

SEC Adopts Amendments to Whistleblower Program Rules

Proskauer Whistleblower Defense Blog on **September 6, 2022**

On August 26, 2022, the U.S. Securities and Exchange Commission [announced](#) that it had adopted two amendments to its whistleblower program rules proposed earlier this year (see our post [here](#)).

The first amendment allows whistleblowers who would have been eligible for an award under another whistleblower program that would not give them as high an award as under the SEC's program—such as the whistleblower programs run by the Commodity Futures Trading Commission (CFTC) or the Internal Revenue Service (IRS)—to receive an award from the SEC. Under the previous version of the final rule adopted on September 23, 2020 (see our post [here](#)), whistleblowers were not eligible for awards under the SEC's whistleblower program if the SEC determined that some other award program more appropriately applied.

The second amendment affirmed the SEC's authority to consider the dollar amount of a potential award for the limited purpose of increasing an award, but not to lower an award. Under the previous version of the rule, the SEC retained discretion to make downward adjustments to award amounts in excess of \$5 million.

In announcing the new amendments, Chair Gensler noted:

Today's amendments enact two changes to help enhance the whistleblower program. The first amendment expands the circumstances in which a whistleblower who assisted in a related action can receive an award from the Commission for that related action rather than from the other agency's whistleblower program. Under the second amendment, when the Commission considers the size of the would-be award as grounds to change the award amount, it can do so only to increase the award, and not to decrease it. I think that these rules will strengthen our whistleblower program. That helps protect investors.

The SEC also published a [fact sheet](#) summarizing the whistleblower rule amendments, which will become effective 30 days after publication in the Federal Register.

These amendments are likely to result in increased tips to the SEC and larger payouts to successful whistleblowers.

[View Original](#)

Related Professionals

- **Steven J. Pearlman**
Partner
- **Pinchos (Pinny) Goldberg**
Senior Counsel