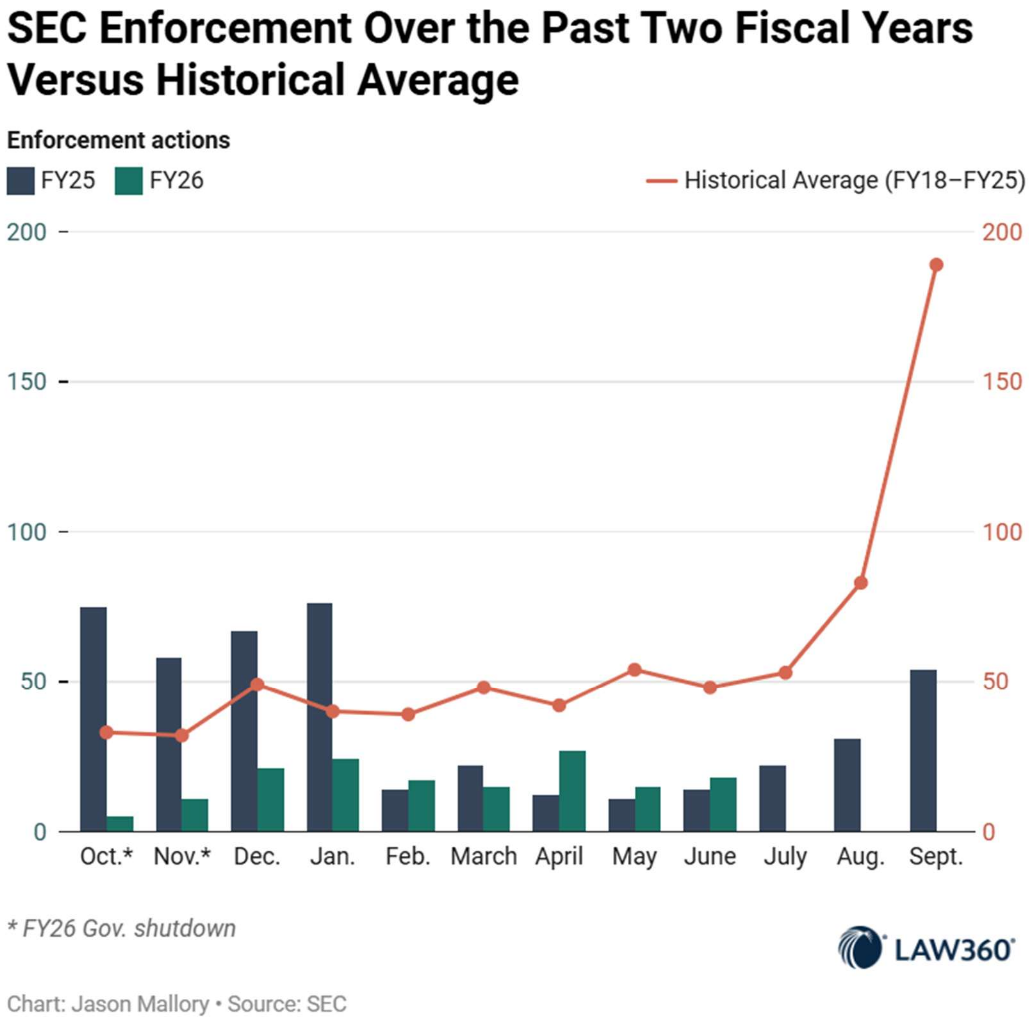
That puts this fiscal year well below the pace of recent years.

As reported by the SEC in its Annual Enforcement Results, annual enforcement actions ranged from 583 to 862 between fiscal year 2018 and fiscal year 2024 before dropping to 456 in fiscal year 2025.

Comparing the estimated 60 cases brought during the third quarter of fiscal year 2026 to the 37 cases brought during the third quarter of fiscal year 2025 indicates a substantial increase in activity. However, even this higher enforcement activity is well below the historical experience of prior years. Although the SEC historically brings a disproportionately high number of cases near the end of its fiscal year, the commission would need an unusually large fourth-quarter surge to approach the totals it reached prior to fiscal year 2025.

The estimated monthly enforcement actions for the third quarter of fiscal year 2026 tell much the same story. In fiscal year 2026, the SEC is estimated to have filed 27 actions in April, 15 in May and 18 in June, for a slight increase relative to the same months in fiscal year 2025.

By comparison, the SEC averaged 42 actions in April, 54 actions in May and 48 actions in June in fiscal years 2018 to 2025. To look at the numbers by quarters: The 60 actions from fiscal year 2026's third quarter is approximately 58% below the average of 143.4 for the third quarters of fiscal years 2018 to 2025.



While April was the SEC's most active month of fiscal year 2026 so far, it still came in well below its historical average.

As we noted in our analysis of the first half of fiscal year 2026, the October to November 2025 government shutdown contributed to exceptionally low filing activity at the beginning of the fiscal year.[1] But three additional months of depressed activity during the third quarter of this fiscal year indicates a structural decline in enforcement activity: fewer matters overall, potentially accompanied by greater selectivity in the cases the commission chooses to authorize.

Increase in Insider Trading Cases

The composition of the third-quarter docket provides some indication of what that more selective enforcement program may look like going forward.

Matters related to investment advisers and investment companies are estimated to account for about 25% of third-quarter actions, while securities offering matters represented approximately 25%. Together, those two categories made up half of the quarter's enforcement activity in the third quarter of fiscal year 2026, continuing the emphasis on investment-related misconduct and capital formation seen during the first half of the fiscal year.

The biggest shift in the third quarter was in insider trading.

Insider trading matters are estimated to account for about 22% of third-quarter actions, up sharply from the estimated 9.7% during the first half of fiscal year 2026. Insider trading represented only 5% of actions across the period from fiscal year 2018 to fiscal year 2025. Relative to the third quarter of 2025, no other category increased its share of enforcement actions more than insider trading matters — going from 0% in the third quarter of 2025 to about 22% in the third quarter of 2026.

Looking further back, insider trading matters have not accounted for a higher proportion of third-quarter enforcement actions in the last five years.

One noteworthy insider trading enforcement action occurred on May 6, when the SEC charged 21 individuals in what it described as a decade-long insider trading scheme involving confidential information obtained from several global law firms.[2]

The increased focus on insider trading matters in the third-quarter of fiscal year 2026 is consistent with a prior message from the commission under Chairman Paul Atkins. The SEC may be bringing fewer cases, but conventional market abuse cases — particularly those involving alleged fraud and identifiable individual misconduct — appear unlikely to disappear from the docket.

New SEC Internal Units

Developments since the end of the third quarter provide additional clues about where the Enforcement Division may deploy its reduced resources.

On July 7, the SEC announced a retail fraud working group that will target offering fraud, pump-and-dump schemes, market manipulation, and misconduct involving investment advisers and broker-dealers.[3] Then, on Aug. 5, the commission established a dedicated Financial Reporting and Accounting Unit focused on accounting, auditing and financial reporting fraud.[4]

The latter initiative bears watching. Issuer reporting matters were estimated to account for slightly over 18% of enforcement actions during the first half of fiscal year 2026 before falling to about 10% in the third quarter. The creation of a specialized unit suggests that the quarterly decline should not necessarily be read as a retreat from issuer reporting cases.

For public companies and their counsel, the more important question may be what types of reporting cases the new unit chooses to pursue. In a lower-volume enforcement environment, the commission may reserve resources for matters involving stronger evidence of fraud, more significant investor harm or individual responsibility, rather than the broader range of reporting and controls cases seen in prior administrations.

What Litigators Should Watch in Q4

Three quarters into fiscal year 2026, the SEC's enforcement trajectory is becoming clearer.

First, the decline in case volume seems here to stay. Enforcement activity remained historically low even after the disruptions that affected the initial months of the 2026 fiscal year, and there has not yet been a sustained rebound toward the levels reached prior to fiscal year 2025.

Second, fewer newly announced cases should not be confused with an inactive Enforcement Division. The increase in insider trading cases during the third quarter, together with the commission's new retail fraud and financial reporting initiatives, point toward a more concentrated docket centered on fraud, individual misconduct, market abuse and demonstrable investor harm.

It is also possible that the recent hiring in the Enforcement Division may lead to an increase in the volume of investigations. However, as the SEC pointed out in its fiscal year 2025 enforcement results announcement, many of these investigations may close and not lead to settled or litigated cases.[5] While investigations may be closed, they will still require expenditure of effort and time by the target firms and their counsel.

For defense counsel, that combination could produce a different enforcement environment from the one that prevailed in prior years: an increased number of investigations with fewer investigations progressing to filed actions, but potentially greater commission interest in matters that fall squarely within its stated priorities.

There is still one important caveat: September has historically been the SEC's busiest filing month. A substantial fourth-quarter enforcement activity increase therefore remains possible.

That makes the final quarter particularly consequential. If the SEC produces a traditional September surge, fiscal year 2026 may ultimately look more like an unusually slow transition year, albeit one reflecting a new, lower-volume — and more targeted — enforcement model.

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[1] Adrienna Huffman & Jan Jindra, "First Half of FY26 SEC Enforcement Activity: New Evidence of a Continued Slowdown," April 20, 2026.

[2] SEC Press Release No. 2026-44, "SEC Charges 21 Individuals With Alleged Wide-

Reaching Insider Trading Scheme," May 6, 2026.

[3] SEC Press Release No. 2026-63, "SEC Forms New Retail Fraud Working Group," July 7, 2026.

[4] SEC Press Release No. 2026-72, "SEC Establishes Financial Reporting and Accounting Unit in Enforcement Division," August 5, 2026.

[5] SEC Press Release No. 2026-34, "SEC Announces Enforcement Results for Fiscal Year 2025," April 7, 2026.