



U.S. Securities and Exchange Commission

In Brief
FY 2013 Congressional Justification

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U.S. Securities and Exchange Commission

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EXECUTIVE SUMMARY

The U.S. Securities and Exchange Commission (SEC) is pleased to submit our fiscal year (FY) 2013 Congressional Budget request to execute our three part mission: to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. Over the past three years, the SEC has focused on improving core operations. With the support of Congress, agency leadership and staff have made significant progress, including revitalizing and restructuring the enforcement and examination functions, revamping the handling of tips and complaints, enhancing safeguards for investor assets, improving internal collaboration to achieve important synergies, improving our risk assessment capacity, and recruiting more staff with specialized expertise and experience.

These efforts are achieving results. During FY 2011, the Commission:

- Filed 735 enforcement actions—more than ever filed in a single year in SEC history. The SEC was better able to discover and stop illegal activity earlier and obtained more than \$2.8 billion in penalties and disgorgement ordered in FY 2011.
- Implemented a more risk-focused examinations program and completed over 1,600 oversight exams designed to detect and prevent fraud, strengthen industry compliance, and monitor new and emerging risks. This risk-focused examination strategy resulted in improved guidance to the financial industry about risky practices and actionable information for enforcement investigations.
- Implemented a new Whistleblower Program that is providing high-quality information regarding otherwise difficult to detect wrongdoing and permitting investigators to focus resources more efficiently.
- Improved internal financial controls, resulting in a GAO Audit Opinion with no material weaknesses, and laid the groundwork for the migration of the SEC's financial management and reporting system to a Federal Shared Services Provider.
- Operationalized a number of internal reforms designed to improve the organizational structure, strengthen capabilities, improve controls and efficiencies, and enhance workforce competencies and talent. Successes to date include: establishing a unified Chief Operating Officer function; launching a Continuous Improvement Program to systematically reduce unnecessary costs; conducting comprehensive assessments of the Office of Administrative Services, Office of Financial Management, and Office of Human Resources operations; implementing a new performance management system; and improving staff training.
- Focused external hiring opportunities on filling strategic vacancies, and obtaining specialized industry expertise in areas such as over-the-counter derivatives and credit ratings.

In addition to improving longstanding agency operations, the Commission has worked to implement significant new responsibilities assigned to the agency under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). These new activities include important market reforms such as developing a regulatory framework for a more transparent, efficient and competitive marketplace for over-the-counter derivatives; making available to regulators and the investing public information about the identities, size, gatekeepers and disciplinary history of hedge fund and other private fund advisers; strengthening regulation of asset-backed securities; and proposing rules designed to improve the integrity and increase the transparency of the credit rating process.

While the agency's budget has grown in recent years, so have our responsibilities and the size and complexity of the markets we oversee. For example, during the past decade, trading volume in the

equity markets has more than doubled, as have assets under management by investment advisers, with these trends likely to continue for the foreseeable future.

Today, the SEC has responsibility for approximately 35,000 entities, including direct oversight of 11,700 investment advisers, 9,700 mutual funds and exchange traded funds (ETFs), and close to 4,500 broker-dealers with more than 160,000 branch offices. We also have responsibility for reviewing the disclosures and financial statements of more than 9,100 reporting companies. The SEC also oversees approximately 450 transfer agents, 15 national securities exchanges, 8 active clearing agencies, 9 nationally recognized statistical rating organizations (NRSROs), as well as the Public Company Accounting Oversight Board (PCAOB), Financial Industry Regulatory Authority (FINRA), Municipal Securities Rulemaking Board (MSRB), and the Securities Investor Protection Corporation (SIPC). Due to recent changes in the law, smaller investment advisers will transition from SEC to state oversight during 2012, but with the corresponding addition of advisers to private funds, we estimate that the agency will still oversee approximately 10,000 investment advisers with about \$44 trillion in assets under management. Over FY 2012 and FY 2013, we will also fully implement our new oversight responsibilities with respect to municipal advisors and entities registering with us in connection with the security-based swap regulatory regime.

Seven years ago, the SEC's funding was sufficient to provide nineteen examiners for each trillion dollars in investment adviser assets under management. Today, that figure stands at ten examiners per trillion dollars. A number of financial firms spend many times more each year on their technology budgets alone than the SEC spends on all of its operations. Similarly, our enforcement teams bring cases against firms that spend more on lawyers' fees than the agency's annual operating budget.

The SEC fully recognizes that it is incumbent upon us to maximize our efficiencies and continue our organizational modernization efforts. As we protect investors, we have an obligation to be good stewards of the resources that are provided to us. We are carefully reviewing our activities to identify ways to reduce levels of review and improve efficiency. In addition, the ability to access common business technologies is permitting us to improve productivity. These continuing efforts, along with continued congressional support, will be essential to enable the SEC to achieve its mission even as the financial markets continue to grow in size and complexity.

FY 2013 Request

The SEC requests \$1.566 billion in FY 2013. This represents an increase of \$245 million above the agency's FY 2012 appropriation and will support 5,180 positions (4,509 FTE)—an increase of 676 positions (associated with 196 FTE) over projected FY 2012 levels.

As in FY 2012, the FY 2013 budget request will be fully offset by the matching collections of securities transaction fees. In FY 2012, the fee rate will equal approximately two cents per every \$1,000 of transactions. Beginning in FY 2012, the SEC is required to adjust fee rates so that the amount collected will match the total amount appropriated by Congress. As a result, the SEC is deficit-neutral, as any increase or decrease in the SEC's budget would result in a corresponding rise or fall in offsetting fee collections.

The FY 2013 request will provide resources sufficient to achieve multiple, high-priority initiatives: (1) adequately staff mission essential activities to protect investors; (2) prevent regulatory bottlenecks as new oversight regimes become operational and existing ones are streamlined; (3) strengthen oversight of market stability; and (4) expand the agency's information technology (IT) systems to better fulfill our mission.

Investor Protection

Investor confidence in the fairness of financial markets is a critical element in capital formation. This FY 2013 budget request would enable the Commission to continue to direct additional staff resources to enhance its investor protection activities.

- *Enforcing the Securities Laws:* Increasing our ability to identify hidden or emerging threats to the markets and act quickly to halt misconduct, minimize investor harm, and maximize the deterrent impact of our efforts. As just one example, the Enforcement Division's Analysis and Detection Center will hire specialists with trading and quantitative expertise to analyze trading strategies across all types of securities, identifying potentially abusive trading practices.
- *Looking out for Investors:* The investment industry is rapidly evolving, with the development of new products posing new risks to investors and the increased complexity posing challenges to regulators. In FY 2013, the examination program will continue efforts to improve compliance inspection and exam coverage of investment advisers and investment company complexes. Also, the SEC staff plans to recommend several rule reforms to enhance the information provided to mutual fund investors, including proposed amendments to the mutual fund shareholder report framework and proposed rules designed to provide variable annuity investors with more user-friendly disclosure and improve the delivery of information through increased use of the Internet and other electronic means of delivery.
- *Public Company Disclosure:* Enhancing disclosure reviews of large and financially significant companies improves the information these companies provide to investors, which facilitates informed decision making.
- *Municipal Securities Market:* Important issues of investor protection, fairness, and efficiency also exist in the municipal securities market. In FY 2013, SEC staff expects to make recommendations to the Commission for improvements in the municipal securities market following a broad-based review of the market. In addition, the Commission is responsible for adopting rules to implement a new registration regime for municipal advisors which will require approximately 1,000 firms and thousands of individuals to register with the Commission.
- *Risk and Data Analysis:* As the industries we regulate use increasingly sophisticated technology and high-frequency trading algorithms, our ability to use statistical and trend analyses to identify potentially inappropriate or risky industry practices is essential to help inform our enforcement, exam and rulemaking efforts. Under this FY 2013 request, our Division of Risk, Strategy and Financial Innovation (RSFI) will continue to develop and implement robust analytical models to identify regulated entities with high-risk profiles. Further, RSFI will need to process and analyze the massive amounts of new types of data filed with the Commission as a result of the Dodd-Frank Act.

Avoiding Regulatory Bottlenecks

Companies of all sizes need cost-effective access to capital to grow and develop, and any unnecessary or superfluous regulations may impede their ability to do that. The FY 2013 budget request would enable the SEC to hire new subject matter experts to help make the transition to new rule regimes as smooth as possible and to streamline existing processes for market participants, while still maintaining essential protections for investors.

- *Over-the-Counter Derivatives:* In FY 2013, the Commission's regulatory responsibilities will significantly expand by the addition of the new categories of registered entities (including security-based swap execution facilities, security-based swap data repositories, security-based swap dealers, and major security-based swap participants); the required regulatory reporting and public dissemination of security-based swap data; and the mandatory clearing of security-based swaps. To avoid any unintended market disruptions as the new requirements become operational, the agency will need additional staff with technical skills and experience to process and review on a timely basis requests for interpretations as well as registrations or other required approvals. New staff also will be needed to help conduct improved risk-based supervision of registered security-based swap dealers and participants, including by using newly-available data to identify excessive risks or other threats to security-based swap markets and investors.
- *SRO Rule Approvals:* The Commission is responsible for reviewing and processing self-regulatory organizations' (SRO) proposed rule changes to evaluate the impact on the protection of investors, the public interest, and the national market system. The Dodd-Frank Act imposed new procedural requirements with respect to the Commission's processing of proposed rule changes, which has placed further demands on an already complex and resource-intensive process. The volume of annual requests has increased by over 80 percent in the last five years, with the Commission receiving over 2,000 requests for approval or guidance in 2011. The FY 2013 request is intended to provide additional resources so that market participants do not face greater uncertainty, costs, and delays in obtaining Commission action on new products, trading rules, and platforms.
- *Facilitating Capital Formation for Smaller Companies:* Within the past year, the Commission formed a new Advisory Committee on Small and Emerging Companies to provide advice on potential actions to facilitate small business capital formation and reduce burdens on small business in a manner consistent with investor protection. The Division of Corporation Finance has also commenced a comprehensive assessment of the Commission's rules with respect to public reporting obligation triggers, the restrictions on general solicitation in private offerings, new capital raising strategies for smaller companies, and communications in both private and public offerings. In FY 2013, the Division expects to continue to devote significant attention to development and consideration of possible rule changes designed to facilitate access to capital for smaller companies while at the same time protecting investors.
- *Economic Analysis:* As the Commission undertakes additional rulemaking and evaluates existing rules, continued access to robust, data-driven economic analyses is necessary to develop efficient rules and evaluate the effectiveness of our existing regulations. Under the FY 2013 budget request, RSFI would be able to hire additional economists and industry experts to support these needs.
- *Providing Interpretive Advice:* As the Commission implements the rules required under the Dodd-Frank Act, there will be a need for additional staff to respond to the demand from companies, investors, and their advisors for interpretive advice about the new rules. In FY 2013, for example, we expect a heightened number of interpretive inquiries from public companies on new rules relating to listing standards for executive compensation, disqualification of felons and other bad actors from certain exempt offerings, and specialized disclosure rules with respect to conflict minerals and payments to foreign or U.S. governments by resource extraction issuers.

- *Implementing Private Fund Systemic Risk Information Collection:* To address a major information deficiency identified during the recent financial crisis, in late FY 2012, private fund advisers will begin to file systemic risk information with the Commission on Form PF. In FY 2012 and in FY 2013 the SEC will be required to devote substantial resources to collect, administer, and monitor Form PF data and submissions and to analyze the data from these submissions. Additional positions will be required to help filers complete Form PF and interpret the form's requirements; coordinate with other financial regulators with respect to data formats, protocols, and technical specifications related to receipt and usage of the data; and oversee security of the data, including limiting data access to authorized organizations and individuals.

Safeguarding Market Stability

The expanding size, complexity and rapid growth of the markets presents enormous oversight challenges. In FY 2013, the Commission will need to hire specialists in a number of areas to strengthen our oversight of the markets, to protect against known risks, and to best enable our markets to facilitate economic growth.

- *Clearing:* Currently, the average transaction volume cleared and settled by clearing agencies is approximately \$6.6 trillion a day. The SEC estimates six new clearing entities will register with the SEC in FY 2013, totaling 14 active registered clearing agencies. For the eight currently active registered clearing agencies, the SEC just has approximately ten examiners devoted to them, with limited on-site presence in only three of the eight. Additionally, the SEC only has approximately a dozen other staff principally focused on monitoring and evaluation of risk management systems used by the existing clearing agencies, and will need to expand these efforts to address the expected increase in number of clearing agencies and rule filings raising risk management issues. While we anticipate additional strategic hiring in this area during FY 2012, this mismatch between the amount of regulated clearing activity and staffing will be exacerbated: additional clearing agencies will register with the SEC as a result of their security-based swap activities, and it is anticipated that certain existing clearing agencies will require expanded oversight due to their designation as systemically important by the Financial Stability Oversight Council. Accordingly, in the FY 2013 budget request we propose to add positions to support these functions.
- *Consolidated Audit Trail and Large Trader Reporting:* In FY 2012, the Commission will consider adoption of a final rule to implement a consolidated system for tracking trading activity in the equity markets, which is vital to better understanding market events across multiple trading platforms where trading volume has more than doubled in the last five years. The consolidated audit trail will enhance the data available to securities regulators for a range of critical analytical and regulatory purposes. If it adopts this rule, in FY 2012 and FY 2013 the Commission will need to monitor the creation of, and ultimately approve, a detailed SRO plan for the consolidated audit trail system, and then monitor the development and implementation of the system by the SROs and their members. The FY 2013 budget request would support this initiative, including the planning efforts necessary to enable us to prepare to use this data. In addition, by FY 2013 we expect to be able to collect and analyze enhanced data from our recently adopted rule for reporting of certain information by large traders, and the FY 2013 budget will support our ability to use this data for more effective market oversight.
- *Market structure improvements:* In FY 2013, the Commission will continue its efforts to monitor and respond to significant market events, such as the severe market disruption of

May 6, 2010. In response to market structure issues, the Commission is currently evaluating a proposed “limit-up/limit-down” mechanism that would help enhance market stability by preventing trades in individual securities from occurring outside of a specified price band. The Commission also continues to review proposed amendments to the existing market-wide circuit breakers filed by the securities exchanges and FINRA that are designed to address extraordinary volatility across the securities markets and to make the circuit breakers more useful in the fast-paced electronic trading dynamics of today’s markets.

- *Money Market Funds*: The Commission is considering structural reforms to money market funds to lessen their susceptibility to runs, and to enhance the protections afforded to money market fund investors. These structural reforms would supplement the rules limiting the portfolio risk in money market funds that the Commission adopted in FY 2010. IM plans to expand and improve its monitoring and oversight of money market funds and bring on additional staff with industry and computerized data analysis expertise in this highly specialized area.
- *Exchange Traded Funds (ETFs)*: ETFs are rapidly growing, increasingly complex financial products whose activities raise significant disclosure, conflict of interest, market structure, and macro-prudential issues. In FY 2013 the SEC needs to augment its ability to respond effectively to product innovation and potential market stresses in this area. The requested new positions, which would include individuals with specialized industry or legal expertise, would assist in evaluating novel and complex ETF products, structures, trading mechanisms, and index replication methodologies.
- *Cyber Security*: Financial entities are recognized as particular targets for cyber attack attempts. SEC monitoring of cyber security at the various securities exchanges and the growing number of trading and clearing platforms will require additional staff to further enhance this function in FY 2013.

Leveraging Information Technology Systems

The growth in the size and complexity of U.S. markets requires that the SEC leverage technology to continuously improve its productivity, as well as identify and address the most significant threats to investors. The SEC’s planned investments in technology in FY 2013 will address the tremendous demand for information technology (IT) development support across the agency, and enable the Office of Information Technology (OIT) to dedicate additional resources to new or ongoing projects in areas such as data management, integration and analysis; document management; disclosure review; and internal accounting and financial reporting. For example, this funding will permit the agency to continue work on a new enterprise-class, scalable system that allows staff to search documents across cases; and obtain the tools and resources necessary to extract and analyze data about trading market abuse; potential fraud in municipal and public pension funds; and insider trading.

Additionally, the SEC plans to continue multi-year initiatives to improve the enforcement and examinations programs’ capabilities to intake and process thousands of tips, complaints, and referrals (TCR) received annually, and massive amounts of electronic evidence. Included in the agency plans for the TCR system is a major component that will provide automated triage by automatically receiving new TCRs, determining their characteristics and risks, and assigning the TCRs to an SEC organization for resolution—providing SEC staff with the ability to search readily through an extensive amount of data that currently must be searched manually. The SEC also plans to make additional investments in electronic discovery, the forensics laboratory, and reporting tools.

SEC Reserve Fund

The Dodd-Frank Act established a Reserve Fund for the SEC and gives the agency authority to use the Fund for expenses that are necessary to carry out the agency's functions. Each year, starting with FY 2012, the SEC is required to deposit into the Fund up to \$50 million a year in registration fees, while the remainder is deposited into the Treasury as general revenue. The balance of the Fund cannot exceed \$100 million.

For FY 2013, the SEC plans to use \$50 million from the Reserve Fund for continued modernization of EDGAR and SEC.gov, as well as additional IT projects. Specifically, approximately \$26 million would be invested in overhauling EDGAR and SEC.gov to create new, modernized systems that will improve the agency's ability to meet Commission requirements; simplify the interchange between filers and the SEC to reduce filer burdens; improve data capture by moving to structured formats for various SEC forms; and reduce the long-term costs of operating and maintaining the systems. To improve data structure and database performance, verify data, and construct a single data repository and central staging area for all EDGAR and SEC.gov data, the SEC plans to invest another \$9 million.

The remainder of the Reserve Fund in FY 2013 will be used on a number of IT projects, including development of Market Oversight and Watch Systems that will provide the SEC with automated analytical tools to review and analyze market events, complex trading patterns, and relationships; development of fraud analysis and fraud prediction analytical models; and deployment of natural speech, text, and word search tools to assist our fraud detection efforts. Additionally, the SEC plans to develop analytical environment, databases, and intake systems for market data, mathematical algorithms, and financial data.

Program Details

This section provides additional details of the SEC's overall FY 2013 request as it relates to certain key agency divisions, offices, and programs.

Enforcement

The SEC's budget request for FY 2013 will support a total of 1,545 positions (1,355 FTE) for the agency's enforcement program, which represents an increase of 191 positions (associated with 56 FTE) above FY 2012 levels. As the SEC's largest Division, the Enforcement Division investigates and brings civil charges in federal district court or in administrative proceedings based on violations of the federal securities laws. Successful enforcement actions result in sanctions that deter wrongdoing and protect investors, both now and in the future; result in penalties and the disgorgement of ill-gotten gains that often can be returned to harmed investors; and bars that prevent wrongdoers from working in the industry.

Having completed its structural reforms over the last two years, Enforcement is implementing a host of risk-based initiatives designed to increase the Division's ability to identify hidden or emerging threats to the markets and act quickly to halt misconduct and minimize investor harm. These include, for example, a focus on: (a) investment advisers serving multiple roles in simultaneously managing structured products and investment funds; (b) valuation of difficult-to-value assets in times of market stress; (c) analysis of suspicious performance returns posted by hedge fund advisers; (d) analysis of suspicious trading patterns and relationships among multiple traders; (e) analysis of accounting and financial statement treatment of the offshore operations of U.S. issuers; and (f) new strategies to prosecute "gatekeepers," recidivists and organizers of manipulation in the trading of over-the-counter securities.

Enforcement must be in the forefront of understanding new product offerings and have a global reach, in order to properly identify potential violations of the securities laws. As product offerings and fraudsters become more sophisticated, the complexity of enforcement cases increases and requires more resources to achieve a successful outcome. Compounding the Division's challenges and stretching its resources is the new workload created by the Dodd-Frank Act, such as the triage and investigation of tips received under the new Whistleblower Program, and the addition of several new classes of registrants added to the Commission's jurisdiction (i.e., municipal advisors, new categories of securities-based swap entities, hedge fund and other private fund advisers).

Compliance Inspections and Examinations

The Office of Compliance Inspections and Examinations (OCIE) administers the SEC's National Examination program, which improves compliance, prevents and detects fraud, monitors risk, and informs the Commission's regulatory policy activities. OCIE uses a risk-based approach to target valuable staff and resources toward firms and practices that have the greatest potential risk of securities law violations.

The SEC's budget request for FY 2013 will support a total of 1,190 positions (990 FTE) for OCIE, which represents an increase of 222 positions (associated with 65 FTE) from FY 2012 levels. Of the total new positions requested, 90 percent will be allocated to the exam program and the remaining 10 percent will be used for market oversight, clearance and settlement, and a mix of legal and business management activities. These additional resources will bolster OCIE's ability to address the expanding universe of entities that are coming under the jurisdiction of the SEC for purposes of examinations and inspections. Without these additional positions, the increased complexity of the registered firms and the growing disparity between the number of exam staff and the firms could compromise the effectiveness and credibility of the Commission's inspection and examination programs.

The SEC's request for OCIE is driven by many issues and challenges, including most notably:

- *Exam coverage of the securities market is severely restricted due to current staffing levels:* Each year in the past decade, OCIE, in partnership with the SROs, has examined *less than one percent* of the approximately 160,000 broker-dealer branch offices. In FY 2011, OCIE staffing levels only permitted the examination of eight percent of registered advisers. More than one-third of advisers have never been examined. Unlike the broker-dealer program, there are no SROs that supplement SEC's efforts in this particular area.
- *Increases in the regulatory population and new complex products and lines of business complicate examination oversight:* The number of registered investment advisers has grown from nearly 7,600 advisers managing approximately \$21 trillion in assets a decade ago to an estimated 10,000 advisers managing \$44 trillion in assets in FY 2013. Simultaneously, the increased use of new and complex products such as derivatives and certain structured products, the increasing use of technology in operations that facilitate high-frequency and algorithmic trading, and the growth of complex "families" of financial services companies with integrated operations that include both broker-dealer and investment adviser affiliates require a new level of expertise and analytics to design and administer a more robust, complex, and agile examination program.

Public Company Disclosure

The SEC's budget request for FY 2013 will support a total of 561 positions (503 FTE) for the Division of Corporation Finance, an increase of 46 positions (associated with 13 FTE).

These resources will be used to enhance disclosure reviews of large and financially significant companies; continue to devote significant attention to development and consideration of proposed rule changes designed to facilitate access to capital for smaller companies in a manner consistent with investor protection; provide interpretive advice on the new rules promulgated under the Dodd-Frank Act; and evaluate and, as needed, address trends in the increasingly complex offerings of asset-backed securities and other structured financial products.

Trading and Markets

The Division of Trading and Markets is responsible for establishing and maintaining standards for fair, orderly, and efficient markets, as well as supervising exchanges, NRSROs, broker dealers, clearing agencies, transfer agents, and certain other major participants in the U.S. securities markets.

The SEC's FY 2013 budget request will support a total of 347 positions (310 FTE) for Trading and Markets, an increase of 40 positions (associated with 12 FTE). The additional resources will be allocated among three areas: (1) supervision of securities markets, including the development of new market-related policies to address a broad array of issues in the equity and fixed income markets, as well as the performance of new oversight responsibilities in the security-based swap markets, such as the review of applications for registration as security-based swap execution facilities; (2) enhanced supervision of securities market infrastructure, including in particular clearing agencies that are designated by the Financial Stability Oversight Council as systemically important, clearing agencies for security-based swaps, non-central counterparty (CCP) clearing agencies, clearing agencies active in the international markets, and security-based swap data repositories; and (3) supervision of securities firms, including broker-dealers as well as the newly-created categories of security-based swap dealers and major security-based swap participants.

Risk, Strategy and Financial Innovation

The Division of Risk, Strategy and Financial Innovation (RSFI) provides sophisticated analysis that integrates economic, financial, and legal disciplines with data analytics and quantitative methodologies. The Division's responsibilities cover three broad areas, each based upon rigorous quantitative analysis: risk and economic analysis; strategic research; and financial innovation. Its responsibilities include providing economic analyses of proposed SEC actions and providing expertise in analytical approaches and methods to support the agency's enforcement and examinations program. RSFI is involved across the entire range of SEC activities, including policymaking, rulemaking, enforcement, examination, data standards and analytics, and other matters.

The SEC's FY 2013 budget request will support a total of 131 positions (96 FTE) for RSFI, an increase of 30 positions (associated with 9 FTE). Approximately 15 of the new positions will be devoted to making operational new statutorily mandated financial reforms, with the remainder supporting the Division's ongoing work in the areas of risk and economic analysis, strategic research, financial innovation, and development of data analytics and quantitative methodologies.

Investment Management

The Division of Investment Management oversees the SEC's efforts to minimize the financial risks to investors from fraud, mismanagement, self-dealing, and misleading or incomplete disclosure in the \$44 trillion investment company and investment adviser segments of the financial services industry,

without imposing unnecessary costs and burdens on regulated entities. The SEC's FY 2013 budget request will support a total of 220 positions (184 FTE) for Investment Management, an increase of 40 positions (associated with 12 FTE).

In FY 2013, new regulations involving advisers to hedge funds and other private funds will become operational. Accordingly, the Division will devote substantial resources to implementing and monitoring the effect of the new rules and to responding to increased exemptive applications and increased requests for interpretive and no-action relief by advisers to private funds. The Division will devote additional resources to expand and improve its monitoring and oversight of money market funds and ETFs, and to collect and monitor systemic risk information filed by private funds. The Division also will begin to implement a statutorily mandated inspection and examination program for investment companies and investment advisers. The examination program will act as a liaison to OCIE, support the division's policy role, and better enable it to understand the impact of regulations in the marketplace.

Information Technology

As described above, in FY 2013, the SEC plans to continue its emphasis on leveraging technology to streamline operations and bolster the effectiveness of agency programs. The SEC's budget request for FY 2013 will support IT investments of \$99 million and provide the resources needed to support a larger and more complex technology enterprise. The request allocates 203 positions (169 FTE) for OIT, an increase of 20 positions (associated with 6 FTE) over FY 2012 levels. In addition to pursuing numerous IT projects, including those outlined above, OIT plans to hire additional experienced business analysts and certified project managers to oversee the complex and large-scale projects in the agency's expanding technology portfolio.

Training and Development of SEC Staff

The SEC's FY 2013 budget request also includes a significant investment in training managed by the SEC University (SECU). A total training budget of \$16.3 million, which represents an increase of \$8.2 million above the FY 2012 level, would enable the SEC to continue building an effective training program to deepen expertise and skills as they relate to core mission responsibilities as well as new requirements imposed by the Dodd-Frank Act, such as the examination of hedge funds, oversight of SROs, and the examination of credit rating agencies. The planned investment in SECU for FY 2013 would principally support training and development for employees directly involved in examinations, investigations, fraud detection, litigation, and other core mission responsibilities of the SEC. The SECU also would provide specialized in-depth training concerning changing market conditions, analytics and forensics, and the SEC's response to the Dodd-Frank Act. Finally, the additional funding will support training and development related to securities and investor protection, and professional and technical education that includes securities training courses, FINRA series training, an examiner certification program, financial industry conferences and certifications, and organizational partnerships.

Managing Agency Resources

For FY 2013, the SEC is requesting 48 positions (associated with 13 FTE) to ensure that the agency's administrative and support services capabilities, including those of the Offices of Financial Management and Human Resources, are in alignment with the requirements of an expanded SEC, and to ensure that the agency manages its resources wisely and efficiently.

The SEC continues to make notable improvements in our organizational structure and business processes to affect more efficiency in accomplishing our expanded mission. These efforts include

more intra-agency coordination as a means to minimize duplication and improve performance. The SEC has strengthened efforts to forge collaborative relationships with other federal regulators, the general public, and our international counterparts. We are undertaking a few key organizational changes to better align programs and staff, increase efficiencies, and acquire the expertise needed to execute agency priorities.

FTE and Positions by Program

	FY 2011 Actual		FY 2012 Estimate		FY 2013 Request	
	FTE	Positions	FTE	Positions	FTE	Positions
Enforcement	1,236	1,283	1,247	1,354	1,355	1,545
Compliance Inspections and Examinations*	867	911	866	968	990	1,190
Corporation Finance	471	483	469	515	503	561
Trading and Markets**	212	248	239	307	310	347
Investment Management	156	165	157	180	184	220
Risk, Strategy and Financial Innovation	57	70	65	101	96	131
General Counsel***	143	148	137	149	154	156
Other Program Offices						
Chief Accountant	50	50	47	52	50	56
Investor Education and Advocacy****	45	47	44	46	47	51
International Affairs	37	40	37	46	44	50
Administrative Law Judges	9	12	11	13	12	13
Investor Advocate	0	0	3	6	6	6
Credit Ratings	0	0	17	29	30	35
Municipal Securities	<u>0</u>	<u>0</u>	<u>3</u>	<u>5</u>	<u>5</u>	<u>5</u>
Total	141	149	162	197	194	216
Agency Direction and Administrative Support						
Executive Staff	39	42	42	42	42	42
Public Affairs	6	8	9	10	10	11
Secretary	29	30	31	31	32	32
Chief Operating Officer	7	11	10	18	18	21
Financial Management	69	79	72	84	86	89
Information Technology	117	155	128	183	169	203
Human Resources	77	88	85	101	109	131
Administrative Services	105	100	92	101	94	101
FOIA/Records Management/Security	48	55	49	62	62	72
Ethics Counsel	0	0	13	14	15	17
Minority and Women Inclusion	1	2	3	8	11	13
Equal Employment Opportunity	<u>5</u>	<u>8</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>
Total	503	578	542	663	658	743
Inspector General	20	23	22	24	25	25
Total FTE and Positions	<u>3,844</u>	<u>4,125</u>	<u>3,946</u>	<u>4,504</u>	<u>4,509</u>	<u>5,180</u>
Permanent	3,806	4,058	3,906	4,458	4,469	5,134
Temporary	38	67	40	46	40	46

* Reflects the shift of 20 positions to the Office of Credit Ratings in FY 2012

** Reflects the shift of 3 positions to the Office of Credit Ratings and 4 positions to the Office of Municipal Securities in FY 2012

*** Reflects the shift of 14 positions to the Office of the Ethics Counsel in FY 2012

****Reflects the shift of 3 positions to the Office of the Investor Advocate in FY 2012

Obligations by Object Class

(\$ in thousands)

	FY 2011 Actual*	FY 2012 Estimate**	FY 2013 Request***
Personnel Compensation & Benefits			
<u>Total Personnel Compensation (11.9)</u>	<u>\$596,471</u>	<u>\$623,759</u>	<u>\$734,259</u>
Full-time Permanent (11.1)	587,394	611,974	720,442
Other than Full-time Permanent (11.3)	2,326	2,390	2,483
Other Personnel Compensation (11.5)	5,131	6,395	8,217
Special Personnel Services Payments (11.8)	1,620	3,000	3,117
Civilian Personnel Benefits (12.1)	164,113	179,902	208,685
Subtotal Cost of Salaries	\$760,584	\$803,661	\$942,944
Other Expenses			
Benefits for Former Personnel (13.0)	2,195	2,609	2,653
Travel and Transportation of Persons (21.0)	7,527	13,570	16,873
Transportation of Things (22.0)	43	93	95
<u>Rent, Communications & Utilities (23.0)</u>	<u>138,522</u>	<u>157,173</u>	<u>176,671</u>
Rental Payments to Others (23.2)	127,518	145,830	163,465
Comm., Utilities, and Misc. Charges (23.3)	11,004	11,343	13,206
Printing and Reproduction (24.0)	9,038	9,828	9,995
<u>Other Contractual Services (25.0)</u>	<u>227,934</u>	<u>293,739</u>	<u>321,482</u>
Advisory and Assistance Services (25.1)	46,139	83,455	84,873
Other Services (25.2)	58,573	59,721	73,684
Purchase of Goods & Services from Government Accounts (25.3)	24,099	22,590	22,976
Operation & Maintenance of Facilities (25.4)	8,837	8,805	8,955
Operation & Maintenance of Equipment (25.7)	90,286	119,168	130,994
Supplies and Materials (26.0)	2,514	3,446	3,838
Equipment (31.0)	50,720	71,062	81,948
Building Alterations (32.0)	13,502	4,600	9,501
Claims and Indemnities (42.0)	280	0	0
Refunds (44.0)	0	0	0
Undistributed (92.0)	0	0	0
Subtotal Cost of Other Expenses	\$452,275	\$556,120	\$623,056
Spending Authority	\$1,212,859	\$1,359,781	\$1,566,000

* FY 2011 Actual excludes \$2.2M in upward adjustments of prior year obligations that were included in the President's FY 2013 Budget Appendix.

** FY 2012 Estimate includes \$38.8M that was apportioned but not reflected in the President's FY 2013 Budget Appendix.

*** FY 2013 Request includes \$100.4M to cover the agency's funding of obligations incurred in prior fiscal years for ongoing multi-year real property contracts.

Average Salary and Grade ^{1/}

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Request
Average SO Salary	\$226,500	\$226,500	\$227,630
Average SK Salary	\$149,260	\$152,990	\$159,110
Average SK Grade	14	14	14

^{1/} Average salary as of the last day of the fiscal year.

FY 2013 Request by Strategic Goal and Program

(\$ in thousands)

SEC Program			FY 2013 Request					Change over FY 2011 Actual*		Change over FY 2012 Estimate**	
			Goal 1 Enforce Securities Laws	Goal 2 Effective Regulatory Environ.	Goal 3 Facilitate Access To Info.	Goal 4 Maximize Use of Resources	FY 2013 Request***	\$	%	\$	%
	FY 2011 Actual*	FY 2012 Estimate**									
FY 2011 Actual*			\$638,972	\$130,653	\$201,057	\$242,177					
FY 2012 Estimate**			\$828,207	\$126,341	\$193,871	\$211,362					
Enforcement Compliance Inspections and Examinations	\$415,430	\$467,317	\$471,827	\$10,257	\$5,128	\$25,642	\$512,854	\$97,424	23	\$45,537	10
Corporation Finance	259,937	274,972	296,523	6,376	3,189	12,754	318,842	58,905	23	43,870	16
Trading and Markets	135,862	143,468	3,163	18,978	126,520	9,489	158,150	22,288	16	14,682	10
Investment Management Risk, Strategy, and Financial Innovation	64,575	76,641	19,209	50,553	30,332	1,011	101,105	36,530	57	24,464	32
General Counsel	48,474	51,446	14,994	25,615	19,992	1,874	62,475	14,001	29	11,029	21
Other Program Offices Agency Direction and Administrative Support	18,871	24,576	15,654	15,654	1,779	2,491	35,578	16,707	89	11,002	45
Inspector General	44,048	45,298	32,453	8,757	1,546	8,757	51,513	7,465	17	6,215	14
	43,089	51,724	20,551	16,232	20,431	2,817	60,031	16,942	39	8,307	16
	175,882	216,993	2,604	8,086	43,582	203,006	257,278	81,396	46	40,285	19
	6,691	7,346	82	0	82	8,010	8,174	1,483	22	828	11
Total SEC Funding	\$1,212,859	\$1,359,781	\$877,060	\$160,508	\$252,581	\$275,851	\$1,566,000	\$353,141	29%	\$206,219	15%
Percent Increase over Prior Year			6%	27%	30%	31%					

* FY 2011 Actual excludes \$2.2M in upward adjustments of prior year obligations that were included in the President's FY 2013 Budget Appendix.

** FY 2012 Estimate includes \$38.8M that was apportioned but not reflected in the President's FY 2013 Budget Appendix.

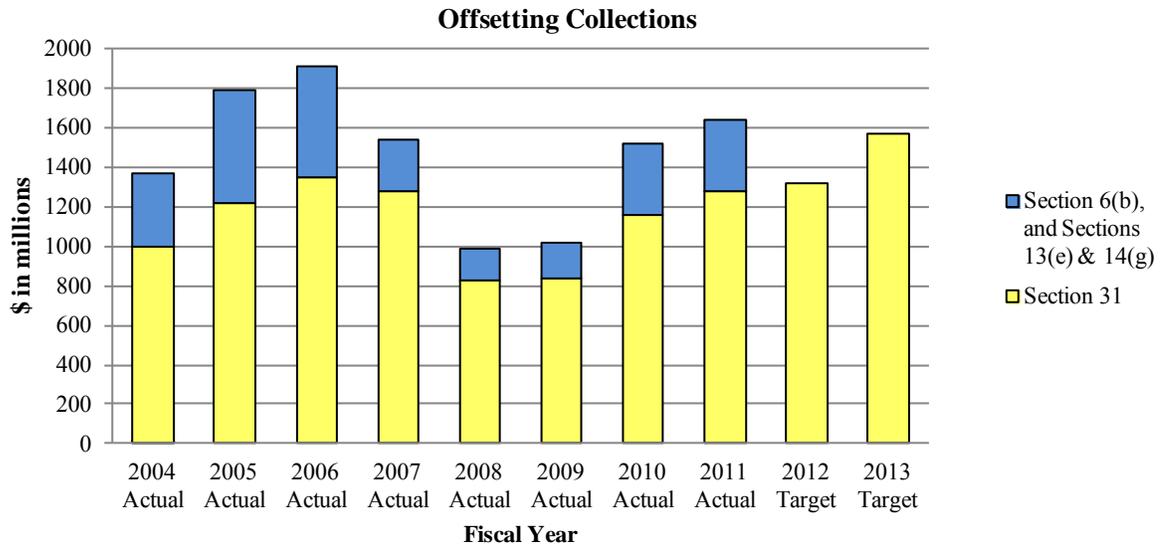
*** FY 2013 Request includes \$100.4M to cover the agency's funding of obligations incurred in prior fiscal years for ongoing multi-year real property contracts.

Summary of Changes

(\$ in thousands)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>Net</u>
	<u>Estimate</u>	<u>Request</u>	<u>Change</u>
Spending Authority	\$1,359,781	\$1,566,000	+\$206,219
Full-time Equivalents	3,946	4,509	+563
Positions	4,504	5,180	+676
<hr/>			
Explanation of Changes:	<u>Positions</u>	<u>FTE</u>	<u>Amount</u>
FY 2012 Base Changes			
Annualization of staff brought on-board in FY 2012	---	367	+70,015
FY 2013 pay raise, 0.5% effective January 2013	---	---	+3,276
Merit pay increases for eligible staff	---	---	+30,693
Increases in space rent and utilities	---	---	+2,612
Other non-compensation inflation	---	---	+6,843
Other mandatories (FECA)	---	---	-228
Subtotal, Base Changes		367	+\$113,211
<hr/>			
FY 2013 Program Increases			
Information Technology Enhancements	---	---	+14,000
Employee awards to address OIG Audit Report No. 492	---	---	+1,304
Training	---	---	+8,205
Staffing Increases:			+69,499
Enforcement	+191	+56	---
Compliance Inspections & Examinations	+222	+65	---
Corporation Finance	+46	+13	---
Trading and Markets	+40	+12	---
Investment Management	+40	+12	---
Risk, Strategy and Financial Innovation	+30	+9	---
General Counsel	+7	+2	---
Other Program Offices	+19	+4	---
Agency Direction & Admin. Support	+80	+22	---
Inspector General	+1	+1	---
Subtotal, Program Increases	+676	+196	+\$93,008
Total Change	+676	+563	+\$206,219

Offsetting Collections and Spending Authority



	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u> ¹	FY 2013 <u>Estimate</u>
<u>Source of Offsetting Collections</u> (\$ in thousands)			
Securities Transaction Fees under the Securities Exchange Act of 1934 (Section 31)	\$1,279,260	\$1,321,000	\$1,566,000
Securities Registration Fees under the Securities Act of 1933 (Section 6(b)), and Merger and Tender Fees under the Securities Exchange Act of 1934 (Sections 13(e) and 14(g)) ²	<u>\$361,284</u>	---	---
Total Offsetting Collections	<u>\$1,640,544</u>	<u>\$1,321,000</u>	<u>\$1,566,000</u>
	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
<u>Spending Authority</u> (\$ in thousands)			
Current Year Appropriated Offsetting Collections	\$1,185,000	\$1,321,000	\$1,566,000
Available Balances from Prior Years	<u>27,859</u>	<u>38,781</u>	<u>0</u>
Total Authority	<u>\$1,212,859</u>	<u>\$1,359,781</u>	<u>\$1,566,000</u>

¹ Estimate matches the SEC's appropriation, as mandated by the Dodd-Frank Act. The estimate is not based on expectations relative to economic and market conditions.

² Under the Dodd-Frank Act, fees collected under Section 6(b) of the 1933 Act and Section 13(e) and 14(g) of the 1934 Act will no longer be counted as offsetting collections. Starting in FY 2012, the SEC is required to deposit into the Reserve Fund up to \$50 million a year in Section 6(b) registration fees, while the remainder is deposited into the Treasury as general revenue.

Appropriations Language

For necessary expenses for the Securities and Exchange Commission, including services as authorized by 5 U.S.C. 3109, the rental of space (to include multiple year leases) in the District of Columbia and elsewhere, and not to exceed \$3,500 for official reception and representation expenses, \$1,566,000,000, to remain available until expended; of which not less than \$100,345,000 shall be used to cover shortfalls in the Commission's funding of obligations incurred in past fiscal years for ongoing multi-year real property contracts; and of which not less than \$7,067,000 shall be for the Office of Inspector General; of which not to exceed \$50,000 shall be available for a permanent secretariat for the International Organization of Securities Commissions; and of which not to exceed \$100,000 shall be available for expenses for consultations and meetings hosted by the Commission with foreign governmental and other regulatory officials, members of their delegations and staffs to exchange views concerning securities matters, such expenses to include necessary logistic and administrative expenses and the expenses of Commission staff and foreign invitees in attendance including: (1) incidental expenses such as meals; (2) travel and transportation; and (3) related lodging or subsistence: Provided, That fees and charges authorized by section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) shall be credited to this account as offsetting collections: Provided further, That not to exceed \$1,566,000,000 of such offsetting collections shall be available until expended for necessary expenses of this account: Provided further, That the total amount appropriated under this heading from the general fund for fiscal year 2013 shall be reduced as such offsetting fees are received so as to result in a final total fiscal year 2013 appropriation from the general fund estimated at not more than \$0.

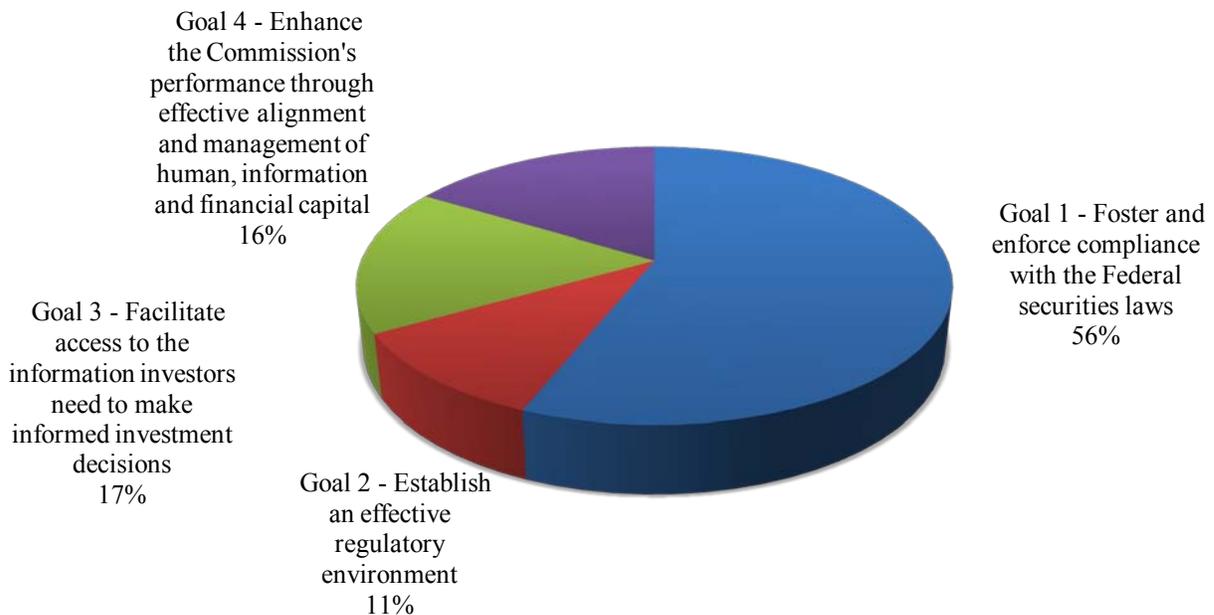
FY 2013 Request by Strategic Goal

The SEC focuses its resources on (1) fostering and enforcing compliance with the federal securities laws, (2) establishing an effective regulatory environment, (3) facilitating access to the information investors need to make informed investment decisions, and (4) enhancing the agency's performance through effective alignment and management of human, information, and financial capital.

The budget request for FY 2013 totals \$1.566 billion, an increase of \$245 million (19 percent) over the agency's FY 2012 appropriation. The FY 2013 budget funds 4,509 full-time equivalents (FTE), an increase of 563 FTE (14 percent) over the FY 2012 level, and increases the number of positions by 676 to a total of 5,180. Chart 1 depicts how the agency plans to allocate its resources in FY 2013 to achieve the goals identified in the agency's strategic plan.

Chart 1

FY 2013 FTE Request by Strategic Goal (4,509 Total FTE)

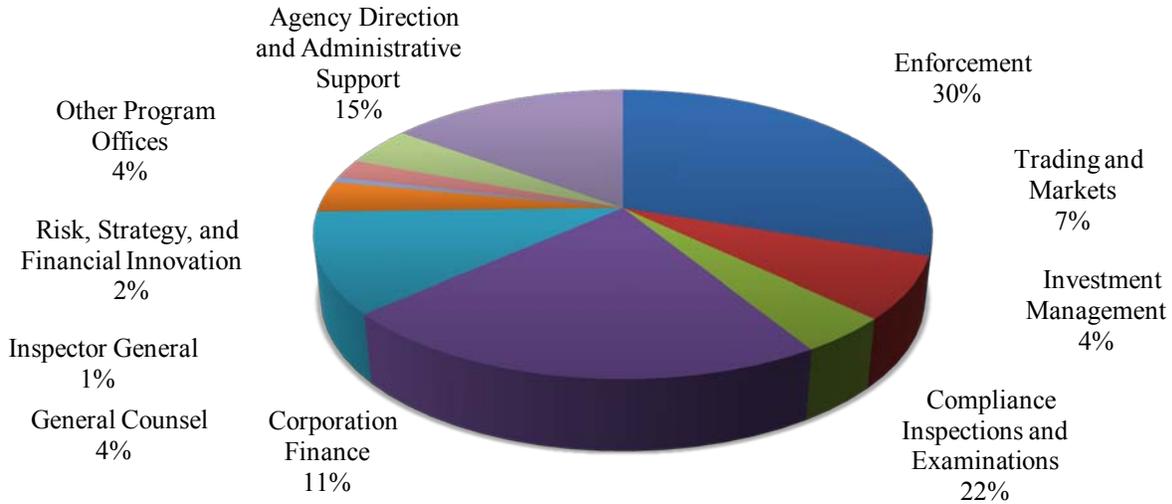


The additional resources requested for FY 2013 will bolster the SEC's efforts to achieve each of its four strategic goals, and allow the agency to begin overseeing the new markets and market participants brought under the SEC's jurisdiction by the Dodd-Frank Act. Resources that directly support fostering and enforcing compliance with the securities laws will increase approximately six percent from FY 2012 to FY 2013; resources utilized in establishing an effective regulatory environment will increase by approximately 27 percent compared to FY 2012; and resources that support activities that aim to facilitate informed investment decision-making will receive an estimated 31 percent increase.

The agency is mindful that significantly increasing staffing in the program areas requires a commensurate increase in staff and funding for support offices. Additionally, refinements to the tracking of resources devoted to the effective management of human, information, and financial capital has led to more staff time from the program offices being attributed to this goal in FY 2012 and FY 2013. Much of the funding will provide necessary resources for investments in information technology (IT) that will support efforts such as implementing requirements contained in the Dodd-Frank Act; advancing agency-wide data management and integration; and improving the agency's disclosure systems, infrastructure, and management of projects.

The SEC organizes its divisions and offices under 10 major programs that work together to achieve the four strategic goals. Chart 2 specifies how the agency plans to allocate its resources to the programs in FY 2013.

Chart 2
FY 2013 FTE Request by SEC Program (4,509 Total FTE)



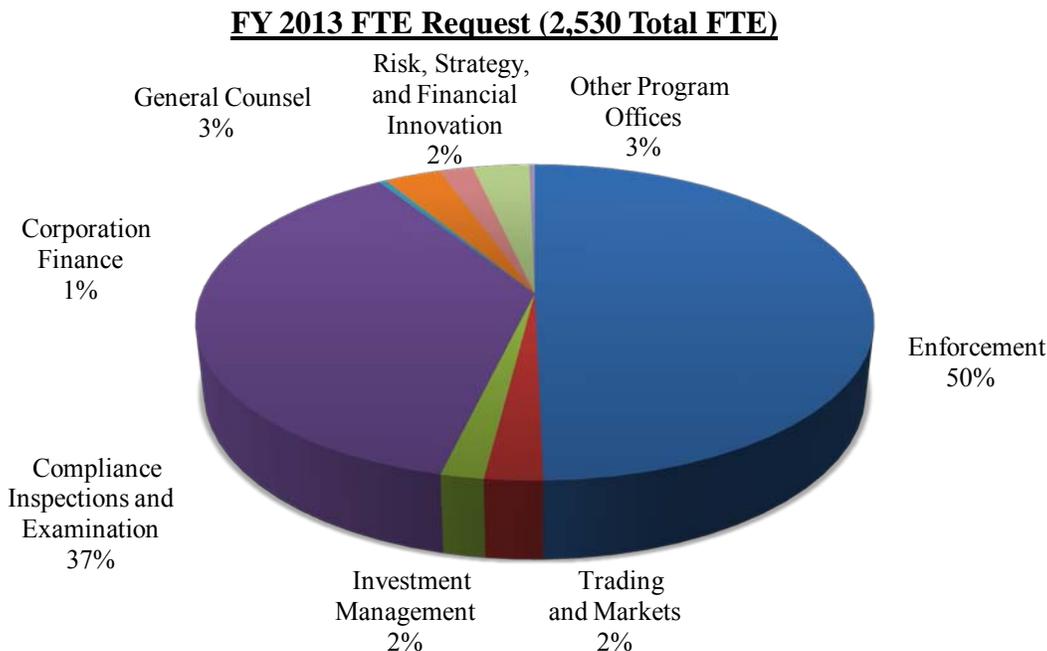
The following chapters comprise the agency’s performance plan for FY 2013, which explains how the SEC plans to use the requested resources to achieve each of its four strategic goals. Each strategic goal chapter opens by reviewing the purpose of the goal, followed by information identifying the resources allocated to achieving the goal. A general discussion of the FY 2013 performance objectives for the specified goal also is included, as well as a presentation of performance measures and indicators used to measure progress toward achieving the goal. During FY 2012, the SEC staff expects to present for the Commission’s consideration certain revised performance measures to provide agency management with improved analytical tools for evaluating program performance in support of the agency’s goals and outcomes and the broader effort to more efficiently manage agency programs.

To complement the FY 2013 performance budget, the agency also presents its FY 2013 budget by program (beginning on page 51). Each program chapter provides detailed information on program priorities, initiatives, and workload figures for the relevant divisions and offices.

Goal 1: Foster and Enforce Compliance with the Federal Securities Laws

In FY 2013, the agency is requesting to add a total of 222 positions (65 FTE) for the national examination program and 191 additional positions (56 FTE) for the Enforcement program. The additional resources will allow the SEC to continue implementation of various provisions under the Dodd-Frank Act, and begin addressing the disparity between the number of exam staff and the growing number and complexity of registered firms. Additionally, the Commission will be able to take prompt action to halt misconduct, sanction wrongdoers effectively, and return funds to harmed investors. Continued technology investments for improved data and information management also will be a top priority in FY 2013. In all, the agency plans to devote approximately \$878 million and 2,530 permanent FTE to enforcing compliance with the federal securities laws.

Chart 3



FY 2013 Performance Objectives: Fostering compliance with Federal securities laws is interwoven through all of the SEC's programs and is central to fulfilling the critical mission of the agency. These critical investor protection functions contribute to investors' confidence in our capital markets. Through disclosure reviews and examinations of broker-dealers, investment advisers, self-regulatory organizations (SROs) and other market participants, the SEC seeks both to detect violations of the securities laws and rules, and to foster strong compliance and risk management practices within these firms and organizations.

In FY 2013, the SEC will continue to carry out extensive reforms of its national examination and Enforcement programs. These reforms include vastly expanding the SEC's training programs, hiring staff with new skill sets, streamlining processes, enhancing information sharing, leveraging the knowledge of third parties, continuing to improve the way the SEC handles the thousands of tips the agency receives annually, and improving risk-assessment techniques. These and other significant efforts contribute to the agency's objective of creating an enduring structure for improved protection of investors and markets.

In FY 2013, the national examination program will continue its focus on high risk entities and activities. Additional staff will, among other things, improve risk assessment and surveillance functions and continue to address the disparity between the number of staff and regulated entities. The staff will address timely developments in the securities markets through targeted, sweep, and cause examinations and also will implement oversight initiatives related to the Dodd-Frank Act. In FY 2013, the SEC will continue to promote industry compliance efforts through the Compliance Outreach program, and will maintain ongoing efforts to improve its risk assessment and surveillance methodologies.

The Enforcement program plans to build on significant reforms implemented in FY 2011, and will work to meet new challenges expected in FY 2013, including additional workload as a result of the agency's expanded authority under the Dodd-Frank Act. Further, the addition of several new classes of registrants to the Commission's jurisdiction (e.g., municipal advisors, new categories of securities-based swap entities, hedge fund and other private fund advisers) is likely to result in an increase in the number of referrals to the Enforcement program. In order to effectively meet these challenges, the Enforcement program is aggressively adopting new methods, initiatives, and organizational reforms to ensure the best possible use of available resources to strengthen investor confidence in the U.S. financial markets and to send a strong message of deterrence to would-be violators of the securities laws.

In FY 2011, as part of a Strategic Plan Addendum process, the Division of Enforcement carefully reviewed and updated its performance measurement framework by adding, modifying, or removing performance measures developed during the SEC's FY 2010 – FY 2015 strategic planning process. The updates reflect the Division's efforts to improve the way its performance is measured and to more accurately reflect the reporting capability of each performance measure.

Outcome 1.1: The SEC fosters compliance with the federal securities laws.

Goal 1: Measure 1								
Number of new investor education materials designed specifically to help investors protect themselves from fraud								
Description: Through its Office of Investor Education and Advocacy (OIEA), and often in conjunction with other organizations, the agency issues Investor Alerts and other forms of educational material that inform investors about new or emerging types of fraud.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Number of education materials	Prior-year data not available			16	24	24	24	26
Data Source: www.sec.gov and www.investor.gov								

Goal 1: Measure 2**Number of industry outreach and education programs targeted to areas identified as raising particular compliance risks**

Description: Targeted communication with industry participants on topics shaping the examination program is intended to enhance compliance practices and prevent violations before they occur. This measure identifies the number of major outreach efforts conducted including the agency's national and regional Compliance Outreach events, published Compliance Alerts, and other educational initiatives.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Number of major outreach efforts	Prior-year data not available			6	10	5	12	12

Data Source: Internal tracking, although the events noted above are referenced in the SEC's website

Goal 1: Measure 3**Percentage of firms receiving deficiency letters that take corrective action in response to all exam findings**

Description: At the conclusion of examinations, the staff communicates identified deficiencies to registrants in the form of a deficiency letter. Registrants are then given a chance to respond to staff findings and often take action to remedy any problems and potential risks. Most often, registrants respond that they have corrected the deficiencies and implemented measures to prevent recurrence.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage	94%	93%	94%	90%	90%	93%	93%	93%

Data Source: Super Tracking and Reporting System (STARS)

Goal 1: Measure 4**Percentage of attendees at the Compliance Outreach program that rated the program as "Useful" or "Extremely Useful" in their compliance efforts**

Description: The Compliance Outreach program is designed to educate, inform, and alert CCOs and other senior management of pertinent information, including about effective compliance controls, that may assist them in administering compliance programs within registered firms. Improving compliance programs will reduce violative activity, resulting in increased protection for investors. At the conclusion of all Compliance Outreach events, CCOs are given the opportunity to rate the usefulness of the information provided in assisting them in their compliance efforts.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage	97%	92%	84%	77%	80%	86%	80%	82%

Data Source: Internal tracking

Goal 1: Indicator 1					
Annual increases or decreases in the number of CCOs attending Compliance Outreach programs					
Description: While the raw number of CCOs in the industry may vary depending on factors outside of the SEC's control, the Commission seeks to provide educational programs that are highly valued by attendees and their employers. Analyzing changes in participation levels will foster continued improvement in both program content and outreach efforts.					
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual
Percentage	Prior-year data not available			N/A	N/A
Data Source: N/A					

Outcome 1.2: The SEC promptly detects violations of the federal securities laws.

Goal 1: Measure 5								
Percentage of cause and special exams (sweeps) conducted as a result of risk assessment process that includes multi-divisional input								
Description: As SEC staff expands its use of risk-based methods and has more data available for risk analysis, staff anticipates that the percentage volume of exams driven by a more robust risk assessment process will increase.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage	Prior-year data not available				N/A	N/A	TBD	TBD
Data Source: N/A								

Goal 1: Measure 6								
Percentage of advisers deemed "high risk" examined during the year								
Description: To conduct oversight of investment advisers, the staff conducts a risk-based program of examinations. Certain advisers are identified as high risk at the beginning of every fiscal year, and then inspections are planned on a cyclical basis. The staff's goal is to inspect high risk advisers at least once every three years. Meeting this target will depend upon the SEC having sufficient resources to keep pace with growth in the industry and the need for examiners to check compliance with evolving regulatory requirements.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage	33%	33%	22%	N/A	N/A	N/A	TBD	TBD
Data Source: N/A								

Goal 1: Measure 7**Percentage of investment advisers, investment companies, and broker-dealers examined during the year**

Description: This measure indicates the number of registrants examined by the SEC or an SRO as a percentage of the total number of registrants. This measure includes all types of examinations: risk priority examinations, cause inspections to follow up on tips and complaints, limited-scope special inspections to probe emerging risk areas, oversight examinations of broker-dealers to test compliance and the quality of examinations by the Financial Industry Regulatory Authority (FINRA).

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Investment advisers	13%	14%	10%	9%	11%	8%	9%	11%
Investment companies	20%	23%	29%	10%	11%	13%	13%	14%
Broker-Dealers (exams by SEC and SROs)	54%	57%	54%	44%	45%	58%	55%	55%

Data Source: Super Tracking and Reporting System (STARS) (IA, IC, and BD SEC data) and SRO Databases (BD SRO Data)

Goal 1: Measure 8**Percentage of non-sweep and non-cause exams that are concluded within 120 days**

Description: The staff conducts examinations each year of investment advisers, investment company complexes, transfer agents, and broker-dealers. The staff strives to complete its examinations in the most efficient and effective manner. When possible, the staff attempts to conclude its examinations within 120 days of the end of any field work completed. However, some examinations require significantly more time so that potential violations are fully reviewed. To ensure that time pressure does not impair quality, the target for this benchmark should not be set too high.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage	Prior-year data not available			48%	50%	53%	55%	57%

Data Source: Super Tracking and Reporting System (STARS)

Goal 1: Indicator 2**Percentage of exams that identify deficiencies, and the percentage that result in a "significant finding"**

Description: Examiners find a wide range of deficiencies during examinations. Some of the deficiencies are more technical in nature, such as failing to include all information that is required to be in a record. However, other deficiencies may cause harm to customers or clients of a firm, have a high potential to cause harm, or reflect recidivist misconduct. The latter deficiencies are among those categorized as “significant.” This measure identifies the percentage of exams by registrant category that identified deficiencies, and that resulted in significant deficiency findings.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual
Percentage that identify deficiencies	Prior-year data not available			72%	82%
Percentage that result in a “significant finding”	Prior-year data not available			42%	42%

Data Source: Super Tracking and Reporting System (STARS)

Goal 1: Indicator 3**Number of cause exams that result from tips**

Description: Analysis of a tip can support the request for a cause exam. This indicator would identify the volume of SEC cause exams that result from tips collected through outreach efforts.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual
Number of cause exams	Prior-year data not available			N/A	N/A

Data Source: N/A

Outcome 1.3: The SEC prosecutes violations of federal securities laws and holds violators accountable.

Goal 1: Measure 9 (modified)								
Percentage of enforcement actions resolved								
Description: This measure assesses the rate at which the SEC's filed enforcement actions are resolved. Specifically, the measure identifies, as to all parties to enforcement actions that were resolved in the fiscal year, the percentage against whom the Commission obtained a judgment or order entered on consent, a default judgment, a judgment of liability on one or more charges, and/or the imposition of monetary or other relief. The Division is currently assessing the value of this metric, and evaluating how to incorporate qualitative considerations of the results of the Division's enforcement actions.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage	92%	92%	92%	92%	92%	93%	92%	92%
Data Source: HUB case management and tracking system for the Division of Enforcement								

Goal 1: Measure 10 (modified)								
Percentage of first enforcement actions filed within two years								
Description: This measure concerns the pace of investigations that lead to the filing of enforcement actions. Specifically, this measure captures the rate at which the first enforcement actions arising out of an investigation was filed within two years of the opening of the investigation. If the investigation was preceded by a matter under inquiry, the measure draws on the date of the opening of the matter under inquiry. In conducting investigations, the Enforcement program continually strives to balance the need for complete, effective and fair investigations with the need to file enforcement actions in as timely a manner as possible.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage	54%	62%	70%	67%	70%	61%	64%	65%
Data Source: HUB case management and tracking system for the Division of Enforcement								

Goal 1: Measure 11 (modified)								
Percentage of debts where either a payment has been made or a collection activity has been initiated within 180 days of the due date of the debt								
Description: The SEC can seek a wide range of remedies for failure to comply with the securities laws. These remedies include civil monetary penalties and disgorgement. When the remedies are imposed by the Commission or the federal district court, payments must be made by a certain date. This measure identifies the percentage of debts where debtors have made payments or the SEC has initiated a collection activity within 180 days of the due date. Such collection activities include, among other things, demand letters, negotiation of payment plans, enforcing the payment of the debt through the courts, or other judicial remedies.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage	N/A	88%	90%	86%	90%	91%	92%	92%
Data Source: Case Activity Tracking System, Phoenix, relevant case files								

Goal 1: Measure 12 (modified)**Percentage of Fair Fund and disgorgement fund plans that have distributed 80 percent of the available funds for distribution within twenty four (24) months of the approval of the distribution plan**

Description: In addition to other types of relief, the Commission may seek orders requiring parties to disgorge any money obtained through wrongdoing. The Commission also is empowered to seek civil penalties for violations of the securities laws. Where appropriate, the Commission has sought to return disgorged funds to harmed investors and, as a result of the Fair Funds provision of the Sarbanes-Oxley Act, to combine amounts paid as penalties with disgorged funds, or to create a Fair Fund from penalties only, to reduce losses to injured parties in order to maximize funds available for distribution. This measure identifies the percentage of distribution plans that reached the majority of funds distributed milestone during the fiscal year and within twenty four (24) months of the approval of the distribution plan. The distribution plan includes the timeline and procedures required to return the funds to injured investors. This reflects Commission-wide efforts to implement plans returning money to investors quickly. Any funds not returned to investors are sent to the U.S. Treasury or the Investor Protection Fund established pursuant to Section 21F(g) of the Securities Exchange Act of 1934. Neither disgorgement nor penalties are used for the Commission's own expenses.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Est	FY 2013 Est
Percentage	Prior-year data not available					72%	78%

Data Source: Distributions Management System

Goal 1: Measure 13 (modified)**Total amount distributed within the fiscal year, and the number of Fair Funds from which those distributions came**

Description: In its enforcement actions, the Commission may seek to return funds to harmed investors through disgorgement of ill-gotten gains or through the Fair Funds provision of the Sarbanes-Oxley Act. This provision permits the Commission to combine amounts paid as penalties with disgorged funds, or to create a Fair Fund from penalties only, to reduce losses to injured parties. This reflects the Commission's efforts to return funds to injured investors. This measure identifies the total amount distributed within the fiscal year, and the number of fair funds from which those distributions came. Due to the variation in reporting timelines established for each individual distribution, reported amounts are based on the agency's best available information. Reported amounts do not include those funds distributed through receiverships. Any funds not returned to investors are sent to the U.S. Treasury or the Investor Protection Fund established pursuant to Section 21F(g) of the Securities Exchange Act of 1934. Neither disgorgement nor penalties are used for the Commission's own expenses.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Est	FY 2013 Est
Amount Distributed (in millions)	Prior-year data not available					457	508
Number of Fair Funds	Prior-year data not available					63	72

Data Source: Distributions Management System

Goal 1: Measure 14 (new)**Average months between opening a matter under inquiry or an investigation and commencing an enforcement action**

Description: This measure concerns the pace of investigations that lead to the filing of enforcement actions. Specifically, this measure captures average number months between the opening of an investigation and the filing of the first enforcement action arising out of that investigation. If the investigation was preceded by a matter under inquiry, the measure draws on the date of opening of the matter inquiry. In conducting investigations, the enforcement program continually strives to balance the need for complete, effective, and fair investigation with the need to file enforcement actions in as timely a manner as possible.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Est	FY 2013 Est
Months	Prior-year data not available				22	21	20

Data Source: HUB case management and tracking system for the Division of Enforcement

Goal 1: Indicator 4 (new)**Percentage of filed enforcement actions reflecting characteristics that present enhanced risk to investors and markets, as measured by the nature of the investigation, conduct, parties and impact.**

Description: This measure assesses the quality of the cases filed by the Enforcement Division. The measure focuses on cases filed by the SEC that involve factors reflecting enhanced risk to investors and markets. Such cases may involve: (i) those identified through risk analytics and cross-disciplinary initiatives to reveal difficult-to-detect or early stage misconduct, thus minimizing investor loss and preventing the spread of unlawful conduct and practices; (ii) particularly egregious or widespread misconduct and investor harm; (iii) vulnerable victims; (iv) high degree of scienter; (v) involvement of individuals occupying substantial positions of authority, or having fiduciary obligations or other special responsibilities to investors; (vi) involvement of recidivists; (vii) high amount of investor loss prevented; (viii) misconduct that is difficult to detect due to the complexity of products, transactions, and practices; (ix) use of innovative investigative or analytical techniques; (x) effective coordination with other law enforcement partners; and/or (xi) whether the matter involves markets, transactions or practices identified as an enforcement priority, or that advances the programmatic priorities of other SEC Divisions or Offices.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Percentage	Prior-year data not available				

Data Source: HUB case management and tracking system for the Division of Enforcement

Goal 1: Indicator 5 (modified)**Number of investigations or inquiries originating from a tip or complaint**

Description: Analysis of a tip or complaint can result in the need for further enforcement investigation. The indicator identifies the volume of SEC investigations that result from tips and complaints received by the SEC.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual
Number of investigations	Prior-year data not available			303	349

Data Source: HUB case management and tracking system for the Division of Enforcement

Goal 1: Indicator 6 (modified)**SEC investigations in which requests for access to information were granted by the SEC to other authorities, such as SROs or other state, federal, and foreign enforcement authorities**

Description: The SEC works closely with other regulators and authorities. This measure identifies the number of investigations in which the SEC granted one or more authorities access to information concerning an investigation during the fiscal year. This may include requests for access to SEC investigative files concerning investigations that the SEC continues to pursue, as well as those in which the SEC has completed its investigation.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual
Number of investigations	Prior-year data not available			492	586

Data Source: HUB case management and tracking system for the Division of Enforcement

Goal 1: Indicator 7 (modified)**Percent of enforcement actions filed that arose out of national priority investigations**

Description: The Division of Enforcement conducts many enforcement actions each year that can be characterized as high impact and of national priority. High impact or national priority investigations include those investigations which are significant for one or more of the following reasons –the matter: (i) presents an opportunity to send a particularly strong and effective message of deterrence, including with respect to markets, products and transactions that are newly developing, or that are long established but which by their nature present limited opportunities to detect wrongdoing and thus to deter misconduct; (ii) involves particularly egregious or extensive misconduct; (iii) involves potentially widespread and extensive harm to investors; (iv) involves misconduct by persons occupying positions of substantial authority or responsibility, or who owe fiduciary or other enhanced duties and obligations to a broad group of investors or others; (v) involves potential wrongdoing as prohibited under newly-enacted legislation or regulatory rules; (vi) concerns potential misconduct that occurred in connection with products, markets, transactions or practices that pose particularly significant risks for investors or a systemically important sector of the market; (vii) involves a substantial number of potential victims and/or particularly vulnerable victims; (viii) involves products, markets, transactions or practices that the Enforcement Division has identified as priority areas (i.e., conduct relating to the financial crisis; fraud in connection with mortgage-related securities; financial fraud involving public companies whose stock is widely held; misconduct by investment advisers; and matters involving priorities established by particular regional offices or the specialized units); and/or (ix) provides an opportunity to pursue priority interests shared by other law enforcement agencies on a coordinated basis.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Percentage	Prior-year data not available				10%

Data Source: HUB case management and tracking system for the Division of Enforcement

Goal 1: Indicator 8 (modified)**Criminal actions related to conduct under investigation by the SEC**

Description: In some instances, conduct may involve both civil and criminal violations and may be investigated by both the SEC and the criminal authorities. This measure identifies the number of criminal actions that are related to conduct under investigation by the SEC.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual
Number of criminal investigations	Prior-year data not available			139	134

Data Source: HUB case management and tracking system for the Division of Enforcement

Goal 1: Indicator 9 (modified)**Disgorgement and penalties ordered and the amounts collected**

Description: In addition to other types of relief, the SEC may seek orders requiring parties to disgorge any money obtained through wrongdoing. The SEC is also empowered to seek civil penalties for violations of the securities laws. In some cases, the SEC will seek to obtain large monetary sanctions even in instances where the prospects of collecting on a judgment are slight. The rationale for seeking monetary relief in these circumstances is that such relief, even when likely uncollectible, might become collectible in the future based on the defendant's changed circumstances, and also because such relief can serve to deter others from violating the securities laws. Where appropriate, the SEC has sought to return disgorged funds to harmed investors. Funds not returned to investors are sent to the Treasury or the Investor Protection Fund established pursuant to Section 21F(g) of the Securities Exchange Act of 1934. This indicator lists disgorgement and penalties ordered as a result of SEC cases and the amounts collected in those actions. This indicator could increase or decrease based on various factors.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual
Ordered amounts (in millions)	1,601	1,030	2,442	2,846	\$2,806
Collected amounts (in millions)	979	521	1,694	1,775	\$1,281

Data Source: Phoenix Report – “Total Amounts of Disgorgement, ITSA, Remedies Act Penalties and Undertakings Ordered and Paid.”

Goal 1: Indicator 10**Requests from foreign authorities for SEC assistance and SEC requests for assistance from foreign authorities**

Description: Each year, the SEC makes hundreds of requests for enforcement assistance to foreign regulators, while responding to hundreds of such requests from other nations. To facilitate this type of assistance, and encourage other countries to enact laws necessary to allow regulators to cooperate with their foreign counterparts, the SEC has entered into bilateral information sharing arrangements, as well as the Multilateral Memorandum of Understanding, an information-sharing arrangement negotiated through the International Organization of Securities Commissions (IOSCO).

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual
Number of Requests from foreign authorities	454	414	408	457	492
Number of SEC Requests	556	594	774	605	772

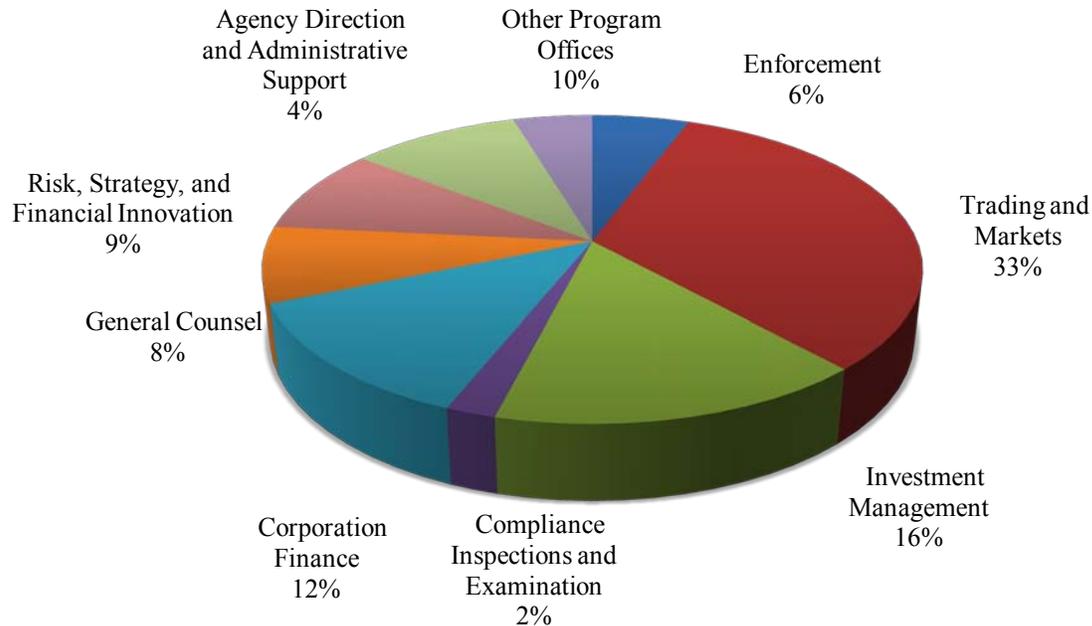
Data Source: International Program Oversight Database and Business Objects reports

Goal 2: Establish an Effective Regulatory Environment

The Commission will continue a rulemaking agenda that will protect investors and seek to ensure that markets operate fairly. In FY 2013, the Commission aims to continue to strengthen the administration of the federal securities laws, implement the new regulatory structure set forth under the Dodd-Frank Act, and review other rules that may need updating in light of changing conditions. In FY 2013, the agency plans to devote approximately \$160.3 million and 479 FTE to achieve this goal.

Chart 4

FY 2013 FTE Request (479 Total FTE)



FY 2013 Performance Objectives: The Commission's responsibility is to put the Federal securities laws into action by establishing a regulatory environment that fulfills and sustains the agency's mission. In general, rulemaking and policies are designed to improve disclosure, facilitate the flow of important information to investors and the public, promote capital formation, improve governance, promote high-quality accounting standards, enhance the accountability of financial intermediaries and other market participants, and strengthen the structure of the trading markets, among other goals. When properly crafted, these rules serve to further the agency's mission and allow for accurate and reliable information to be made available to investors.

In FY 2013, the Commission will work to strengthen the administration of the federal securities laws, protect investors, and implement the regulations mandated by the Dodd-Frank Act, including the creation of an oversight regime for the over-the-counter derivatives markets and hedge fund advisers, as well as enhanced supervision of credit rating agencies and clearinghouses. The Commission also plans to continue taking steps to ensure a fair market structure while evolving to meet the needs of investors in our increasingly complex and innovative markets. The Commission expects to continue efforts to strengthen the integrity and fairness of the markets themselves, focusing on market structure and potentially abusive trading practices.

In addition to promulgating its rules and regulations, the SEC will continue to provide guidance on rules, respond to inquiries from individuals and companies about whether an activity undertaken in a specified manner would violate the securities laws, and issue individual orders granting relief from

provisions of the securities laws when the specific facts indicate that doing so is consistent with the protection of investors. These orders can serve as a testing ground for useful innovation and may pave the way for rulemaking.

The Commission believes that its rules and regulations should be drafted to enable market participants to understand clearly their obligations under the Federal securities laws and to conduct their activities in compliance with law. Just as the securities laws require that disclosures be clear and precise, the Commission aims to promulgate rules that are clearly written, easily understood, and tailored toward specific ends.

In FY 2013, SEC staff will continue to monitor market developments, conduct outreach to market participants, and enhance risk-based methods for maximizing resources throughout the agency. Additionally, staff will conduct in-depth studies on financial markets to inform the Commission on the efficacy of rules and regulations, either in response to changes in market environment and market events, as a result of Congressional mandate, or to review the implementation of rules.

Outcome 2.1: The SEC establishes and maintains a regulatory environment that promotes high quality disclosure, financial reporting, and governance, and that prevents abusive practices by registrants, financial intermediaries, and other market participants.

Goal 2: Measure 1								
Survey on quality of disclosure								
Description: Under this metric, the SEC plans to conduct surveys of individual investors to elicit feedback on the quality of disclosures and the Commission’s disclosure requirements. The SEC would track whether the percentage of respondents answering positively improves over time.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage of positive response	Prior-year data not available				N/A	N/A	TBD	TBD
Data Source: N/A								

Goal 2: Measure 2								
Number of consultations; joint events, reports, or initiatives; and joint examinations and other mutual supervisory efforts with SROs and other federal, state, and non-U.S. regulators								
Description: This metric gauges how much the SEC is coordinating with other financial regulatory agencies within a given fiscal year. Also, as securities markets around the world become increasingly integrated and globalized, it is essential that the SEC work frequently and effectively with its partner regulators both in the U.S. and abroad.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Number	Prior-year data not available				N/A	N/A	TBD	TBD
Data Source: N/A								

Goal 2: Measure 3**Number of non-U.S. regulators trained**

Description: This metric shows the reach of the SEC's technical assistance programs for regulators around the world. The SEC conducts these training sessions to assist countries in developing and maintaining robust protections for investors and promote cross-border enforcement and supervisory assistance.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Number of non-U.S. regulators	Prior-year data not available			1,997	2,020	1,765	1,785	1,800

Data Source: International Program Oversight Database and Business Objects reports

Goal 2: Indicator 1**Average cost of capital in U.S. relative to the rest of the world**

Description: Countries' cost of capital can vary according to their protections for investors, the strength of their disclosure regimes, and the presence of fair, orderly, and efficient markets, among other factors. Therefore, although this metric is affected by other economic factors, it can provide some indication of the quality of securities regulation in a given country.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual
Average cost of capital	Prior-year data not available			10.99%	10.67%

Data Source: Morningstar International Cost of Capital Report (Annual)

Outcome 2.2: The U.S. capital markets operate in a fair, efficient, transparent, and competitive manner, fostering capital formation and useful innovation.

Goal 2: Measure 4**Percentage of transaction dollars settled on time each year**

Description: This metric measures the efficiency of the U.S. clearance and settlement system for equity securities.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage	N/A	99%	99%	99%	99%	99%	99%	99%

Data Source: National Securities Clearing Corporation

Goal 2: Measure 5**Average institutional transaction costs for exchange listed stocks on a monthly basis**

Description: This performance metric captures the actual cost of trading in large (institutional size) transactions.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Average transaction costs	Prior-year data not available				N/A	N/A	TBD	TBD

Data Source: N/A

Goal 2: Measure 6**Percentage of market outages at SROs and electronic communications networks (ECNs) that are corrected within targeted timeframes**

Description: Market outages reflect problems in the systems underlying the securities markets that could have an adverse affect on the markets' ability to function as required. The SEC assesses the reliability and resiliency of these systems to minimize the number and duration of outages. This metric gauges how quickly outages are resolved, so that market activity can resume.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Within 2 hours	81%	84%	87%	74%	60%	88%	60%	60%
Within 4 hours	91%	96%	98%	85%	75%	94%	75%	75%
Within 24 hours	100%	100%	98%	100%	96%	100%	96%	96%

Data Source: ECN outage data is derived from SROs

Goal 2: Indicator 2**Average quoted spread for exchange listed stocks on a monthly basis**

Description: This indicator gauges the hypothetical cost of trading in small amounts at the quoted markets, based solely on published quotations.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual
Average quoted spread	Prior-year data not available		1.70 cents	2.52 cents	1.76 cents

Data Source: Thompson Transaction Analytics

Goal 2: Indicator 3**Average effective spread for exchange listed stocks on a monthly basis**

Description: This indicator captures the cost of trading in small amounts based on actual trade prices and the quotes at the times of those trades.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual
Average effective spread	Prior-year data not available		2.19 cents	2.65 cents	1.72 cents

Data Source: Thompson Transaction Analytics

Goal 2: Indicator 4**Speed of Execution**

Description: This indicator gauges how quickly transactions are executed in the U.S. securities markets.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual
Speed of execution	Prior-year data not available		1.59 seconds	1.77 seconds	1.02 seconds

Data Source: Thompson Transaction Analytics

Goal 2: Indicator 5**Average quoted size of exchange listed stocks on a monthly basis**

Description: This indicator measures the amount of liquidity visible to the market at the displayed quotes.

Fiscal Year	FY 2007	FY 2008	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
Average quoted size	Prior-year data not available		606 shares	687 shares	606 shares

Data Source: Thompson Transaction Analytics

Goal 2: Indicator 6**Average daily volatility of exchange listed stocks on a monthly basis**

Description: This statistic gauges short term price changes, which are an indicator of the risk of holding stock.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual	
Average daily volatility in the S&P 500	Prior-year data not available		1.60%	2.69%	1.18%	1.26%

Data Source: Bloomberg

Outcome 2.3: The SEC adopts and administers rules and regulations that enable market participants to understand clearly their obligation under the securities laws.

Goal 2: Measure 7								
Length of time to respond to written requests for no-action letters (NAL), exemptive applications, and written interpretive requests								
Description: The SEC staff responds to requests for guidance from individuals and companies about specific provisions of the federal securities laws. These queries can ask for proper interpretations of the securities laws or regulations, or for assurances that no enforcement action will be taken in certain circumstances. The staff also reviews applications for exemptions from the securities laws. Written responses to such requests for guidance, when provided, generally are publicly available, as are applications and related notices and orders, when issued. This measure gauges whether the Divisions of Trading and Markets, Investment Management, and Corporation Finance are issuing initial comments on these requests on a timely basis.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Trading and Markets: No-action letters, exemptive applications, and written interpretive requests (combined figure)								
Percentage	91%	63%	70%	91%	85%	98.5%	85%	85%
Data Source: TM Office of Chief Counsel Electronic Log								
Investment Management								
No-action letters and interpretive requests	91%	98%	100%	100%	75%	100%	90%	90%
Exemptive applications	N/A	81%	95%	100%	80%	100%	80%	80%
Data Source: OCC Letter Log, OICR and OIP Applications Tracking Systems (Access), Excel spreadsheet								
Corporation Finance								
No-action letters and interpretive requests	66%	66%	85%	97%	90%	97%	90%	90%
Shareholder proposals	100%	100%	100%	100%	100%	100%	100%	100%
Data Source: Division No-Action Letter database and Division Shareholder Proposal database								

Goal 2: Measure 8								
Survey on whether SEC rules and regulations are clearly understandable								
Description: The SEC aims to promote a regulatory environment in which market participants clearly understand their obligations. Through this metric, the SEC intends to survey market participants to determine whether they believe the Commission’s regulatory requirements are clear.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage	Prior-year data not available				N/A	N/A	TBD	TBD
Data Source: N/A								

Goal 2: Measure 9**Time to complete SEC review of SRO rules that are subject to SEC approval**

Description: The SEC reviews SRO rule proposals for consistency with the Exchange Act standards of investor protection, fair and orderly operation of the markets and market structure, as well as other statutory requirements. This metric gauges how long it takes the SEC to approve a filing after publication of notice of the proposal for comment.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Within 35 days	Prior-year data not available			73%	40%	0%	0%	0%
Within 45 days	Prior-year data not available			99%	80%	82%	80%	80%

Data Source: SRO Rule Tracking System (SRTS). Information was extracted from the SRTS data tables into an Excel file. The information was then analyzed to determine the applicable population of filings. Simple formulas were used to calculate the time from filing after publication of notice to approval of filing.

Goal 2: Indicator 7**Percentage of SRO rule filings that are submitted for immediate effectiveness**

Description: This metric gauges the proportion of SRO rule proposals that can be submitted for immediate effectiveness, without Commission approval.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Actual
Percentage	Prior-year data not available			69%	77%

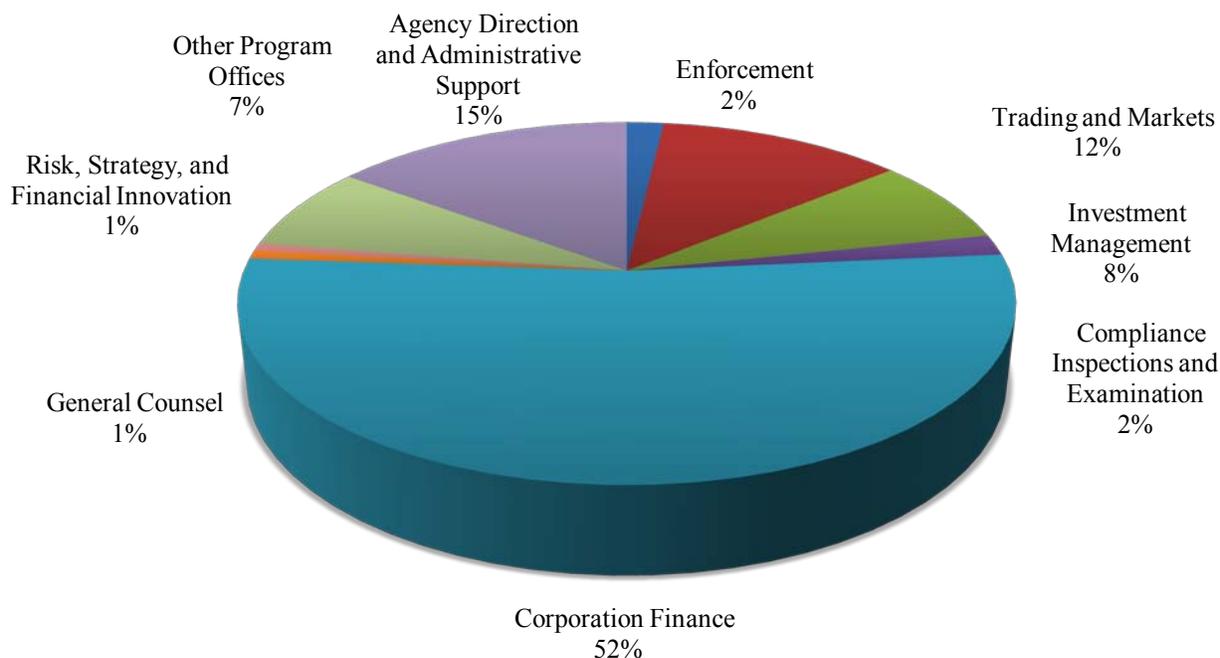
Data Source: SRO Rule Tracking System (SRTS)

Goal 3: Facilitate Access to the Information Investors Need to Make Informed Investment Decisions

A strong economy and a vibrant securities market rely on investor confidence and the widespread availability of relevant information about those securities. The SEC promotes informed investment decisions through two main approaches. The first is to require that investors have accurate, adequate, and timely public access to disclosure materials that are easily understood and analyzed. Secondly, the SEC implements a variety of investor education initiatives, aimed at giving investors a better understanding of the operations of the nation's securities markets. In FY 2013, the agency plans to devote approximately \$253.9 million and 767 FTE to achieve this goal.

Chart 5

FY 2013 FTE Request (767 Total FTE)



FY 2013 Performance Objectives: An educated and informed investor ultimately provides the best defense against fraud and costly mistakes. Thus, the Federal securities laws require that corporations, investment companies, and other entities provide investors with timely and meaningful information about, among other things, their operations and finances.

As part of its disclosure program, the SEC requires entities to disclose financial and non-financial information to the public, providing a common pool of knowledge for all investors to use to judge for themselves if a security is a good investment. The Sarbanes-Oxley Act requires the Commission to review disclosures made by companies reporting under the 1934 Act at least once every three years and more frequently where circumstances warrant. In FY 2013, the SEC expects to continue to meet the requirements of the Sarbanes-Oxley Act.

Similarly, SEC rules require that investors have access to certain information about the financial intermediaries that they rely upon for investment advice and other services. In FY 2013, SEC staff will continue to review the filings that corporations, investment companies, and other entities submit to assess whether the disclosures appear adequate and accurate.

The SEC’s Office of Investor Education and Advocacy expects to fund research initiatives, expand the office’s outreach to individual investors, and assist with other priorities such as the SEC’s Investor Advisory Committee. The Office plans to work collaboratively with other regulators and educational organizations to provide investors with information they need to evaluate current and potential investments, while also providing agency staff with critical insight about emerging trends and factors that shape investor decision making. Staff will continue to collect investor-focused data from a variety of sources and use it to track trends in the securities industry and to identify, among other things, problematic brokers, firms, and sales practices. This information is expected to help shape the agency’s overall approach to risk assessment, and direct internal resources to the most effective investor-focused initiatives.

Outcome 3.1: Investors have access to high-quality disclosure materials that are useful to investment decision making.

Goal 3: Measure 1								
Percentage of public companies and investment companies with disclosures reviewed each year								
Description: The Sarbanes-Oxley Act requires that the SEC review the disclosures of all companies and investment company portfolios reporting under the Exchange Act at least once every three years. These reviews help improve the information available to investors and may uncover possible violations of the securities laws.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Division of Corporation Finance								
Corporations	36%	39%	40%	44%	33%	48%	33%	33%
Data Source: Electronic, Data Gathering, Analysis, and Retrieval (EDGAR)/Filing Activity Tracking System								
Division of Investment Management								
Investment Company Portfolios	38%	36%	35%	35%	33%	33%	33%	33%
Data Source: Microsoft Office Suite Tools								

Goal 3: Measure 2								
Time to issue initial comments on Securities Act filings								
Description: The target of 30 days or less has become a de facto industry standard for the maximum time to receive initial comments.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Days	25.5 days	25.2 days	25.3 days	24.1 days	<30 days	24.4 days	<30 days	<30 days
Data Source: Electronic, Data Gathering, Analysis, and Retrieval (EDGAR)								

Goal 3: Measure 3**Percentage of investment company disclosure reviews for which initial comments are completed within timeliness goals**

Description: For initial registration statements, the SEC’s goal is to issue initial comments within 30 days after they are filed (60 days for registration statements of insurance product separate accounts and related mutual funds). The SEC also aims to comment on post-effective amendments within 45 days and preliminary proxy statements within 10 days after they are filed.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Initial Registration Statements	87%	95%	95%	93%	85%	92%	85%	85%
Post-Effective Amendments	95%	97%	97%	94%	90%	94%	90%	90%
Preliminary Proxy Statements	99%	99%	99%	99%	99%	98%	99%	99%

Data Source: Electronic, Data Gathering, Analysis, and Retrieval (EDGAR)

Goal 3: Measure 4**Point of sale “click-through” rate**

Description: The point of sale initiative relies on a layered approach that combines point of sale disclosure and Internet-based disclosure. This measure would determine how often investors click on broker-dealers’ websites to obtain information about broker-dealer compensation and related conflicts of interest.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
“Click-through rate”	Prior-year data not available				N/A	N/A	TBD	TBD

Data Source: N/A

Goal 3: Measure 5**Access to broker-dealer and investment adviser background checks**

Description: Greater availability of professional background information of broker-dealers and their employees through the BrokerCheck system will provide investors with the ability to make better-informed decisions. Investors also have the ability to check the backgrounds of investment advisory firms through the SEC's Investment Adviser Public Disclosure (IAPD) system. This measure would gauge the demand for disclosure information about broker-dealers and their employees through the BrokerCheck website and about investment advisers through the IAPD.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Division of Trading and Markets								
BrokerCheck System	Prior-year data not available				N/A	N/A	TBD	TBD
Data Source: N/A								
Division of Investment Management								
IAPD System	Prior-year data not available				N/A	N/A	TBD	TBD
Data Source: N/A								

Goal 3: Measure 6**Investor demand for disclosures on municipal securities**

Description: Greater availability of market-sensitive information through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website will provide investors with the ability to make better-informed investment decisions and assist market participants in fulfilling their disclosure obligations. This measure gauges the demand for disclosure information about municipal securities through the EMMA website.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Web Site Hits	Prior-year data not available				N/A	N/A	TBD	TBD
Data Source: N/A								

Goal 3: Measure 7**Satisfaction index for disclosure process**

Description: The agency will conduct survey research or focus groups to identify the level of satisfaction with disclosure requirements.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Satisfaction index	Prior-year data not available				NA	NA	TBD	TBD
Data Source: N/A								

Outcome 3.2: Agency rulemaking and investor education programs are informed by an understanding of the wide range of investor needs.

Goal 3: Measure 8

Number of investors reached, and number of in-person events with specifically targeted communities and organizations

Description: The agency has developed an extensive collection of free information to help investors understand the basics of investing; the risks and rewards of various products and strategies; the importance of diversification; and ways to find information about brokers, advisers, and companies. Much of this information is posted on the SEC’s Investor Information Web page, a key tool for informing and educating the investing public. In addition, the Office of Investor Education and Advocacy (OIEA) publishes hard-copy educational brochures and conducts in-person events. This measure seeks to determine the total number of investors reached by the SEC, and assess the effectiveness of outreach efforts conducted by OIEA and the regional offices targeted to specific investor groups (for example, seniors, military, or other affinity groups). The measure also captures the use of various channels to reach investors, such as the SEC webpage, investor.gov, social networking sites, outreach programs, or public appearances.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Number of Investors Reached (millions)	Prior-year data not available			17.8	16	14.8	15	17.5
Number of “In-Person” Events	Prior-year data not available			42	30	48	35	50

Data Source: Microsoft Office Suite Tools

Goal 3: Measure 9

Number of investor educational initiatives organized and produced

Description: In partnership with other organizations, the agency will develop a number of educational campaigns intended to customize content and maximize its reach to various investor communities. Through the use of primary and secondary research including tracking emerging investor concerns and complaints, the agency will continue to assess how to best target its efforts to the investing public. This measure identifies the number of major investor initiatives undertaken.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Number of Initiatives	Prior-year data not available			9	10	11	11	11

Data Source: Microsoft Office Suite Tools

Goal 3: Measure 10**Timeliness of responses to investor contacts**

Description: OIEA serves the tens of thousands of investors each year who contact the SEC with investment-related complaints and questions. The staff aims to close out as many new investor assistance matters as possible within seven and thirty business days.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
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Closed within 7 days

Total	82%	78%	70%	72%	80%	67%	70%	70%
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Closed within 30 days

Total	94%	88%	90%	93%	90%	92%	90%	90%
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Data Source: Internal log using IRIS data

Goal 3: Measure 11**Percentage of rules impacting investors that are presented in alternate user-friendly formats**

Description: The agency intends to publish explanations of Commission actions in easily understandable language, to encourage investor participation and comments on issues materially affecting them. The Office of Investor Education and Advocacy also will track emerging concerns and trends and then work with the rulemaking divisions and other offices on possible regulatory responses. The SEC also may use surveys or questionnaires to collect input from investors to assist in assessing their views on Commission actions.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage	Prior-year data not available			100%	100%	100%	100%	100%

Data Source: Internal log

Goal 3: Measure 12**Customer satisfaction with usefulness of investor educational programs and materials**

Description: Through the use of focus groups and surveys, the agency will assess the usefulness of educational material provided to investors across a variety of channels based upon ease of use, appropriateness, and other factors.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Satisfaction index	Prior-year data not available				NA	NA	TBD	TBD

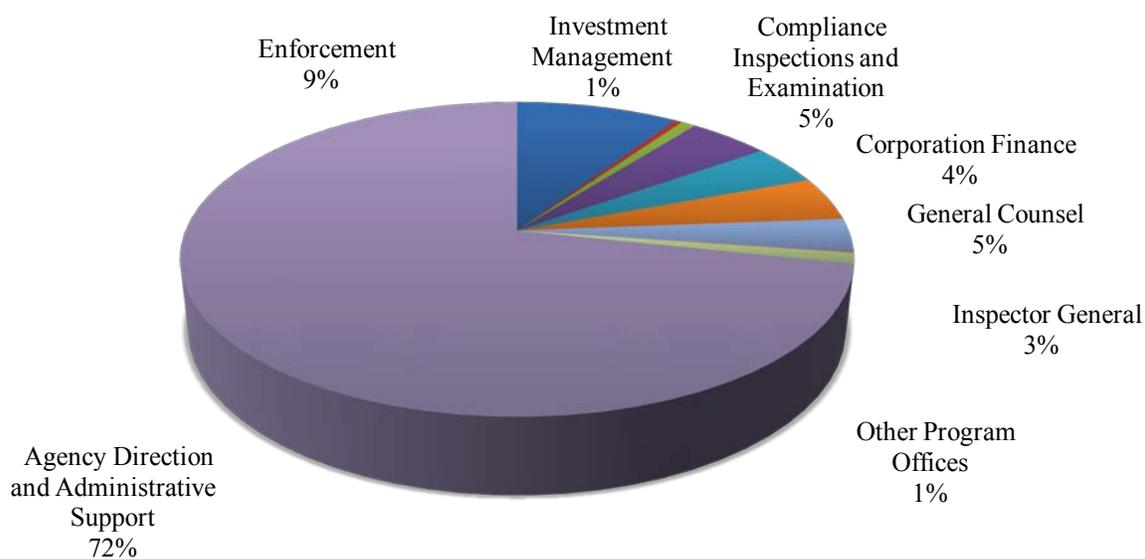
Data Source: N/A

Goal 4: Enhance the Commission’s performance through effective alignment and management of human, information, and financial capital

The investing public and the securities markets are best served by an efficient, well-managed, and agile SEC. In FY 2013, the Office of the Chief Operating Officer (OCOO) along with its five operational offices – the Office of Administrative Services; the Office of Financial Management (OFM); the Office of FOIA, Records Management, and Security; the Office of Human Resources (OHR); and the Office of Information Technology (OIT) – will focus on providing organizational and infrastructure improvements necessary to effectively support the increase in the SEC’s workforce detailed in this request and advance the Commission’s mission. In addition, the SEC will continue to implement the requirements of the GPRA Modernization Act of 2010. Requirements outlined in the Act will focus on providing agency management with improved information on measurable performance results in order to support effective resource management. In FY 2013, the SEC plans to devote approximately \$273.9 million and 733 permanent FTE to achieve Goal 4.

Chart 6

FY 2013 FTE Request (733 Total FTE)



FY 2013 Performance Objectives: Given the immense size of the securities markets the SEC regulates, the agency’s success in fulfilling its mission is highly dependent upon its ability to continually direct its resources towards the most productive uses for investors and the public. The SEC also is extremely mindful of its responsibility to maximize the impact of public funds.

The SEC’s FY 2013 request would require OHR to accelerate hiring significantly and increase a range of services to attract and maintain a high quality workforce. Also, OHR will provide considerable support to divisions and offices in all phases of workforce planning, recruitment/staffing, and employee development. OHR will dedicate resources to more broadly define agency-wide actions plans and leadership accountability that will help inform hiring, strategic planning, and budget planning.

To meet the demand for new IT project initiatives, ongoing operational support, and continued support for IT solutions in the implementation of Congressionally-mandated requirements contained in the Dodd-Frank Act, OIT is requesting six additional FTE and an additional \$14 million in FY 2013.

These resources will help OIT develop and support the divisions and offices in data management, integration and analysis; document management; disclosure review; and internal accounting and financial reporting.

OFM will complete migration to a federal government Shared Service Provider (SSP) administered by the Enterprise Services Center at the Department of Transportation. Through this initiative, the SEC will gain functionality, eliminate some manual processes, retain its financial data in a proven security environment, and further strengthen internal controls over financial reporting. The migration is scheduled for mid-FY 2012, and in FY 2013 OFM will work to optimize its processes under the SSP.

Outcome 4.1: The SEC maintains a work environment that attracts, engages, and retains a technically proficient and diverse workforce that can excel and meet the dynamic challenges of market oversight.

Goal 4: Measure 1								
Survey of employee engagement								
Description: The SEC strives to maintain a culture in which employees demonstrate a strong personal, positive connection with the organization and its mission and strategic goals. This connection, which can be called “employee engagement,” can result in higher-quality work, willingness to lead or participate in special projects, sharing job knowledge with others, mentoring other staff, or other positive contributions to the agency and its work. This index will be drawn from annual survey results and will track the agency’s success in improving employee engagement.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Annual index score	Prior year data not available			58%	65%	61%	65%	65%
Data Source: Internal survey								

Goal 4: Measure 2								
Best Places to Work ranking								
Description: This annual ranking of federal government agencies will be used to determine the SEC’s overall success in improving our organizational climate.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Ranking Number	Ranked #3	Ranked #3	Ranked #11	Ranked #24	Ranked #5	Ranked #27	Ranked #20	Ranked #15
Data Source: Partnership for Public Service “Best Places to Work” Agency Rankings								

Goal 4: Measure 3**Turnover**

Description: The SEC strives to maintain an organizational climate in which high-performing employees wish to remain. Although turnover can fluctuate based on a variety of factors, including the health of the economy and the number of outside job opportunities available for SEC staff, the agency aims to keep its turnover rate relatively low, below 8% per year.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percent Turnover	8.8%	6.2%	3.7%	5%	<8%	6.4%	<8%	<8%

Data Source: The National Business Center at Department of Interior (DOI)

Goal 4: Measure 4**Expanding staff expertise**

Description: Internal training and hiring programs are designed to help the agency recruit and develop its staff so that key skills, industry knowledge, and expertise are maintained. In particular, there is a need to hire more economists, trading specialists, and other experts with knowledge of the marketplace and both investment and trading practices. Annual agency training goals and hiring practices are focused on ensuring staff have the necessary capabilities to address trends in the industry. This measure tracks whether certain areas requiring significant training are being addressed. For example, the agency will monitor the percentage of staff that has received or maintained significant relevant training in fraud detection as measured by achieving the status of a Certified Fraud Examiner, Chartered Financial Analyst, Series 7, or other relevant industry designations.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percent of staff with industry designations	Prior year data not available			N/A	N/A	9%	15%	20%

Data Source: Association of Certified Fraud Examiners, Chartered Financial Analyst Institute

Goal 4: Measure 5**Size of competency gaps**

Description: Key competencies will be rated as part of the SEC's performance management process. Once the SEC has implemented a technology system to support the performance management program, the agency will assess its baseline competency gaps annually and work to bring them down over time.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage reduction for the size of competency gaps	Prior-year data not available			N/A	10%	N/A	10%	10%

Data Source: N/A

Goal 4: Measure 6**Number of diversity-related partnerships/alliances**

Description: Increased numbers of diversity-related partnerships or alliances with professional associations and educational organizations provide opportunities to educate students about the SEC's work and to recruit career professionals from all segments of society. The SEC will track the number of partnerships and/or alliances with diverse professional associations and educational organizations.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Number of partnerships/alliances	Prior-year data not available			2	5	10	12	15

Data Source: Office of Minority Women and Inclusion Internal Records and Section 342 of DFA

Goal 4: Measure 7**Survey feedback on the quality of the SEC's performance management program**

Description: The SEC will construct an index from survey results to determine the extent to which managers and other employees find the performance management program valuable, credible, transparent, and fair.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage of positive survey responses	Prior-year data not available			N/A	65%	53%	65%	65%

Data Source: 2011 Employee Viewpoint Survey results to questions related to Performance Management

Outcome 4.2: The SEC retains a diverse team of world-class leaders who provide motivation and strategic direction to the SEC workforce.

Goal 4: Measure 8**Quality of Hire**

Description: Data related to each new hire will be gathered from either the immediate supervisor or the selecting official, as appropriate. Data will be gathered three months after entry on board. This early assessment will not only inform the agency's selection system, but will provide an opportunity to address quickly any developmental needs or performance issues.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage of hires rated at least four on a five-point scale	Prior-year data not available			N/A	75%	N/A	TBD	TBD

Data Source: N/A

Goal 4: Measure 9**Leadership Competency Gaps**

Description: A 360-degree feedback survey will be conducted across all leadership ranks. This will provide an SEC-wide score on each competency measured in the survey. The gap will be determined by subtracting the obtained scores from expected proficiency levels on key competencies. Progress will be determined by comparing this baseline to scores obtained from subsequent administrations of the survey.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Average percentage of gaps reduced in each survey	Prior-year data not available			N/A	10%	N/A	TBD	TBD

Data Source: N/A

Goal 4: Measure 10**Satisfaction with Leadership Development Program**

Description: After each major developmental event participants will complete a survey of items related to key training outcomes. Responses to these items will be compiled to create a composite score.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Average score on a five-point scale	Prior-year data not available			4.46	4.5	4.49	4.5	4.5

Data Source: Successful Leaders Program Evaluations

Outcome 4.3: Information within and available to the SEC becomes a Commission-wide shared resource, appropriately protected, that enables a collaborative and knowledge-based working environment.

Goal 4: Measure 11**Percentage of SEC data sources accessible through a virtual data warehouse, and milestones achieved towards the creation of a robust information management program**

Description: The SEC intends to reform its information management processes, so that data can be more easily accessed, shared, and analyzed across the organization. This metric will display the percentage of SEC data sources accessible for search and analysis through a virtual data warehouse. In addition, the SEC will track its success in achieving relevant milestones over the course of this multi-year effort. These milestones include establishing a formal information management program in 2010, completing an information catalog by 2011, providing capabilities to support analysis of information by 2012, and developing a capability that allows integration of business operations data for management, reporting and analysis by 2013.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage	Prior-year data not available			N/A	N/A	Data Warehouse /Administrative data and reporting requirements identified	Data analysis, integration, risk assessment, and infrastructure optimization	Data Warehouse Commission-wide

Data Source: N/A

Goal 4: Measure 12**Deployment of document management and workflow tools**

Description: This metric will present the SEC's success in applying document management and workflow tools to the Commission's mission critical business functions. Over time, the SEC aims to deploy these tools for enforcement case management, the agency's processes for handling disgorgement and penalties, examination management, management of Commission actions, and rulemaking.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Business Functions Served	Prior-year data not available			Enforcement & Examination	Tips, Complaints and Referrals Commission-wide	Tips, Complaints and Referrals Commission-wide	National Exam Program	Deploy knowledge management system and data sharing across applications

Data Source: Data sources will be available in FY 2012

Goal 4: Measure 13**Time to process evidentiary material for enforcement investigations**

Description: The SEC aims to improve its ability to process evidentiary material gathered during the course of its enforcement investigations, and enhance the agency's document storage, organization, and analytical capabilities. This metric will gauge whether these efforts succeed in reducing the time required to process evidentiary material, so it can be analyzed by enforcement staff.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Number of days	Prior-year data not available			N/A	N/A	N/A	TBD	TBD

Data Source: Data sources will be available in FY 2012

Goal 4: Measure 14**System Availability**

Description: The SEC aims to enhance its computing infrastructure to eliminate down time if systems at one site fail, among other objectives. This metric will capture the percentage of systems and applications that can fail over within 4 hours. In addition, the SEC will track the percentage of its systems that have been virtualized, further reducing down time and increasing their accessibility from alternative locations.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Systems Availability	Prior-year data not available			99.97%	99.3%	99.94%	99%	99%
Percentage Fail Over Within 4 Hours	Prior-year data not available			N/A	99%	99%	99%	99%
Systems Virtualized	Prior-year data not available			22%	25%	38%	90%	95%

Data Source: OIT NOC – automated network monitoring tools

Outcome 4.4: Resource decisions and operations reflect sound financial and risk management principles.

Goal 4: Measure 15								
Milestones achieved towards establishment of a robust data management program								
Description: A business process improvement effort will be initiated to identify enhancements needed to create a robust data management program over the next five years. This metric will gauge the agency's success in establishing an integrated enterprise data management, reporting, and analysis capability for mission and back office data.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Milestone Achieved	Prior-year data not available			N/A	Administrative data and reporting requirements identified	Administrative data and reporting requirements identified	TBD	TBD
Data Source: Data sources will be available in FY 2012								

Goal 4: Measure 16								
Financial systems integration								
Description: As part of the SEC's effort to integrate its financial systems, the agency will measure the percentage of secondary systems that are fully interfaced with the core financial system, in compliance with applicable standards.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Percentage	Prior-year data not available			N/A	17%	N/A	TBD	TBD
Data Source: Data sources will be available in FY 2012								

Goal 4: Measure 17								
Financial audit results								
Description: Under the Accountability of Taxpayer Dollars Act of 2002, the agency is required to meet all proprietary and budgetary accounting guidelines for federal agencies and to undergo annual audits. The SEC's audits are conducted by the Government Accountability Office.								
Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan	FY 2011 Actual	FY 2012 Est	FY 2013 Est
Unqualified Opinion	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Material Weaknesses	1	0	1	2	0	0	0	0
Significant Deficiency	3	3	6	0	0	4	0	0
Data Source: GAO FY 2011 SEC Financial Audit Report								

Division of Enforcement

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	458	467	514
Regions	<u>778</u>	<u>780</u>	<u>841</u>
Total	1,236	1,247	1,355
Cost: Salaries and Benefits (\$000)	\$252,386	\$261,346	\$291,237
Non-Personnel Expenses (\$000)	<u>163,044</u>	<u>205,971</u>	<u>221,617</u>
Total Costs (\$000)	\$415,430	\$467,317	\$512,854

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
1,247	27	14	67

A vigorous enforcement program is at the heart of the agency's efforts to protect investors and critical to the investing public's confidence in the integrity of the markets. The Enforcement Division investigates and brings civil charges in federal district court or in administrative proceedings for violations of the federal securities laws. Successful enforcement actions result in sanctions that deter wrongdoing and protect investors, both now and in the future; result in penalties and the disgorgement of ill-gotten gains that often can be returned to harmed investors; and bars that prevent wrongdoers from working in the industry.

Over the last two years, the Enforcement Division carried out the most significant structural reforms of the enforcement program since its inception in 1972—reforms designed to maximize resources and enable the SEC to more effectively combat securities fraud. To build on this transformation, meet the challenges of a rapidly-growing case load, and maintain an effective investigative capacity and deterrent presence, the Division is requesting 191 additional positions (associated with 56 FTE) in FY 2013. These additional resources will support the Enforcement program's current and future initiatives by:

- Expanding and focusing the investigative function;
- Strengthening the litigation function;
- Bolstering staffing for the Office of Market Intelligence;
- Expanding Enforcement's information technology expertise and staffing; and
- Bolstering staffing for the delinquent debt collection and distributions functions.

Office of Compliance Inspections and Examinations

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	149	144	154
Regions	<u>718</u>	<u>722</u>	<u>836</u>
Total	867	866	990
Cost: Salaries and Benefits (\$000)	\$174,803	\$178,778	\$211,099
Non-Personnel Expenses (\$000)	<u>85,134</u>	<u>96,194</u>	<u>107,743</u>
Total Costs (\$000)	\$259,937	\$274,972	\$318,842

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
921	20	10	39

The Office of Compliance Inspections and Examinations (OCIE) conducts the SEC’s national examination program. Staff examinations are designed to: (1) improve compliance; (2) prevent and detect fraud; (3) monitor risk; and (4) inform regulatory policy. To this end, the results of OCIE’s examinations are utilized by the Divisions of Investment Management and Trading and Markets to inform rule-making initiatives, by the Division of Risk, Strategy and Financial Innovation to identify and monitor risks, and by the Division of Enforcement to pursue misconduct.

In FY 2013, additional resources are critical in order for OCIE to meet its objectives and fulfill the agency’s mission. In particular, resources are needed to continue implementation of certain provisions of the Dodd-Frank Act; address the disparity between the number of exam staff and the growing number and complexity of registered firms; and more effectively risk target, monitor, and examine market participants. OCIE also will further enhance training and expertise of examiners in fraud detection, new products, trading strategies and other issues, and will continue ongoing efforts to improve its risk assessment and surveillance methodologies. Additionally in FY 2013, OCIE will continue to promote industry compliance efforts through the Compliance Outreach program. The office requests an additional 222 positions (associated with 65 FTE) to accomplish these goals.

Division of Corporation Finance

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	471	469	503
Cost: Salaries and Benefits (\$000)	\$94,014	\$95,888	\$105,997
Non-Personnel Expenses (\$000)	<u>41,848</u>	<u>47,580</u>	<u>52,153</u>
Total Costs (\$000)	\$135,862	\$143,468	\$158,150

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
10	60	403	30

In support of the Commission’s mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation, the Division of Corporation Finance (CF) seeks to ensure that investors are provided with material information in order to make informed investment decisions, both when a company initially offers its securities to the public and on a ongoing basis as it continues to give information to the marketplace. The Division also provides interpretive assistance to companies on SEC rules and forms and makes recommendations to the Commission relating to new rules and revisions to existing rules. Continuing investor interest regarding the quality of financial reporting and significant changes in disclosure and other requirements applicable to reporting companies have contributed to a changing regulatory environment affecting the securities markets.

In FY 2013, the Division plans to continue its multi-year effort to enhance disclosure reviews of large and financially significant companies; continue to prepare rules to implement the Dodd-Frank Act; review the offering rules to consider their impact on small business capital formation and recommend changes to the Commission as appropriate; and evaluate trends in the increasingly complex offerings of asset-backed securities and other structured financial products. The Division also will continue to focus on exceeding the review cycle requirements of the Sarbanes-Oxley Act and process in a timely manner all requests for confidential treatment associated with filings.

The Division requests 46 additional positions (13 FTE) in FY 2013 to meet its goals.

Division of Trading and Markets

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	212	239	310
Cost: Salaries and Benefits (\$000)	\$43,920	\$50,804	\$67,623
Non-Personnel Expenses (\$000)	<u>20,655</u>	<u>25,837</u>	<u>33,482</u>
Total Costs (\$000)	\$64,575	\$76,641	\$101,105

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
59	155	93	3

The mission of the Division of Trading and Markets (TM) is to establish and maintain standards for fair, orderly, and efficient markets, while fostering investor protection and confidence in the markets. In furtherance of this mission, TM is requesting 40 additional positions (associated with 12 FTE) in FY 2013. These additional resources will enable the Division to continue to assume the substantial new responsibilities required of it under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), while allowing it to sustain and enhance its existing supervision of securities markets, securities market infrastructure, and securities firms.

Division of Investment Management

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	156	157	184
Cost: Salaries and Benefits (\$000)	\$33,453	\$34,183	\$40,764
Non-Personnel Expenses (\$000)	<u>15,021</u>	<u>17,263</u>	<u>21,711</u>
Total Costs (\$000)	\$48,474	\$51,446	\$62,475

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
44	76	59	5

The mission of the investment management program is to protect investors and facilitate capital formation. Its work seeks to minimize the financial risks to investors from fraud, mismanagement, self-dealing, and misleading or incomplete disclosure in the investment company and investment adviser segments of the financial services industry, without imposing unnecessary costs and burdens on regulated entities.

A major milestone will occur in late FY 2012 when private fund advisers begin to file systemic risk information with the SEC on Form PF. SEC will collect this information and, as required by the Dodd-Frank Act, share it on a confidential basis with other financial regulatory agencies and the Financial Stability Oversight Council (FSOC). In FY 2012 and FY 2013, the Division of Investment Management (IM) will devote substantial resources to collect, administer, and monitor Form PF data and submissions. IM will help filers complete Form PF and interpret the form's requirements; coordinate with other financial regulators with respect to data formats, protocols, and technical specifications related to receipt and usage of the data; and oversee security of the data, including limiting data access to authorized organizations and individuals. In FY 2013, IM will also continue to recommend the proposal and adoption of rules to implement provisions of the Dodd-Frank Act and assist the public and monitor the effect of SEC implementation of final rules under the legislation.

IM also will recommend that the Commission propose structural reforms to money market funds to lessen their susceptibility to runs and enhance the protections afforded to money market fund investors. These structural reforms would supplement the rules limiting the portfolio risk in money market funds that the Commission adopted in FY 2010. IM plans to expand and improve its monitoring and oversight of money market funds and bring on additional staff with industry and computerized data analysis expertise in this highly specialized area. As required by the Dodd-Frank Act, IM will build capacity for a program to conduct compliance inspections and examinations of investment companies and investment advisers in FY 2012 and begin to implement the program in FY 2013.

To accomplish these goals, IM requests 40 additional positions (associated with 12 FTE) in FY 2013.

Division of Risk, Strategy and Financial Innovation

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	57	65	96
Cost: Salaries and Benefits (\$000)	\$13,496	\$16,099	\$23,229
Non-Personnel Expenses (\$000)	<u>5,375</u>	<u>8,477</u>	<u>12,349</u>
Total Costs (\$000)	\$18,871	\$24,576	\$35,578

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
42	42	5	7

The Division of Risk, Strategy and Financial Innovation (RSFI) provides sophisticated analysis that integrates economic, financial, and legal disciplines with data analytics and quantitative methodologies. Its responsibilities include providing economic analyses of proposed Commission actions, and providing expertise in analytical approaches and methods in support of the agency’s enforcement and examinations program. RSFI is involved across the entire range of SEC activities, including policymaking, rulemaking, enforcement, examination, and data standards and analytics.

RSFI requests an additional 30 positions (associated with 9 FTE) in FY 2013. Approximately half of the increased resource allocation is projected to be devoted towards supporting implementation and on-going activities mandated by the Dodd-Frank Act, while the remainder will support the Division’s operations and on-going tasks of risk and economic analysis, strategic research, financial innovation, and development of data analytics and quantitative methodologies—much of which has been diverted or deferred in order to meet the requirements of the Dodd-Frank Act.

RSFI will continue to monitor market developments, conduct outreach to market participants, and enhance risk-based methods for maximizing resources throughout the SEC. Staffing increases will allow the Division to better support the Office of Compliance Inspections and Examinations (OCIE) in its efforts to improve systems for surveillance, risk-based targeting of examinations, and data analysis capabilities. The additional personnel will also provide economic and statistical analysis that identifies potential violations and supports the prosecution of violations in conjunction with the Division of Enforcement. Others will provide support for the interactive data program and expanding the risk assessment program. Additionally, as a part of its on-going responsibilities as business system owner of the Tips, Complaints, and Referrals (TCR) system, the Division will continue to monitor TCR submissions and provide analytic reports to the TCR Executive Steering Committee.

Office of the General Counsel

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	132	126	143
Regions	<u>11</u>	<u>11</u>	<u>11</u>
Total	143	137	154
Cost: Salaries and Benefits (\$000)	\$31,118	\$30,849	\$35,742
Non-Personnel Expenses (\$000)	<u>12,930</u>	<u>14,449</u>	<u>15,771</u>
Total Costs (\$000)	\$44,048	\$45,298	\$51,513

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
97	26	5	26

The General Counsel serves as the chief legal officer of the Commission and provides independent legal analysis and advice to the Chairman, Commissioners, and operating divisions on all aspects of the Commission's activities. The General Counsel also defends the Commission in federal district courts, represents the Commission in all appellate matters and *amicus curiae* filings, and oversees the SEC's bankruptcy program.

In FY 2013, the Office of the General Counsel (OGC) anticipates continued work on legislative initiatives to reform the existing regulatory structure for the securities markets and the financial services industry. An increased staff of experienced attorneys will be needed to handle complex agency and securities law issues which will result from regulatory reform and address legal challenges to rulemakings. OGC also expects to provide technical assistance to Congress and other financial regulatory agencies on numerous legislative initiatives and other matters. The requested increase in the size of the enforcement staff is expected to lead to an increase in the number of enforcement matters that will reach adjudication as appeals, as well as an increase in the number and time sensitivity of the enforcement actions analyzed by OGC staff.

The office is requesting 7 additional positions (associated with 2 FTE) in FY 2013 to address expanding requirements and additional workload generated by increasing staffing levels across the agency.

Other Program Offices

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters			
Office of Chief Accountant	50	47	50
Office of Investor Education and Advocacy	45	44	47
Office of International Affairs	37	37	44
Office of Administrative Law Judges	9	11	12
Office of the Investor Advocate	0	3	6
Office of Credit Ratings	0	17	30
Office of Municipal Securities	<u>0</u>	<u>3</u>	<u>5</u>
Total	141	162	194
Cost: Salaries and Benefits (\$000)	\$28,802	\$33,440	\$39,171
Non-Personnel Expenses (\$000)	<u>14,287</u>	<u>18,284</u>	<u>20,860</u>
Total Costs (\$000)	\$43,089	\$51,724	\$60,031

This section of the SEC's request includes chapters that describe the responsibilities and activities of the agency's smaller program offices, including:

Office of Chief Accountant: Establishes accounting and auditing policy and works to improve the professional performance of public company auditors to ensure that financial statements used for investment decisions are presented fairly and have credibility.

Office of Investor Education and Advocacy: Serves investors who complain to the SEC about investment fraud or the mishandling of their investments by securities professionals, ensures the views of retail investors inform the Commission's regulatory policies and disclosure programs, and works to improve investors' financial literacy.

Office of International Affairs: Advances international regulatory and enforcement cooperation, promotes converged high regulatory standards worldwide, and facilitates technical assistance programs in foreign countries.

Office of Administrative Law Judges: Adjudicates allegations of securities law violations.

Office of the Investor Advocate: Provides assistance to investors in resolving significant problems they may have with the SEC or with self-regulatory organizations (SROs), and identifying areas in which investors would benefit from changes to federal laws or to SEC regulations or SRO rules.

Office of Credit Ratings: Administers the rules of the Commission with respect to the practices of nationally recognized statistical rating organizations (NRSROs) in determining ratings; protects the users of credit ratings; promotes accuracy in credit ratings issued by NRSROs; and ensures that such ratings are not unduly influenced by conflicts of interest.

Office of Municipal Securities: Administers the rules of the Commission with respect to the practices of municipal securities brokers and dealers, municipal advisors, and investors in, and issuers of, municipal securities. The office also coordinates with the Municipal Securities Rulemaking Board (MSRB) on rulemaking and enforcement actions.

Office of Chief Accountant

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	50	47	50

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
11	21	16	2

The Office of the Chief Accountant (OCA) is responsible for establishing and interpreting accounting policy to enhance the transparency and relevancy of financial reporting for investors. OCA works to improve the professional performance of public company auditors to ensure that financial statements used for investment decisions are presented fairly and have credibility. OCA leads the SEC's efforts to oversee accounting standard-setting by the Financial Accounting Standards Board (FASB), and auditor oversight and standard-setting by the Public Company Accounting Oversight Board (PCAOB).

The FY 2013 budget request would provide OCA with additional resources to foster progress towards development of a single set of high-quality, globally accepted accounting standards, and to oversee the FASB and PCAOB. The Office is requesting 4 additional positions (1 FTE) in FY 2013.

Office of Investor Education and Advocacy

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	45	44	47

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
2	6	36	3

Understanding the needs and concerns of investors is critical to carrying out the SEC’s investor protection mission. The Office of Investor Education and Advocacy (OIEA) advances this mission by communicating daily with investors, responding to their complaints and inquiries, and providing educational programs and materials.

In FY 2013, OIEA plans to initiate investor education campaigns on key strategies for making informed investment decisions, including publicizing Investor.gov. OIEA also plans to continue its research on various categories of investors and investment decision-making behavior, which will help inform OIEA’s investor education programs and the Commission’s rulemaking agenda. Additionally, OIEA plans to shorten response times for investor contacts and improve quality assurance. Due to increased awareness of OIEA’s investor assistance function from its investor education campaigns, the office estimates it will receive and close approximately 5,000 more investor assistance matters compared to FY 2012. To implement new initiatives and address increasing workloads, OIEA requests 5 additional positions (associated with 2 FTE) in FY 2013.

Office of International Affairs

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	37	37	44

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
24	15	4	1

The Office of International Affairs (OIA) assists the Commission in meeting its mandate by advancing cross-border supervisory and enforcement cooperation, advising the agency on developing and modernizing regulatory policy responses to reflect the global nature of securities activity, and providing technical assistance to emerging markets.

One of OIA's core functions is to assist the Enforcement program on cross-border investigations and to foster investor protection in a global environment. In FY 2011, over 30 percent of all SEC enforcement investigations had a cross-border component, and OIA staff will continue to utilize its foreign law expertise to obtain foreign information for the Enforcement program. In FY 2013, Enforcement cases are projected to continue to have international elements and become more complex as fraudsters employ new methods to secrete ill-gotten gains. To foster ongoing partnerships with foreign authorities from whom the SEC may seek enforcement assistance, OIA will also continue to use dedicated staff to compel information located in the U.S. on their behalf.

In FY 2013, it will also be increasingly important to enhance supervisory cooperation, evaluate implementation of comparable foreign regulatory reforms and identify potential ramifications of new regulatory regimes on U.S. market participants that operate internationally. OIA will continue its efforts to develop bilateral supervisory cooperation memoranda of understanding (MOUs) and other arrangements with foreign regulatory authorities to facilitate cooperation in the oversight of entities regulated on a cross-border basis. OIA also will work cooperatively within the International Organization of Securities Commissions (IOSCO) and the Financial Stability Board (FSB) to enhance cross-border supervisory cooperation, as well as address systemic risk issues.

OIA requests 4 additional positions (associated with 1 FTE) in FY 2013.

Office of the Administrative Law Judges

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	9	11	12

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
12			

Pursuant to the Administrative Procedure Act and federal securities laws, administrative law judges preside at evidentiary hearings where the Commission has determined that public hearings are appropriate, in the public interest, and for protection of investors. The hearings are conducted in a manner similar to non-jury trials in federal court.

In FY 2013, the Office of the Administrative Law Judges (OALJ) plans to dispose of roughly 160 proceedings. For these proceedings, the OALJ expects to issue approximately 25 initial decisions.

Office of the Investor Advocate

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	0	3	6

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
	4	2	

The Office of the Investor Advocate is required by Sec. 915 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The Office will be responsible for providing assistance to investors in resolving significant problems they may have with the SEC or with self-regulatory organizations (SROs), and identifying areas in which investors would benefit from changes to federal laws or to SEC regulations or SRO rules.

In FY 2012, the Office will be established with 6 positions (3 FTE), comprised of the Investor Advocate and Ombudsman, three staff members transferred from the Office of Investor Education and Advocacy, and one additional position. The SEC is not requesting additional positions for the office in FY 2013.

Office of Credit Ratings

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	0	17	30

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
24	4	2	

The Office of Credit Ratings (OCR) will be established by the SEC in FY 2012, as required by Sec. 932 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). OCR will be responsible for administering the rules of the Commission with respect to the practices of nationally recognized statistical rating organizations (NRSROs) in determining ratings, for protecting the users of credit ratings and in the public interest; promoting accuracy in credit ratings issued by NRSROs; and ensuring that such ratings are not unduly influenced by conflicts of interest. Additionally, OCR will be responsible for conducting examinations of each NRSRO at least annually, and for issuing an annual public report that summarizes the essential findings resulting from these examinations. Until establishment of OCR, examinations of the NRSROs will be conducted by the Office of Compliance Inspections and Examinations (OCIE) and NRSRO monitoring and rule writing will be undertaken by the Division of Trading and Markets.

In FY 2012, OCR will be established with 29 positions (17 FTE), comprised of the Director, 24 staff members from OCIE, three staff members from the Division of Trading and Markets, and one additional staff member. For FY 2013, the SEC requests six additional positions for OCR, for a total of 35 positions, in order to permit it to satisfy the significant new requirements contained in the Dodd-Frank Act. These additional staff positions will be filled by individuals with knowledge of and expertise in corporate, municipal, and structured debt finance.

Office of Municipal Securities

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	0	3	5

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
3	1	1	

The Office of Municipal Securities (OMS), currently part of the Division of Trading and Markets (TM), is being elevated to an independent office that reports directly to the SEC Chairman, as required by Sec. 979 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). OMS is responsible for administering the rules of the Commission with respect to the practices of municipal securities brokers and dealers, municipal advisors, and investors in municipal securities. OMS also coordinates with the Municipal Securities Rulemaking Board (MSRB) on rulemaking and enforcement actions.

In FY 2012, OMS will be established with 5 positions, comprised of the director, 1 new position in FY 2012, and 3 staff members transferred from TM. These positions will permit OMS, with the assistance from other divisions and offices, to perform the responsibilities identified in the Dodd-Frank Act. The SEC is not requesting additional positions for OMS in FY 2013.

Agency Direction and Administrative Support

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters			
Agency Direction			
Office of Executive Staff	39	42	42
Office of Public Affairs	6	9	10
Office of the Secretary	<u>29</u>	<u>31</u>	<u>32</u>
Subtotal	<u>74</u>	<u>82</u>	<u>84</u>
	-	-	-
Administrative Support			
Office of the Chief Operating Officer	7	10	18
Office of Financial Management	69	72	86
Office of Information Technology	117	128	169
Office of Human Resources	77	85	109
Office of Administrative Services	105	92	94
Office of FOIA/Records Management	48	49	62
Office of the Ethics Counsel	0	13	15
Office of Minority and Women Inclusion	1	3	11
Office of Equal Emp. Opportunity	5	8	10
Subtotal	<u>429</u>	<u>460</u>	<u>574</u>
Total	503	542	658
Cost: Salaries and Benefits (\$000)	\$84,609	\$98,067	\$123,195
Non-Personnel Expenses (\$000)	<u>91,273</u>	<u>118,926</u>	<u>134,083</u>
Total Costs (\$000)	\$175,882	\$216,993	\$257,278

This section of the FY 2013 request details the SEC's agency-wide executive activities, operations, and administrative functions and covers the following areas:

Agency Direction: Includes the Chairman's and Commissioners' offices, Office of Legislative and Intergovernmental Affairs (OLIA), Office of Public Affairs (OPA), and Office of the Secretary

Office of the Chief Operating Officer: Provides executive leadership in directing the management and coordination of the SEC's core mission support activities

Office of the Ethics Counsel: Administers the Commission's Ethics Program and interprets the SEC's Supplemental Ethics Rules as well as Federal Government-wide ethics laws, rules and regulations

Office of Minority and Women Inclusion: Develops standards for all agency matters relating to diversity in management, employment, and business activities

Office of Equal Employment Opportunity: Ensures that employees and applicants for employment have equal opportunity in employment.

Agency Direction

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters			
Office of Executive Staff	39	42	42
Office of Public Affairs	6	9	10
Office of the Secretary	<u>29</u>	<u>31</u>	<u>32</u>
Total	74	82	84

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
8	13	52	11

Agency Direction is comprised of the Commissioners and their staff, as well as the Office of the Secretary (OS), the Office of Legislative and Intergovernmental Affairs (OLIA), and the Office of Public Affairs (OPA). The Chairman's Office oversees all aspects of agency operations, as well as the review and approval of enforcement cases and formal orders of investigation and the development, consideration, and execution of the agency's substantive policy and rulemaking agenda. Matters such as the proposal or adoption of new rules and the consideration of enforcement cases are also done by the agency's four other Commissioners and their staffs.

OLIA works with Members of Congress and their staff on issues that affect the SEC and its mission, including the consideration of the agency's funding and legislation that might affect the securities laws or other aspects of agency operations. OLIA also coordinates testimony of SEC officials and oversees correspondence sent between the Chairman and Members of Congress. OPA coordinates the SEC's communications with the media, the general public, and foreign visitors. OS reviews all documents issued by the Commission, schedules Commission meetings, prepares and maintains records of Commission actions, advises the Commission and staff about practice and procedure, and maintains the library and related databases and content.

In FY 2012 and FY 2013, the Commission will work to protect investors, strengthen the administration of the federal securities laws, and implement the rules being finalized with respect to derivatives, clearing agencies, private funds and credit rating agencies. OS plans to enhance management of administrative proceedings by implementing a new electronic filing system in FY 2012. Together, OPA and OS also intend to redesign the SEC's external website to improve accessibility of information for investors, market participants, and SEC staff. In addition, OS plans to investigate the feasibility of replacing the outdated content management system used to manage the agency intranet, The Insider, with Sharepoint 2010 or another system. A new system will provide better functionality to meet the needs of the Commission and will accommodate an anticipated redesign for better access and usability. In total, these offices are requesting 2 new positions (less than 1 FTE) in FY 2013.

Office of the Chief Operating Officer

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters			
Office of the Chief Operating Officer	7	10	18
Office of Financial Management	69	72	86
Office of Information Technology	117	128	169
Office of Human Resources	77	85	109
Office of Administrative Services	105	92	94
Office of FOIA/Records Management	<u>48</u>	<u>49</u>	<u>62</u>
Total	423	436	538

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
1	9	59	469

The Office of the Chief Operating Officer (OCOO) was established in FY 2010. Led by the Chief Operating Officer (COO), the Office provides executive leadership in directing the management and coordination of the SEC's core mission support activities. The OCOO oversees the following five functions: the Office of Administrative Services; the Office of Financial Management; the Office of FOIA, Records Management, and Security; the Office of Human Resources; and the Office of Information Technology. In addition, the COO serves as the Commission's principal executive responsible for the implementation oversight of organizational, management, and infrastructure reforms outlined in the March 2011 Boston Consulting Group (BCG) report and is also responsible for implementing many of the recommendations articulated by the SEC's Inspector General.

In FY 2013, the OCOO request reflects the next phase in growth of the organization as it expands its capacity to support the SEC's mission. If the FY 2013 request is enacted, the OCOO will be better positioned to coordinate and provide the organizational and infrastructure improvements necessary to advance and support the Commission's mission and goals. Altogether, the support offices are requesting 68 additional positions (associated with 19 FTE) in FY 2013.

Office of the Ethics Counsel

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	0	13	15

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
			15

The Ethics Counsel is responsible for administering the Commission’s Ethics Program and for interpreting the SEC’s Supplemental Ethics Rules as well as Federal Government-wide ethics laws, rules and regulations. The Ethics Counsel provides independent legal analysis and advice to the Chairman, Commissioners, and divisions and offices on ethics issues. The Ethics Counsel is also the SEC’s liaison with the United States Office of Government Ethics.

In FY 2012, the SEC established the Office of the Ethics Counsel as an independent office reporting directly to the Chairman. Prior to FY 2012, the Ethics Counsel function was part of the Office of the General Counsel.

Ethics counseling matters are expected to rise in FY 2012 and FY 2013, in large part due to the overall increase in SEC staff as well as the elimination of the Ethics Liaison positions in the SEC’s divisions and offices. The Office of the Ethics Counsel has responsibility for all agency financial disclosure requirements, including review of the staff’s securities transactions. This workload is expected to rise in FY 2013, commensurate with the increase in SEC staff. Additionally, the Office is implementing a new electronic ethics and compliance system in early FY 2013. The Ethics Office requests 3 additional positions (associated with 1 FTE) for FY 2013 to address the increased workload.

Office of Minority and Women Inclusion

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	1	3	11

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
			11

The Office of Minority and Women Inclusion (OMWI) was newly established by the SEC in FY 2011, as required by Section 342 of the Dodd-Frank Act. OMWI is responsible for all matters of the agency relating to diversity in management, employment, and business activities. Additionally, the Director of this office advises the Chairman on the impact of the policies and regulations of the SEC on minority-owned and women-owned businesses. The SEC requests 5 new positions (associated with 1 FTE) in FY 2013 in order to permit it to perform the basic responsibilities identified in the Dodd-Frank Act.

Office of Equal Employment Opportunity

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	5	8	10

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
			10

The Office of Equal Employment Opportunity (OEEO) oversees and promotes equal employment opportunity at the SEC. Federal EEO laws prohibit employment discrimination based on age, color, disability status, gender, national origin, race, religion, protected genetic information, and sexual orientation; and also prohibits retaliation against individuals for participating in the EEO process or opposing employment discrimination. These laws protect SEC employees and applicants for employment. Also, OEEO develops and delivers programs and training to foster an inclusive work environment for all employees.

In FY 2013, in connection with the agency’s requested expansion of its staff, OEEO will assist divisions and offices with developing and maintaining diverse applicant pools by leveraging the SEC’s eight Employee Resource Groups. OEEO will provide these groups with the necessary resources to support its programmatic requirements, such as history month celebrations, meetings, brown bag lunches, and special events. OEEO will also provide training and instructional EEO programs to all SEC employees.

In addition, OEEO will promote the SEC’s full compliance with EEO law and regulations under the jurisdiction of the Equal Employment Opportunity Commission (EEOC). As appropriate, OEEO will collaborate with other offices to support the diversity-related components of the Dodd-Frank Act that are applicable to employees. Finally, OEEO will implement a number of EEO projects, as required by the Diversity Memorandum of Understanding (Diversity MOU) between the SEC and the National Treasury Employees Union (NTEU).

OEEO is requesting 2 additional positions (associated with 1 FTE) in FY 2013.

Office of the Inspector General

Executive Summary

	FY 2011 <u>Actual</u>	FY 2012 <u>Estimate</u>	FY 2013 <u>Request</u>
FTE: Headquarters	20	22	25
Cost: Salaries and Benefits (\$000)	\$3,983	\$4,208	\$4,888
Non-Personnel Expenses (\$000)	<u>2,708</u>	<u>3,138</u>	<u>3,286</u>
Total Costs (\$000)	\$6,691	\$7,346	\$8,174

FY 2013 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Foster and Enforce Compliance with Federal Securities Laws	Establish an Effective Regulatory Environment	Facilitate Access To Information Investors Need	Align and Manage Resources
			25

The Office of the Inspector General (OIG) is an independent office that conducts audits of programs and operations of the SEC and investigations into allegations of misconduct by agency staff or contractors. The mission of the OIG is to detect fraud, waste, and abuse and to promote integrity, economy, efficiency, and effectiveness in the SEC’s programs and operations. The rapid pace of significant internal and external changes that affect the work of the SEC drives the work of the OIG.

In FY 2013, the OIG will continue its focus on improving agency operations through audits, evaluations, and inspections. It also will enhance staff and agency integrity by investigating allegations of employee and contractor misconduct. By conducting audits, evaluations, inspections, and investigations, the OIG supports the efforts of Congress and the SEC to fulfill their responsibilities and achieve their goals and objectives with respect to oversight of the securities industry and investor protection.

The Dodd-Frank Reform and Consumer Protection Act (Dodd-Frank Act) imposed significant new responsibilities on the SEC as a whole, and specifically on the OIG. In particular, Section 966 of the Dodd-Frank Act required the OIG to establish an OIG SEC Employee Suggestion Program to receive suggestions by Commission employees for improvements in the work efficiency, effectiveness, productivity, and use of resources of the Commission, as well as allegations by employees of the Commission of waste, abuse, misconduct, or mismanagement within the Commission. During FY 2013, the OIG will continue to monitor, track, and analyze information received through the OIG SEC Employee Suggestion Program.

The FY 2013 budget request is being submitted in conformance with the requirements of the Inspector General Reform Act of 2008 (P.L. 110-409). The aggregate amount of funds requested for the direct costs of operating the OIG in FY 2013 is \$5,830,588. The estimated training costs for the OIG for FY 2013 are \$22,000, and the OIG’s estimated contribution to the Council of the Inspectors General on Integrity and Efficiency (CIGIE) is \$13,960. The OIG is requesting 1 additional position (associated with 1 FTE) in FY 2013.

Appendix A - Acronyms

ABS	Asset-Backed Securities
ARP	Automation Review Program
BCG	Boston Consulting Group
BD	Broker-Dealer
BMO	Business Management Office
CCP	Central Counterparty
CEO	Chief Executive Officer
CF	Division of Corporation Finance
CFO	Chief Financial Officer
CFTC	Commodity Futures Trading Commission
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COO	Chief Operating Officer
COOP	Continuity of Operations
COTS	Commercial-Off-The-Shelf
CPSS-IOSCO	Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions
D&I	Diversity & Inclusion
EBP	Evidence-Based Performance
ECM	Enterprise Content Management
ECN	Electronic Communication Network
EDGAR	Electronic Data Gathering Analysis and Retrieval
EEO	Equal Employment Opportunity
ESC	Employees' Securities Companies
ETFs	Exchange Traded Funds
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FINRA	Financial Industry Regulatory Authority
FOIA	Freedom of Information Act
FSB	Financial Stability Board
FSOC	Financial Stability Oversight Council
FSSP	Federal Shared Service Provider
FTE	Full-Time Equivalent
FY	Fiscal Year
G-20	Group of 20
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
HSPD-12	Homeland Security Presidential Directive-12
IA	Investment Advisers
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFRSF	International Financial Reporting Standards Foundation

IG	Inspector General
IM	Division of Investment Management
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
IRS	Internal Revenue Service
IT	Information Technology
ITIL	Information Technology Infrastructure Library
MAP	Mission Advancement Program
MMOU	Multilateral Memorandum of Understanding
MOU	Memorandum of Understanding
MSRB	Municipal Securities Rulemaking Board
MUI	Matters under Inquiry
NRSRO	Nationally Recognized Statistical Rating Organizations
NTEU	National Treasury Employees Union
O&M	Operations & Maintenance
OALJ	Office of the Administrative Law Judges
OAS	Office of Administrative Services
OCA	Office of Chief Accountant
OCIE	Office of Compliance Inspections and Examinations
OCOO	Office of the Chief Operating Officer
OCR	Office of Credit Ratings
OEEEO	Office of Equal Employment Opportunity
OFM	Office of Financial Management
OFRMS	Office of FOIA, Records Management and Security Services
OFS	Office of FOIA Services
OGC	Office of the General Counsel
OHR	Office of Human Resources
OIA	Office of International Affairs
OIEA	Office of Investor Education and Advocacy
OIG	Office of the Inspector General
OIT	Office of Information Technology
OLIA	Office of Legislative and Intergovernmental Affairs
OME	Office of Managing Executive
OMI	Office of Market Intelligence
OMS	Office of Municipal Securities
OMWI	Office of Minority and Women Inclusion
OPA	Office of Public Affairs
OPM	Office of Personnel Management
ORM	Operational Risk Management
OS	Office of the Secretary
OSHA	Occupational Safety & Health Administration
OSS	Office of Security Services
OTC	Over-the-Counter
PCAOB	Public Company Accounting Oversight Board

PWG	President's Working Group
RMS	Office of Records Management Services
RSFI	Division of Risk, Strategy and Financial Innovation
SDR	Swap Data Repositories
SECU	Securities and Exchange Commission University
SEF	Swap Execution Facility
SIPC	Securities Investor Protection Corporation
SMO	Service Management Office
SRO	Self-Regulatory Organization
TCR	Tips, Complaints and Referrals
TM	Division of Trading and Markets
VaR	Value-at-Risk