

# SEC Whistleblower Reform Act Reintroduced in Congress

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Last Wednesday, March 26, 2025, Senator Grassley (R-IA) and Senator Warren (D-MA) reintroduced the [SEC Whistleblower Reform Act](#). First [introduced in 2023](#), this bipartisan bill aims to restore anti-retaliation protections to whistleblowers who report their concerns within their companies. As upheavals at government agencies dominate the news cycle, whistleblowers might feel discouraged and hesitant about the risks of coming forward to report violations of federal law. This SEC Whistleblower Reform Act would expand protections for these individuals who speak up, and it would implement other changes to bolster the resoundingly successful SEC Whistleblower Program.

## The SEC Whistleblower Incentive Program

The [SEC Whistleblower Incentive Program](#) (the “Program”) went into effect on July 21, 2010, with the adoption of the [Dodd-Frank Wall Street Reform and Consumer Protection Act](#) (“Dodd-Frank”). The Program has since become an essential tool in the enforcement of securities laws. The program benefits the government, which collects fines from the companies found in violation of federal securities laws; consumers, who benefit from the improvements companies must make to ensure they refrain from, and stop, violating federal law; and the whistleblowers themselves, who can receive awards for the information and assistance they provide. Since its inception, the SEC Whistleblower Program has recouped [over \\$6.3 billion in sanctions](#), and it has awarded [\\$2.2 billion to 444 individual whistleblowers](#). In FY 2024 alone, the Commission awarded over [\\$255 million to forty-seven individual whistleblowers](#).

Under the Program, an individual who voluntarily provides information to the SEC regarding violations of any securities laws that leads to a successful civil enforcement action that results in over \$1 million in monetary sanctions is eligible to receive an award of 10–30% of the fines collected. Since the SEC started accepting tips under its whistleblower incentive program in 2010, apart from a dip in 2019, the number of tips submitted to the SEC has steadily increased. [In Fiscal Year 2024](#), the SEC received more than 24,000 whistleblower tips, the most ever received in one year.

## Restoring Protections for Internal Whistleblowers

While the SEC Whistleblower Program has been successful by any measure, in 2018, the Supreme Court significantly weakened the Program’s whistleblower protections in [Digital Realty Trust v. Somers](#), 583 U.S. 149 (2018). The Court ruled in *Digital Realty* that the Dodd-Frank Act’s anti-

retaliation protections do not apply to whistleblowers who only report their concerns about securities violations internally, but not directly to the SEC. The decision nullified one of the rules the SEC had adopted in implementing the Program. Because many whistleblowers first report their concerns to supervisors or through internal compliance reporting programs, this has been immensely consequential. The decision has denied a large swath of whistleblowers the protections and remedies of the Dodd-Frank Act, including double backpay, a six-year statute of limitations, and the ability to proceed directly to court.

The bipartisan [SEC Whistleblower Reform Act](#), reintroduced by Senators Grassley and Warren on March 26, 2025, restores the Dodd-Frank Act's anti-retaliation protections for internal whistleblowers. In particular, the Act expands the definition of "whistleblower" to include:

[A]ny individual who takes, or 2 or more individuals acting jointly who take, an action described . . . , that the individual or 2 or more individuals reasonably believe relates to a violation of any law, rule, or regulation subject to the jurisdiction of the Commission . . . .

. . .

(iv) in providing information regarding any conduct that the whistleblower reasonably believes constitutes a violation of any law, rule, or regulation subject to the jurisdiction of the Commission to—

(I) a person with supervisory authority over the whistleblower at the employer of the whistleblower, if that employer is an entity registered with, or required to be registered with, or otherwise subject to the jurisdiction of, the Commission . . . ; or

(II) another individual working for the employer described in subclause (I) who the whistleblower reasonably believes has the authority to—

(aa) investigate, discover, or terminate the misconduct; or

(bb) take any other action to address the misconduct.

With these changes to the definition of a "whistleblower," the Act would codify the Program's anti-retaliation protections for an employee who blows the whistle by reporting only to their employer, and not also to the SEC. Notably, the Act would apply not only to claims filed after the date of enactment, but also to all claims pending in any judicial or administrative forum as of the date of the enactment.

## **Ending Pre-Dispute Arbitration Agreements for Dodd-Frank Retaliation Claims**

Additionally, the SEC Whistleblower Reform Act would render unenforceable any pre-dispute arbitration agreement or any other agreement or condition of employment that waives any rights or remedies provided by the Act and clarifies that claims under the Act are not arbitrable. In other words, retaliation claims under the Dodd-Frank Act must be brought before a court of law and may not be arbitrated, even if an employee signed an arbitration agreement. This would bring Dodd-Frank Act claims into alignment with the Sarbanes-Oxley Act of 2002 ("SOX"), another anti-retaliation protection often applicable to corporate whistleblowers. While the Dodd-Frank Act eliminated pre-dispute arbitration agreements for SOX claims, it included no such arbitration ban for Dodd-Frank claims. As a result, two claims arising from the same underlying conduct often need to be brought in separate forums—arbitration for Dodd-Frank and court for SOX—or an employee must choose between the two remedies.

## Reducing Delays in the Program

The [SEC Whistleblower Reform Act](#) would also benefit whistleblowers by addressing the long delays that have plagued the Program, which firm partners Debra Katz and Michael Filoromo have [urged](#) the SEC to remedy and have [written](#) publicly on to raise awareness on this topic. In particular, the Act sets deadlines by which the Commission must take certain steps in the whistleblowing process. The Act provides that:

(A)(i) . . . the Commission shall make an initial disposition with respect to a claim submitted by a whistleblower for an award under this section . . . not later than the later of—

(I) the date that is 1 year after the deadline established by the Commission, by rule, for the whistleblower to file the award claim; or

(II) the date that is 1 year after the final resolution of all litigation, including any appeals, concerning the covered action or related action.

These changes are important because SEC whistleblowers currently might expect to wait several years for an initial disposition by the SEC after submitting an award application, and years more for any appeals of the SEC's decision to conclude. The Act's amendments set clearer deadlines and expectations for the Commission and would speed up its disposition timeline—and the provision of awards to deserving whistleblowers.

While the Act does provide for exceptions to the new deadline requirements, including detailing the circumstances under which the Commission may extend the deadlines, the Act specifies that the initial extension may only be for 180 days. Any further extension beyond 180 days must meet specified requirements: the Director of the Division of Enforcement of the Commission must determine that “good cause exists” such that the Commission cannot reasonably meet the deadlines, and only then may the Director extend the deadline by one or more additional successive 180-day periods, “only after providing notice to and receiving approval from the Commission.” If such extensions are sought and received, the Act provides that the Director must provide the whistleblower written notification of such extensions.

## Conclusion

The SEC Whistleblower Reform Act, which would reinstate anti-retaliation protections for whistleblowers and ensure that the Program runs more efficiently, would be a significant step forward for the enforcement of federal securities laws and for the whistleblowers who play a vital role in those efforts. The bipartisan introduction of the Act is a testament to the crucial nature of the Program.

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