

SEC and CFTC Send \$2 Billion Message Regarding Monitoring and Preserving Employee Electronic Communications

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If there is one thing the Securities and Exchange Commission (SEC) does well, it's identifying a discrete – and potentially common – violation of the federal securities laws and leveraging it into an enforcement sweep. On September 27, 2022 – just three days before the end of the agency's fiscal year – the SEC stamped out nearly identical settled orders against 15 Wall Street broker-dealers (and one affiliated investment adviser), imposing civil penalties totaling more than \$1.1 billion stemming from the firms' failures to monitor and preserve employees' electronic communications. When combined with the Commodity Futures Trading Commission (CFTC)'s same-day announcement of parallel actions against 11 financial institutions with aggregate penalties of more than \$700 million, and a similar action by both agencies in December 2021 against another global financial firm, financial regulators have now imposed more than \$2 billion in penalties relating to failures to monitor and preserve electronic communications.

This client alert takes a deeper look at the SEC's recent recordkeeping sweep and offers practical tips for broker-dealers and asset managers to help minimize their exposure.

[Read full alert here.](#)