U.S. SECURITIES AND EXCHANGE COMMISSION

FY 2014 CONGRESSIONAL BUDGET JUSTIFICATION
FY 2014 ANNUAL PERFORMANCE PLAN
FY 2012 ANNUAL PERFORMANCE REPORT

About This Report

The Congressional Budget Justification (CBJ) is the annual presentation to the Congress that justifies the Securities and Exchange Commission's budget request and reflects the continuing process to provide improved strategic focus, data quality, and information to Congress and the public. This report also includes the Annual Performance Plan (APP) for fiscal year (FY) 2014 and the Annual Performance Report (APR) for FY 2012, focusing on the agency's strategic goals and performance results.

This report provides information that satisfies requirements contained in the following laws and regulations:

- GPRA Modernization Act of 2010
- Office of Management and Budget Circular A-11, *Preparation, Submission and Execution of the Budget*
- Government Management Reform Act of 1994
- Reports Consolidation Act of 2000
- Office of Management and Budget Circular A-136, *Financial Reporting Requirements*

An electronic version of this document and its components is available at *www.sec.gov/about/offices/ofm/ofm-documents.htm*. To comment on the SEC's FY 2014 CBJ & APP and FY 2012 APR, email PerformancePlanning@sec.gov.

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Available on the Web at *www.sec.gov/about/offices/ofm/ofm-documents.htm*

To contact the SEC, please see *www.sec.gov* or "Contact Us" at *www.sec.gov/contact.shtml.*

Agency and Mission Information

Executive Summary

The U.S. Securities and Exchange Commission's (SEC) is pleased to submit the budget request for fiscal year (FY) 2014. For FY 2014, the SEC is requesting $1.674 billion in support of 5,180 positions and 4,638 FTE. This requested budget level would allow the SEC to hire an additional 676 positions to accomplish the priorities the agency has set forth, including:

- Strengthening core programs and operations;
- Acquiring the necessary skill sets to enhance the agency's oversight of the increasing complex and rapidly changing markets and entities the SEC regulates;
- Making operational the significant new responsibilities assigned to the agency over areas such as derivatives, private fund advisers, and municipal advisors under the Dodd-Frank Wall Street Reform and Consumer Protection Act; and
- Implementing the new responsibilities created under Title I of the Jumpstart Our Business Startups (JOBS) Act of 2012.

In addition, this request would enhance the tools our staff have at their disposal to better advance the SEC's mission through much-needed investments in technology and training.

The requested funding is necessary for the SEC to fulfill our responsibility to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. While it is understood that this request comes during a time of tremendous fiscal challenges, it is important to note that this budget request is fully offset by matching collections of fees on securities transactions, and will not in any way impact the Federal budget deficit.

The Commission over the past few years has completed a number of important steps to reform operations and better protect investors. These include revitalizing and restructuring the enforcement and examination functions, revamping the handling of tips and complaints, enhancing safeguards for investor assets, improving internal collaboration, bolstering our risk assessment capacity, and recruiting more staff with specialized expertise and experience. These efforts could not have been possible without the support of the Congress through the budget process.

However, the SEC's current level of resources is not sufficient to keep pace with the growing size and complexity of the securities markets and of the agency's broad responsibilities. Currently, the SEC oversees approximately 35,000 entities, including about 11,000 investment advisers, 9,700 mutual funds and exchange traded funds, 4,600 broker-dealers with more than 160,000 branch offices. The SEC also has responsibility for reviewing the disclosures and financial statements of approximately 9,500 reporting companies. The SEC oversees approximately 460 transfer agents, 17 national securities exchanges, eight active clearing agencies, and 10 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), the Securities Investor Protection Corporation (SIPC), and the Financial Accounting Standards Board (FASB). Also, as mentioned above, the agency has new or expanded responsibilities over the derivatives markets, hedge fund and other private fund advisers, municipal advisors, credit rating agencies, and clearing agencies.

Meanwhile, the securities industry continues to grow at a rapid pace. 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. A number of financial firms spend many times more each year on their technology budgets alone than the SEC spends annually on all its operations. Similarly, SEC enforcement teams bring cases against firms that spend more on lawyers' fees than the agency's annual operating budget.

This budget request focuses on addressing these resource challenges by increasing funding in the following areas:

- expanding oversight of investment advisers and strengthening compliance;
- focusing on economic and risk analysis to support rulemaking and oversight;
- bolstering enforcement;
- building oversight of derivatives and clearing agencies;
- supporting implementation of the JOBS Act and enhancing reviews of corporate disclosures;
- leveraging technology; and
- enhancing training and development of SEC staff.

Each of these areas is described further below.

Expanding Oversight of Investment Advisers and Strengthen Compliance

During FY 2012, the SEC examined only about eight percent of registered advisers, and over 40 percent of advisers have never been examined. Additionally, the number of registered advisers has increased by more than 40 percent over the last decade, while the assets under management by these advisers have increased more than two-fold, to almost $50 trillion. At the same time, the industry has been moving towards the increasing use of new and complex products, including derivatives and certain structured products; the use of technologies that facilitate high-frequency and algorithmic trading; and the development of complex "families" of financial services companies with integrated operations that include both broker-dealer and investment adviser affiliates. While the agency has successfully focused our limited examination resources on those areas posing the greatest risk to investor assets, the SEC's low rate of examination coverage poses too great a risk to investors to allow it to persist.

Therefore, under the FY 2014 request, one of the SEC's top priorities is to hire 250 additional examiners to increase the percentage of advisors examined each year, the rate of first-time examinations, and the examination coverage of investment advisors and newly registered private fund advisers.

While the agency's long-term goal is to examine roughly the same proportion of the adviser industry each year as the Financial Industry Regulatory Authority (FINRA) achieves in its examinations of broker-dealers, which is about half, the SEC recognizes that a sustained, recurring investment will be needed to achieve this outcome.

The National Examinations Program (NEP) also would add 30 positions to improve oversight and examination functions related to broker-dealers, clearing agencies, transfer agents, self-regulatory organizations (SROs), swap data repositories, and municipal advisors. In addition, a portion of these positions will be used to support other critical program initiatives such as expanding the program for registrants' internal compliance, enhancing global risk assessment and surveillance efforts, and improving technology capabilities. These positions are vital as the agency continues to strive to keep pace with the rapid change and increasing complexity of the markets it regulates.

Focusing on Economic and Risk Analysis to Support Rulemaking and Oversight

For FY 2014, the SEC plans growth of 45 positions in the Division of Risk, Strategy and Financial Innovation (RSFI), primarily to hire financial economists to perform economic analyses and research in support of Commission rulemaking activity. Specifically, RSFI would seek economists with expertise in analyzing:

- high frequency trading data and economic issues in market structure and practices to support the Division of Trading and Markets and the examination program;
- executive compensation and related areas of corporate governance;
- complex structured products, including valuation of and risks associated with those products; and
- swap dealers and financial responsibility requirements.

RSFI also plans to hire computer scientists with mathematical and statistical programming experience to support risk assessment and risk metrics, analytics, rulemaking, and economic analysis.

Bolstering Enforcement

The ability to bring timely, high-quality enforcement actions when violations of the Federal securities laws are identified is integral to the SEC's core mission. The SEC must expand its enforcement function to keep pace with the growing size and complexity of our markets and the SEC's additional responsibilities, and to send strong messages to wrongdoers that misconduct will be swiftly and aggressively addressed. Additional resources are needed in Enforcement to assist in following up on the high volume of tips and complaints received through the Commission's new whistleblower program; achieve additional examinations of advisers; and deploy more advanced analytical and technological tools to detect securities law violations. Specifically, the Division of Enforcement will focus its hiring of 131 staff on increased expertise in the securities industry and new product areas, trial attorneys, and forensic accountants, as well as staff for the Office of Market Intelligence, the Office of the Whistleblower, and the SEC's collections and distributions functions.

Building Oversight of Derivatives and Clearing Agencies

The Commission's regulatory responsibilities are significantly expanding with the addition of 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 bottlenecks and 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 the requests for interpretation, registration, or required approvals. New staff also will be needed to help conduct improved risk-based supervision of registered security-based swap dealers and participants, that includes using newly-available data to identify excessive risks or other threats to security-based swap markets and investors.

In addition, the agency intends to focus on further enhancing its oversight of clearing agencies. Currently, the average transaction volume cleared and settled by the seven active registered clearing agencies is approximately $6.6 trillion a day. Yet the SEC only has approximately sixteen examiners devoted to them, with limited on-site presence in only three of the seven. Additionally, the SEC only has approximately a dozen other staff focused on the 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 the number of clearing agencies and rule filings raising risk management issues. Without these additional resources, the mismatch between the amount of regulated clearing activity and staffing will be exacerbated as additional clearing agencies will register with the SEC as a result of their security-based swap activities, and others likely will require expanded oversight due to their designation as systemically important by the Financial Stability Oversight Council. Accordingly, in the FY 2014 budget request the SEC proposes to add 25 positions in the Division of Trading and Markets and in the NEP to support these functions.

Supporting Implementation of the JOBS Act and Enhance Reviews of Corporate Disclosures

For FY 2014, the SEC requests 25 new positions for the Division of Corporation Finance (CF). These positions primarily would be devoted to implementing Title I of the Jumpstart Our Business Startups (JOBS) Act. The Act establishes a new category of filers – "emerging growth companies" – who may comply with scaled disclosure requirements in their initial public offerings and subsequent periodic reports. These companies may also submit draft registration statements for confidential nonpublic review by the staff of the Division. These provisions were intended to increase the number of initial public offerings and the number of companies who file periodic reports with the SEC. The new positions will be used to hire additional attorneys and accountants to conduct reviews of registration statements and other corporate filings, including the additional filings expected to result from the JOBS Act, and to answer

interpretive questions that relate to those filings and other matters relating to the companies making them.

In addition, the CF intends to use these new positions to enhance disclosure reviews of large and financially significant companies, to improve the information these companies provide to investors, thereby facilitating informed decision-making.

Leveraging Technology

Aside from the need to increase the number of experts dedicated to overseeing the securities industry, it is also critically important to continue leveraging technology to streamline operations and increase the effectiveness of the agency's programs. While the SEC has made significant progress over the past few years in modernizing our technology systems, the agency must continue to make investments if it is to keep pace with the markets and organizations that the SEC regulates. The FY 2014 budget request would add $56 million for technology to support a number of key Information Technology (IT) initiatives, including enhancements to the system for receiving tips, complaints, and referrals (TCR), improvements to IT security, and infrastructure upgrades to achieve efficiencies in business operations and reduce long-term costs.

The SEC plans to enhance its TCR Intake and Resolution system by building an interface to the agency's exam and case management systems, adding intake and routing functionality for referrals from the self-regulatory organizations (SROs), expanding reporting, and constructing the ability to create and route referral memos so that matters that require follow-up action are routed quickly. Additionally, the agency plans to develop a component of the TCR system that will automatically receive new TCRs and determine the characteristics and risks of each based on a set of defined business rules and the use of SEC internal and external information. This triage solution will be integrated with the TCR Intake and Resolution system, thereby providing SEC staff with the required data and will automate analyses that are currently conducted manually.

The agency also plans to make a significant investment in its information security program. In FY 2013 and FY 2014, the Office of Information Technology (OIT) plans to deploy a new set of security tools and develop and train IT analytical staff to monitor, respond to, and remediate threats, as well as to rapidly address security breaches. Rather than conduct only periodic assessments of security, OIT will focus on continuous risk monitoring. Additionally, in FY 2014, the SEC is requesting resources needed to implement infrastructure upgrades to achieve efficiencies in business operations and reduce long-term costs. For example, the agency plans a number of initiatives to automate business processes and share data across the agency, to improve collaboration and content management across the agency, and continue strategic replacement of existing hardware and software in order to hold down maintenance costs.

Enhancing Training and Development of SEC Staff

The SEC's staff is the most important driver of the agency's successes. The FY 2014 request includes a significant increase in the SEC's total training budget to enable the SEC to continue building an effective training program to deepen expertise and skills, not only in the rapidly evolving nature of the markets, but also in areas of new responsibility. The planned investment principally supports training and development for employees directly involved in examinations, investigations, fraud detection, litigation, and other core mission responsibilities of the SEC. The training will consist of specialized in-depth training concerning new trends in the securities industry and changing market conditions, as well as analytics and forensics. The investment also will fund certain specialized financial certifications and regulatory credentials, as well as the advanced continuing education required for maintaining legal and financial credentials. The resources requested in the FY 2014 budget would bring the SEC's level of training investment more on par with other Federal financial regulatory agencies. In FY 2013, the SEC training and development budget was at $2,375 per capita. The proposed 2014 budget would raise this figure to $2,850 per capita.

Reserve Fund

In FY 2014, the SEC proposes to continue using its Reserve Fund, established in statute, to fund large, multi-year, mission-critical technology projects. The agency plans to use $50 million from the Fund for modernization of the Electronic Data Gathering, Analysis and Retrieval (EDGAR) system. The funds also will be used for the construction and enhancement of the Enterprise Data Warehouse (EDW) and to develop the capability to intake, store and analyze data from the Consolidated Audit Trail (CAT) Repository. These key priorities will enhance the SEC's ability to improve service to registrants and the public; integrate large amounts of data from disparate sources so the data can be more readily searched and analyzed by SEC staff; and improve SEC business and operational processes.

Specifically, the agency would continue its multi-year effort to overhaul EDGAR to create a new, modernized system that will, among other things, meet Commission requirements for real-time system updates, reduce filer burden by providing simplified search and filing options based on filer experience (i.e., professional or novice), improve data capture by moving to structured formats for various SEC forms, and reduce the long term costs of operating and maintaining the system.

The EDGAR modernization effort leverages the EDW. The EDW is a critical step in combining various streams of data and helping the public gain easier access to more usable market data. The centralized EDW will allow the organization of data using standard definitions and structures, integration of large amounts of data to allow enhanced analytical capabilities and predictive modeling, and strengthened governance of data controls and quality standards.

A Consolidated Audit Trail (CAT) repository will increase the data available to regulators investigating illegal activities such as insider trading and market manipulation, significantly improve the SEC's ability to reconstruct broad-based market events in an accurate and timely manner, monitor overall market structure, assess how Commission rules are affecting the markets, and decrease regulatory data production burdens on SROs and broker-dealers by reducing the number of ad hoc requests. The SEC plans to invest Reserve Fund dollars to develop the SEC's ability to intake CAT data and store it in the EDW, as well as to develop analytical tools and a single software platform that will allow the SEC to identify patterns, trends, and anomalies in the CAT data. The tools and platform will allow seamless searches of data sets to examine activity to reveal suspicious behavior in securities-related activities and quickly trace the origin.

Vision, Mission, Values and Goals

Vision

The SEC strives to promote a market environment that is worthy of the public's trust and characterized by transparency and integrity.

Mission

The mission of the SEC is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation.

Values

Integrity	Teamwork
Accountability	Fairness
Effectiveness	Commitment to Excellence

Strategic Goals and Outcomes

Goal 1: Foster and enforce compliance with the Federal securities laws

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

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

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

Goal 2: Establish an effective regulatory environment

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.

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

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

Goal 3: Facilitate access to the information investors need to make informed investment decisions

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

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

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

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.

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

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.

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

History and Purpose

During the peak of the Depression, Congress passed the Securities Act of 1933. This law, along with the Securities Exchange Act of 1934 (Exchange Act), which created the SEC, was designed to restore investor confidence in our capital markets by providing investors and the markets with more reliable information and clear rules of honest dealing. The main purposes of these laws were to ensure that:

- Companies publicly offering securities for investment dollars must tell the public the truth about their businesses, the securities they are selling, and the risks involved in investing.
- People who sell and trade securities – brokers, dealers and exchanges – must treat investors fairly and honestly, putting investors' interests first.

The SEC is responsible for overseeing the nation's securities markets and certain primary participants, including broker-dealers, investment companies, investment advisers, clearing agencies, transfer agents, credit rating agencies, and securities exchanges, as well as organizations such as the Financial Industry Regulatory Authority (FINRA), Municipal Securities Rulemaking Board (MSRB), and Public Company Accounting Oversight Board (PCAOB). Under the Dodd-Frank Wall Street Reform and Consumer Protection Act[1] (Dodd-Frank Act), the agency's jurisdiction was expanded to include certain participants in the derivatives markets, private fund advisers, and municipal advisers among other changes.

The SEC consists of five presidentially appointed Commissioners, with staggered five-year terms. One of the Commissioners is designated by the President as Chairman of the Commission (see *Appendix A: Chairman and Commissioners*).

By law, no more than three of the Commissioners may belong to the same political party. The Commission convenes regularly at meetings that are open to the public and the news media unless the discussion pertains to confidential subjects, such as whether to begin an enforcement investigation.

Each year, the SEC brings hundreds of civil enforcement actions against individuals and companies for violation of securities laws. Examples of infractions include insider trading, accounting fraud, and providing false or misleading information about securities or the companies that issue them. One of the major sources of information that the SEC relies on to bring enforcement action is investors themselves – another reason that educated and careful investors are critical to the functioning of efficient markets. To help inform investors, the SEC offers the public a wealth of educational information on the website *www.investor.gov*, as well as an online database of disclosure documents at *www.sec.gov/edgar/searchedgar/companysearch.html* that public companies and other market participants are required to file with the SEC.

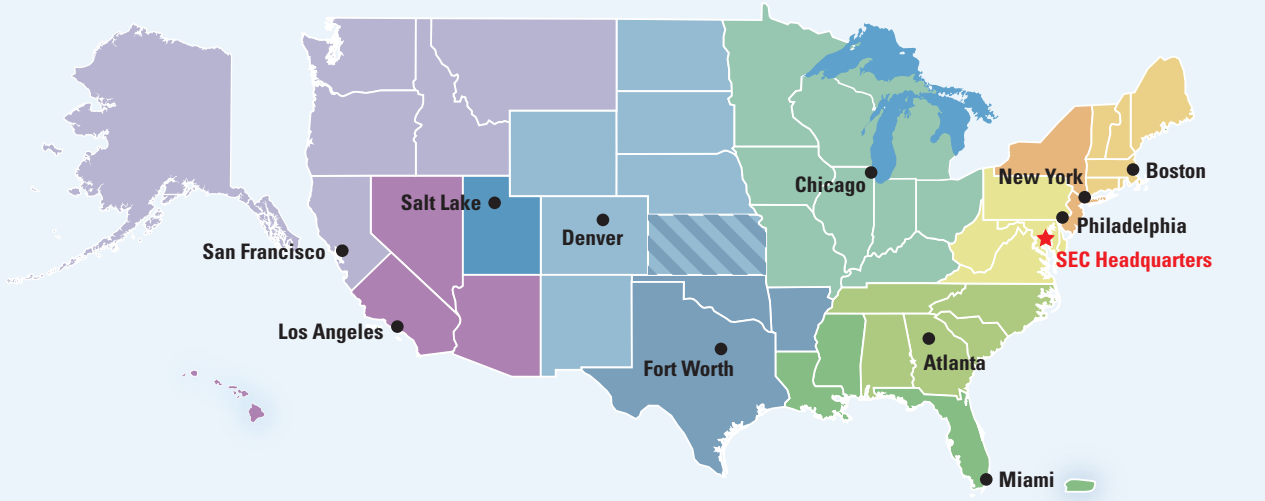
[1] *Dodd-Frank Wall Street Reform and Consumer Protection Act www.sec.gov/about/laws/wallstreetreform-cpa.pdf*

Organizational Structure and Resources

SEC Office Locations

The SEC's headquarters are in Washington, D.C., and the agency has 11 regional offices located throughout the country. The regional offices are responsible for investigating and litigating potential violations of the securities laws. The offices also have examination staff, who inspect regulated entities such as investment advisers, investment companies and broker-dealers. The map below shows the locations of the regional offices, and the states that are included in each region.

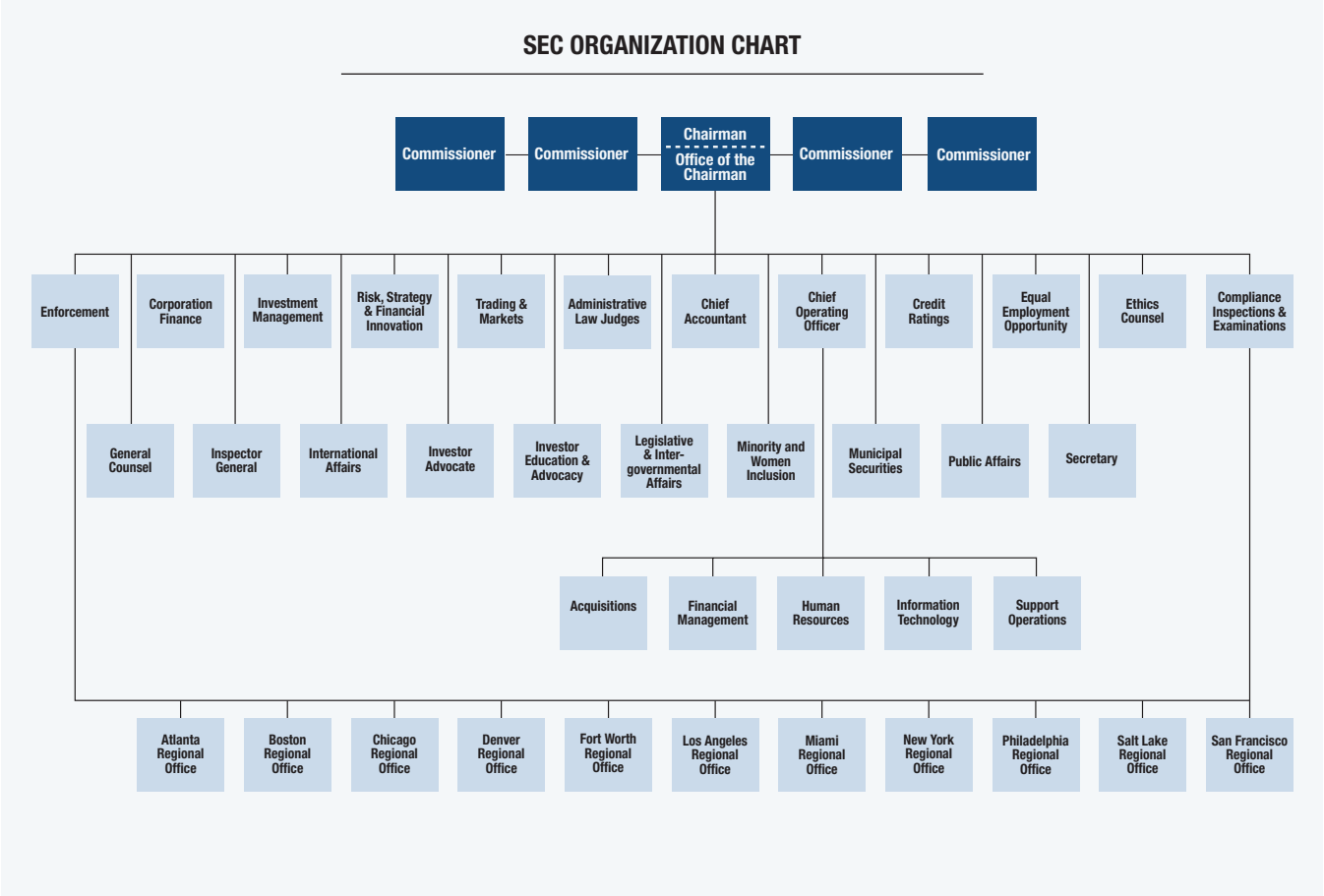
SEC HEADQUARTERS AND REGIONAL OFFICE LOCATIONS



- **SEC Headquarters**
- **New York Regional Office**
  New York, New Jersey
- **Boston Regional Office**
  Connecticut, Maine, Massachusetts, New Hampshire, Vermont, Rhode Island
- **Philadelphia Regional Office**
  Delaware, Maryland, Pennsylvania, Virginia, West Virginia, District of Columbia
- **Miami Regional Office**
  Florida, Mississippi, Louisiana, U.S. Virgin Islands, Puerto Rico
- **Atlanta Regional Office**
  Georgia, North Carolina, South Carolina, Tennessee, Alabama
- **Chicago Regional Office**
  Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Ohio, Wisconsin
- **Denver Regional Office**
  Colorado, Kansas, Nebraska, New Mexico, North Dakota, South Dakota, Wyoming
- **Fort Worth Regional Office**
  Texas, Oklahoma, Arkansas, Kansas (except for the exam program which is administered by the Denver Regional Office)
- **Salt Lake Regional Office**
  Utah
- **Los Angeles Regional Office**
  Arizona, Hawaii, Guam, Nevada, Southern California (zip codes 93599 and below, except for 93200-93299)
- **San Francisco Regional Office**
  Washington, Oregon, Alaska, Montana, Idaho, Northern California (zip codes 93600 and up, plus 93200-93299)

SEC Organization Structure

The SEC is an independent Federal agency established pursuant to the Exchange Act. It is headed by a bipartisan five-member Commission, comprised of the Chairman and four Commissioners, who are appointed by the President and confirmed by the Senate. The Chairman serves as the Chief Executive Officer. In fiscal year (FY) 2012, the agency employed 3,770 full-time equivalents (FTE), including 3,739 permanent and 31 temporary FTEs. The SEC organization chart below is as of September 30, 2012.



FY 2014
Budget Request Tables

FTE and Positions by Program

	FY 2012 Actual		FY 2013 CR		FY 2014 Request	
	FTE	Positions	FTE	Positions	FTE	Positions
Enforcement	1,219	1,218	1,302	1,350	1,401	1,481
Compliance Inspections and Examinations[1]	820	880	916	974	1,127	1,299
Corporation Finance	448	467	471	515	494	540
Trading and Markets[1]	225	249	285	307	284	332
Investment Management	153	161	172	180	184	205
Risk, Strategy and Financial Innovation	56	83	90	101	100	146
General Counsel	132	137	145	149	153	156
Other Program Offices						
Chief Accountant	45	43	45	52	46	56
Investor Education and Advocacy	45	44	45	46	50	51
International Affairs	36	37	41	46	46	50
Administrative Law Judges	8	8	11	11	11	11
Investor Advocate	0	0	3	6	3	6
Credit Ratings	14	26	28	29	29	35
Municipal Securities	0	1	5	5	5	5
Total	148	159	178	195	190	214
Agency Direction and Administrative Support						
Executive Staff	38	36	41	42	42	42
Public Affairs	8	9	9	10	11	11
Secretary	30	32	31	31	34	32
Chief Operating Officer	9	10	16	18	16	21
Financial Management	74	78	79	84	83	86
Information Technology	120	135	158	183	174	203
Human Resources	82	87	102	101	113	134
Acquisitions	46	40	44	72	44	72
Operations Support	91	95	96	91	98	95
Ethics Counsel	11	13	14	14	15	16
Minority and Women Inclusion	3	5	8	8	8	13
Equal Employment Opportunity	7	7	7	9	7	11
Total	519	547	605	663	645	736
Inspector General	19	18	19	24	20	25
Total FTE and Positions	3,770	3,958	4,223	4,504	4,638	5,180
Permanent	3,739	3,919	4,183	4,458	4,598	5,134
Temporary	31	39	40	46	40	46

[1] *The Position and FTE figures for Trading and Markets (TM) and the Office of Compliance Inspections and Examinations (OCIE) include the transfer of 19 positions for the Automated Review Program (ARP) from TM to OCIE during FY 2013.*

Obligations by Object Class

(DOLLARS IN THOUSANDS)	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Personnel Compensation & Benefits			
Total Personnel Compensation (11.9)	$ 592,697	$ 686,894	$ 782,519
Civilian Personnel Benefits (12.1)	171,706	197,319	223,365
Subtotal Cost of Salaries	**$ 764,403**	**$ 884,213**	**$ 1,005,884**
Other Expenses			
Benefits for Former Personnel (13.0)	1,257	1,234	1,251
Travel and Transportation of Persons (21.0)	10,880	13,575	16,950
Transportation of Things (22.0)	47	83	84
Rent, Communications & Utilities (23.0)	47,102	108,134	133,534
Printing and Reproduction (24.0)	8,325	9,513	9,621
Other Contractual Services (25.0)	271,912	307,312	400,823
Supplies and Materials (26.0)	1,905	3,878	4,270
Equipment (31.0)	72,718	79,488	86,220
Building Alterations (32.0)	1,354	10,000	15,278
Claims and Indemnities (42.0)	9	84	85
Refunds (44.0)	—	—	—
Undistributed (92.0)	—	—	—
Subtotal Cost of Other Expenses	**$ 415,509**	**$ 533,301**	**$ 668,116**
Spending Authority	**$ 1,179,912**	**$ 1,417,514**	**$ 1,674,000**

FY 2014 Request by Strategic Goal and Program

(DOLLARS IN THOUSANDS)			FY 2014 Request								
								Change over FY 2012 Actual		Change over FY 2013 CR	
SEC Program	**FY 2012 Actual**	**FY 2013 CR**	**Goal 1 Enforce Securities Laws**	**Goal 2 Effective Regula-tory Environ.**	**Goal 3 Facilitate Access To Info.**	**Goal 4 Align & Manage Resources**	**FY 2014 Request**	**$**	**%**	**$**	**%**
FY 2012 Actual			**$692,551**	**$113,896**	**$189,309**	**$184,157**					
FY 2013 CR			**$782,895**	**$142,609**	**$243,139**	**$248,871**					
Enforcement	$416,815	$459,193	$488,439	$10,618	$5,309	$26,546	$530,912	$114,097	27	$71,719	16
Compliance Inspections and Examinations	249,248	281,933	330,938	7,117	3,558	14,234	355,847	106,599	43	73,914	26
Corporation Finance	128,517	141,865	2,953	26,545	123,611	7,383	160,492	31,975	25	18,627	13
Trading and Markets	66,331	79,800	18,231	47,977	28,786	960	95,954	29,623	45	16,154	20
Investment Management	47,406	52,154	14,910	25,472	19,880	1,864	62,126	14,720	31	9,972	19
Risk, Strategy, and Financial Innovation	19,083	33,536	19,515	19,515	2,218	3,105	44,353	25,270	132	10,817	32
General Counsel	40,922	44,284	31,810	8,584	1,515	8,584	50,493	9,571	23	6,209	14
Other Program Offices	44,266	52,823	22,882	16,543	19,982	2,733	62,140	17,874	40	9,317	18
Agency Direction and Administrative Support	161,021	265,051	5,758	14,097	64,939	219,109	303,903	142,882	89	38,852	15
Inspector General	6,303	6,875	78	—	78	7,624	7,780	1,477	23	905	13
Total SEC Funding	**$1,179,912**	**$1,417,514**	**$935,514**	**$176,468**	**$269,876**	**$292,142**	**$1,674,000**	**$494,088**	**42%**	**$256,486**	**18%**
Percent Increase over Prior Year			19%	24%	11%	17%					

Summary of Changes

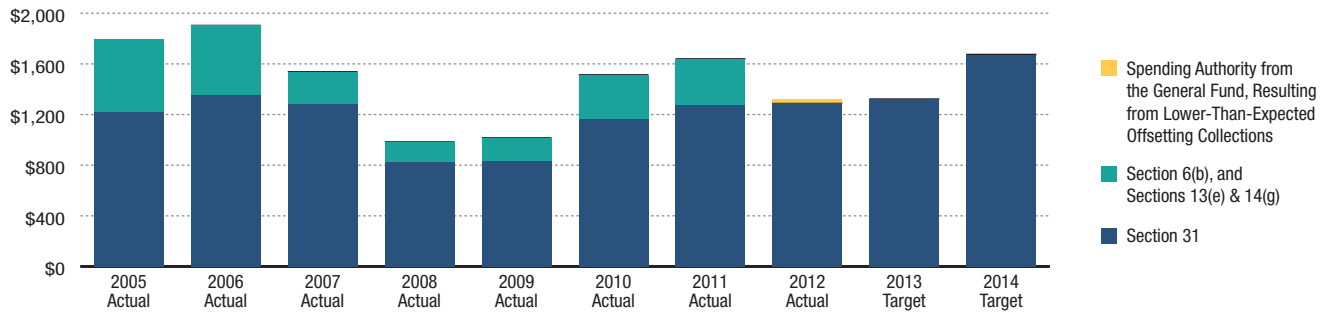
	FY 2013 CR	FY 2014 Request	Net Change
Spending Authority	$1,417,514	$1,674,000	+$256,486
Full-time Equivalents	4,223	4,638	+415
Positions	4,504	5,180	+676

Explanation of Changes:	Positions	FTE	Amount
FY 2013 Base Changes			
Annualization of staff brought on-board in prior years	—	219	+45,660
FY 2014 pay raise, 1.7% effective January 2014	—	—	+10,019
Merit pay increases for eligible staff	—	—	+31,092
Non-compensation inflation	—	—	+9,329
Subtotal, Base Changes	**—**	**219**	**+96,100**
Program Increases:			
Information Technology Enhancements	—	—	+56,070
Additional contracting needs including Enforcement litigation support, risk and data analysis, and asset verification for exams	—	—	+17,000
Staff Training	—	—	+9,000
Employee awards to address OIG Audit Report No. 492	—	—	+3,000
Staff Increases:	—	—	+75,316
Enforcement	131	38	
Compliance Inspections and Examinations	325	94	
Corporation Finance	25	7	
Trading and Markets	25	7	
Investment Management	25	7	
Risk, Strategy and Financial Innovation	45	13	
General Counsel	7	2	
Other Program Offices	19	6	
Agency Direction & Admin. Support	73	21	
Inspector General	1	1	
Subtotal, Program Changes	**676**	**196**	**+160,386**
Total Change	**676**	**415**	**+256,486**

Offsetting Collections and Spending Authority

OFFSETTING COLLECTIONS AND SPENDING AUTHORITY

(DOLLARS IN MILLIONS)



SOURCE OF OFFSETTING COLLECTIONS

(DOLLARS IN THOUSANDS)	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Securities Transaction Fees under the Securities Exchange Act of 1934 (Section 31)	$ 1,288,399	$ 1,321,000	$ 1,674,000
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))[1]	—	—	—
Total Offsetting Collections	**$ 1,288,399**	**$ 1,321,000**	**$ 1,674,000**

SPENDING AUTHORITY

(DOLLARS IN THOUSANDS)	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Current Year Appropriated Offsetting Collections	$ 1,288,399	$ 1,321,000	$ 1,674,000
Available Balances from Prior Years	—	96,514	—
Spending Authority from the General Fund, Resulting from Lower-Than-Expected Offsetting Collections	32,601	—	—
Total Authority	**$ 1,321,000**	**$ 1,417,514**	**$ 1,674,000**

[1] The Offsetting Collections and Spending Authority chart above presents the SEC's budgetary authority derived from offsetting collections from fees collected on Section 31 securities transactions and Section 6(b), 13(e), 14(g) and 24f-2 filings (referred to as "filing fees") from FY 2004 through 2011. Pursuant to the Dodd-Frank Act and beginning in FY 2012, filing fee collections are no longer offsetting collections, and are now either deposited into the Reserve Fund or the U.S. Treasury General Fund. Thus, the FY 2012 column only presents amounts for Section 31 securities transaction fee collections. Beginning in FY 2012, the SEC was 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.

FY 2014
Appropriations Language

FY 2014 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, [$1,329,000,000] *$1,674,000,000*, to remain available until expended; of which not less than [$100,345,000] *$75,000,000* 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; of which not less than [$6,795,000] *$7,092,381* 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 [$1,329,000,000] *$1,674,000,000* 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 2014 shall be reduced as such offsetting fees are received so as to result in a final total fiscal year 2014 appropriation from the general fund estimated at not more than $0.

FY 2012 Annual Performance Report

&

FY 2014 Annual Performance Plan

FY 2012 APR and FY 2014 APP Summary

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. In FY 2012, total SEC obligations were $1.18 billion in support of 3,770 total full-time equivalents (FTE). Of 72 total performance targets, the agency met or exceeded 34, did not meet 19, and did not have data to report on 19.

The budget request for FY 2014 totals $1.674 billion, an increase of about $256 million (18 percent) over the agency's FY 2013 Continuing Resolution funding amount. The FY 2014 budget funds 4,638 full-time equivalents (FTE), an increase of about 415 FTE (10 percent) over the FY 2013 level, and increases the number of positions by 676 to a total of 5,180.

The additional resources requested for FY 2014 would 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 that have been added to the SEC's jurisdiction. Resources that directly support fostering and enforcing compliance with the securities laws would increase approximately 19 percent from FY 2013 to FY 2014; resources utilized in establishing an effective regulatory environment would increase by approximately 24 percent compared to FY 2013; and resources that support activities that aim to facilitate access to the information investors need to make informed investment decisions would receive an estimated 11 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 the program offices to devote more staff time to these duties. The requested funding will provide necessary resources for investments in information technology that will improve the agency's technology security; tips, complaints, and referrals (TCR) system; technology infrastructure; and workflow processes.

To complement the FY 2014 performance budget, the agency also presents its FY 2014 budget by program (beginning on page 63). Each program chapter provides detailed information on program priorities, initiatives, and workload figures for the relevant divisions and offices.

A Reader's Guide to the SEC's Performance Information

The following chapters comprise the agency's FY 2012 Annual Performance Report (APR) and FY 2014 Annual Performance Plan (APP), which explains how the SEC uses resources to achieve each of its four strategic goals.

The following outlines a brief description of each of the major components of the performance section:

Strategic Goal Summary: Each strategic goal section opens by reviewing the purpose of the goal, followed by information identifying the resources allocated toward achieving the goal.

FY 2012 Performance Achievements: A brief summary that spotlights the year's performance achievements, including resource data and an overall discussion of performance.

Budgeting for the Future (FY 2014): A brief discussion of how the SEC plans to use resources requested in FY 2014 to achieve the strategic goal.

Strategic Objective: This section provides a description of the SEC's strategic outcomes that gauges the agency's performance within each strategic goal.

Performance Goals and Indicators: Each strategic goal section includes a presentation of performance measures and performance indicators by outcome, comparing planned and actual performance levels for FY 2011. Four years of historical data is provided for performance measures and performance indicators where available. A plan for improving

program performance is included for measures where non-achievement was significant. Not applicable (N/A) in the performance measures table indicates that performance data is not available. Performance indicators that do not include targets also are included in this section, providing useful information for understanding the SEC's activities.

Verification and Validation of Performance Data

The SEC's programs require accurate data to properly assess program performance and to make good management decisions. Data verification and validation is used to evaluate whether data has been generated according to specifications, satisfy acceptance criteria, and are appropriate and consistent with their intended use. Data verification is a systematic process for evaluating performance and compliance of a set of data when compared to a set of standards to ascertain its completeness, correctness, and consistency using the methods and criteria defined in the project documentation. Data validation follows the data verification process and uses information from the project documentation to ascertain the usability of the data in light of its measurement quality objectives and to ensure that results obtained are scientifically defensible.

The SEC ensures that the performance data presented in this report is complete, reliable and accurate based upon the following assessment steps:

(1) The agency develops performance measures through its strategic planning process.

(2) The SEC's divisions and offices perform the following steps to ensure that data used in the calculation of performance measures is accurate and reliable including adequately documenting:

- the sources of the underlying data elements, and the procedures used to gather the data;
- the procedures used to obtain assurance as to the accuracy and reliability of the data;
- the data definitions for reference;
- documenting and explaining the measure calculations.

(3) The divisions and offices calculate and report the performance measures to the Office of Financial Management, and the measures are approved by division directors and office heads. This process ensures that the data used in the calculation of performance measures is accurate and reliable and that internal control is maintained through the approval process.

Performance Summary by Strategic Goal

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

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. 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. When violations occur, the SEC aims to take prompt action to halt the misconduct, sanction wrongdoers effectively, and return funds to harmed investors. In FY 2012, approximately $692.5 million and 2,188 full-time equivalents (FTEs) were directed at achieving results in Goal 1. Of 17 performance targets, the agency met or exceeded 7, did not meet 7, and did not have data to report on 3.

In FY 2014, the agency is requesting a total of 2,868 FTE for Goal 1. The additional resources will allow the SEC to continue building out the agency's new responsibility areas, 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. In all, the agency plans to devote approximately $935.5 million to enforcing compliance with the federal securities laws.

Spotlight: FY 2012 Performance Achievements

While investigating and prosecuting violations of Federal securities laws are integral aspects of the Commission's programs, working to detect and prevent violations of the securities laws are also key to protecting investors and enhancing market integrity. Efforts designed to promote investor awareness are the first line of defense against fraud. In FY 2012, the SEC issued 24 Investor Alerts and Bulletins, providing investors with information they need to make wise investment decisions and limiting opportunities for investor abuse (**Performance Goal 1.1.1**).

The SEC seeks to encourage within organizations of all sizes a strong culture of compliance that fosters ethical behavior and decision-making. In FY 2012, the SEC expanded its outreach efforts for promoting compliance, conducting a number of significant industry outreach and educational programs (**Performance Goal 1.1.2**). Specifically, the Compliance Outreach program continues to offer information and resources to investment adviser and broker-dealer firms, and the agency is pleased that the majority of participants (over 84 percent) found the program to be useful (**Performance Goal 1.1.4**). In future years, the agency will track the number of Compliance Alerts issued, post-examination compliance conferences hosted, and other educational and training programs offered to support continued compliance.

Additionally in FY 2012, the SEC improved its surveillance capabilities by enhancing the methods and technologies used to analyze data, which helped staff more effectively prepare for and conduct examinations. While the number of regulated entities is expected to grow, these efforts as well as enhanced staff expertise are expected to help the SEC increase the percentage of registrants examined each year (**Performance Goal 1.2.3**).

When violations of the federal securities laws do occur, the SEC investigates and brings enforcement actions against regulated persons and entities, as well as other market participants. The SEC brought 734 enforcement actions in FY 2012, the second highest number ever filed in a fiscal year (and one less than the record 735 filed the prior year). Of these actions, 20 percent were filed in investigations designated as National Priority Cases, representing the Division's most important and complex matters (**Performance Indicator (Output) 1.3.4**). A detailed discussion of the SEC's most significant cases can be found in SEC's Agency Financial Report (AFR) *Appendix B: Major Enforcement Cases*.

In addition, the Division obtained orders for $3.1 billion in penalties and disgorgement (**Performance Indicator (Output) 1.3.6**); distributed a total of $815 million to harmed

investors; continued to utilize the enhanced remedies available under the Dodd-Frank Act to bar numerous individual wrongdoers from working in the securities industry; and obtained other forms of relief that send a strong deterrent message and protect investors, including asset freezes, trading suspensions, and penny stock bars. Finally, the SEC made its first whistleblower payout to an individual who provided high-quality, significant information that helped stop a multi-million dollar fraud. Enforcement is receiving many excellent tips through the Whistleblower Program, resulting in significant savings in investigative resources and time.

Budgeting for the Future (FY 2014)

In FY 2014, the SEC will continue to make improvements to its National Examination and Enforcement programs. These improvements include expanding the SEC's training programs, hiring staff with new skill sets, streamlining processes, enhancing information sharing, leveraging the knowledge of third parties, improving the processing of 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 2014, 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 the size and complexity of regulated entities. The staff will perform targeted, sweep, and cause examinations, including examinations over new or expanded areas of the agency's jurisdiction. In FY 2014, the SEC will also continue to promote industry compliance efforts through the Compliance Outreach program, and will maintain ongoing efforts to improve its risk assessment and surveillance methodologies.

Additionally in FY 2014, the Division of Investment Management (IM) will aim to hire additional examiners to oversee funds and investment advisers. These examiners will increase investor protection by supplementing and coordinating with other examination efforts. They would also bring skills and specialized experience to examinations of funds and investment advisers. This specialization is expected to directly inform, support and improve policies and rulemakings that address industry practices observed during exams. The exam function will be part of a larger Risk and Examination Office (REO) within IM. REO will be responsible for conducting rigorous quantitative and qualitative financial analysis of the investment management industry.

The SEC plans to increase its outreach efforts for promoting compliance by performing approximately 16 industry outreach and educational program initiatives in FY 2014 (**Performance Goal 1.1.2**). Furthermore in FY 2014, the staff expects to continue devoting a significant amount of time and resources to make compliance outreach as relevant and beneficial as possible for registered entities. The staff will continue to make every effort to ensure that this program reaches as many chief compliance officers as possible and that it continues to be extremely useful in helping registered firms with their compliance efforts (**Performance Goal 1.1.4**).

The Enforcement program plans to build on significant changes implemented in prior fiscal years, and will work to meet new challenges expected in FY 2014, including challenges presented by the addition of several new classes of registrants to the Commission's jurisdiction (e.g., municipal advisors, new categories of securities-based swap entities, and hedge fund and other private fund advisers), which are 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.

To improve the quality and efficiency of its investigations, the SEC has put seasoned investigators on the front lines, created specialized units focused on specific programmatic priorities, enhanced case management systems, and increased coordination efforts with other offices and divisions in the agency and other regulators. In FY 2014, the SEC plans to resolve approximately 92 percent of enforcement actions (**Performance Goal 1.3.1**), while also reducing in FY 2014 the average number months between the opening of an investigation and the filing of the first enforcement action arising out of that investigation (**Performance Goal 1.3.6**).

Under the Sarbanes-Oxley Act of 2002, the SEC can use Fair Funds to redirect penalties collected from securities law violators to the victims of their wrongdoing. The SEC is committed to the timely collection and distribution of penalties and disgorgement funds and has adopted a variety of new measures for monitoring its progress, as described further below.

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

Goal Leader(s): Director, Office of Compliance Inspections and Examinations; Director, Office of Investor Education and Advocacy

PERFORMANCE GOAL 1.1.1
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of education materials	Prior-year data not available			16	24	24	24	26	26

Target: Met – This goal was developed in FY 2010 during the strategic planning process and prior year data is not available.

Analysis: In FY 2012, the SEC issued 24 new investor alerts and bulletins to meet its goal, focusing on salient topics for individual investors related to investment products and potential investment scams.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: www.sec.gov and www.investor.gov

PERFORMANCE GOAL 1.1.2
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of major outreach efforts	Prior-year data not available			6	5	12	13	14	16

Target: Exceeded – This goal was developed in FY 2010 during the strategic planning process and prior year data is not available.

Analysis: The SEC seeks to encourage a strong culture of compliance among organizations, to foster ethical behavior and decision-making. As part of its efforts to promote compliance within the industry, OCIE conducted one Compliance Outreach event, published five National Risk Alerts and also published one public report during FY 2012. Senior staff also conducted an SRO Outreach meeting, represented OCIE at SEC Speaks and published remarks from four critical speaking engagements during the year. In addition to these efforts, staff from throughout the program participated in a number of additional outreach efforts, including speaking at numerous industry conferences and related engagements, which are not reflected in the above numbers.

Responsible Division/Office: Office of Compliance Inspections and Examinations

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

PERFORMANCE GOAL 1.1.3
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	94%	93%	94%	90%	93%	93%	92%	93%	94%

Target: Not Met

Analysis: During examinations in FY 2012, the staff reviewed a variety of books and records and identified a number of areas where firms appeared not to be in compliance with Federal securities laws. In response to deficiency letters that were sent to firms by the staff, the vast majority of registrants have asserted that they are taking corrective action in response to the staff's findings. In order to achieve this level of performance, the staff made concerted efforts during the year to improve dialogue and communication with firms, including at the most senior levels. These efforts have helped to ensure that there is a clear understanding of issues and concerns between the staff and registrants. Overall, this measure continues to show that registrants are using examination results to improve operations and compliance with federal securities laws. The performance goal was set at an approximate level and the deviation from that level is minimal. There was no effect on overall program or activity performance.

Plan for Improving Program Performance: OCIE will continue to enhance efforts to promote compliance by more proactive communications with registrants and their personnel, including chief compliance officers. These enhanced communication efforts will be aimed at increasing compliance efforts or remedial actions taken by registrants. Additionally, the program anticipates using additional resources to perform corrective action reviews at selected firms. Among other things, these reviews will be focused on ensuring that the corrective actions taken by firms are being implemented in a manner to adequately address previously noted deficiencies at those firms.

Responsible Division/Office: Office of Compliance Inspections and Examinations

Data Source: Super Tracking and Reporting System (STARS) and Tracking and Reporting Exam National Documentation System (TRENDS)

PERFORMANCE GOAL 1.1.4
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	97%	92%	84%	77%	86%	80%	84%	85%	86%

Target: Exceeded

Analysis: The program formerly known as CCOutreach is now more broadly focused and is known as the Compliance Outreach program. During FY 2012, the staff devoted significant resources to the Compliance Outreach program in order to make it as relevant and beneficial as possible for registered entities. There was one national seminar during FY 2012, and staff from OCIE and the Division of Investment Management worked together, utilizing feedback from chief compliance officers, to ensure that this event covered key topics of interest. Feedback from this seminar indicated that more than 84 percent of attendees completing evaluations agreed that the program would improve job performance.

Responsible Division/Office: Office of Compliance Inspections and Examinations

Data Source: Internal tracking

PERFORMANCE INDICATOR (EFFICIENCY & CUSTOMER SERVICE) 1.1.1
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	FY 2012 Actual
Percentage	Prior-year data not available			N/A	N/A	N/A

Analysis: This measure was developed in FY 2010 during the strategic planning process. The SEC does not have the ability to track this performance indicator, and it will be under evaluation as part of the agency's strategic planning process.

Responsible Division/Office: Office of Compliance Inspections and Examinations

Data Source: N/A

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

Goal Leader(s): Director, Office of Compliance Inspections and Examinations

PERFORMANCE GOAL 1.2.1
Percentage of cause and special exams (sweeps) conducted as a result of risk assessment processes 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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process. The SEC does not have the ability to track this performance indicator, and it will be under evaluation as part of the agency's strategic planning process.

Analysis: Overall, the SEC focuses its resources on those firms and activities presenting the most risk to investors. Firms with higher risk characteristics or profiles may be identified at any time based on any number of factors, including input from other offices and divisions within the Commission. Examinations of high risk firms may be for cause, as part of a risk targeted examination sweep, or simply due to the presence of certain higher risk characteristics.

Responsible Division/Office: Office of Compliance Inspections and Examinations

Data Source: N/A

PERFORMANCE GOAL 1.2.2
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	33%	33%	22%	N/A	N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process. The SEC does not have the ability to track this performance indicator, and it will be under evaluation as part of the agency's strategic planning process.

Analysis: OCIE does not have FY 2012 information for this measure. Given developments in the program, this measure is no longer tracked and will not be measured in the future. That being said, it should be noted that the SEC focuses its resources on those firms and activities presenting the most risk to investors. Firms with higher risk characteristics or profiles may be identified at any time based on any number of factors and will be examined as quickly as possible.

Responsible Division/Office: Office of Compliance Inspections and Examinations

Data Source: N/A

PERFORMANCE GOAL 1.2.3
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Investment advisers	13%	14%	10%	9%	8%	9%	8%	10%	14%
Investment companies	20%	23%	29%	10%	13%	13%	12%	14%	16%
Broker-dealers (exams by SEC and SROs)	54%	57%	54%	44%	58%	55%	49%	50%	51%

Target: Investment Advisers – Not Met; Investment Companies – Not Met; Broker-Dealers – Not Met

Analysis: The staff continued to spend considerable time and effort during the year on improving its risk assessment and surveillance capabilities to ensure that the program is spending its limited time and resources on those firms presenting the highest risk. As part of these efforts, the staff spent significant resources on collecting and analyzing data about all registrants. The results of these efforts help to ensure that the program is focusing on the highest risk entities and selecting appropriate candidates for onsite examination. Examinations of these high risk firms often take significant time to complete and are frequently of large and complex entities. For example, the investment advisers examined in FY 2012 represent more than 20 percent of the overall assets under management of currently registered advisers. In addition to these efforts, examination resources have been reallocated during the last year to other areas intended to improve the long-term performance of the program, including industry outreach initiatives and other program improvement efforts.

Plan for Improving Program Performance: During FY 2013 and FY 2014, the staff will continue to implement improved processes and procedures that have been identified as part of its ongoing self-improvement process. Over 50 significant improvement initiatives in the areas of strategy, structure, people, processes, and technology have been completed in the last several years or are currently underway. The agency expects that these improvements, which include further refinements to the exam program's risk assessment processes, will lead to more effective coverage of registered entities.

Responsible Division/Officee: Office of Compliance Inspections and Examinations

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

PERFORMANCE GOAL 1.2.4
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	Prior-year data not available			48%	53%	55%	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process.

Analysis: While the program strives to complete examinations as quickly and efficiently as possible, there is no longer a focus on this specific deadline. Rather, the program is primarily concerned with completing examinations within OCIE's statutory deadline. In this regard, 100 percent of the staff's examinations in FY 2012 have been completed within the statutory deadlines outlined in the Dodd-Frank Act.

Responsible Division/Office: Office of Compliance Inspections and Examinations

Data Source: Super Tracking and Reporting System (STARS)

PERFORMANCE INDICATOR (CONTEXTUAL) 1.2.1
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	FY 2012 Actual
Percentage that identify deficiencies	Prior-year data not available			72%	82%	80%
Percentage that result in a "significant finding"	Prior-year data not available			42%	42%	42%

Analysis: In FY 2012, examiners continued to use risk assessment techniques to focus examinations on those areas most likely to reveal significant issues. Overall, the majority of examinations resulted in the identification of deficiencies, and more than 40 percent revealed significant findings. While it is difficult to predict these numbers in future years, they do reflect an effective risk-focused approach that is identifying issues in order to protect investors, prevent fraud and improve compliance.

Responsible Division/Office: Office of Compliance Inspections and Examinations

Data Source: Super Tracking and Reporting System (STARS) and Tracking and Reporting Exam National Documentation System (TRENDS)

PERFORMANCE INDICATOR (OUTPUT) 1.2.2
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	FY 2012 Actual
Number of cause exams	Prior-year data not available			N/A	N/A	N/A

Analysis: The data for this metric was not available for FY 2012; however, it will be tracked in future years. More broadly, the staff conducted more than 525 cause examinations of investment advisers, broker-dealers, investment company complexes, and transfer agents during FY 2012. Many of these examinations were conducted due to the receipt of critical tips by the Commission.

Responsible Division/Office: Office of Compliance Inspections and Examinations

Data Source: N/A

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

Goal Leader(s): Director, Division of Enforcement; Director, Office of International Affairs

PERFORMANCE GOAL 1.3.1
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	92%	92%	92%	92%	93%	92%	89%	92%	92%

Target: Not Met

Analysis: The Enforcement Division is in the process of developing a new metric that will focus on qualitative ratings of filed Enforcement actions. This metric will measure the output of the Division from a qualitative point of view, and will complement existing metrics designed to capture the level of investigative activity and the number and timeliness of enforcement actions.

Plan for Improving Program Performance: The Division has implemented controls and strategies to resolve actions on a favorable basis, while at the same time, it will not be reluctant to file precedent setting or complex matters that are programmatically important, even if success is not assured.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE GOAL 1.3.2
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	54%	62%	70%	67%	61%	64%	63%	65%	65%

Target: Not Met

Analysis: Filing enforcement actions in a timely manner is an important measure of the Division's effectiveness. Timely actions have an increased deterrent impact; conversely, unnecessarily delayed periods between conduct and sanctions can weaken deterrent effect and undermine the public's faith in the effectiveness of law enforcement. Of course, timeliness of actions will be negatively impacted by cases that are complex and large, which can take extended periods of time to develop successfully. In the last three years, the Division has focused its efforts on pursuing such cases. For example, a significant priority for the Division has been to investigate and hold accountable firms and individuals who committed securities law violations linked to the financial crisis. Many of these cases involved complex financial products, market transactions and conduct that can be difficult to detect and take longer to investigate. In addition, the Division is focusing on emerging threats involving new trading technologies such as high-frequency and algorithmic trading, large volume trading, as well as systemic insider trading and manipulation schemes.

Plan for Improving Program Performance: Recognizing the challenges of bringing complex cases in a timely manner, the Division has streamlined its processes to enable the staff to bring cases more quickly. In addition, the Division has developed and implemented metrics designed to capture the nature and level of investigative activity, the number and timeliness of enforcement actions, as well as Division overall efficiency and performance. The Division will continue to utilize these and other tools in evaluating and improving its efficiency and timeliness.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE GOAL 1.3.3
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	N/A	88%	90%	86%	91%	92%	92%	92%	92%

Target: Met

Analysis: During FY 2011, the collection and distribution of disgorgement and penalties functions were studied for efficiency and effectiveness. Based on the findings of this study, a business process re-engineering effort was launched. The organizations supporting these functions have been reorganized into the Office of Collections and the Office of Distributions within the Division of Enforcement, and the Enforcement Audit and Data Integrity Branch within the Office of Financial Management. Disgorgement and penalties processes are currently being streamlined and documented to ensure transparency, efficiency, and more extensive data management and reporting capabilities. This measure is reported on an annual basis through combined efforts of the Office of Information Technology, Office of Financial Management and Division of Enforcement.

Responsible Division/Office: Division of Enforcement

Data Source: Case Activity Tracking System, Phoenix, relevant case files

PERFORMANCE GOAL 1.3.4
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 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	Prior-year data not available					72%	80%	80%	80%

Target: Exceeded – This measure was developed in FY 2010 during the strategic planning process, and it will be re-considered as part of the SEC's Strategic Plan update.

Analysis: During FY 2011, the collection and distribution of disgorgement and penalties functions were studied for efficiency and effectiveness. Based on the findings of this study, a business process re-engineering effort was launched. The organizations supporting these functions have been reorganized into the Office of Collections and the Office of Distributions within the Division of Enforcement, and the Enforcement Audit and Data Integrity Branch within the Office of Financial Management. Disgorgement and penalties processes are currently being streamlined and documented to ensure transparency, efficiency, and more extensive data management and reporting capabilities. FY 2012 reporting reflects these system upgrades and improved data elements for Distribution measures.

Responsible Division/Office: Division of Enforcement

Data Source: Distributions Management System

PERFORMANCE GOAL 1.3.5
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 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Amount distributed (in millions)	Prior-year data not available					457	815	TBD	TBD
Number of Fair Funds	Prior-year data not available					63	31	TBD	TBD

Target: Amount Distributed – Exceeded; Number of Fair Funds – Not Met

Analysis: During FY 2011, the collection and distribution of disgorgement and penalties functions were studied for efficiency and effectiveness. Based on the findings of this study, a business process re-engineering effort was launched. The organizations supporting these functions have been reorganized into the Office of Collections and the Office of Distributions within the Division of Enforcement, and the Enforcement Audit and Data Integrity Branch within the Office of Financial Management. Disgorgement and penalties processes are currently being streamlined and documented to ensure transparency, efficiency, and more extensive data management and reporting capabilities. FY 2012 reporting reflects these system upgrades and improved data elements for Distribution measures.

Plan for Improving Program Performance: The Commission is authorized to establish Fair Funds to return recovered monies, in the form of disgorgement and penalties, back to harmed investors. The Commission may establish Fair Funds when sufficient recovered monies are available, and where it is otherwise deemed appropriate. The Commission is authorized to establish Fair Funds to return recovered monies, in the form of disgorgement and penalties, back to harmed investors. The Commission may establish Fair Funds when sufficient recovered monies are available, and where it is otherwise deemed appropriate.

Responsible Division/Office: Division of Enforcement

Data Source: Distributions Management System

PERFORMANCE GOAL 1.3.6
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 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Months	Prior-year data not available				22	21	21	20	20

Target: Met

Analysis: Filing enforcement actions in a timely manner is an important measure of the Division's effectiveness. Timely actions have an increased deterrent impact; conversely, unnecessarily delayed periods between conduct and sanctions can weaken deterrent effect and undermine the public's faith in the effectiveness of law enforcement. Of course, timeliness of actions will be negatively impacted by cases that are complex and large, which can take extended time to develop successfully. In the last two years, the Division has focused its efforts on pursuing such cases. For example, a significant priority for the Division has been to investigate and hold accountable firms and individuals who committed securities law violations linked to the financial crisis. Many of these cases involved complex financial products, market transactions and conduct that can be difficult to detect and take longer to investigate. In addition, the Division is focusing on emerging threats involving new trading technologies such as high-frequency and algorithmic trading, large volume trading, as well as systemic insider trading and manipulation schemes. Recognizing the challenges of bringing complex cases in a timely manner, the Division has streamlined its processes to enable the staff to bring cases more quickly. In addition, the Division has developed and implemented metrics designed to capture the nature and level of investigative activity, the number and timeliness of enforcement actions, as well as Division overall efficiency and performance. The Division will continue to utilize these and other tools in evaluating and improving its efficiency and timeliness.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE INDICATOR (CONTEXTUAL) 1.3.1
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	FY 2012 Actual
Percentage	Prior-year data not available					N/A

Analysis: The Division is currently unable to report on this indicator. This metric, which is new this fiscal year, captures the Division's qualitative ratings of filed enforcement actions. To date, the Division has defined the criteria by which it will qualitatively rate enforcement actions and implemented a preliminary process to make those ratings. Beginning in May 2012, the Division initiated a pilot program in which qualitative ratings were assigned to enforcement actions filed by two regional offices and one Home Office SO group. The Division is planning on expanding the pilot to include additional regional and home office SO groups. The pilot has allowed the Division to analyze, revise, and improve the processes that were implemented as part of the qualitative metrics initiative. The Division is presently assessing and devising processes that would allow for full implementation of the initiative to all enforcement groups.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE INDICATOR (OUTPUT) 1.3.2
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	FY 2012 Actual
Number of investigations	Prior-year data not available			303	349	296

Analysis: The results of this indicator are based on investigations opened during the fiscal year that were generated from a tip or complaint.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE INDICATOR (OUTPUT) 1.3.3
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	FY 2012 Actual
Number of investigations	Prior-year data not available			492	586	515

Analysis: In circumstances where an authority may have an interest in information obtained by the SEC, the SEC may grant the authority access to that information, pursuant to Section 24(c) of the Securities Exchange Act and Rule 24c-1. Results are based on investigations in which requests for access to information were granted to authorities during the fiscal year.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE INDICATOR (OUTPUT) 1.3.4
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	FY 2012 Actual
Percentage	Prior-year data not available				10%	20%

Analysis: A matter can be deemed high impact for a variety of reasons, as outlined above. The best proxy for the cases with the highest impact are the Division's national priority investigations. The Enforcement program has focused efforts and resources on such investigations and cases, and as a result has significantly increased the proportion of all enforcement actions in these areas.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE INDICATOR (CONTEXTUAL) 1.3.5
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	FY 2012 Actual
Number of criminal investigations	Prior-year data not available			139	134	126

Analysis: This indicator identifies the number of actions filed by criminal authorities that bear some relation to conduct under investigation by the SEC. To determine the number of criminal investigations related to SEC investigations, a query is run in the SEC's Case Management System (the HUB). This query counts the number of SEC matters in which a related criminal action was initiated.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE INDICATOR (OUTPUT) 1.3.6
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	FY 2012 Actual
Ordered amounts (in millions)	1,601	1,030	2,442	2,846	2,806	3,104
Collected amounts (in millions)	979	521	1,694	1,775	1,281	1,048

Analysis: Collected amounts include payments through the end of the year being reported. Amounts are recognized in the fiscal year during which the debts were ordered rather than the fiscal year in which they were paid.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE INDICATOR (OUTPUT) 1.3.7
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	FY 2012 Actual
Number of requests from foreign authorities	454	414	408	457	492	450
Number of SEC requests	556	594	774	605	772	718

Analysis: In FY 2012, the SEC experienced a decline in the number of requests to and from foreign authorities as compared to the previous fiscal year. Nonetheless, the SEC's FY 2012 requests to foreign authorities were generally more complex than in FY 2011 and often asked for information for litigation purposes including requests for dispositions. Likewise, FY 2012 requests from foreign authorities were more complicated and often asked for the SEC's assistance to obtain witnesses in the United States.

Responsible Division/Office: Office of International Affairs

Data Source: International Program Oversight Database and Business Objects reports

Strategic Goal 2: Establish an Effective Regulatory Environment

The Commission believes that its rules and regulations should be drafted to enable market participants to clearly understand 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 addition, the agency recognizes that regular reviews of Commission regulations and its rulemaking processes are necessary to confirm that intended results are being achieved.

In FY 2012, approximately $113.9 million and 387 full-time equivalents (FTEs) were directed at achieving results in Goal 2. Of 16 performance targets, the agency met or exceeded 9, did not meet 3, and did not have data to report on 4. During FY 2014, the SEC plans to pursue a vigorous investor-focused rulemaking agenda that will help protect investors and ensure that markets operate fairly. Under the recently enacted Dodd-Frank Act the agency will continue to implement a more effective regulatory structure. In FY 2014, the agency is requesting a total of $176.5 million and 507 FTEs toward achieving results in establishing an effective regulatory environment.

Spotlight: FY 2012 Performance Achievements

In FY 2012, the SEC continued to pursue a robust, investor-focused rulemaking agenda. Propelled in part by the demands of the Dodd-Frank Act and the recognition that investor protection regulation needs to reflect the reality of today's modern technology-driven global market structure, the Commission acted, and continues to act, aggressively on a number of fronts. The Commission's rulemaking has been supported by detailed economic analysis provided by the Division of Risk, Strategy, and Financial Innovation (RSFI). RSFI has provided guidance that provides a road map for the rulemaking divisions and offices, listing concepts that the analysis should cover and helping ensure that economic analysis is integrated throughout the entire rule development and rule writing process.

The SEC devotes a large share of resources responding to no-action letters, and interpretive and other requests from regulated entities, public companies, and other outside parties. The agency is committed to speeding the response to such requests. In FY 2012, the Divisions of Trading and Markets (TM), Corporation Finance (CF), and Investment Management (IM) met or exceeded their response rate targets for **Performance Goal 2.3.1**. In particular, IM processed 100 percent of initial comments on no-action letters, interpretive requests and exemptive applications within a fiscal year, and CF continued to surpass its targets to complete initial comments on no-action letters, interpretive requests and shareholder proposals. TM also continued to exceed its target for no-action letters, exemptive applications, and written interpretive requests.

In addition to rulemaking initiatives in FY 2012, the SEC worked efficiently to review SRO rule proposals and closed 75 percent of the filings within 45 days (**Performance Goal 2.3.3**). Although the SEC did not meet the standard of reviewing 80 percent of rule filings within 45 days, it did meet all of the Dodd-Frank statutory timeframes 99 percent of the time for all rule filings.

TM continued to perform inspections of the automated trading and clearance processes of markets and clearing organizations. In FY 2012, 98 percent of transaction dollars was settled on time (**Performance Goal 2.2.1**), down slightly from prior years. Staff from TM maintain regular supervisory contacts with personnel at relevant clearing agencies to ensure operational and other issues that may arise are promptly identified and addressed. TM expanded its resources devoted to clearance and settlement matters over the past year to prepare for the increased focus on this area contemplated by the Dodd-Frank Act.

The SEC also monitors the industry's efforts to provide stable trading platforms. The agency continued to assess the resiliency of market systems in FY 2012, reporting that market outages were corrected well above targeted time-frames (**Performance Goal 2.2.3**).

Budgeting for the Future (FY 2014)

In FY 2014, SEC staff will work towards completion of Dodd-Frank Act rulemaking, filling regulatory gaps that were highlighted by the financial crisis and that posed risks for both individual and institutional investors. Staff will also focus on further implementation of the Jumpstart Our Business Startups (JOBS) Act, designed by Congress to give entrepreneurs greater access to early-stage capital.

Investor protection, market stability, and capital formation remain central to the SEC's rulemaking agenda. TM will work to develop measures to improve the design, deployment, integrity, and operation of automated systems controlled by exchanges, other market centers, and market participants. TM will also, in coordination with other divisions and offices, work to improve its ability to quickly review and analyze equity and equity options market data.

The Dodd-Frank Act rulemaking process – informed by an unprecedented level of communication between the Commission and market participants of every type – continues to progress. The result will be a system that is more transparent, stable and responsive to investors. In FY 2013 and FY 2014, the SEC expects to continue to implement the comprehensive regulatory framework for over-the-counter derivatives, and work to finalize rules regarding improvements to the regulation of credit rating agencies, as well as the removal of certain credit rating references in Commission rules.

Strategic Objective 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 Leader(s): Director, Office of Investor Education and Advocacy; Director, Office of International Affairs; Director, Division of Risk, Strategy, and Financial Innovation

PERFORMANCE GOAL 2.1.1
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage of positive response	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: This performance measure identifies the usability of specific disclosure documents for the individual investor. Reportable results are not currently available, and OIEA is exploring options for providing data for this metric.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: N/A

PERFORMANCE GOAL 2.1.2
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: The SEC will continue to coordinate efforts and consult with other financial regulatory agencies in future years when possible. The staff will leverage existing relationships and look to build additional alliances in order to ensure that regulation for registered entities is as effective as possible.

Responsible Division/Office: Several SEC Offices

Data Source: N/A

PERFORMANCE GOAL 2.1.3
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of non-U.S. regulators	Prior-year data not available			1,997	1,765	1,785	1,355	1,370	1,385

Target: Not Met – This measure was developed in FY 2010 during the strategic planning process and prior-year data is not available.

Analysis: The number of foreign regulators trained may vary from year to year and is impacted by the realignment of priorities due to resource limitations.

Plan for Improving Program Performance: OIA will conduct a variety of international technical assistance training programs in FY 2014. The training will include three annual institutes at SEC headquarters, including the Institute for Securities Market Development, the Institute for Securities Enforcement, and the Institute for Compliance, Examination and Inspection of Market Participants. OIA also will offer regional and bilateral training programs in Asia, Africa, Eastern Europe, the Middle East and Latin America, which will promote cross-border supervisory and enforcement assistance and implementing laws and regulations that reflect high regulatory standards.

Responsible Division/Office: Office of International Affairs

Data Source: International Program Oversight Database and Business Objects reports

PERFORMANCE INDICATOR (CONTEXTUAL) 2.1.1
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	FY 2012 Actual
Average cost of capital	Prior-year data not available			10.99%	10.67%	8.96%

Analysis: The cost of capital as estimated by the World CAPM model estimates that the cost of capital in the United States declined from the 2011 level of 10.67 percent to 8.96 percent in 2012, which results in the United States having a relative ranking of number 7 out of 43 countries included in the study.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

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

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

Goal Leader(s): Director, Division of Trading and Markets; Director, Division of Risk, Strategy, and Financial Innovation

PERFORMANCE GOAL 2.2.1
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	N/A	99%	99%	99%	99%	99%	98%	98%	98%

Target: Not Met

Analysis: The U.S. clearance and settlement system for equity securities continues to perform at a high rate of timely settlement. Staff from the Division of Trading and Markets maintains regular supervisory contacts with personnel at relevant clearing agencies to ensure operational and other issues that may arise are promptly identified and addressed.

Plan for Improving Program Performance: The Division of Trading and Markets has expanded its resources devoted to clearance and settlement matters over the past year to prepare for the increased focus on the area contemplated by the Dodd-Frank Act.

Responsible Division/Office: Division of Trading and Markets

Data Source: National Securities Clearing Corporation

PERFORMANCE GOAL 2.2.2
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Average transaction costs	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: This metric is subjective to a multitude of assumptions that are intrinsic to each institutional firm and as such, institutional transaction costs vary from firm to firm and trade by trade.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

Data Source: N/A

PERFORMANCE GOAL 2.2.3
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 effect 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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Within 2 hours	81%	84%	87%	74%	88%	60%	71%	60%	60%
Within 4 hours	91%	96%	98%	85%	94%	75%	89%	75%	75%
Within 24 hours	100%	100%	98%	100%	100%	96%	100%	96%	96%

Target: Within 2 hours – Exceeded; Within 4 hours – Exceeded; Within 24 hours – Exceeded

Analysis: The SROs have implemented enhancements to their systems incident handling procedures, and have placed greater emphasis on 100 percent uptime during the trading day hours of operation. The SEC has continued to work with critical SROs on improving their continuity of operations, availability of critical production systems, and recovery time objectives. SROs also have shown greater system availability and the ability to open even during disaster events, such as hurricanes, earthquakes and power outages.

Responsible Division/Office: Division of Trading and Markets

Data Source: ECN outage data is derived from SROs

PERFORMANCE INDICATOR (CONTEXTUAL) 2.2.1
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	FY 2012 Actual
Average quoted spread	Prior-year data not available		1.70 cents	2.52 cents	1.76 cents	1.84 cents

Analysis: The average quoted spread for FY 2012 is 1.84 cents, indicating that the market is exhibiting normal conditions and suffered no large abnormal quoted spreads.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

Data Source: Thompson Transaction Analytics

PERFORMANCE INDICATOR (CONTEXTUAL) 2.2.2
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	FY 2012 Actual
Average effective spread	Prior-year data not available		2.19 cents	2.65 cents	1.72 cents	1.68 cents

Analysis: The average effective spread for FY 2012 is 1.68 cents, which remains considerably lower than that seen in prior years. This is indicative of market and marketable limit orders receiving price improvement.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

Data Source: Thompson Transaction Analytics

PERFORMANCE INDICATOR (CONTEXTUAL) 2.2.3
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	FY 2012 Actual
Speed of execution	Prior-year data not available		1.59 seconds	1.77 seconds	1.02 seconds	0.9 seconds

Analysis: The speed of execution for FY 2012 is 0.9 seconds, continuing a trend of faster execution speeds on retail orders.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

Data Source: Thompson Transaction Analytics

PERFORMANCE INDICATOR (CONTEXTUAL) 2.2.4
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	FY 2010	FY 2011	FY 2012 Actual
Average quoted size	Prior-year data not available		606 shares	687 shares	606 shares	588 shares

Analysis: Average quoted size of exchange listed stocks on a monthly basis has decreased in FY 2012, commensurate with a decrease in the average quoted spread for exchange listed stocks compared to the prior year.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

Data Source: Thompson Transaction Analytics

PERFORMANCE INDICATOR (CONTEXTUAL) 2.2.5
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	FY 2012 Actual
Average daily volatility in the S&P 500	Prior-year data not available	1.60%	2.69%	1.18%	1.26%	1.08%

Analysis: The average daily volatility for exchange listed stocks was 1.08 percent for FY 2012. Market volatility is impacted by myriad factors so it is difficult to ascertain with certainty why changes (particularly small changes) in volatility occur.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

Data Source: Bloomberg

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

Goal Leader(s): Director, Division of Trading and Markets; Director, Division of Investment Management; Director, Division of Corporation Finance

PERFORMANCE GOAL 2.3.1
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Trading and Markets: No-action letters, exemptive applications, and written interpretive requests (combined figure)									
Percentage	91%	63%	70%	91%	98.5%	85%	89%	85%	85%
Target: Exceeded									
Analysis: For FY 2012, the Division of Trading and Markets exceeded expectations for timely responses to written requests. The Division responded to written inquiries within the required timeframes 89 percent of the time. Responses to these inquiries generally promote an effective regulatory environment by clarifying ambiguity, which permit private entities to more efficiently use their compliance resources.									
Responsible Division/Office: Division of Trading and Markets									
Data Source: TM Office of Chief Counsel Electronic Log									
Investment Management									
No-action letters and interpretive requests	91%	98%	100%	100%	100%	90%	100%	90%	90%
Exemptive applications	N/A	81%	95%	100%	100%	80%	100%	80%	80%
Target: No-action letters – Exceeded; Exemptive applications – Exceeded									
Analysis: For the fourth year in a row, IM processed 100 percent of initial comments on no-action letters within three weeks, surpassing its target of 90 percent within three weeks. IM has been able to achieve this level of success because providing initial comments within the targeted time frame has been a continuing priority. Given prior data and trends, the target of 90 percent within three weeks is reasonable and appropriate. For the fourth year in a row, IM exceeded its target for initial comments on exemptive applications. The Division considered but decided against raising its target percentage because the ability to meet the target is dependent on factors that could change materially during any fiscal year, such as the total number of applications filed, concentration of filings at any particular time period (surges), and the types and complexity of the applications filed.									
Responsible Division/Office: Division of Investment Management									
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%	97%	90%	98%	90%	90%
Shareholder proposals	100%	100%	100%	100%	100%	100%	100%	100%	100%
Target: No-action letters – Exceeded; Shareholder proposals – Met									
Analysis: CF surpassed its FY 2012 target by completing 98 percent of initial comments on no-action letters within 30 days. CF continues to achieve its target of issuing comments on 100 percent of proposals before the company's proxy filing date.									
Responsible Division/Office: Division of Corporation Finance									
Data Source: Division No-Action Letter database and Division Shareholder Proposal database									

PERFORMANCE GOAL 2.3.2
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: There are no methods or procedures in place to capture data for this measure. TM will review the measure and determine a timeframe for establishing a methodology during FY 2013.

Responsible Division/Office: Division of Trading and Markets

Data Source: N/A

PERFORMANCE GOAL 2.3.3
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Within 35 days	Prior-year data not available			73%	0%	0%	0%	0%	0%
Within 45 days	Prior-year data not available			99%	82%	80%	75%	70%	70%

Target: Within 35 days – Met; Within 45 days – Not Met

Analysis: During FY 2012, the SEC approved or disapproved 308 SRO rule changes filed pursuant to Section 19(b)(2) of the Exchange Act, which represents a 40 percent increase over the prior fiscal year. Although the SEC did not meet the 45-day standard for reviewing rule filings, it did meet all of the Dodd-Frank statutory timeframes 99 percent of the time. One filing was covered by the pre-Dodd-Frank standard of 35 days from the date of publication of notice in the Federal Register and final approval, but did not meet the measure. While the time to act on filings covered by the pre-Dodd-Frank standard can be extended by the SEC or the SRO, we expect the remaining 20 filings still covered by the 35 day standard to be either withdrawn or acted upon, given the complex and/or novel issues presented, but not within the 35 day timeframe.

Plan for Improving Program Performance: The enactment of the Dodd-Frank Act in July 2010 required the SEC to approve or disapprove within certain statutory timeframes from the date of publication of a rule change. The staff must publish a rule filing for comment within 15 days from when it is received, or otherwise the publication date reverts to the day the SRO publishes the filing on their website, (i.e., within two days of filing with the SEC). Once a rule filing is published for comment, the SEC must complete a review within 45 days, or such longer period time as noted in the statute. As a result, the SEC believes that the compliance with these Congressionally-mandated times should serve as the appropriate data points going forward. Of the 307 SRO rule changes subject to the Dodd-Frank standards, 100 percent of the filings were published within 15 days of filing. 229 filings were subsequently approved or disapproved within 45 days of publication of notice in the Federal Register. The remaining 79 filings were approved or disapproved within the other statutory benchmarks 99 percent of the time (i.e., within 90 days, within 180 days, within 240 days). Therefore, despite the 40 percent increase in rule filings over the previous fiscal year, the SEC met the statutory standards set by Dodd-Frank 99 percent of the time, and expects to be able to meet the statutory times frames going forward.

Responsible Division/Office: Division of Trading and Markets

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.

PERFORMANCE INDICATOR (PROCESS) 2.3.1 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**	**FY 2012 Actual**
Percentage	Prior-year data not available			69%	77%	72%
Analysis: This indicator gauges the percentage of rule filings submitted by SROs for immediate effectiveness. Rule proposals can be submitted for immediate effectiveness for certain types of filings, including non-controversial changes, rules relating to fee filings, or so called "copy-cat" rule filings related to proposed rule changes other than trading rules. Rule proposals not submitted for immediate effectiveness require Commission review and approval or disapproval.						
Responsible Division/Office: Division of Trading and Markets						
Data Source: SRO Rule Tracking System (SRTS)						

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

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. The second is to implement a variety of investor education initiatives aimed at giving investors a better understanding of the operations of the nation's securities markets.

In FY 2012, the agency dedicated approximately $189.4 million and 701 FTEs toward achieving results in Goal 3. Of 18 performance targets, the agency met or exceeded 11, did not meet 1, and did not have data to report on 6. The agency is requesting in FY 2014 a total of $269.9 million and 783 FTEs towards achieving results in Strategic Goal 3.

Spotlight: FY 2012 Performance Achievements

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. Because an educated and informed investor ultimately provides the best defense against fraud and costly mistakes, these laws place great emphasis on providing the investing public with meaningful information.

In FY 2012, as part of their disclosure programs, the Divisions of Corporation Finance (CF) and Investment Management (IM) continued to meet the requirements of the Sarbanes-Oxley Act (**Performance Goal 3.1.1**). This volume of disclosure review helped deter fraud and assured that investors had access to relevant information about emerging issues. Additionally, CF continued to issue initial comments on 1933 and 1934 Act registration statements and other transactional filings within its target goal of 30 days of filing (**Performance Goal 3.1.2**).

Investors who have access to complete and accurate information are also more likely to invest wisely. In FY 2012, the SEC continued to focus on educating investors about products commonly marketed to them and provided educational programs and materials to help investors detect and avoid potential scams. The Office of Investor Education and Advocacy (OIEA) reached approximately 16 million investors through various communication methods (**Performance Goal 3.2.1**), and partnered with other Federal and state agencies, financial industry associations, consumer groups, and educational organizations to produce 11 education campaigns (**Performance Goal 3.2.2**).

In FY 2012, the SEC tackled both practical investor protection concerns and more broader, policy-oriented examinations of the capital markets. The agency issued a comprehensive report on municipal securities that discusses potential legislative changes that could help improve disclosures to investors, including authorizing the SEC to set baseline disclosure standards and require municipal issuers to have audited financial statements, as well as suggestions for changes in business practices and regulations. Additionally, OIEA completed a Dodd-Frank Act mandated study of financial literacy among investors, drawing on numerous sources, including online survey research, focus group research, public comments to the Commission, and a Library of Congress review of studies of financial literacy among U.S. retail investors. The study identified investor perceptions and preferences regarding information available to them and examined pre-investment disclosures; the fees, objectives, performance, strategy and risks of funds; and the professional background, disciplinary history, and conflicts of interest of a financial professional.

Budgeting for the Future (FY 2014)

An educated investing public ultimately provides the best defense against fraud and costly mistakes. The Federal securities laws place great emphasis on assuring that corporations, investments companies, and other entities provide investors with timely, clear, complete and accurate financial and non-financial information, allowing investors to make wise investment decisions. As part of its disclosure program, CF and IM will continue in FY 2014 to meet the requirements of the Sarbanes-Oxley Act (**Performance Goal 3.1.1**). Additionally, agency staff are expected to sustain the rate from the number of days to issue initial comments

on Securities Act filings (**Performance Goal 3.1.2**), and exceed timeliness targets for reviewing investment company disclosures (**Performance Goal 3.1.3**). Also, in FY 2014, CF will continue to improve the quality of information provided to investors by focusing on disclosure by companies of the information most material to investment decision-making.

OIEA responds to investment-related complaints and questions from tens of thousands of investors each year. In FY 2014, staff is expected to close approximately 50 percent of complaints and inquiries within seven days and about 90 percent within 30 days (Goal 3, Measure 10). The seven-day target has been adjusted to reflect new workload demands. In FY 2014, OIEA will continue to refine internal processes and promote staff training to resolve matters.

The SEC developed **Performance Goals 3.1.4, 3.1.5, and 3.1.6** to monitor the availability of and access to securities industry information so that investors are armed with timely and meaningful information. The agency intended to use these measures to explore whether its disclosure requirements, review criteria, approach to comments, and professional and technology resources are utilized to provide maximum benefit to investors. These measures will be reviewed during the SEC's strategic planning process for FY 2014.

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

Goal Leader(s): Director, Division of Trading and Markets; Director, Division of Investment Management; Director, Division of Corporation Finance; Director, Office of Investor Education and Advocacy

PERFORMANCE GOAL 3.1.1
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Division of Corporation Finance									
Corporations	36%	39%	40%	44%	48%	33%	48%	33%	33%
Target: Exceeded									
Analysis: The SEC exceeded its planned level of review of companies in FY 2012. This review level is expected to deter fraud in public securities transactions and should help investors receive accurate material information about the companies they invest in.									
Responsible Division/Office: Division of Corporation Finance									
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%	36%	33%	33%
Target: Exceeded									
Analysis: Consistent with Section 408 of the Sarbanes Oxley-Act of 2002, IM strives to review disclosures made by certain public issuers, including issuers' financial statements, no less frequently than once every three years. IM has continued to meet or exceed this statutory goal.									
Responsible Division/Office: Division of Investment Management									
Data Source: Microsoft Office Suite Tools									

PERFORMANCE GOAL 3.1.2
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Days	25.5 days	25.2 days	25.3 days	24.1 days	24.4 days	<30 days	24.9 days	<30 days	<30 days

Target: Met

Analysis: During FY 2012, the Division issued initial comments on Securities Act filings within an average of 24.9 days of filing. The Division's timely review allows companies to raise capital and to build offering schedules around this de facto standard.

Responsible Division/Office: Division of Corporation Finance

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

PERFORMANCE GOAL 3.1.3
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Initial registration statements	87%	95%	95%	93%	92%	85%	96%	85%	85%
Post-effective amendments	95%	97%	97%	94%	94%	90%	95%	90%	90%
Preliminary proxy statements	99%	99%	99%	99%	98%	99%	100%	99%	99%

Target: Initial Registration Statements – Exceeded; Post-Effective Amendments – Exceeded; Preliminary Proxy Statements – Exceeded

Analysis: IM strives to review all significant disclosures made by registrants in Commission filings under the Investment Company Act, including initial registration statements and post-effective amendments with material changes. IM may limit the scope of a review, through selective review procedures, to a review of only the disclosure in a filing that has not been previously reviewed. During periods of increased filings, IM is able to handle the increased workload largely through the use of such selective review procedures. IM generally does not set a target for the number of filings that are reviewed in a fiscal year because IM does not dictate the number of filings that registrants make. Instead, other factors, such as registrant business decisions or the implementation of new disclosure requirements, typically drive whether investment companies make filings and the type of filings that they make. IM sets targets for the timeliness of reviews. The timeliness percentages improved slightly between fiscal years 2011 and 2012. The slight improvement in timeliness percentages is likely attributable to the decrease in initial registration statements in relation to post-effective amendments and proxies, because initial registration statements typically take significantly more effort to review than post-effective amendments and proxies.

Responsible Division/Office: Division of Investment Management

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

PERFORMANCE GOAL 3.1.4
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
"Click-through rate"	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being reviewed as part of the SEC's Strategic Plan update.

Analysis: Processes and procedures used to collect this information are currently under review.

Responsible Division/Office: Division of Trading and Markets

Data Source: N/A

PERFORMANCE GOAL 3.1.5
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Division of Trading and Markets									
BrokerCheck System	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being reviewed as part of the SEC's Strategic Plan update.

Analysis: There are no methods or procedures in place to capture data for this measure.

Responsible Division/Office: Division of Trading and Markets

Data Source: N/A

Division of Investment Management									
Searches conducted	Prior-year data not comparable				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being reviewed as part of the SEC's Strategic Plan update.

Analysis: The agency enhanced the Investment Adviser Public Disclosure System (IAPD) system (through a study conducted under Section 919B of the Dodd-Frank Act) in 2012 which changed how site usage is monitored. Also, in anticipation of this performance measure being included in future SEC reports, IAPD's usage measurements have been consolidated to equate to those that are or in the future will be used by BrokerCheck. In addition, IAPD usage statistics received in previous years have fluctuated somewhat, given other changes to IAPD such as the inclusion of information regarding state registered investment adviser representatives (the site is a shared site between SEC and the states). Therefore, the SEC will not have reliable and comparable information that would be useful to the public prior to FY 2013.

Responsible Division/Office: Division of Investment Management

Data Source: N/A

PERFORMANCE GOAL 3.1.6
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Website hits	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being reviewed as part of the SEC's Strategic Plan update.

Analysis: There are no methods or procedures in place to capture data for this measure.

Responsible Division/Office: Division of Trading and Markets

Data Source: N/A

PERFORMANCE GOAL 3.1.7
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Satisfaction index	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being reviewed as part of the SEC's Strategic Plan update.

Analysis: The targets measure the usability of specific disclosure documents for the individual investor. Reportable results are not currently available. OIEA is exploring options for providing data for this metric.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: N/A

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

Goal Leader(s): Director, Office of Investor Education and Advocacy

PERFORMANCE GOAL 3.2.1
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of investors reached (millions)	Prior-year data not available			17.8	14.8	15	16	15	15
Number of "in-person" events	Prior-year data not available			42	48	35	47	50	60

Target: Number of Investors Reached – Exceeded; Number of "In-Person" Events – Exceeded

Analysis: OIEA reached more investors this year than in FY 2011, as a result of SEC's direct mail partnership with the IRS. In FY 2013, OIEA will attempt to offset an expected decline in its mail partnership with the IRS by increasing the number of visitors to its investor education webpages. OIEA exceeded its target for in-person events by identifying new outreach opportunities, including events targeting teachers, seniors, and affinity groups.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: Microsoft Office Suite Tools

PERFORMANCE GOAL 3.2.2
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of initiatives	Prior-year data not available			9	11	11	11	11	12

Target: Met

Analysis: OIEA conducted 11 educational campaigns in FY 2012, meeting its target. These included efforts to provide tips to senior investors about using social media and educate teachers about investing.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: Microsoft Office Suite Tools

PERFORMANCE GOAL 3.2.3
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Closed within 7 days									
Total	82%	78%	70%	72%	67%	70%	54%	50%	55%
Closed within 30 days									
Total	94%	88%	90%	93%	92%	90%	90%	90%	90%

Target: Closed within 7 days – Not Met; Closed within 30 days – Met

Analysis: OIEA did not meet its seven business day target due in part to new work flow demands aimed at identifying and referring key investor assistance matters to the agency's Tips, Complaints and Referrals (TCR) system. Matters requiring consultation with SEC staff outside OIEA also increased. OIEA met its thirty business day target by closing out investor assistance matters that do not require responses from the entities involved. Complaints requiring responses from the entities involved may take more than 30 days to resolve.

Plan for Improving Program Performance: OIEA has adjusted its seven business day target for fiscal years 2013 and 2014 to reflect these new work flow demands. OIEA remains focused on improving its response rates and maintaining the accuracy and clarity of its responses to investors.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: Internal log using IRIS data

PERFORMANCE GOAL 3.2.4
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	Prior-year data not available			100%	100%	100%	100%	100%	100%

Target: Met

Analysis: OIEA provided input to the SEC's rulemaking divisions on a variety of projects, including initiatives required by the JOBS Act. In addition, OIEA continued to issue investor bulletins that explain Commission rules in understandable language, including bulletins on mid-sized investment advisers and new measures to address market volatility. In FY 2013, OIEA will continue to encourage investor participation and comments on issues materially affecting individual investors through a variety of methods.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: Internal log

PERFORMANCE GOAL 3.2.5
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Satisfaction index	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being reviewed as part of the SEC's Strategic Plan update.

Analysis: While OIEA receives direct feedback from some investors regarding its investor assistance function through a customer satisfaction survey, inadequate data exists to benchmark performance targets for this measure. Currently, OIEA is exploring other options for establishing a performance target for this measure.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: N/A

Strategic Goal 4: Maximize the Use of SEC Resources

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.

In FY 2012, approximately $184.2 million and 555 full-time equivalents (FTEs) were directed at achieving results in Goal 4. Of 21 performance targets, the agency met or exceeded 7, did not meet 8, and did not have data to report on 6. During FY 2014, the agency will continue to focus on recruiting and retaining high-performing staff, and updating the expertise of SEC employees so they are abreast of the latest developments in the industry. Furthermore, the SEC will continue to strengthen internal controls. The agency is requesting a total of $292.1 million and 710 FTEs in FY 2014 to achieve results in Strategic Goal 4.

Spotlight: FY 2012 Performance Achievements

The SEC's employees are its most vital strategic resource. The agency is committed to being an employer of choice by consistently attracting, hiring, developing, and retaining a high-quality, diverse, and results-oriented workforce. In FY 2012, the SEC continued to refine a series of programs aimed at enhancing employee engagement (**Performance Goal 4.1.1**) and to help maintain the agency's turnover rate at well below 8 percent (**Performance Goal 4.1.3**). In order to improve the SEC's ranking in the survey of best places to work in the Federal government (**Performance Goal 4.1.2**), the agency's Office of Human Resources (OHR) will establish a workforce-planning group to ensure that the survey data is understood, used to make critical decisions, and more broadly defines agency-wide action plans and leadership accountability focused on improving employee satisfaction as measured by the Federal Employee Viewpoint Survey.

In FY 2012, the agency implemented a new Performance Management system for senior officers which better distinguishes between levels of contribution to the SEC's success, provides useful performance feedback, and identifies opportunities for executive development. The SEC also has moved to a "pay for performance" approach for its non-bargaining unit employees. The agency will continue to use **Performance Goal 4.1.7** to monitor feedback on the quality of the SEC's performance management program.

In FY 2012, the SEC invested in its information technology systems, including continued improvements in the centralized Tips, Complaints and Referrals (TCR) system, enforcement and examination management systems, risk analysis tools, and financial management systems. The agency continued to make progress in reforming its information and document management processes, so that data can be more easily accessed, shared, and analyzed across the organization (**Performance Goals 4.3.1 and 4.3.2**).

Given the SEC's role in overseeing the securities markets, it is important that the agency maintain strong internal controls and sound financial management practices in its own operations. In FY 2012, the SEC successfully completed the migration of its financial system to a Federal Shared Service Provider (FSSP) model, engaging with the Department of Transportation's Enterprise Service Center (ESC). Through this initiative, the SEC aims to achieve improvements in system functionality, automation of several manual processes and further enhancements to financial management and reporting. Using **Performance Goal 4.4.2**, the agency will continue to measure the percentage of secondary systems that are fully interfaced with the core financial system, in compliance with applicable standards.

Budgeting for the Future (FY 2014)

The investing public and the securities markets are best served by an efficient, effective, and agile SEC. In FY 2014, the agency will continue to take steps to become a more effective regulator of the U.S. financial markets by making sound investments in human capital and new technologies, and enhancing internal controls.

The planned investment in the SEC University for FY 2014 principally supports training and development for employees directly involved in examinations, investigations, fraud detection, litigation, and other core mission responsibilities of the agency. The SEC University will provide specialized in-depth training concerning changing market conditions, analytics and forensics, and the agency's new responsibility

areas. The investment also will fund employees for certain specialized financial certifications and regulatory credentials, as well as the advanced continuing education required for maintaining legal and financial credentials.

OHR will use the Learning Management System to automatically track learning programs, certifications, and competency gaps (**Performance Goal 4.1.4 and 4.1.5**). Additionally, the SEC developed new measures to ensure the continued construction and implementation of a comprehensive leadership development program (**Performance Goal 4.2.2 and 4.2.3**).

The increasing size and complexity of the U.S. securities market requires that the SEC leverage technology to continuously improve its productivity, as well as identify and address the most significant threats to investors. To accomplish this, the SEC will work on several fronts to improve its abilities to acquire, store, manage, and deliver data and information in support of its critical business functions.

Additionally, the SEC must have the technical capability to electronically organize and retrieve an extraordinarily high volume of documents obtained in the conduct of investigations. In FY 2014, the agency's Office of Information Technology (OIT) will continue to work closely with the Division of Enforcement to improve the agency's document storage, organization, and analytic capabilities. The SEC will use **Performance Goal 4.3.3** to track development of technologies that will enable Enforcement staff to investigate and litigate more efficiently, proactively, and intelligently.

As demonstrated in **Performance Goal 4.3.4**, OIT will continue in FY 2014 to maintain a high level of systems availability. In order to ensure few system outages and keep pace with systems and applications monitoring, OIT will re-design and upgrade the storage management system, continuity of operations plans, and systems monitoring capabilities of the IT infrastructure.

The SEC has made significant progress towards a strong, sustainable internal control environment, and the agency will continue in FY 2013 and FY 2014 to dedicate its energies towards remediating its remaining deficiencies. The SEC's Office of Financial Management has undergone an external organizational assessment and has implemented a new organizational structure, including the formalization of a function to regularly monitor transactional data. Further, the SEC will work to optimize its processes under the new FSSP environment, and look for further opportunities to gain efficiencies in those processes.

Strategic Objective 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 Leader(s): Director, Office of Human Resources

PERFORMANCE GOAL 4.1.1
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Annual index score	Prior year data not available			58%	61%	65%	61%	62%	64%

Target: Not Met

Analysis: SEC received a 61 percent positive response on the OPM Conditions for Employee Engagement Index as compared to the government-wide 67 percent positive.

Plan for Improving Program Performance: In FY 2013, OHR will facilitate additional focus groups with divisions and offices to design solutions needed to continue improving employee engagement.

Responsible Division/Office: Office of Human Resources

Data Source: Internal survey

PERFORMANCE GOAL 4.1.2
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Ranking number	Ranked #3	Ranked #3	Ranked #11	Ranked #24	Ranked #27	Ranked #20	Ranked #27	Ranked #20	TBD

Target: Not Met

Analysis: Despite considerable efforts at the office/division level, the SEC continues to struggle to improve its ranking. A more centralized approach with top executive will likely yield better results.

Plan for Improving Program Performance: OHR has contracted with the Center for Organizational Effectiveness to provide a variety of services to the SEC to improve its morale and improve its ranking. This work is strongly supported by the Chairman using the Labor/Management Forum as the decision making and organizing vehicle with project management, communication, and logistical support provided by the Office of Human Resources and the Office of Public Affairs. This is a new effort that is moving swiftly to achieve early successes. We expect to see considerable progress over the next year.

Responsible Division/Office: Office of Human Resources

Data Source: Partnership for Public Service "Best Places to Work" Agency Rankings

PERFORMANCE GOAL 4.1.3
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 percent per year.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percent turnover	8.8%	6.2%	3.7%	5%	6.4%	<8%	6.58%	<8%	<8%

Target: Met

Analysis: The FY 2012 target was met, and the attrition rate was similar to that reported in FY 2011. Nearly half of all separations were due to resignation, which infers that loss of staff to the private sector is higher than retirements and/or transfers to other federal agencies.

Responsible Division/Office: Office of Human Resources

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

PERFORMANCE GOAL 4.1.4
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percent of staff with industry designations	Prior year data not available			N/A	9%	15%	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process

Analysis: The College of Securities and Investor Protection (CSIP) delivers learning and development programs to meet the requirements of the Dodd-Frank Act as well as other acts such as the JOBS act. In FY 2012, CSIP delivered a total of 245 programs, and the average number of participants was 71 per program.

Responsible Division/Office: Office of Human Resources

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

PERFORMANCE GOAL 4.1.5
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage reduction for the size of competency gaps	Prior year data not available			N/A	N/A	10%	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: This measure is not available because it required developing competency models and determining and deploying a methodology for obtaining currently held and desired proficiency levels. Competency models were completed in 2010, but proficiency levels for key positions will not be available until later. The delay in obtaining proficiency levels is due to our need to link any low proficiency levels directly to relevant training. Training needs analyses were conducted during FY 2012 and the associated proficiency levels are under development.

Responsible Division/Office: Office of Human Resources

Data Source: N/A

PERFORMANCE GOAL 4.1.6
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of partnerships/alliances	Prior year data not available			2	10	12	12	15	15

Target: Met

Analysis: OMWI met its numeric goal of increasing the number of diversity-related partnerships with professional associations. Consistent with Section 342(f) of the Dodd-Frank Act, which requires the SEC to take affirmative steps to seek diversity at all levels of the agency, the SEC formed partnerships with 12 organizations that are focused on developing employment opportunities for minorities and women in the financial services industry. In determining which organizations to partner with, OMWI's goal was to identify well-established organizations that demonstrate integrity and results. OMWI researched numerous organizations, considered factors including whether the organization had partnerships or collaborative relationships with other federal agencies, and the OMWI Director met with organization's leadership prior to establishing the relationship.

Responsible Division/Office: Office of Minority Women and Inclusion

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

PERFORMANCE GOAL 4.1.7
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage of positive survey responses	Prior year data not available			N/A	53%	65%	42%	TBD	TBD

Target: Not Met

Analysis: The SEC received a 42 percent positive response on a composite of performance management-related items from the EVS as compared to the government-wide 50th percentile benchmark of 56 percent positive responses.

Plan for Improving Program Performance: OHR implemented the SEC's new evidence-based performance management system (EBP) for all non-bargaining unit employees during FY 2011 and FY 2012, as well as an automated training system in FY 2012.

Responsible Division/Office: Office of Human Resources

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

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

Goal Leader(s): Director, Office of Human Resources

PERFORMANCE GOAL 4.2.1
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage of hires rated at least four on a five-point scale	Prior year data not available			N/A	N/A	N/A	86%	75%	80%

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: The Quality of Hire survey, from which this data is derived, was launched in June 2012; the SEC's review of this new data will assist in making informed decisions regarding future targets.

Responsible Division/Office: Office of Human Resources

Data Source: Quality of Hire Survey

PERFORMANCE GOAL 4.2.2
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Average percentage of gaps reduced in each survey	Prior year data not available			N/A	N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: From 2010 to 2012 the SEC used the OPM Leadership 360 assessment product to provide SEC managers 360 degree feedback for 28 leadership competencies. A report provided by OPM in 2012 showed that there were 141 participating managers who were rated; and 178 supervisors, 483 peers and 912 subordinates who provided feedback ratings. In 2012, the OHR secured a new contract with the Center for Creative Leadership (CCL) to provide 360 degree feedback ratings for managers. The new CCL process provides feedback to SEC managers on 23 leadership competencies. There are 77 managers who were rated by 128 superiors, 240 peers and 343 subordinates with 360 degree assessments using the CCL instrument.

Responsible Division/Office: Office of Human Resources

Data Source: N/A

PERFORMANCE GOAL 4.2.3
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Average score on a five-point scale	Prior year data not available			4.46	4.49	4.5	4.38	4.25	4.25

Target: Not Met

Analysis: In FY 2011 and FY 2012 SEC launched a new ladder of courses and electives reflecting increased ratings. During FY 2012, SEC-U consulted with nationally recognized evaluation specialist concerning performance benchmarks.

Plan for Improving Program Performance: According to industry standards 4.0 is a high benchmark for leadership development programs. Accordingly, SEC-U plans to adjust the target measure from 4.5 to 4.25, which is still well above the industry standard.

Responsible Division/Office: Office of Human Resources

Data Source: Successful Leaders Program Evaluations

Strategic Objective 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 Leader(s): Chief Information Officer

PERFORMANCE GOAL 4.3.1
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	Prior year data not available			N/A	Data Warehouse/ Administrative data and reporting requirements identified	Data analysis, integration, risk assessment, and infrastructure optimization	Award contract for hardware and begin requirements definition phase	Procure tools to extract, transform, and load data into EDW Procure business intelligence tools to support analysis of information	Integration of business operations for management, reporting and analysis

Target: Not Met – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: The procurement and installation of an Enterprise Data Warehouse (EDW) is the critical first phase of this multi-year strategic initiative.

Plan for Improving Program Performance: The estimated timeframe for the hardware and software installation is the second quarter of FY 2013. Efforts to modernize SEC.gov and EDGAR are in process. The Commission adopted a new rule for a comprehensive new program to create a consolidated audit trail for the securities markets that will provide the ability for new analytic capabilities to enhance investigations and market surveillance in the future. Also completed in the fourth quarter of FY 2012 was a high level target enterprise architecture that will build the foundation of the SEC's data management program.

Responsible Division/Office: Office of Information Technology

Data Source: N/A

PERFORMANCE GOAL 4.3.2
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Business functions served	Prior-year data not available			Enforcement & Examination	Tips, Complaints and Referrals Commission-wide	National Exam Program	National Exam Program	OS, IM, TM, OIEA, RSFI, OCOO and CF	Continued Deployment of Knowledge Management System and Data Sharing across Applications

Target: Met

Analysis: OIT continues its goal to implement tools within the SEC's mission critical applications to make the SEC workforce more effective and efficient. The OCIE Tracking and Reporting Examinations National Documentation System (TRENDS) was deployed in the third quarter of FY 2012. The search function allows easy sharing of exam information across the national exam program. The ability to upload work papers to findings and deficiencies and have immediate access to supporting documents and the standardized fields will allow for development of more robust metrics and customized searches. These features are expected to aid in identifying new and emerging risk areas to help refine risk analysis and further examinations.

Responsible Division/Office: Office of Information Technology

Data Source: N/A

PERFORMANCE GOAL 4.3.3
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of days	Prior-year data not available			N/A	N/A	N/A	N/A	Begin reporting Q4	TBD

Target: N/A

Analysis: In 2011, this measure was reassigned to the Division of Enforcement. A new electronic discovery software was piloted in FY 2012. Selected scanned electronic evidentiary material is in the process of being transferred to the new product that provides more enhanced search capabilities for the end user and that will reduce the time to find and organize important documents in investigations. Enforcement plans to migrate documents and data from the current system to the new system only where there is business value in doing so. Cases that are already in litigation or investigations that are close to being closed will not be migrated. After the new system is deployed in an SEC office, then all new evidentiary documents for that office will be loaded into the new system. In addition, separate projects for audio searching and backup tape searching have been completed.

Responsible Division/Office: Office of Information Technology

Data Source: N/A

PERFORMANCE GOAL 4.3.4
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Systems availability	Prior-year data not available			99.97%	99.94%	99%	99%	99%	99%
Percentage fail over within 4 hours	Prior-year data not available			N/A	0%	99%	0%	99%	99%
Systems virtualized	Prior-year data not available			22%	38%	90%	79%	85%	90%

Target: Systems Availability – Met; Percentage Fail over within 4 Hours – Not Met; Systems Virtualized – Not Met

Analysis: OIT met the systems availability target. To gauge system availability, systems are monitored on a real time basis by the OIT Network Operations Center (NOC) with automated network monitoring tools. Currently 100 percent of all mission critical applications can fail over to the alternate site within 8 hours. An objective of the last disaster recovery (DR) exercise was to fail over critical information systems from the primary data center to the alternate date center within their recovery time objective (RTO). Federal Continuity Directive 1 (FCD 1) requires that 'Primary Mission Essential Functions' (PMEFs) must be "resumed within 12 hours of an event" and "be maintained for up to 30 days". OIT has elected to define its RTO for information systems which support the PMEF of the SEC as 4 hours.

Plan for Improving Program Performance: OIT expects to meet its goal of 90 percent of servers virtualized by mid FY 2013, well ahead of schedule. OIT expects to remain on target to increase the percentage of systems virtualized to 90 percent by FY 2014.

Responsible Division/Office: Office of Information Technology

Data Source: OIT NOC – automated network monitoring tools

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

Goal Leader(s): Chief Information Officer; Chief Financial Officer

PERFORMANCE GOAL 4.4.1
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Milestone achieved	Prior-year data not available			N/A	Administrative data and reporting requirements identified	N/A	N/A	Establish Data Governance Council Finalize Standard Data Requirements Approach	Initiate Data Quality Program

Target: N/A

Analysis: OIT has completed a number of important steps in the development of a robust data management program. Key data management support efforts were funded. A Chief Enterprise Architect was hired. Additional data architecture and design staff are in the process of being hired to facilitate data governance and standardization. A high-level target enterprise architecture plan was also completed in FY 2012 that will define and build the foundation of the data management program. Next milestones are to build the core capabilities for the data management and governance program.

Responsible Division/Office: Office of Information Technology

Data Source: Data sources will be available in FY 2013

PERFORMANCE GOAL 4.4.2
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	Prior-year data not available			N/A	N/A	83%	83%	100%	100%

Target: Met – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: In FY 2011 and FY 2012, the SEC deployed a new core financial system hosted by the Department of Transportation (DOT) called Delphi. This system is part of the Federal Shared Service (FSSP) provider network that DOT provides to other federal agencies. The migration to Delphi resulted in additional integration of the applications supporting the SEC's finances and spending, including its procurement system.

Responsible Division/Office: Office of Information Technology

Data Source: Data sources will be available in FY 2013

PERFORMANCE GOAL 4.4.3
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	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Unqualified opinion	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Material weaknesses	1	0	1	2	0	0	0	0	0
Significant deficiency	3	3	6	0	4	0	2	0	0

Target: Unqualified Opinion – Met; Material Weaknesses – Met; Significant Deficiency – Not Met

Analysis: In FY 2012, the SEC succeeded in completing its transition to a Federal Shared Service Provider (FSSP) model, engaging with the Department of Transportation's Enterprise Service Center (ESC). Through this initiative, the SEC aims to achieve improvements in system functionality, automation of some manual processes and further enhancement to financial management and reporting. Further, the SEC successfully remediated three previously identified significant deficiencies in the areas of financial reporting and accounting processes, information security, and registrant deposits.

Plan for Improving Program Performance: While the SEC has made significant strides in its multi-year path towards a strong, sustainable internal control posture, the agency will continue to dedicate its energies towards remediating any remaining significant deficiencies. The SEC also will make further financial system enhancements, including a planned upgrade to the financial system and a new travel system.

Responsible Division/Office: Office of Financial Management

Data Source: GAO FY 2012 SEC Financial Audit Report

FY 2014 Budget Request by Program

Division of Enforcement

(DOLLARS IN THOUSANDS)		FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE:	Headquarters	439	497	525
	Regions	780	805	876
	Total	**1,219**	**1,302**	**1,401**
Cost:	Salaries and Benefits	$ 254,137	$ 282,758	$ 305,231
	Non-Personnel Expenses	162,678	176,435	225,681
	Total	**$ 416,815**	**$ 459,193**	**$ 530,912**

FY 2014 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
1,289	28	14	70

The SEC's vigorous enforcement program is at the heart of its efforts to protect investors and instill confidence in the integrity of the markets. The Division of Enforcement 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 and punish wrongdoing and protect investors, both now and in the future; including civil monetary 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.

Three years following its most significant reorganization in history, the Division of Enforcement continues to perform at a remarkably high level to achieve excellent results in an increasingly complex global securities market. Enforcement's sustained high-level performance in FY 2012 was aided by innovations such as: a high-priority focus on cultivating in-depth expertise in financial markets, products and transactions, enhanced training, increased hiring of industry and other experts, and the creation of specialized enforcement units focused on high-priority misconduct. The Division of Enforcement's performance is also attributed to a flatter management structure; streamlined and centralized processes and the improved utilization of information technology; and a vastly enhanced ability to collect, process and analyze tips, complaints and referrals. These reforms allowed Enforcement to further maximize its limited resources to investigate and prosecute misconduct.

As the Division of Enforcement continues to build on its transformation, it must meet the challenges of a rapidly-growing and complex caseload, increasingly sophisticated misconduct, while maintaining an effective investigative capacity and deterrent presence. Consequently, the Division of Enforcement is requesting 131 additional positions in FY 2014 over the FY 2013 request level. These additional resources will support the Enforcement program's current and future initiatives by:

- Expanding and focusing the investigative function by hiring experienced attorneys, industry experts, forensic accountants, paraprofessionals, and information technology and support staff, to promptly detect, prioritize and investigate areas appropriate for enhanced enforcement efforts;
- Strengthening the litigation function by, among other things, adding experienced trial attorneys to prosecute a growing number of highly-complex enforcement actions, and hiring paraprofessional and administrative support staff to assist the attorneys in performing these functions;

- Bolstering staffing for the Office of Market Intelligence (OMI), which is responsible for the collection, analysis, risk-weighing triage, referral and monitoring of the thousands of tips, complaints and referrals that the agency receives each year, as well as bolstering the staffing of intelligence analysis functions in the Division's eleven regional offices across the country;
- Expanding Enforcement's information technology expertise and staffing to assist, among other things, in the implementation of data analytics projects and the development of state-of-the-art investigative tools, such as eDiscovery and Knowledge Management, as well as improved forensic capabilities; and
- Bolstering staffing for the delinquent debt collection and distributions functions, responsible for collecting ordered penalties and disgorgement amounts, and returning funds to harmed investors whenever possible.

To achieve the SEC's mission, the Division of Enforcement must swiftly and vigorously prosecute those who have broken the law. This is critical in restoring investor trust and confidence in the nation's securities markets.

Enforcement faces a number of challenges in meeting this mission that are described below:

Recent Regulation Has Substantially Increased the Number of Individuals and Entities Falling Within the SEC's Jurisdiction: In the U.S. alone, the SEC currently oversees more than 35,000 registrants, including approximately 9,500 reporting companies, 9,700 mutual funds and exchange traded funds (ETFs), 11,000 investment advisers, approximately 460 transfer agents, and 4,600 broker dealers with over 160,000 branch offices, as well as clearinghouses, Nationally Recognized Statistical Rating Organizations and Self-Regulatory Organizations. In addition, the Division of Enforcement has jurisdiction over any person or entity that violates the Federal securities laws, regardless of whether they are associated with one of these 35,000 entities.

The Division of Enforcement also expects to shoulder additional workload as a result of the SEC's expanded authority under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). For example, the Division is responsible for triaging and investigating additional tips and complaints received under the whistleblower program mandated by the Dodd-Frank Act. Although several thousand smaller advisers are transitioning to state registration due to the Dodd-Frank Act, 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) has resulted in an increase in the number of referrals to the Enforcement program.

The SEC Must Track and Understand the Increasing Number of Complex Securities Offered to the Public: The sheer number of persons and entities falling within the scope of this mandate reflects only part of the challenge facing the Division of Enforcement. These registrants offer ever-changing products in the market, from traditional bonds and stocks to structured financial instruments to derivatives (e.g., credit default swaps) that require expertise in understanding of the products, the trading methods, and the inherent risks. In addition, markets and companies also are becoming increasingly global, creating a new set of complexities, including the comparability of information from different countries and cross-border enforcement. Enforcement needs to be able to analyze new product offerings and to have a global reach, in order to properly identify potential violations of the U.S. securities laws. As product offerings and fraudsters become more sophisticated, the complexity of enforcement cases increases and requires more resources dedicated to achieving a successful resolution.

The SEC Cannot Be Outpaced by Innovation That Has Already Fundamentally Changed Our Markets: The Division of Enforcement is also facing new challenges in FY 2014, including confronting the risks to a fair securities marketplace posed by increasingly complex and fragmented market structures, alternative trading systems, and high-speed electronic trading. These innovations, fueled by technological advances, have resulted in a fundamental shift in market process and behavior. Enforcement must ensure that these innovations do not outpace Enforcement's efforts to guard against illegal behavior masked by opaque trading platforms or the millions of bids, offers, buys, or sells that can be generated in milliseconds by automated computer algorithms.

In FY 2014, the Division of Enforcement will continue to aggressively utilize risk-based analytics to identify misconduct in this changing environment. For example, Enforcement has used new analytical approaches to detect aberrational performance by hedge funds, compliance shortcomings by investments advisers, microcap fraud, and organized insider

trading to open investigations and successful bring actions against wrongdoers.

The Division of Enforcement's Resource Constraints Pose Regulatory Challenges: Amidst these challenges, Enforcement needs additional resources to fulfill its mission of investor protection. The Division of Enforcement is aggressively adopting new methods, initiatives and organizational reforms to ensure the best possible use of available resources. Enforcement is committed to meeting these challenges to ensure continued investor confidence in the U.S. financial markets and to send a strong message of deterrence to would-be violators of the securities laws.

The Division of Enforcement's Restructuring Resulted In Better Utilization of Its Existing Resources: Three years ago, the Division of Enforcement carried out significant structural reforms designed to maximize resources and enable the SEC to more effectively combat securities fraud. Enforcement's performance over the past year affirms that these reforms are now bearing fruit, including increased expertise, flatter management, enhanced market intelligence capabilities, streamlined processes, increased use of information technology, and the creation of the Office of the Managing Executive and the hiring of its first Chief Operations Officer. For instance, the Commission made its first award to a whistleblower last year for providing high-quality, significant information that helped stop a multi-million dollar fraud. The program stems from the Dodd-Frank Act, which called for the establishment of an Office of the Whistleblower. That office has seen a steady flow of high quality tips and complaints, which are screened and triaged by the Enforcement Division's Office of Market Intelligence.

All of the Division of Enforcement's organizational sub-groups—regional offices, specialized units, working groups and headquarters in Washington D.C. —are implementing a host of risk-based initiatives designed to increase Enforcement's ability to identify hidden or emerging threats to investors and the markets and act quickly to halt misconduct and minimize investor harm. This includes, for example: (a) a focus on unregistered 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 unregistered and registered 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. All of these efforts are bolstered by enhanced training, specialized industry experience and skills, and targeted and proactive investigative approaches to better detect links and patterns that may reflect wrongdoing as early as possible, and ultimately to conduct more efficient and effective investigations.

The Division of Enforcement's Success Is Reflected In Its Ability to Address Wrongdoing: Although statistics alone cannot capture the breadth of the Enforcement's work since undertaking these reforms, the SEC's enforcement activity has increased significantly, resulting in substantial benefits for markets and investors. In FY 2012, the second complete fiscal year since the Division of Enforcement's reorganization, the SEC filed 734 enforcement actions. This sustained pace included many cases involving highly complex products, transactions, and market practices, including those related to the financial crisis as well as insider trading by market professionals.

The Division of Enforcement has led the effort to identify and hold accountable those individuals and institutions whose misconduct led to or arose from the financial crisis. Overall, through January 9, 2013, the agency has filed 91 enforcement actions in its financial crisis-related cases against 153 defendants—including 65 CEOs, CFOs and senior corporate executives, resulting in over $2.68 billion in disgorgement, penalties, and other monetary relief obtained. Enforcement's efforts to pursue insider trading resulted in sustained enforcement; a similar number of insider trading cases were filed in FY 2012 as in FY 2011. The three-year period of FY 2010 through FY 2012 has been the most productive in the Division of Enforcement's history for insider trading enforcement where 168 actions were filed in that period. Similarly, in FY 2012, Enforcement maintained its focus on enforcement actions related to investment advisers and investment companies, filing one more case than FY 2011's record-setting 146 actions. The Division of Enforcement also continued its upward trend scrutinizing broker-dealers with a 19 percent increase in actions from FY 2011 to FY 2012.

Proactive Enforcement Efforts

To achieve its goals, the Division of Enforcement continues to implement a range of initiatives designed to increase its ability to identify hidden or emerging threats to the markets and act quickly to halt misconduct and minimize investor harm. These and other initiatives are designed to identify wrongdoing as early as possible, thus minimizing investor loss and reducing the expense of prosecution. In addition, these efforts will maximize the deterrent impact of our efforts. Persons and institutions learn from these initiatives to proactively improve controls and prevent wrongdoing from occurring in the first place. These initiatives include, for example:

- **Aberrational Performance Initiative:** This initiative involves inquiries that focus on suspicious performance returns posted by unregistered and registered hedge fund advisers. The Division of Enforcement's Asset Management Unit, in conjunction with the Division of Risk, Strategy and Financial Innovation has developed risk-based analytics to analyze performance data of thousands of hedge fund advisers and identify suspicious candidates appropriate for examination or investigation. Leads generated from the initiative have resulted in seven enforcement actions thus far.
- **Accounting Quality Model:** This is a collaborative project with the Division of Risk, Strategy and Financial Innovation to develop analytic tools to identify public companies whose disclosures and financial statements may be at higher risk for violations of the Federal securities laws.
- **Analysis and Detection Center:** This Center will be staffed by specialists with comprehensive trading and quantitative expertise to identify potentially abusive trading practices in order to assist staff attorneys conducting investigations into complex trading schemes.
- **The Automated Bluesheet Database Project:** This initiative, led by the Division's Market Abuse Unit, focuses on the analysis of suspicious trading patterns and relationships among multiple traders using the Division of Enforcement's electronic database of over three billion electronic equities and options trading records obtained by the Division in connection with its investigations over the last 20 years. The project has two primary objectives: (1) to generate high-quality leads for new Enforcement investigations through broad-based relational analysis of equities and options trading data supplemented by event, person, and entity data sources; and (2) to automate and optimize trading data analyses commonly conducted in the context of individual Enforcement investigations.
- **Fund Fee Initiative:** This initiative focuses on excessive fee arrangements by registered funds, their advisers, and boards of directors. The initiative has resulted in examinations and investigations of advisers, funds, and their boards focused on possible violation of the Investment Company Act. Enforcement brought two fund fee initiative cases in FY 2012.
- **Compliance Program Initiative:** Working closely with OCIE, Enforcement is coordinating efforts to identify and bring cases against registered investment advisers who have lacked effective compliance programs and procedures, in violation of the Advisers Act. As a result of this initiative, Enforcement has brought five enforcement actions.
- **Cross-Border Working Group:** This initiative began in FY 2010 when the SEC launched an inquiry into how audit firms concentrating on clients with foreign operations were conducting their audits. To date, the Division of Enforcement has brought a dozen fraud actions involving eight issuers and more than 50 individuals and entities, including senior company management, promoters, and traders; deregistered more than 50 companies so that they can no longer sell securities in the U.S.; and brought a disciplinary proceeding against the Chinese affiliates of the five largest US audit firms for failing to produce documents to the SEC. Enforcement will continue to investigate potential securities law violations by U.S. registrants, individuals and auditors located in foreign jurisdictions and strengthen the reach of its enforcement efforts by improving coordination and cooperation with other law enforcement agencies and regulators, both domestic and foreign.
- **Microcap Fraud Working Group:** This specialized group is focused on developing and implementing investigative techniques that target the organizers and leaders of microcap fraud, including recidivists and "gatekeepers" who enable such schemes, such as attorneys, auditors, broker-dealers, transfer agents and others.
- **Oil and Gas Initiative:** This initiative focuses on identifying particular areas of concern for exam and enforcement

action relating to the oil and gas industry. Examples include a focus on offering frauds related to the oil and gas industry involving promoters, salespersons, financial advisors and brokers, and disclosures by public companies about proved reserves, reserves replacement and exploration and production costs. The initiative includes a geophysicist as part of the team and coordinates SEC efforts with other enforcement agencies where necessary to protect investors.

- **Private Equity Initiative:** The Division of Enforcement seeks to identify private equity fund advisers that are at higher risk for certain specific fraudulent behavior. Using certain data sources, this risk analytic initiative seeks to identify those private equity fund advisers that may be improperly failing to liquidate and distribute fund assets, have been misrepresenting the value of their holdings to investors, or are engaging in other fraudulent behavior.
- **Revenue Sharing Initiative:** The Division of Enforcement has developed an initiative to identify registered investment advisers who may have received payments from broker-dealers for recommending certain mutual fund investments without disclosing the payments. These revenue sharing payments create conflicts of interest between the advisers and their clients, as they may incentivize advisers to recommend the mutual funds for which they receive a cash reward from the broker-dealers. Enforcement brought its first case from this initiative in FY 2012.
- **Structured and New Products Unit:** The Unit is actively engaged in a number of initiatives to immerse Unit staff in various complex securities products. In addition to residential mortgage backed securities, collateralized debt obligations and other similar mortgage-related structured products, the Unit initiatives include products such as equity-linked notes, collateralized loan obligations, commercial mortgage backed securities, trust preferred securities and catastrophe bonds.
- **Other On-Going Activities:** The Division is engaging in a number of risk-based initiatives, projects, and working groups that are non- public but involve areas such as the Foreign Corrupt Practices Act (FCPA), municipal securities, market structure, and accounting and financial disclosures. In addition, the Division of Enforcement's efforts include social media and investing, coordinated trading suspension initiatives, enhanced multinational coordination and cooperation, and enhanced coordination with the SEC's domestic law enforcement partners.

To enable the Division of Enforcement to meet the challenges of a rapidly-growing case load, and to maintain an effective investigative capacity and deterrent presence, the Enforcement program must be adequately staffed to address increasingly complex financial products and transactions, handle the increasing size and complexity of the securities markets, identify emerging threats and take prompt action to halt violations, and recover funds for the benefit of harmed investors. For FY 2014, the Division is requesting 131 additional positions. When compared to FY 2013 estimates, this will permit the SEC to initiate approximately 30 additional inquiries, conduct approximately 50 additional formal investigations, and file charges in roughly 15 additional civil or administrative cases.

The following sections provide detail of how the additional positions would support the Division of Enforcement program's three core functions – intelligence analysis, investigations, and litigation.

Processing and Prioritizing Intelligence Is Key to Enforcement's Efforts: A strong intelligence analysis capacity is at the core of an effective enforcement program. In FY 2012, the SEC received approximately 15,400 tips, complaints and referrals (TCRs), the majority of which were substantive and warranted further inquiry by the staff. Accordingly, the Division must be adequately staffed to properly and efficiently handle this function. Enforcement is requesting 26 new positions in FY 2014 to continue to strengthen the intelligence analysis function.

These resources will supplement the positions received in FY 2012 and be utilized in two ways. First, Enforcement will increase staffing in the Office of Market Intelligence, whose functions include managing the Enforcement's risk assessment and strategic planning processes as well as collecting, receiving, monitoring, and weighing the risk of all complaints, tips, and referrals received by the SEC—including whistleblower tips and complaints—in a centralized way. In addition, Enforcement will bolster staffing of TCR points-of-contact in its 11 regional offices. These individuals serve as liaisons with OMI and are responsible for processing and triaging TCRs received by their respective regional offices. Second, these positions will be used to enhance the current capabilities of the Enforcement staff and enable the staff to

develop and consider more leads for potential investigation. In FY 2014, Enforcement expects to open approximately 1,130 Matters under Inquiry (MUIs), approximately a five percent increase over FY 2012.

Enforcement Must Act Swiftly and Decisively In Investigating Misconduct: The Division of Enforcement program continues to face challenges in securing the necessary expertise, human capital and technology resources to fulfill its mission of investor protection. For example, the Division requires increased expertise and human capital to improve its ability to promptly detect complex frauds and other difficult-to-detect misconduct, such as structured product and Ponzi schemes and other offering frauds; analyze new trading technologies, such as high-frequency and algorithmic trading, as well as systemic insider trading and manipulation schemes; and keep pace with valuation issues in all aspects of the securities industry. Enforcement is seeking 67 new positions in FY 2014 to reinforce the investigations function. These resources are critical to ensuring that the Enforcement program remains ready to face new marketplace challenges. These new positions will help Enforcement address its resource shortfall of recent years and will help improve the efficacy of its investigative efforts, resulting in a swifter enforcement response to violations.

Enforcement requires sufficient resources to enable it to continue progress on existing investigations and handle its increasing case load, while quickly investigating and bringing emergency actions in cases where investors' money may dissipate if immediate action is not taken. With the requested new staff in FY 2014, Enforcement expects to apply additional resources to the most complex investigations, those posing the highest risk to investors, and those with the greatest impact. Enforcement anticipates opening approximately 900 investigations in FY 2014, about six percent more than estimated for FY 2013.

The Division of Enforcement's Ability to Litigate Its Increased Caseload Is Mission Critical: Enforcement's litigation activities help the SEC fulfill its mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation. Enforcement requested 38 new positions in FY 2014 to reinforce the litigation functions nationwide. This increased resource level would help the Commission to strengthen its ability to assemble strong litigation cases and to secure settlements that achieve justice for investors.

The SEC's Trial Unit has experienced a dramatic increase in the number of litigated matters it is handling, and is expecting to handle approximately 280 in FY 2014. Since June 2011, the trial unit in the SEC's Washington D.C. Office alone has experienced a substantial increase in the number of actively litigated matters. This increase in caseload necessitates the hiring of additional trial attorneys. In addition, the cases being prosecuted by the SEC are of increasing complexity, requiring the hiring of additional expert consultants and witnesses. The credit crisis cases, in particular, require sophisticated and costly expert witnesses. In FY 2014, with the additional staff requested, Enforcement anticipates bringing approximately 480 administrative proceedings and 280 civil cases, which would sustain the record pace of filings in FY 2011 and FY 2012.

The Division of Enforcement Must Continue Investing In Technology: Information technology investments are an integral part of each of the three enforcement functions—intelligence analysis, investigations, and litigation. Forward looking technology is critical for enforcing compliance with the Federal securities laws, and continued investment in a multi-year technology modernization plan remains a top priority for Enforcement.

State of the art technology has made it easier for investigative and trial staff to move away from many labor-intensive practices. For example, Enforcement is leading an agency-wide deployment of eDiscovery technology that provides investigative staff with advanced tools to search across all case evidence including email threading (i.e. viewing all emails in the same discussion); concept searching; and tools that allow users to quickly drill down to key documents, subject matters, and people.

Funding is needed for new initiatives that will further decrease the lag time faced by investigative staff in the handling of case materials. Investments planned for FY 2014 include finalizing a single, dedicated unit to support all Enforcement teams with the receipt and loading of materials produced during an investigation; introducing a large file transfer capability to permit the electronic transmittal of data directly from entities that would replace the current mode of submitting content via the mail for manual tracking and loading; implementing a document management system for Enforcement's internal case files; and revamping the current Bluesheets tools used to collect trade data from market participants.

The SEC has begun implementing certain investments to integrate and streamline the number of technical platforms and applications currently in use across the Division of Enforcement that is expected to reduce the administrative burden on investigative and trial teams while lowering overall maintenance costs for the agency. These integrated solutions include:

- A revitalized intranet portal providing staff with an easy to navigate, fully searchable repository of content and standard templates so that staff can access core knowledge and best practices spanning the entire national program;
- Expansion of Enforcement's case management system, the HUB, to cover the full life-cycle of matters including actions, litigation, and non-financial related collections and distributions information; and
- A single system to track end-to-end processing of evidence (e.g., scanning, converting, IT forensics), to replace a number of existing disparate systems. This new system will allow investigative staff to monitor the status of evidence and will further enhance the Commission's chain-of-custody controls.

The Division of Enforcement also requires the technology necessary to implement many of its risk-based initiatives. For example, Enforcement is aggressively pursuing the use of pattern analysis to support the early detection of potentially fraudulent activity through semantic modeling and the use of other complex analytical tools. Enforcement is assembling integrated project teams whose members possess strong knowledge of financial instruments, market participants, and trading practices to drive the work of technology experts on its projects.

To take advantage of the increasing volume of data in the SEC and available through the marketplace, the Division of Enforcement is establishing a prototype to identify potential insider trading patterns across multiple securities and related information such as merger and acquisition announcements or other activities that affect the markets. Additional funding will allow the agency to deploy the system and broaden the types of event data that can be integrated into the models. The SEC is also planning investments to incorporate Self-Regulatory Organization (SRO) referrals into the SEC's TCR system as well as adding features that enable the system to aggregate tips and complaints data that may be concentrated in particular market sectors (e.g., microcap trading, to identify and target gatekeepers who appear to aide fraudulent practices). All of these capabilities are geared toward improved efficiency, effectiveness, and promotion of cost-saving measures across the Division of Enforcement.

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Intelligence Analysis			
Investor Tips and Complaints[1]	15,429	15,400	15,400
Matters Under Inquiry (MUIs) Opened	1,077	1,100	1,130
FTE	269	283	306
Investigations			
Opened	806	850	900
Ongoing at End of Year[2]	1,475	1,500	1,500
FTE	675	711	765
Proceedings			
Administrative:			
Opened	462	470	480
Pending at End of Year	548	620	620
Civil Litigation:			
Opened	272	275	280
Pending at End of Year[3]	1,876	1,910	1,910
FTE	292	308	330
Total FTE	**1,219**	**1,302**	**1,401**

[1] *This number is based on the actual number of TCRs received by the SEC and recorded in its online TCR database in FY 2012. The number reflects a reduction from prior years, attributable largely to the significant enhancements made by the SEC to its systems and processes for receiving, handling and classifying TCRs. The agency has created a centralized database to collect and store all TCRs received by the SEC. This has significantly reduced duplicative, non-securities related and spam submissions that accounted for a large percentage of complaints previously received through the SEC's complaint systems.*

[2] *"Ongoing" investigations are those in which the investigation remains active. It excludes those that are open solely because they are in litigation, those in which the SEC is seeking to collect assets and funds to satisfy outstanding judgments and debts owed to the SEC, those in which the SEC is distributing funds to harmed investors, and those that are in some other post-litigation activity. "Ongoing" investigations also exclude those that are in the process of being closed due to the lack of evidence of wrongdoing. The number of ongoing investigations is trending downward due to an increased emphasis by the Division on efficiency, as well as improvements to the case closing process.*

[3] *"Pending at End of Year" refers to those enforcement actions, filed civilly or administratively, that remain open due to ongoing litigation, post-judgment issues such as delinquent debts or distributions, and those that are in the closing process.*

Office of Compliance Inspections and Examinations

(DOLLARS IN THOUSANDS)		FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE:	Headquarters	145	155	223
	Regions	675	761	904
	Total	**820**	**916**	**1,127**
Cost:	Salaries and Benefits	$ 169,237	$ 199,727	$ 236,066
	Non-Personnel Expenses	80,011	82,206	119,781
	Total	**$ 249,248**	**$ 281,933**	**$ 355,847**

FY 2014 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
1,048	23	11	45

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. 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 2014, additional resources are critical in order for OCIE to meet its objectives and fulfill the agency's mission. In particular, resources are needed to address the disparity between the number of exam staff and the growing number and complexity of registered firms, particularly in the investment management industry; continue implementation of certain provisions of the Dodd-Frank Act; 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 2014, OCIE will continue to promote industry compliance efforts through the Compliance Outreach program. The Office requests an additional 325 positions to accomplish these goals.

In response to an ever-changing and evolving regulatory environment, the examination program has implemented an ongoing continuous improvement process across the following critical areas: people, strategy, structure, process, and technology. The program intends to use the additional resources requested in FY 2014 to continue implementing key improvement initiatives in these areas while also addressing critical market issues and industry developments impacting the examination program. Overall, in FY 2014, OCIE will continue program improvement initiatives from prior years and will continue to focus resources on higher-risk entities and activities.

The additional resources requested for OCIE will permit the program to further address the disparity between the number of exam staff and the growing number and complexity of registered firms, particularly with respect to investment advisers. In addition, the added resources will allow for the continued implementation of various provisions under the Dodd-Frank Act and enable the program to further enhance and improve risk identification and assessment efforts. OCIE's risk-based program is designed to focus the SEC's resources on those firms and practices that have the greatest potential risk of securities law violations that can harm investors and the markets. The following summarizes key observations, issues, and challenges impacting the SEC's

examination program, all of which have influenced OCIE's staffing requests in FY 2014.

The SEC-Regulated Securities Markets Dwarf the Examination Program: At the beginning of FY 2014, under the new regulatory framework, OCIE will oversee approximately 14 entities that provide clearing agency functions, the PCAOB, MSRB, and FINRA. Additionally, although the Dodd-Frank Act did shift the responsibility for examining small investment advisers to the states, it expanded the SEC's responsibilities by adding to its jurisdiction a significant number of potentially large and complex entities such as municipal advisors, private fund advisers, and securities-based swap participants. Overall, the size of the SEC regulated community dwarfs the size of the current examination program.

Exam Coverage of the Securities Market Remains Limited: There is no self-regulatory organization (SRO) supplementing the SEC's examination of funds and advisers, and more than one-third of advisers have never been examined. Significant additional resources are critical to the exam program in order to improve the examination levels of investment advisers. With respect to broker-dealers, the program is supplemented by SRO oversight, and together the SEC and SROs examined close to 50 percent of broker-dealers in some manner during FY 2012. However, the program has examined less than one percent of the approximately 160,000 branch offices in the previous 10 years. Even considering the aggregate branch office exams of the SEC and the SROs, regulators are still examining well below one percent of broker-dealer branch offices annually.

Increases in the Regulatory Population and Complex New Products and Lines of Business Complicate Examination Oversight: The largest increase in registered entities has occurred among investment advisers, which grew from nearly 7,600 advisers managing approximately $21 trillion in assets a decade ago to an estimated 11,000 advisers managing $50 trillion in assets in FY 2014. At the same time, additional challenges to the examination staff are posed by the increased use of new and complex products, including derivatives and certain structured products; the increasing use of technology in operations that facilitate such activities as 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.

Legislative Changes as Mandated By the Dodd-Frank Act Are Having a Significant Impact On the Exam Program: Additional staffing is needed to continue implementation of various provisions of the Dodd-Frank Act. For example, the registration of private fund advisers has brought additional registrants with increasingly complex business lines under the exam program's purview. Additional staff will permit expanded coverage in this area. Further, other provisions under the Dodd-Frank Act dealing with, among others, swap participants, clearing agencies, and municipal advisors will continue to require staff resources in FY 2014.

Independent Third-Party Reviews Have Criticized the SEC for Not Having Sufficient Examination Resources: Several independent bodies have consistently identified inadequate resources as being a significant impediment to exam program effectiveness. For example, an International Monetary Fund review of the SEC stated, that "the lack of sufficient resources currently has a major negative impact on the effectiveness and credibility of the inspection and examination systems of the SEC with regard to IAs." Likewise, the SEC's Office of the Inspector General noted this as well stating, "OCIE's staff resources have not kept pace with the growth in the number of registered investment advisers" and "we strongly encourage OCIE and the Commission to make available the necessary resources to ensure that OCIE is better able to select investment advisers and investment companies for examination and better equipped to conduct comprehensive examinations of these entities." In addition to these independent reviews, the Commission's Study on Enhancing Investment Adviser Examinations, conducted pursuant to Section 914 of the Dodd-Frank Act, acknowledged that the "investment adviser examination program faces significant capacity challenges" and "requires a source of funding…that is sufficiently stable to prevent adviser examination resources from periodically being outstripped by growth in the number of registered investment advisers."

Given the limited resources currently available to the examination program and due to existing challenges, OCIE underwent a critical self-assessment process that will guide the program in the coming years as it addresses these challenges. The Office is requesting 325 additional positions and intends to use these resources to begin addressing the issues identified above, including increasing examination coverage levels of investment advisers, addressing new responsibilities under the Dodd-Frank Act, and other improvements.

Examinations of Advisers and Broker-Dealers

In FY 2014, the examination staff will continue its focus on high risk entities and activities and intends to use additional staffing to, 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 will also implement oversight initiatives related to the Dodd-Frank Act. Of the total staffing request for the examinations program, the SEC plans to dedicate 280 additional positions for these activities, as described further below.

Improving Overall Coverage of Registered Advisers: The number of registered advisers and their assets under management has grown steadily over the last several years. During the same period of time, staff resources allocated to this program area has not kept pace with the growing responsibilities. This trend has made it more difficult for the program to maintain an effective level of coverage and oversight of its registered advisers. While several thousand smaller advisers have transitioned to state registration due to the Dodd-Frank Act, it is estimated that there will still be nearly 25 advisers per examiner in FY 2014. Further, it is anticipated that the population of advisers will continue to grow and the firms registered with the SEC will be predominately larger and more complex. With the additional resources that would be brought on board throughout FY 2014, OCIE would expect to be able to examine 14 percent of advisers in that year. In subsequent years, when these new staff positions would be on board for a full fiscal year, they would support a coverage level of about 16 percent of advisers.

Examinations of Newly Registered Private Fund Advisers: In FY 2012, new regulatory requirements pursuant to the Dodd-Frank Act required that certain private fund managers register with the Commission. Since the effective date of the legislation, approximately 1,500 private fund advisers have registered with the SEC for the first time. These new registrants have never been registered, regulated, or examined by the SEC and manage thousands of hedge funds and private equity funds. During FY 2013, OCIE launched a coordinated national examination initiative designed to establish a meaningful presence with these newly registered advisers. In order to continue this initiative and to effectively fit these advisers into the examination program, in FY 2014, along with other currently registered private fund and other advisers, OCIE will require additional staffing for these potentially large and complex firms.

Examinations of Newly Registered Municipal Advisors: The Dodd-Frank Act requires the registration of certain entities and persons deemed "municipal advisors." The SEC currently estimates that more than 1,000 entities and potentially thousands of individuals will register as municipal advisors. OCIE will be required to devote resources to develop a risk-based approach to overseeing these advisors.

Improving Overall Coverage of Investment Company Complexes: OCIE continues to maintain examination oversight responsibility for more than 800 investment company complexes. These complexes include close to 10,000 mutual funds and exchange traded funds (ETFs), which hold approximately $14 trillion in investor assets. The examination program will continue efforts to improve coverage of these fund complexes that will be critically important given the increasing complexity of investment strategies pursued by some funds, the significant growth in ETFs, and the relative riskiness of certain funds.

New Procedures and Practices to Address Reforms to Securities Regulations: OCIE expects to implement additional examination procedures and techniques in FY 2014 that are necessary to scrutinize compliance with new, amended, or recently adopted regulatory requirements with respect to private funds, swap dealers, and municipal advisors, among others.

Verification of Assets and Controls at Broker-Dealers and Advisers: The additional staff requested for FY 2014 will help to continue OCIE's practice of verifying the existence and appropriate safeguarding of investor assets managed by advisers and held by broker-dealers. During the examinations of advisers, funds, and broker-dealers in FY 2014, staff will also review the processes and controls for valuation of complex, illiquid assets; financial controls and the adequacy of net capital of broker-dealer firms; and the sales of complex products by broker-dealers and advisers, especially in the retirement marketplace.

Examinations Targeting Higher Risk Entities, Including an Emphasis On Tips, Complaints and Referrals: In FY 2013 and FY 2014, significant time and resources will be devoted to improving the SEC's surveillance and risk assessment functions. A variety of projects are currently underway aimed at enhancing information gathering and analysis techniques to transform both quantitative and qualitative information into intelligence that will improve targeting of limited resources to areas of greatest need. OCIE anticipates that improvements in risk assessment and surveillance activities, combined with other initiatives aimed at incentivizing whistleblowers

and improving the agency's tracking and monitoring of tips, complaints, and referrals, will necessitate more time spent on conducting examinations of the relevant entities.

Expanded Large Firm Monitoring Program: Certain large and complex firms pose significant risk to the various markets and to their customers due to their size, complexity and connectivity with other large firms and financial institutions. These risks are evident in the breadth and complexity of product offerings, the large volume and number of customer transactions generated by such firms, the significant levels of firm inventory, and the high concentration of customer assets at the firm.

These large and complex firms also pose greater systemic risk as they tend to dominate certain significant capital market activities including the secured funding markets, the tri-party repo market, prime brokerage services, securitizations and other structured product activities. As a result, the staff is adopting an enhanced, collaborative approach to both monitoring and examining these large firms. Additional resources will be required to focus on areas such as financial issues (e.g., funding and liquidity), including stress test models, and sales practice issues associated with derivatives, structured products and securitization.

Proactive Industry Compliance Initiatives: In FY 2013 and FY 2014, OCIE and other SEC staff will continue efforts aimed at encouraging stronger industry compliance programs. These efforts include conducting OCIE's Compliance Outreach program, which provides information and resources for compliance personnel of registered entities, as well as issuing public reports and Risk Alerts concerning areas of regulatory interest.

Examinations and Oversight of Certain Swap Participants: Several sections of the Dodd-Frank Act concern swap market participants. Specifically, pursuant to Title VII of the Dodd-Frank Act, several new categories of persons will be required to register with the Commission, including, among others, security-based swap dealers and major securities-based swap participants. These persons and/or entities will be subject to examination by the Commission. In order to continue implementation of related Dodd-Frank Act provisions, OCIE is requesting additional positions in FY 2014 to provide expertise, coordinate efforts with other regulators, and conduct inspections of these newly registered market participants.

Examinations of Clearing Agencies and Swap Data Repositories

In FY 2014, OCIE will continue to expand and enhance its oversight of clearing agencies as a result of the Dodd-Frank Act. As part of the Dodd-Frank Act, the SEC, as a supervisory agency for securities clearing agencies, is directed to conduct inspections, on at least an annual basis, of securities clearing agencies that are designated as "systemically important," cover systemic risk and safety and soundness as part of the SEC's examination scope, and conduct examinations in consultation with the Board of Governors of the Federal Reserve System. In addition, the Dodd-Frank Act requires Swap Data Repositories (SDRs) to become registrants and provides examination authority to the SEC for these entities.

As a result of the Dodd-Frank Act, not only has the scope of examinations expanded, the number of clearing agencies required to be examined by the SEC also has increased. Examinations of these entities are complex and time consuming and require particular expertise in an evolving area. OCIE is requesting 15 additional positions to permit clearing agencies to be examined annually to enhance ongoing monitoring and to continue communication and coordination efforts with the Federal Reserve and other regulators. In addition, as SDRs become registrants, additional staff will be needed to perform periodic examinations. OCIE requests positions for the program to create a dedicated team of derivatives and clearing specialists that will be able to conduct cross-sector examinations of clearing agencies, collaborate and respond to requests for assistance from the Division of Trading and Markets and other regulators engaged in clearance and settlement oversight, and provide clearing and CDS/derivatives expertise to OCIE as a whole.

Additional Significant Examination Program Efforts

OCIE requires additional staffing to continue its outreach efforts and oversight of other registered entities, in addition to expanding the current level of oversight over advisers, broker-dealers, and clearing agencies, as discussed below.

Self-Regulatory Organization (SRO), Market Center, and Swap Execution Facility (SEF) Inspections: In FY 2014, OCIE will conduct risk-based inspections of the SROs, including exams of national securities exchanges, enhanced reviews of FINRA

pursuant to Section 964 of the Dodd-Frank Act, risk focused exams of FINRA District Offices and an exam of the *Municipal Securities Rulemaking Board* (MSRB). OCIE will also continue to follow-up on TCRs related to the SROs, including systems compliance TCRs, and will conduct cause exams of SROs as necessary. In addition, OCIE will conduct exams of Alternative Trading Systems and other market centers registered as broker-dealers. Further, swap execution facilities that are required to register with the Commission pursuant to the Dodd-Frank Act will be subject to examination in FY 2014. To adequately fulfill current obligations, and in particular to ensure regular oversight of SROs and SEFs, 10 additional are requested for this area.

Public Company Accounting Oversight Board (PCAOB): In the current market environment, the PCAOB has an increasingly critical role in establishing auditing standards for public company audits and for ensuring that audit reports are informative, fair, and independent. The Dodd-Frank Act provides expanded authority to the PCAOB to oversee audits of broker-dealers that were not previously within the PCAOB's jurisdiction. In FY 2013 and FY 2014, the examination staff will follow up on findings and recommendations related to the PCAOB's inspection program, monitor new developments relating to SEC-registered broker-dealers, and continue its ongoing program of conducting periodic examinations of key risk areas at the PCAOB in collaboration with staff from the SEC's Office of Chief Accountant.

Transfer Agents: OCIE will continue to conduct risk-based, cause, and special examinations of transfer agents, including some joint examinations with Federal banking regulators. The staff will review the services offered by transfer agents that are beyond their traditional functions, and review transfer agents' safeguarding of customer information and custody of shareholder funds, with a special focus on the custody of lost or escheatable securities to prevent shareholder fraud. Five additional positions are requested to be devoted to this area in order to provide additional expertise and conduct inspections of these entities.

Office of Managing Executive (OME) and Chief Counsel: OCIE's OME will continue to support the examination program in a number of critical areas during FY 2014, including risk analysis and surveillance, registration, training, and information technology initiatives. Significantly, the Risk Analysis and Surveillance unit will continue its efforts to improve the risk targeting of firms and activities by helping to monitor and assess risks of all registered entities, including advisers, registered funds, privately offered pooled vehicles, and broker-dealers. OCIE's Chief Counsel's group will continue to provide legal and other interpretative advice to the program while also overseeing the exam program's internal compliance program. Fifteen additional positions are requested in FY 2014 to support the functions of these groups.

Information Technology Investments and Initiatives

Continued Development of Comprehensive Examination Platform: OCIE will continue to improve and enhance a comprehensive program tracking and examination management system. The system provides examiners with a complete repository of exam related data and information that allows the staff to conduct exams more effectively and analyze trends across the program.

Improvements to IT Infrastructure: In FY 2014, the exam program will continue to focus on identifying and acquiring additional data sets and information that can be utilized in risk assessment efforts, examinations, and other related initiatives. Further, due to new rules and regulations, there are a variety of improved and new data sets that will be utilized by the program in FY 2014, including, for example, updated information collected through the Form PF (Private Funds). The exam program requires an appropriate technological infrastructure for this data so that it can be easily accessed, analyzed, and disseminated.

Data Analysis Tools: In FY 2013 and FY 2014, OCIE will focus on identifying and acquiring tools and resources that will permit more efficient and effective analysis and synthesis of data. These tools will assist in the analysis of large amounts of data and will potentially help generate alerts and exception reports focused on identifying registered entities that require additional follow-up by the staff. These tools also will improve risk assessment and surveillance efforts by providing the staff with a greater ability to monitor for trends and emerging fraud risks or red flags, ultimately enabling the staff to allocate and target SEC resources more effectively.

WORKLOAD DATA

Activity	FY 2012 Actual[1]	FY 2013 CR	FY 2014 Request
Investment Adviser Examinations	974	1,150	1,500
Investment Company Examinations (includes administrators)	104	115	130
SRO Program Inspections	38	32	30
Broker-Dealer Examinations	443	475	525
Transfer Agent Examinations	42	40	45
Clearing Agency Examinations	5	12	15
PCAOB Inspections	0	1	0
Total FTE	**820**	**916**	**1,127**

[1] *Out year estimates may be impacted by a number of factors beyond the office's control, including, but not limited to, increases in the complexity of firms being examined; higher than anticipated attrition rates; and, unanticipated delays and/or changes in the budget approval process. Given the time required to bring on-board new staff after hiring levels are approved, the full effect of FY 2014 positions will not be realized until later years.*

Division of Corporation Finance

(DOLLARS IN THOUSANDS)		FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE:	Headquarters	**448**	**471**	**494**
Cost:	Salaries and Benefits	$ 91,798	$ 103,297	$ 113,081
	Non-Personnel Expenses	36,719	36,568	47,411
	Total	**$ 128,517**	**$ 141,865**	**$ 160,492**

FY 2014 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
9	82	380	23

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 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 an ongoing basis as it continues to provide 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.

In FY 2014, CF plans to continue its multi-year effort to enhance its disclosure reviews of large companies, continue to review draft registration statements submitted by emerging growth companies under the Jumpstart Our Business Startups (JOBS) Act, and prepare and finalize the remaining rules to implement the Dodd-Frank Act and JOBS Act. CF will consider the impact of SEC rules and regulations on small business capital formation and evaluate trends in increasingly complex offerings. 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 25 additional positions in FY 2014 to meet its goals. In FY 2014, CF plans to take a number of actions to enhance the Division's role in promoting full, fair, and timely disclosure of information for investors.

Review of Filings: The Division selectively reviews filings made under the Securities Act of 1933 and Securities Exchange Act of 1934 to both monitor and enhance compliance with disclosure and accounting requirements. These filings include those of new issuers and companies already reporting under the 1934 Act. The Division concentrates its review resources on critical disclosures that appear to conflict significantly with Commission rules or applicable accounting standards or that appear to be materially deficient in explanation or clarity. The staff may review more than one disclosure document from the same company in a single fiscal year.

CF selectively reviews registration statements and other transactional filings (i.e., filings relating to capital raising or business combinations) made under the 1933 Act and the 1934 Act. In addition, the Sarbanes-Oxley Act requires the SEC to review disclosures made by companies reporting

under the 1934 Act at least once every three years and more frequently where circumstances warrant. This review is required to include the company's financial statements. The Division reviews the disclosures of many companies more often than once every three years. In the case of the very largest and financially significant companies the staff may review their filings continuously throughout the year.

In the course of a review, staff may issue comments to a company to elicit better compliance with applicable financial statement and other disclosure requirements. In response to those comments, a company may revise its financial statements or amend its disclosure to provide additional or enhanced information, or may undertake to revise its financial statements or other disclosures in future filings. This review and comment process deters fraud and facilitates investor access to information necessary to make informed investment decisions, thus enhancing the efficiency of the capital markets. Where appropriate, CF refers matters to the Division of Enforcement.

In FY 2014, the Division plans to strengthen its core disclosure review program, and expand its enhanced and continuous reviews to include more large companies with significant market capitalization. These enhanced and continuous reviews enable staff to provide comments to companies to enhance their disclosure to investors. The Division also plans to increase staff resources to evaluate filing review outcomes for consistency, efficiency, and quality, and ensure that filing reviews are consistently being conducted with professional competence and integrity.

Rulemaking and Interpretive Advice: The Division recommends new rules or changes to existing rules to the Commission where statutorily mandated and as needed to improve investor protection and to facilitate capital formation. The Division also provides advice to companies, investors, and their advisors through issuance of staff legal and accounting bulletins, staff disclosure guidance topics, updates to the division's financial reporting manual, no-action and interpretive letters, compliance and disclosure interpretations and guidance on the Commission's web site, and responses to telephone and e-mail inquiries.

During FY 2013 and FY 2014, the Division anticipates implementing several final rules relating to certain executive compensation provisions of the Dodd-Frank Act, including rules concerning disclosure of pay versus performance, pay ratios, employee and director hedging, and listing standards requiring clawbacks of incentive compensation in certain cases. The Division also anticipates implementing final rules relating to disqualification of felons and other "bad actors" from certain exempt offerings, and final rules relating to risk retention for asset-backed securities.

During FY 2013 and FY 2014, the Division also anticipates implementing rules required by the JOBS Act, including modifying the prohibition against general solicitation and advertising under Regulation D of the Securities Act and the rules regarding the registration and reporting requirements under Section 12(g) of the Exchange Act, developing a new exemption from registration for crowdfunding transactions and a new small issues exemption. As with any new rulemaking, the Division may see an increase in the number of interpretive requests related to implemented rules throughout FY 2014. In addition, the Division anticipates that it will undertake a review of certain regulatory requirements, including those related to disclosure requirements, the definition of "accredited investor," and other rules impacting small business. The Division will also consider recommendations received from the Commission's Advisory Committee on Small and Emerging Companies.

Finally, in FY 2014, the Division will continue to respond to requests for interpretative guidance by writing letters, posting information on the SEC's Web site, and through other means.

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Review			
Reporting Company Reviews	4,380	2,880	2,880
Reporting Companies Filing with the SEC[1]	9,140	8,722	8,722
Percentage Reviewed[2]	48%	33%	33%
Number of New Issuer Reviews			
IPO 1933 Act	520	515	515
New 1934 Act	145	140	140
New Issuer Reviews[3]	665	655	655
Total Reviews	5,045	3,535	3,535
Confidential Treatment Requests	1,590	1,585	1,585
Rulemaking and Interpretive			
General Advice and Coordination			
No-Action Letters/Interpretive Requests	180	175	175
No-Action Letters (Shareholder Proposals)	330	325	325
Total FTE	**448**	**471**	**494**

[1] *For purposes of this presentation, a reporting company is defined as one that has filed an annual report during the prior fiscal year.*

[2] *Because the Division has established a goal of annually reviewing the disclosures of at least 33 percent of reporting companies, this percentage is presented as the projected level of review for future periods. The Division typically exceeds this minimum review level.*

[3] *Because of uncertain market and economic conditions, the Division does not project any growth in the level of transactional filings. Transactional filings above the projected levels could result in an increase in review time and a reduced number of reviews of reporting companies for the year.*

Division of Trading and Markets

(DOLLARS IN THOUSANDS)	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters	**225**	**285**	**284**
Cost: Salaries and Benefits	$ 46,837	$ 56,778	$ 68,614
Non-Personnel Expenses	19,494	23,022	27,340
Total	**$ 66,331**	**$ 79,800**	**$ 95,954**

FY 2014 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
54	142	85	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 25 additional positions in FY 2014. These additional resources will enable TM 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) and the Jumpstart Our Business Startups Act (JOBS Act). It will allow TM to sustain and enhance its existing supervision of securities markets, securities market infrastructure, and securities firms.

TM supervises the major participants in the U.S. securities markets. As of FY 2012,17 securities exchanges (equities and options), approximately 4,600 broker-dealers, eight active clearing agencies, approximately 460 transfer agents, the Financial Industry Regulatory Authority (FINRA), security futures product exchanges, and securities information processors were under TM supervision. TM works closely with the Office of Credit Ratings (OCR) to supervise 10 nationally recognized statistical rating organizations (NRSROs) and with the Office of Municipal Securities (OMS) to supervise the Municipal Securities Rulemaking Board and municipal advisors.[1]

The scope of these supervisory responsibilities is expected to continue to increase. Over the past few years, seven new securities exchanges registered with the Commission, and TM anticipates a further increase in the number of registered securities exchanges in FY 2013 and FY 2014 (estimated at up to four additional new registrants) for a total of 11 new securities exchanges registered in recent years. Over the same time period, the Division also anticipates a further increase in the number of active clearing agencies (estimated at up to six new registrants). TM also expects a significant number of new registrants under the Dodd-Frank Act and the JOBS Act once registration requirements under those laws go into effect. These new registrants include security-based swap execution facilities (SEFs) (an estimated 20 new registrants), security-based swap data repositories (SDRs) (an estimated four new registrants), security-based swap dealers (an estimated 50 new registrants), major SBS participants, and crowdfunding portals (an estimated 60 new registrants).

Dodd-Frank Act Implementation: In FY 2013, TM is continuing significant rulemaking efforts started in FY 2011 to implement key areas of the Dodd-Frank Act including (1) the wholesale creation of a regulatory structure for over-the-counter (OTC) derivatives; (2) the substantially expanded regulation of

[1] *The Dodd-Frank Act required the SEC to create several new offices, including the Office of Credit Ratings (OCR) and the Office of Municipal Securities (OMS). The SEC's FY 2012 appropriation included funding to establish OCR and OMS. At present, OCR has a staff comprised of approximately 25 lawyers, accountants, and examiners who are responsible for examining and monitoring NRSROs. OMS presently has a staff comprised of four attorneys who are 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.*

NRSROs; (3) the regulation and examination of new clearing agencies and new clearing agency activities, including interagency coordination with respect to those agencies deemed to be systemically significant; (4) restrictions on certain proprietary trading activities of broker-dealers under the "Volcker Rule;" (5) restrictions on certain conflicts of interest arising in connection with activities involving asset-backed securities (ABS); and (6) the implementation of new rules relating to the cross-border implementation of rules under Title VII of the Dodd-Frank Act. TM also expects to undertake substantial new rulemaking efforts in FY 2013 and FY 2014 to implement additional areas of the Dodd-Frank Act, including (1) the establishment of new provisions for transparency in securities lending; and (2) the review and refinement of the Commission's regulation of retail foreign exchange transactions undertaken by broker-dealers.

In summary, TM is responsible for more than 30 separate rulemaking initiatives under the Dodd-Frank Act. Many of these rulemakings are the first step in new ongoing supervisory and regulatory functions for TM that will extend into FY 2014 and beyond, namely, among other things:

- Regulation of SEFs, clearing agencies, data repositories, dealers, and major participants in the security-based swap markets;
- Regulatory reporting and public dissemination of security-based swap data;
- Mandatory clearing of security-based swaps;
- The cross-border application of the security-based swap provisions of the Dodd-Frank Act;
- Ongoing implementation of the Volcker Rule with respect to its restrictions on certain proprietary trading activities by broker-dealers;
- Ongoing implementation of new restrictions on certain conflicts of interest arising in connection with ABS transactions;
- Ongoing implementation of new rules regarding securities lending; and
- Significantly expedited reviews of self-regulatory organization (SRO) rule filings.

TM is also playing a significant role in several interagency projects mandated by the Dodd-Frank Act, including the designation of systemically important non-bank financial entities and financial market utilities under the auspices of the Financial Stability Oversight Council (FSOC). This work is in conjunction with the Board of Governors of the Federal Reserve and the Federal Deposit Insurance Corporation, mechanisms for the orderly liquidation of certain large financial companies, including certain large broker-dealers under the new liquidation authority established by the Dodd-Frank Act. This coordination involves complex, perennial regulatory issues and is expected to continue into FY 2014 and beyond.

Additionally, TM is participating in substantial international coordination efforts relating to OTC derivatives, including (1) leadership roles in the Financial Stability Board (FSB) Working Group on OTC Derivatives and the International Organization of Securities Commissions Task Force on OTC Derivatives Regulation; (2) participation in other OTC derivatives groups, including the OTC Derivatives Regulators Group and an FSB initiative to create an international standard for margin requirements; and (3) bilateral discussions with foreign regulators. TM expects that additional responsibilities may arise based on studies conducted under the Dodd-Frank Act – including studies related to short sales and the standards applicable to broker-dealers and investment advisers – as well as the significant implementation and compliance programs that will be required for the rulemaking already underway.

Supervision of Securities Markets: TM will face significant new challenges in FY 2014 regarding its regulation and supervision of the U.S. securities markets. In FY 2014, the Division plans to use 10 of the additional positions requested to undertake its new market-related responsibilities under the Dodd-Frank Act, as well as continuing challenges in the area of market supervision. The 10 positions will include five in the Office of Market Supervision, four in the Office of Analytics and Research, and one in the Office of Derivatives Policy and Trading Practices. The new staff would have responsibilities in the areas identified below.

Securities Market Policy. In FY 2013 and FY 2014, the staff will address the following developments and issues in the exchange and OTC markets for securities, among others:

- Market structure developments, such as the growth of high-frequency trading and dark liquidity and the potential for excessive market volatility;
- Developments in the trading of equity securities, including an evaluation of the appropriate minimum tick sizes for various types of securities;
- The need for better trading and market information for the Commission staff and SROs to effectively conduct surveillance and assess market activity across a wide range of complex trading venues;
- The regulatory framework applicable to exchanges and other trading venues, including the requirements for ownership and management of such venues;
- Overall options market structure and developments in the trading of options, including order execution and priority practices and execution quality metrics;
- Developments in the markets for fixed income securities, including the need for more price transparency, better disclosure, and other investor protections;
- Developments in the OTC equity markets, including their increased accessibility to retail investors;
- The listing and trading of new derivative products on exchanges; and
- Developments in technology, including the need to assure that significant market centers and clearance and settlement infrastructure are subject to robust technology standards.

Registration and Rule Filing Processing. In FY 2014, TM expects to evaluate and review an increasing number of SRO proposed rule changes and new exchange and SEF registrations, while monitoring the impact of market developments. As a result of changes to Commission procedures mandated by the Dodd-Frank Act, many of the rule changes filed with the SEC must be approved or disapproved on a significantly expedited basis, which places further demands on an already complex and review-intensive process. Moreover, given the additional entities seeking to register as exchanges or other rule-filing entities, TM expects an increase in the number of proposed rule changes, exceeding the more than 2,400 proposals that were received in calendar year 2012. TM also expects to continue to provide SROs with guidance on rule filing procedures and to continue to evaluate the efficiency of the rule filing process.

Market Data and Analysis. TM expects to continue its work to develop a more comprehensive audit trail for orders and trades across markets. In particular, TM expects to monitor and provide appropriate support to FINRA and the exchanges in their implementation of the consolidated audit trail adopted by the Commission in FY 2012.

In addition, TM, together with the Division of Risk, Strategy, and Financial Innovation (RSFI) and other offices, will continue to implement and use the large trader reporting system adopted in FY 2011 as a mechanism to assist the Commission in improving oversight of the securities markets. TM, in connection with the build out of its new Office of Analytics and Research (OAR), expects to continue to develop other sources for market data and analysis that will aid the Commission's supervision of the ever-expanding securities markets. Further, TM and RSFI expect to begin utilizing recently-implemented tools and systems that facilitate the collection and analysis of trade and order data from the standard public market data feeds, as well as from any commercially available proprietary market feeds provided by individual equities trading venues. OAR, in conjunction with RSFI, will begin generating both one-off and recurring reports concerning liquidity, volatility and other market characteristics. These publications will expand the amount of publicly available information on these topics and establish a more sound empirical basis for future market structure initiatives. Such tools will enable TM and other Commission staff to perform regular analyses related to general market depth, order flow, and liquidity, helping to further inform the Commission's rulemaking and market oversight.

Equity Markets. TM will continue to monitor trading in the U.S. exchange and OTC securities markets, and will consider initiatives to protect investors and improve the quality of markets – particularly in light of the continued significant growth in trading volume and the technological sophistication of the markets, among other developments. TM will also consider initiatives with respect to the OTC equity markets. Fair competition among these markets will continue to be a focus, including through TM's review and analysis of rules of exchanges that seek to list OTC equity securities. TM also

plans to review whether updates to rules relating to quotations in the OTC markets are necessary.

Equity and Index Options. In the options markets, TM will continue to analyze, evaluate, and respond to market structure changes that result from, among other things, increased automation, changing trading practices, the continuation of the penny pilot program, and increased pressure on internalization practices. TM will continue to evaluate fees charged by options exchanges and evaluate additional steps to address concerns with respect to discriminatory fees. Further, TM will consider ways to enhance the ability to evaluate execution and market quality for the trading of listed options.

Fixed Income Markets. TM will pursue ideas to improve the market structure for trading fixed income securities generally, including the trading of municipal and corporate bonds. For example, TM will work to implement the recommendations concerning secondary market trading contained in the Commission's July 2012 *Report on the Municipal Securities Market*.

Rule Interpretation and Studies. In FY 2013 and FY 2014, the Division will continue administering numerous rules including many that are required to be adopted under the Dodd-Frank Act, as well as the JOBS Act, and expects to interpret and assist in the enforcement of these rules. TM also expects a significant number of requests relating to the new OTC derivative product status and exemptive process established by the Dodd-Frank Act and the funding portal registration process to be implemented under the JOBS Act.

New Exchange-Traded Products. TM will continue to analyze, evaluate, and respond to numerous new exchange-traded product filings, and will continue to evaluate its overall approach in reviewing these new products. TM will seek to solicit input from market participants concerning the proliferation of new products and its overall approach to reviewing such products.

Short Sales. TM will continue the administration of the short sale price test rule that became effective in FY 2011, including responding to interpretive questions. In addition, TM intends to continue to review whether enhancements to the rules established to reduce persistent failures-to-deliver resulting from short sales (i.e., rules addressing so-called "naked" short sales) are needed. In addition, in FY 2013 and FY 2014, the Division intends to:

- Consider whether to recommend new rules on short selling under the Dodd-Frank Act, which requires the Commission to adopt rules relating to disclosure of reporting of short sale positions, and short sale-related fraud; and
- Consider whether amendments are needed to the short sale price test circuit breaker rule, based on a Commission-directed study of the rule by the Commission's economists.

Supervision of Securities Market Infrastructure: In FY 2014, TM also will face growing demands regarding its supervision of critical securities market infrastructure, with respect to both the implementation of new Dodd-Frank Act-related responsibilities and the expansion of its existing oversight program. In FY 2014, the Division plans to use seven additional positions in the Office of Clearance and Settlement, with responsibilities in the areas identified below.

Existing and Systemically Important Clearing Agencies. TM will expand its oversight of existing clearing agencies, particularly those that are designated as systemically important by the FSOC, and will continue to review their rule filings on an ongoing basis. As with exchanges, many of the clearing agency rule changes filed with the SEC must be approved or disapproved on a significantly expedited basis following Dodd-Frank Act-related changes to Commission review procedures. Several factors compel this expanded oversight:

- The review of systemic importance established by the FSOC in FY 2011 under Title VIII of the Dodd-Frank Act now requires a detailed review of quantitative and qualitative information by supervisory agencies for presentation to the FSOC, and TM will be required to lead certain reviews and contribute to others where TM has dual oversight of the clearing agency together with the CFTC. These reviews are required to be renewed on an annual basis;
- Clearing agencies designated as systemically important and supervised by TM will be subject to additional requirements over and above those that exist under the Exchange Act, including different rule filing procedures and timelines;
- Clearing agencies designated as systemically important will also be required to be examined by the Commission

on at least an annual basis, rather than the two-year examination cycle currently in place. TM has established an Office of Clearing Agency Monitoring to support the Commission's examination staff in this enhanced examination regime. Among other responsibilities, the office will engage in specialized reviews of financial models and other financial risks associated with clearing agency activity, coordinating closely with the Federal Reserve Board;

- Significant industry initiatives are underway to reform clearing agency practices with respect to the disclosure of risk management information, the role clearing agencies in tri-party securities lending activities, shortening the standard securities settlement cycle and other matters that will demand substantial time and attention from TM staff; and

- The accounting disclosure and related governance practices of clearing agencies that are not part of public companies are substantially behind those of other registered clearing agencies necessitating additional work by TM staff to reach equivalent conclusions regarding the risk management practices of such clearing agencies.

Security-Based Swap Clearing Agencies. In FY 2013 and FY 2014, the Division anticipates the Commission will consider adopting additional final rules relating to clearance and settlement under the Dodd-Frank Act that will expand the Commission's oversight of security-based swaps clearing agencies. Under these rules, TM would undertake (1) ongoing reviews of the rulebooks and proposed rule changes of these clearing agencies; (2) reviews of their requests for exemptive orders and other relief to better harmonize the practices of the CFTC and the Commission; and (3) reviews of new clearing business initiatives expected to be pursued as the use of security-based swaps expands. TM expects that there will be a materially higher level of work associated with relevant Commission rules relating to security-based swaps clearing, as many of the standards are new and the relevant clearing agencies are expected to be new or recent registrants with the SEC.

Non-Central Counterparty Clearing Agencies. In FY 2014, the Division expects to consider recommending the Commission review the appropriate regulation and oversight of non-central-counterparty (CCP) clearing agencies whose functions are critical to the securities marketplace. If additional regulation is implemented, TM will need to initiate appropriate supervision of the 10 to 15 non-CCP clearing agencies that will then be covered.

International Clearing Agency Standards. TM expects to consider recommending changes to the Commission's clearing agency rules as international standards in the area are adopted, such as those contained in the Principles for Financial Market Infrastructures jointly developed by the Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions (CPSS-IOSCO). In FY 2014, TM expects to continue to serve in a leadership capacity on the CPSS-IOSCO committees reviewing clearing agency matters, and to contribute to other committees reviewing relevant topics – such as the Basel Committee on Banking Supervision review of capitalizing bank exposures to central counterparties commenced in FY2012.

Transfer Agents. TM expects to seek to improve the regulation of transfer agents during FY 2013 and FY 2014, including by:

- Preparing for Commission review a series of potential rule proposals designed to modernize the oversight and regulation of the approximately 460 transfer agents regulated by the Commission.

- Supporting efforts by the Division of Corporation Finance and reform proposals arising from the Commission's recent Microcap Fraud Working Group roundtable that would substantially affect transfer agents.

Swap Data Repositories (SDRs). In addition to work related to the registration of SDRs, TM expects to begin to establish its program for overseeing new SDRs, including (1) review of required annual filings and interim amendments to registrations as a result of changes in operations, compliance reports, and financial statements; and (2) review of the SDR's systems and processes for disseminating real-time transaction prices for security-based swaps. In addition, once the SDR-related rules are in place, TM expects that TM and other Commission staff will perform regular analysis of SDR data to help inform the Commission's rulemaking and oversight of the security-based swap market. TM further expects that the interest of other U.S. and non-U.S. regulators in security-based swaps will create new demands for information from or about SDRs that will require TM support.

Supervision of Securities Firms: The Dodd-Frank Act also imposes significant new responsibilities with respect to TM's supervision of securities firms, creating new categories of registrants – security-based swap dealers, major security-based swap participants, and municipal advisors – in addition to already regulated broker-dealers. The JOBS Act also provided for "crowdfunding" brokers and funding portals, which will require new rules drafted and overseen by TM.

In order to meet the anticipated challenges posed by the increase in regulated entities and by the new program initiatives under the Dodd-Frank Act in the area of securities firm supervision, TM plans to allocate eight new staff positions to this area in FY 2014. The eight additional positions will include one new staff in the Office of Chief Counsel, six new staff in the Office of Broker-Dealer Finances, and one new staff in the Office of Derivatives Policy and Trading Practices.

General Regulation of Broker-Dealers. TM handles, in collaboration with other divisions and offices, most issues related to broker-dealer registration and regulation, liaises with FINRA and the other SROs regarding broker-dealers, reviews rule filings of FINRA and the other SROs pertaining to the regulation of broker-dealers, responds to market participant requests for no-action or exemptive relief or rule interpretation issues, and provides analysis for certain actions planned by the Division of Enforcement. In addition, TM supervises broker-dealer financial responsibility requirements, including the requirements for major broker-dealers who calculate net capital using value-at-risk (VaR) models and who pose the greatest potential for systemic risk.

Financial Responsibility of Broker-Dealers. TM will continue to conduct ongoing monitoring of broker-dealers that use VaR models to calculate net capital, which includes the largest and most systemically important firms, as well as assessment of risks arising from broker-dealer affiliates through the 17h program. TM also is reviewing the adequacy of liquidity arrangements by these firms, and expects to seek to strengthen them where appropriate. TM will also recommend to the Commission final amendments to the rules governing the financial responsibility of broker-dealers, including the custody and safekeeping of customer funds and securities.

FINRA Oversight and Rulemaking. TM will continue to work with FINRA to consolidate and revise SRO rules governing securities firms during FY 2014. TM will consider SRO rule changes and amendments in areas such as sales practices, supervision of personnel and member firms, and SRO arbitration. TM will also monitor developments in the areas of research analysts, broker-dealer information barriers, pension plan services and initial public offerings. The staff will continue working with FINRA to create a single rule book for member regulation that will govern virtually all broker-dealers.

Registration and Regulation of Security-Based Swap Intermediaries. The Dodd-Frank Act created new categories of regulated securities market participants: security-based swap dealers and major security-based market participants. These new participants will be subject to new registration requirements, capital, margin, and segregation standards, daily trading records and other reporting and recordkeeping requirements, business conduct obligations, confirmation and other documentation obligations, and other specified duties enumerated in the statute.

The staff, in conjunction with the Office of Compliance Inspections and Examinations (OCIE), expects to register these entities on a rolling basis, monitor market developments and promulgate new rules where needed, and respond to numerous interpretive requests in connection with the requirements placed on these new registrants by the Dodd-Frank Act.

The demand on agency resources of this registration process will be especially high to the extent that firms are permitted to use VaR models to calculate regulatory capital and customer margin requirements. In order to approve VaR models for capital and margin purposes, the SEC would need to review the firm's internal risk management controls systems with respect to market, credit, liquidity, leverage, legal, and operational risks of the firm. After a firm has been authorized to use models, the staff would monitor the firm's financial position and risk management information on an ongoing basis.

SIPC Oversight. TM will continue to participate in the supervision of the Securities Investor Protection Corporation (SIPC) and monitor the liquidation of broker-dealers under the Securities Investor Protection Act of 1970. This responsibility will continue to require more agency resources due to the growing number and complexity of issues arising in large liquidations, such as Lehman Brothers, Inc., Bernard L. Madoff Investment Securities, LLC, and MF Global, Inc. TM will also continue to implement various initiatives agreed in connection with recent GAO and OIG reports on the Commission's oversight of SIPC.

Additional Commission Rulemaking regarding Securities Firm Supervision. TM will continue rulemaking efforts related to the implementation of the Dodd-Frank Act as well as abusive or unfair market or trading practices. For example, in FY 2013 and FY 2014, TM anticipates:

- Continuing its work in the anti-money laundering and counter-terrorist financing area. This work involves not only the oversight of SRO rule filings in this area, but considerable outreach and technical assistance efforts, including participation in the Bank Secrecy Act Advisory Group, the Financial Action Task Force, and the Federal Financial Institutions Examination Council. The work also involves extensive interaction with the Financial Crimes Enforcement Network;
- Continuing to work with SROs to enhance the broker-dealer registration process, in particular for firms that perform only limited broker-dealer functions;
- Considering recommending to the Commission amendments to research analyst rules in light of a recently issued GAO report;
- Considering recommending to the Commission amendments to update Regulation M, which, among other things, prohibits issuers and other distribution participants from bidding for or purchasing any security that is the subject of the distribution during a restricted period;
- Following the publication of the congressionally mandated study of the standard of conduct applicable to broker-dealers and investment advisers in FY 2011, implementing further analysis or proposed rules as directed by the Commission;
- Continuing to work on recommendations for final rules relating retail investors entering into foreign exchange transactions ("retail forex"). The Commission previously issued interim final temporary rules to permit retail forex activity and other agencies (the CFTC, Fed, OCC, and FDIC) have either proposed or adopted final rules;
- Continuing to work with the SROs to enhance broker-dealer sales practices;
- Continuing its work on the rulemaking to implement the requirements of Title III of the JOBS Act to enable small and startup businesses to raise funds through securities offerings over the Internet through crowdfunding;
- Considering whether to recommend that the Commission propose rules that would exempt certain limited-purpose "business brokers" from broker-dealer registration, and provide guidance concerning the status of finders and other limited-purpose broker-dealers;
- Co-chairing with the CFTC the Securities Derivatives Working Group, which has been working to identify potential AML/CFT vulnerabilities in the securities industry; and participating in a principles-level task force led by the Treasury Department to consider threats to the US financial system more broadly; and
- Recommending that the Commission propose a class exemption from broker-dealer registration for registered transfer agents who perform limited broker-dealer functions in connection with their administration of dividend reinvestment plans and similar issuer-sponsored plans. The recommended class exemption would be similar to prior orders exempting certain Canadian transfer agents who administer issuer plans but would be available to any registered transfer agent.

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Securities Firm Supervision			
SRO Proposed Rule Changes Reviewed[1]	73	77	85
SEC Rulemaking and Interpretive Actions[2]	15	21	10
Proposed Rule Changes for Swap Dealers[2]			
Interpretive, Exemptive, and No-Action Request Letters Closed[3]	21	25	25
Analysis of Disclosure Documents Referred by Corporation Finance[4]			
Reviews of Potential Enforcement Actions	1,050	1,100	1,200
Registered Representative Reentry Applications Filed	25	25	25
Congressional, Governmental, Industry, and Public Correspondence and Inquiries[5]	11,780	15,275	16,275
Analysis of Risk Assessment Reports[6]			
Risk Assessment of Broker-Dealers Filing Form 17-H[6]			
Firms Assessed	46	55	65
Filings Reviewed	198	300	325
Consolidated Supervision of Broker-Dealers and Affiliates[7]			
Risk Supervision of Alternative Net Capital Broker-Dealers[7]			
Firms Assessed	6	6	6
Filings Reviewed	72	72	72
Risk Supervision of OTC Derivatives Dealers and Securities-Based Swap Dealers:[7]			
Firms Assessed	4	5	17
Filings Reviewed	16	20	68
Applications Reviewed	0	1	12
Broker-Dealers			
Registrants	4,823	4,498	4,168
Registration Applications Filed	262	235	210
Registration Amendments Filed	15,491	15,300	15,100
Registrations Withdrawn or Cancelled	583	560	540
Financial Reports Filed	6,733	6,110	5,915
NRSROs[8]			
Registrants	10	10	11
Registration Applications Filed	0	3	3
Registration Amendments Filed	31	20	22
Registrations Withdrawn or Cancelled	2	2	2
Financial Reports Filed	10	10	11

(continued on next page)

[1] *This data includes filings, pre-filings, and amendments reviewed.*

[2] *The data captioned "Proposed Rule Changes for Swap Dealers", reported separately in previous years, have been combined with the data for other SEC rulemaking and interpretive actions.*

[3] *This data now omit foreign control location letters filed under Rule 15c3-3 of the Securities Exchange Act. Other actions, including ETF class relief letters and certain FAQs, also have reduced the number of request letters received by TM.*

[4] *This data is omitted because the analysis of disclosure documents is expected to no longer constitute an ongoing material part of TM's workload.*

[5] *This data combines correspondence and telephone/internet inquiries, which were reported separately in previous years.*

[6] *Data previously captioned "Analysis of Risk Assessment Reports" have been re-captioned "Risk Assessment of Broker-Dealers Filing Form 17-H" for clarity. In addition, for consistency with other categories, the data are now reported according to the number of firms and filings.*

[7] *Data previously captioned "Consolidated Supervision of Broker-Dealers and Affiliates" have been divided and re-captioned "Risk Supervision of Alternative Net Capital Broker-Dealers" and "Risk Supervision of OTC Derivatives Dealers and Security-Based Swap Dealers" for clarity and to better account for the supervision of an expected new class of registered entities, security-based swap dealers. In addition, for consistency with other categories, the data are now reported according to the number of firms, filings, and applications.*

[8] *This data is included because of the expanded responsibilities assigned to the SEC in connection with the oversight of NRSROs by the Dodd-Frank Act. As described above, the credit rating agency functions currently being carried out by TM are expected to be transferred to a new Office of Credit Ratings in FY 2012.*

WORKLOAD DATA *(continued)*

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Municipal Advisors[9]			
Registrants	991	1,071	1,151
Registration Applications Filed	991	112	112
Registration Amendments Filed	115	72	72
Registrations Withdrawn or Cancelled	35	32	32
FTE	**113**	**143**	**150**
Securities Market & Infrastructure Supervision			
SRO Proposed Rule Changes Reviewed[1]	2,258	2,520	2,763
Proposed Rule Changes for Security-Based Swap Data Repositories[10]			
NMS & SRO Plan Amendments Filed	17	20	20
SEC Rulemaking and Interpretive Actions	19	10	13
Interpretive, Exemptive, and No-Action Request Letters Closed	12	15	15
Market Continuity Activities[11]			
Automation Inspections	14	18	25
Automation Annual Reports Reviewed	12	17	20
Outages Reviewed	161	220	300
Securities Exchanges[12]			
Registrants	15	17	20
Registration Applications Filed	0	2	3
Registration Amendments Filed	15	17	20
Registrations Withdrawn or Cancelled	0	0	0
Automated Trading System Analyses[13]			
Alternative Trading Systems[13]			
Registrants	88	90	92
Registration Applications Filed	5	5	5
Registration Amendments Filed	85	87	89
Cessations	3	3	3
Quarterly Reports	340	348	356
Security-Based Swap Execution Facilities			
Registrants	0	0	20
Registration Applications Filed	0	0	20
Proposed Rule Changes Filed	0	0	100

(continued on next page)

[9] *This data is included because of the expanded responsibilities assigned to the Commission in connection with the oversight of municipal advisors by the Dodd-Frank Act. As described above, the municipal securities functions currently being carried out by the Division are expected to be transferred to a new Office of Municipal Securities in FY 2012. These data include only firm registrations and omit the natural persons that the Commission currently expects to be registered as municipal advisors (an estimated 21,000 according to the proposed rules for municipal advisor registration).*

[10] *Data previously captioned "Proposed Rule Changes for Security-Based Swap Data Repositories" have been re-captioned "Security-Based Swap Data Repositories" for clarity. In addition, for consistency with other categories, the data are now reported according to the number of registrants and applications.*

[11] *Data previously captioned "Automation Inspections of SRO and ECN Systems" and "Automation Annual Reports of SRO and Electronic Communication Network (ECN) Systems" have been grouped under the new caption "Market Continuity Activities" and revised to include new registrants that are expected to be covered by such activities, including security-based swap execution facilities and security-based swap data repositories. These activities will fully transfer to OCIE in FY 2014.*

[12] *This data is included to reflect the increasing number of securities exchanges expected to register with the Commission and the corresponding workload entailed in developing and administering the regulatory framework associated with such registrants.*

[13] *Data previously captioned "Automated Trading System Analyses" have been re-captioned "Alternative Trading Systems" for clarity. In addition, for consistency with other categories, the data are now reported according to the number of registrants, applications, amendments, cessations, and reports. Each alternative trading system must also register as a broker-dealer, and is therefore included in the data for broker-dealers as well.*

WORKLOAD DATA *(continued)*

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Clearing Agencies (Active)[14]			
Registrants	8	8	14
Registration Applications Filed	0	0	6
Security-Based Swap Data Repositories[10]			
Registrants	0	0	3
Registration Applications Filed	0	0	3
Transfer Agents[15]			
Registrants	340	310	278
Registration Applications Filed	11	10	8
Registration Amendments Filed	184	170	160
Registrations Withdrawn or Cancelled	60	40	40
Annual Reports Filed	437	400	375
Large Traders[16]			
Registrants	19	1,975	2,200
Registration Applications Filed	19	1,981	250
Registration Amendments Filed	0	988	1,100
Registrations Withdrawn or Cancelled	0	25	25
Annual Reports Filed	0	0	2,200
Registered Representative Reentry Applications Filed	73	77	85
FTE	**112**	**142**	**134**
Total FTE	**225**	**285**	**284**

[14] *This data is included to reflect the increasing number of clearing agencies expected to register with the Commission (in part because of the requirements of the Dodd-Frank Act) and the corresponding workload entailed in developing and administering the regulatory framework associated with such registrants.*

[15] *This data only includes SEC-registered transfer agents and omit the approximately 135 transfer agents registered with a bank regulatory agency, which the Commission also oversees.*

[16] *This data is included to reflect a new category of traders that are now required to register with the Commission pursuant to rules adopted by the Commission in 2011.*

Division of Investment Management

(DOLLARS IN THOUSANDS)	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters	**153**	**172**	**184**
Cost: Salaries and Benefits	$ 33,459	$ 36,753	$ 42,130
Non-Personnel Expenses	13,947	15,401	19,996
Total	**$ 47,406**	**$ 52,154**	**$ 62,126**

FY 2014 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	75	59	6

The investment management program works to protect investors, promote informed investment decisions, and facilitate appropriate innovation in investment products and services through regulating the asset management industry.

IM has established the Office of the Risk and Exam Office (REO) primarily to monitor the risk taking activities of investment advisers and investment companies, and to implement and carry out IM's inspection and examination program. In FY 2014, REO will continue to expand its risk monitoring program by using financial data to measure, analyze, monitor, and report investment risks. It will also continue to expand its on-site risk monitoring program by meeting with select strategically important IAs and ICs to discuss their internal risk governance structure, risk management capabilities, and activities in the financial markets. Finally, REO will expand its examination program to include targeted and routine examinations to support IM's risk monitoring and policy setting objectives. In FY 2014, IM requests 8 positions for these initiatives.

The population of advisers registered with the SEC has changed significantly with the passage of the Dodd-Frank Act. Under mandates contained in the Dodd Frank Act, an estimated 3,900 advisers to hedge funds, private equity funds and other private funds are now registered with the SEC. This represents approximately 40 percent of the SEC's registered investment advisers. IM anticipates reviewing the rules and regulations that apply to advisers generally and determining whether appropriate modifications are necessary to address business functions, conflicts and investor concerns that are unique to private funds. In FY 2014 IM expects to make recommendations to the Commission to propose and adopt new rules and tailored rule amendments to specifically address issues related to private fund advisers. IM requests three positions in FY 2014 to engage in this targeted rulemaking effort.

The IM staff is developing a recommendation that the Commission issue a proposal to improve the disclosures made by mutual funds, closed-end funds, and ETFs about fund operations and portfolio holdings. This proposal could include modernizing and consolidating certain reporting forms and require more frequent reporting. If the proposal were adopted in FY 2014, IM would devote substantial resources to administer and monitor form submissions and data. IM requests three positions in FY 2014 for this initiative.

With respect to money market funds, in FY 2013 IM is continuing work started in FY 2012 to evaluate options and recommend to the Commission reforms that would be designed to further improve the regulatory regime and reduce susceptibility to runs. The proposal would build upon a staff study completed by the Division of Risk, Strategy, and Financial

Innovation in FY 2013. IM plans to consider comments on the proposed reforms and recommend action to the Commission in FY 2013 and would implement any final action in FY 2014.

Exchange Traded Funds (ETFs) have unique attributes that present different and often more challenging regulatory concerns than conventional investment companies. 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 and 2014 IM plans to devote additional resources to augment its ability to respond effectively to product innovation and potential market stresses in this area. IM requests three positions in FY 2014 for this initiative.

To respond to growth and increased product sophistication in the investment company industry IM requests three positions to expand its disclosure review program and bolster the program's technical expertise in complex areas including derivatives, hedge funds, ETFs, asset-backed arrangements, credit analysis, portfolio management, securities analysis, mutual fund trading strategies, and investment company operations. The three additional positions would return the staff-to-portfolio ratio for IM's disclosure review program to approximately its level in FY 2003.

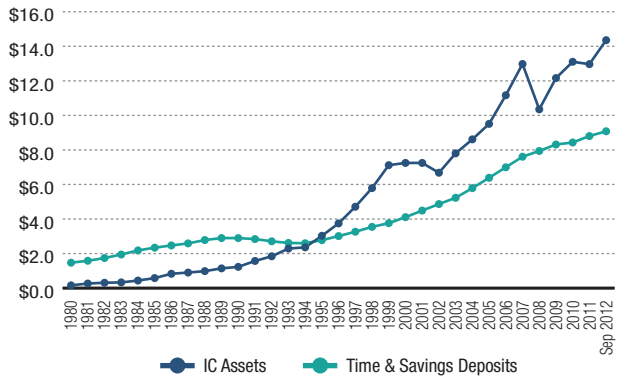
An important function of IM is communicating with staff from throughout the agency on the intricacies of investment company and investment adviser law. In addition, the IM staff focuses on making sure that regulatory activities are undertaken with an appreciation for the unique organizational constructs and business activities of mutual funds and investment advisers. IM has developed a strong liaison program with the Division of Enforcement and expects to develop a similar formalized liaison program with dedicated staff with the examination team in OCIE; the team of economists in the Division of Risk, Strategy, and Financial Innovation, the policy-making staff in the Division of Trading and Markets and the disclosure-review staff in the Division of Corporation Finance. IM requests five positions in FY 2014 for this initiative.

To accomplish IM's goals, IM requests 25 additional positions in FY 2014.

A primary function of the IM is to administer the Investment Company Act of 1940 and Investment Advisers Act of 1940 and develop regulatory policy for mutual funds and other investment companies, and for investment advisers. In order to perform this function, IM works in conjunction with the SEC's Office of Compliance Inspections and Examinations (OCIE), which conducts surveillance and on-site inspections.

COMPARISON OF INVESTMENT COMPANY ASSETS TO TIME & SAVINGS DEPOSITS

(DOLLARS IN TRILLIONS)



With $12.8 trillion in assets as of September 30, 2012, mutual funds make-up the vast majority of the products that IM oversees. The investment management industry is rapidly evolving as competitive pressures and technological change continue to spur the development of new financial products. Product innovation has grown rapidly, with increased complexity posing significant risks to investors and challenges to regulators. Today, assets of mutual funds and other investment companies ($14.4 trillion) significantly exceed the $9.1 trillion of time and savings deposits assets at commercial banks.

As U.S. households have increased their participation in the stock market, their investment vehicle of choice has been open-end management investment companies, commonly known as mutual funds. Mutual funds are the largest segment of the investment company industry, accounting for 89 percent of investment company assets. The U.S. mutual fund industry has grown dramatically over the past thirty-two years. Assets under management have grown from $94.5 billion at the end of 1979 to $12.8 trillion at September 30, 2012, a more than 100 fold increase. Over the same period, the number of mutual fund portfolios has increased from 526 to 7,664.

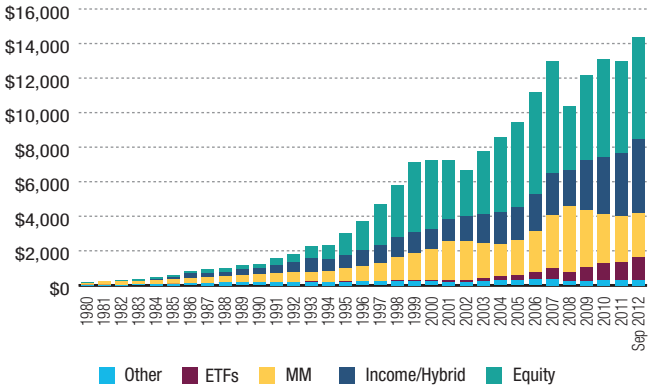
More complex investment vehicles are growing in market share as simpler ones, such as money market funds, are shrinking. ETFs — a type of exchange-traded product that must register

as investment companies — have grown rapidly in recent years and now account for approximately $1.3 trillion in assets, or approximately 11 percent of the long-term U.S. open-end investment company industry. In contrast, money market funds have been losing assets as record low short-term interest rates and the ongoing European debt crisis continue to weigh on money market fund investors.

In the wake of the 2008 financial crisis there has been a significant flow of cash into bond funds, accompanied by a lesser but significant flow of cash out of equity funds. From January 2009 to September 2012 approximately $980 billion flowed into bond mutual funds while approximately $240 billion flowed out of equity funds.

GROWTH IN ASSETS OF THE INVESTMENT COMPANY INDUSTRY DECEMBER 1980 — SEPTEMBER 2012

(DOLLARS IN BILLIONS)



Note: "Other" Investment Companies include: Unit Investment Trusts and Closed-End funds.

Over the long term, the increase in fund assets during the past three decades can be attributed to a number of factors, including the increased use of Individual Retirement Accounts and defined contribution pension plans. The value of retirement assets invested in mutual funds exceeds $5 trillion. Forty-one percent of all fund assets and 48 percent of long-term fund assets (excluding money market funds) are held in retirement accounts. The mutual fund industry now accounts for 27 percent of total retirement assets and 60 percent of 401(k) assets.

As of January 2, 2013, there are 10,754 SEC-registered investment advisers reporting approximately $49.6 trillion in regulatory assets under management. Approximately 60 percent of these advisers provide investment advice to individuals. Approximately 37 percent provide investment advice to private funds such as hedge funds, private equity funds, and venture capital funds. The population of advisers registered with the SEC shifted in 2012 with approximately 2,240 advisers that each have regulatory assets under management between $25 and $100 million switching to state registration and about 1,400 unregistered advisers to private funds becoming newly registered with the SEC. This change in the population is due to the implementation of the Dodd-Frank Act. In addition to registered investment advisers, the SEC also began receiving reports in 2012 from approximately 2,300 exempt reporting advisers — advisers whose only clients are private funds and are exempt from registration with the SEC.

Risk and Exam Office (REO)

In order to monitor the risk taking activities of investment advisers and investment companies, and to implement and carry out IM's inspection and examination program, IM has established the REO. A majority of REO staff will be located in the New York Regional Office. This reflects the New York area's prominent role in the investment management industry (New York firms account for more than 25 percent of all assets managed by registered investment advisers) and will aid in the recruitment of individuals with specialized industry experience. In FY 2014, REO will continue to expand its risk monitoring program by using financial data to measure, analyze, monitor, and report investment risks. It will also continue to expand its on-site risk monitoring program by meeting with select strategically important IAs and ICs to discuss their internal risk governance structure, risk management capabilities, and activities in the financial markets. Finally, REO will expand its examination program to include targeted and routine examinations to support the risk monitoring and policy setting objectives of IM.

Money market mutual funds represent another area of emphasis for REO. The Commission adopted reforms in the regulation of money market funds that became effective in FY 2010 and FY 2011. The reforms included a requirement for money market funds to report their portfolio holdings to the Commission on a monthly basis and an obligation to engage in stress testing. The Commission has begun more extensive supervision and surveillance of money market funds based on this data and stress testing. In FY 2013 and 2014, REO

plans to devote additional resources to expand and improve IM's monitoring and oversight of money market funds and bring on additional staff with industry and computerized data analysis expertise in this highly specialized area. A goal of this initiative is to develop deeper synergies with staff in other SEC divisions and offices that focus on money market fund issues and assist in targeted examinations that involve money market fund industry participants.

Implementing Provisions of the Dodd-Frank Act

Investment Adviser Regulation: During FY 2012, the Commission implemented rules addressing the Dodd Frank Act changes to the universe of registered investment advisers for which IM is responsible. The Dodd Frank Act changed the universe of regulated entities by increasing the statutory threshold for Commission registration by investment advisers from $25 million to $100 million of assets under management; requiring advisers to hedge funds and other private funds to register with the Commission; and requiring reporting by certain investment advisers that are exempt from registration, such as advisers to venture capital funds.

As a result of implementing the Dodd Frank Act's changes to the Advisers Act and accompanying Commission changes to investment adviser regulations, approximately 1,500 advisers to private funds registered as investment advisers with the Commission and approximately 2,400 advisers transitioned to state registration as a result of the increased assets under management requirement for eligibility for Commission registration. Now approximately 40 percent of SEC-registered investment advisers advise one or more private funds. In addition, over 2,200 investment advisers to venture capital funds or other private funds with less than $150 million in assets under management are filing limited reports with the Commission, but do so in an unregistered capacity.

In FY 2013, the Commission took the final step in implementing the Dodd-Frank Act changes to the universe of registered investment advisers by issuing an order cancelling the registrations of those advisers that are no longer eligible for registration with the Commission, but have failed to transition to state registration as required by the Dodd-Frank Act and Commission rules. In addition, IM will devote substantial resources to reviewing the rules for investment advisers in light of the significant change in composition of registered investment advisers as demonstrated by the number of advisers that now advise one or more private funds. This review may result in IM making recommendations to the Commission for the proposal and adoption of rule revisions or new rules addressing advisers to private funds in FY 2013 and 2014.

One area that IM will be particularly focused on is that of advertising by advisers to private funds as a result of prescribed changes to the rules governing advertisement of private placements, including those of hedge and other private funds, under the Securities Act that the Commission may adopt. These changes, proposed in FY 2012, are a result of enactment of the JOBS Act. Finally, in FY 2014, to assist the Commission's examination program, the staff expects to recommend that the Commission propose amendments to Form ADV (used to register Investment Advisors) to accommodate "umbrella registration" concepts that are commonly relied upon by private fund advisers.

Systemic Risk Reporting for Investment Advisers: IM administered and monitored the implementation of reporting requirements for private fund investment advisers to assist the Financial Stability Oversight Counsel (FSOC) in monitoring for potential systemic risk, another requirement of the Dodd-Frank Act. In FY 2012, the largest hedge fund and liquidity fund advisers began to file systemic risk information with the SEC. In FY 2013 most remaining registered private fund advisers will begin to file this systemic risk information. IM will devote substantial resources to administer and monitor Form PF, which requires investment advisers who manage private funds to report risk exposure statistics on a consistent basis. IM will continue 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. Systemic risk information the SEC collects will be shared on a confidential basis with FSOC.

Joint Rulemaking with Federal Banking Regulators: Together with three Federal banking regulators, the Commission proposed rules under the Bank Holding Company Act that would restrict or prohibit investment advisers affiliated with banks and similar financial institutions from having certain interests in, or relationships with, a hedge fund or private equity fund. The Commission also proposed incentive-based compensation

rules that would prohibit certain large investment advisers from providing compensation to employees, directors, or principal shareholders that is excessive, could lead to material financial loss to the adviser, or encourages such persons to take inappropriate risks. These rules, proposed in FY 2011, are Dodd-Frank Act directives. IM continues to evaluate, in conjunction with the Federal banking regulators, comments provided on these rule proposals, and plans to recommend in FY 2013 that the Commission adopt rules implementing these provisions. If the proposed rules are adopted, IM anticipates providing assistance during a transition period for affected advisers in FY 2014.

Identity Theft Red Flags: In FY 2012, the Commission and the Commodity Futures Trading Commission (CFTC) jointly proposed rules to implement a requirement under the Dodd-Frank Act that the two agencies issue and enforce identity theft red flags rules. The proposed rules would require certain entities under the SEC' jurisdiction to adopt and implement programs to detect, prevent and mitigate possible identity theft. The proposed rules would be substantially similar to rules that other federal agencies adopted in 2007 under a statutory requirement that did not apply to the SEC and CFTC until enactment of the Dodd-Frank Act. The SEC and CFTC received 24 comment letters on their 2012 rule proposal. Commenters largely supported the proposed rules, although some requested that the rules not apply to certain types of entities. In FY 2013, IM expects to recommend that the Commission adopt, jointly with the CFTC, rule amendments that are substantially similar to the rules the two agencies proposed.

NRSRO Rating Removal: In FY 2011, pursuant to a Dodd-Frank Act mandate, the Commission proposed to remove references to credit ratings from many of its rules and forms. The proposed amendments would remove credit rating references from rules 2a-7 and 5b-3 and Forms N-MFP, N-1A, N-2, and N-3 under the 1940 Act, and replace them with appropriate substitutes. The Commission received 25 comment letters on the proposal, most of which supported the general approach. In FY 2013, IM expects to make recommendations to the Commission on a final rule, thereby satisfying a Dodd-Frank Act mandate to remove credit rating references from rules under the Investment Company Act of 1940.

Money Market Fund Rulemaking

In FY 2013, IM is continuing work started in FY 2012 to evaluate options and recommend to the Commission reforms that would be designed to further improve the regulatory regime for money market funds and reduce their susceptibility to runs. The proposal would build upon a staff study completed by the Division of Risk, Strategy, and Financial Innovation in FY 2013. IM plans to consider comments on the proposed reforms and recommend action to the Commission in FY 2013 and would implement any final action in FY 2014.

Improved Reporting of Information about Fund Operations and Portfolio Holdings

In FY 2013, the staff may recommend that the Commission issue a proposal to improve the disclosures made by mutual funds, closed-end funds, and ETFs about fund operations and portfolio holdings. This proposal could include modernizing and consolidating certain reporting forms and require more frequent reporting. If the proposal were adopted in FY 2014, IM would devote substantial resources to administer and monitor form submissions and data.

Other Rulemaking

In FY 2014, IM anticipates that additional staff time will be devoted to pursuing the following additional rulemaking initiatives.

Variable Annuity Summary Prospectus: In FY 2013, IM expects to recommend that the Commission propose rules designed to provide variable annuity investors with more user-friendly disclosure and to improve the delivery of information about variable annuities through increased use of the internet and other electronic means of delivery. In FY 2014, IM expects to analyze comments submitted on the proposed rules and consider whether to recommend that the Commission adopt rules to improve disclosure to variable annuity investors.

Other rulemaking and interpretive guidance: IM expects to recommend that the Commission propose or adopt in FY 2014 a number of rules designed to increase investor protections and promote capital formation. For example, with respect to exchange traded funds ("ETFs"), in FY 2013 IM may recommend that the Commission request further comment on a FY 2008 proposal that would allow certain funds organized as

ETFs to operate without obtaining an exemptive order, and that would allow other funds to purchase ETF shares in amounts greater than the limits of "fund of funds" provisions. After the Commission receives further comment, IM may recommend that the Commission adopt or re-propose the proposed ETF rules, with modifications based on the comments received In addition, in FY 2013 IM expects to recommend that the Commission propose for comment interpretive guidance regarding the valuation of securities and other assets held by investment companies. In FY 2014, IM may evaluate whether to recommend that the Commission propose rules that may arise out of the Commission's consideration of the Staff Study in response to Section 913 of the Dodd-Frank Act that evaluated the duty of care and harmonization between broker-dealers and investment advisers in regards to the provision of personalized financial advice to retail customers.

Derivatives and Mortgage Related Pools

In FY 2013, IM plans to continue to analyze comments received on the 2011 derivatives concept release to assess the viability of various proposals and approaches suggested by the commenters and identify any issues that may benefit from further opportunity for public comment. The staff then expects in FY 2013 and 2014 to make recommendations to the Commission for the proposal and adoption of rule revisions or new rules that would address a number of issues related to investment company use of derivatives, including valuation and custody.

With respect to mortgage-related pools, in FY 2013 IM plans to continue analyzing comments received on the 2011 concept release to assess the viability of various proposals and approaches suggested by the commenters and identify any issues that may benefit from further opportunity for public comment. IM will then determine whether to recommend to the Commission that modifications or additions to existing rules, regulations or guidance relating to the status of mortgage-related pools under the Investment Company Act of 1940 may be necessary or appropriate.

Exchange Traded Funds

Exchange Traded Funds (ETFs) have unique attributes that present different and often more challenging regulatory concerns than conventional investment companies. 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 and 2014 IM plans to devote additional resources to augment its ability to respond effectively to product innovation and potential market stresses in this area. Under this initiative, individuals with specialized industry or legal expertise would assist in evaluating novel and complex ETF products, structures, trading mechanisms, and index replication methodologies. These individuals would also obtain and interpret information obtained via dialogue with portfolio managers, authorized participants, index arbitrage traders, operations managers, personnel involved in physical and synthetic index replication, and other technical experts. In addition, the individuals would review selected ETF disclosure documents, and assist in targeted examinations that involve ETF industry participants.

Disclosure: In FY 2013 and FY 2014, the staff will review most new portfolios of open-end and closed-end funds, all new insurance contracts, and most portfolios of new unit investment trusts (UITs). The staff also will examine almost all post-effective amendments that contain material changes in disclosure or in fund operations and almost all preliminary proxy statements. Additionally, the staff will continue to fulfill its requirement under the Sarbanes-Oxley Act of 2002 to review investment company issuer filings at least once during a three-year period.

In the past 10 years, the number of portfolios of mutual funds, ETFs, and closed-end funds has increased by 15 percent and, assets under management increased by 96 percent, while the number of staff that review disclosure filings has increased by only 9percent. Perhaps more significantly, the period featured a quantum increase in the complexity of investment company portfolio strategies (e.g., absolute return, portable alpha, complex derivative strategies) and product design (e.g., hedge funds-of-funds, inverse and leveraged ETFs, ETFs with portfolio holdings based on indices of market volatility).

Interpretive Advice: IM provides formal and informal legal guidance in the form of interpretive and no-action letters, interpretive releases, memoranda, and other letters and materials. In FY 2012, the staff closed 1,074 matters involving formal and informal legal guidance. In FY 2013, the staff will continue to devote time to Dodd-Frank Act and JOBS Act rulemaking and reports and expects, in FY 2013 and FY 2014, a subsequent increase in formal and informal legal guidance matters arising out of the rulemakings implemented pursuant

to these Acts. Under this scenario, the staff estimates closing 1,100 matters involving formal and informal legal guidance in FY 2013 and 1,120 matters in FY 2014.

IM's Office of Enforcement Liaison (OEL) reviews enforcement matters concerning investment companies and investment advisers. Among other things, the staff helps to ensure that the enforcement recommendations are consistent with the law and IM's policy goals. OEL also has extensive contact with other divisions and offices, especially the SEC's regional offices and examination staff.

In FY 2012, IM reviewed 527 enforcement-related matters and 438 Form ADV referrals involving disciplinary disclosures or NRSI (name search) matches. The staff expects the number of enforcement matters to remain steady, and the number of ADV referrals to decrease (after having temporarily spiked in FY 2012 as new firms registered under rules implementing Dodd-Frank). IM estimates total matters to be around 850 matters in FY 2013. In FY 2014, as smaller adviser firms continue to migrate to state registration, the staff expects the number of ADV referrals to continue to decrease (perhaps to a total of 200) through 2014.

Improved Coordination with other SEC Divisions and Offices

An important function of IM is communicating with staff from throughout SEC on the intricacies of investment company and investment adviser law. In addition, the IM staff focuses on making sure that regulatory activities are undertaken with an appreciation for the unique organizational constructs and business activities of mutual funds and investment advisers. IM has developed a strong liaison program with the Division of Enforcement and expects to develop a similar formalized liaison program with dedicated staff with the examination team in OCIE; the team of economists in the Division of Risk, Strategy, and Financial Innovation, the policy-making staff in the Division of Trading and Markets and the disclosure-review staff in the Division of Corporation Finance.

Exemptive Relief: IM reviews applications from investment companies and others that request exemptions from various provisions of the Investment Company Act or the Investment Advisers Act. The ability to grant exemptive relief permits the evolution of financial products and services that would be otherwise prohibited, while assuring that appropriate investor protections are in place. In FY 2012, the staff closed 231 requests for exemptive relief. The number of closed applications was generally the same as the number in FY 2011. In FY 2013 and 2014, the staff intends to continue its efforts to provide exemptive relief to mutual funds and other investment management participants in a timely and efficient manner, consistent with the goal of investor protection. Among other types of applications, the staff expects that it will continue to receive a significant number of applications to permit index-based and transparent actively managed ETFs, manager of manager arrangements and funds of funds arrangements. IM also receives applications by investment companies to deregister under the Investment Company Act. Deregistration applications normally take less time to complete than other types of applications. Based on current workload and given that the number of filings of new deregistration applications appears to be increasing, the staff estimates it will close approximately 299 exemptive applications in FY 2013.

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Industry Statistics[1]			
Investment Companies:			
Number	4,196	4,198	4,000
Portfolios and Insurance Contracts	18,513	18,779	18,965
Complexes	827	832	830
Assets ($ trillions)	12.3	14.4	14.9
Investment Advisers:[2]			
Number	11,698	11,002	10,900
Assets under Management ($ trillions)	43.4	49.5	50.0
Disclosure			
Investment Company Filings:			
New Portfolios and Insurance Contracts Filed on Registration Statements	3,030	3,047	3,192
New Portfolio Disclosures and Insurance Contracts Reviewed	2,045	2,087	2,192
Existing Portfolios and Insurance Contracts Filed on Post-Effective Amendments[3,4,5]	31,060	30,279	31,787
Existing Portfolio Disclosures and Insurance Contracts Reviewed[4]	4,686	5,249	5,501
Portfolios and Insurance Contracts Filed on Proxy Statements	998	1,084	1,149
Portfolios and Insurance Contracts Filed on Proxy Statements Reviewed	973	1,034	1,095
Annual and Periodic Reports Filed	12,240	13,517	13,721
Annual and Periodic Reports Partially Reviewed	4,686	4,469	4,537
Total Filings	47,328	47,927	49,849
Total Filings Reviewed	12,390	12,839	13,325
Percent Reviewed	26%	27%	27%
FTE	**64**	**66**	**67**
Interpretive Advice			
Formal and Informal Requests for Guidance	1,074	1,097	1,121
Enforcement-Related Matters Reviewed	965	1,000	1,100
FTE	**39**	**40**	**42**
Rulemaking and Adviser Regulation			
FTE	**19**	**30**	**33**
Exemptive Relief			
Exemptive Relief Requests Concluded	231	299	300
FTE	**31**	**31**	**33**
Risk and Examinations[5]			
FTE	**0**	**5**	**9**
Total FTE	**153**	**172**	**184**

[1] *Industry statistics are reported as of the beginning of the fiscal year while workload indicators are reported as of the end of the fiscal year.*

[2] *The decrease in the number of SEC-registered advisers between FY 2012 and FY 2013 reflects a decrease by approximately 2,100 as a result of the Dodd Frank Act (Act) raising the statutory threshold for registration, an increase by approximately 1,500 as a result of new registrations by private fund advisers required by the Act, and growth in the number of advisers that was unrelated to Dodd Frank Act changes.*

[3] *Included in post-effective amendments are open-end, closed-end, and unit investment trust portfolios.*

[4] *With respect to post-effective amendments, historically, over 90 percent of open-end and closed-end portfolios that contain material changes in disclosure or in fund operations are reviewed. Amendments to Unit Investment Trust (UIT) portfolios, because of their repetitive nature, generally are not reviewed.*

[5] *IM will develop workload metrics for this activity in the future and is in the process of beginning to staff this new function.*

Division of Risk, Strategy and Financial Innovation

(DOLLARS IN THOUSANDS)	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters	**56**	**90**	**100**
Cost: Salaries and Benefits	$ 13,753	$ 20,000	$ 26,428
Non-Personnel Expenses	5,330	13,536	17,925
Total	**$ 19,083**	**$ 33,536**	**$ 44,353**

FY 2014 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	44	5	7

The Division of Risk, Strategy and Financial Innovation (RSFI) has seven offices that collectively integrate sophisticated analysis from the economic, financial, and legal disciplines with data analytics and quantitative methodologies. RSFI provides economic analyses of proposed Commission actions and expertise in analytical approaches and methods in support of the agency's enforcement and examination programs. RFSI's expertise supports a wide-spectrum of SEC activities including policymaking, rulemaking, enforcement, examination, and data standards and analytics. RSFI also identifies developing risks and trends in the financial markets and engages in long-range planning and training to address such developments. Other RSFI responsibilities include:

- Contributing to the rulemaking process by providing the Commission and staff with high level analysis and advice based on a practical understanding of the markets, and detailed, data-driven analyses;
- Conducting 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;
- Working with the Office of Compliance Inspections and Examinations (OCIE) on developing new models, methods, and tools in support of a risk-based inspections program, designed to help allocate resources effectively in review and examination of regulated entities;
- Providing analyses to the Commission and the Division of Enforcement in support of the enforcement program, including determinations of ill-gotten gains, considerations of penalties and disgorgement, and support of investigations, negotiated settlements, and any resulting distributions;
- Developing data and analyses for the specialty units in the Division of Enforcement to assist in the detection of instances of market abuse and other violations;
- Creating a framework for the analysis of public and private financial data to proactively track market trends, new products and new product reviews, and innovative financial practices;
- Identifying, evaluating, recommending, and providing management and expertise for technologies, data standards, and methods by which IM RSFI and SEC staff can collect, manage, and use data, including that of interactive data technologies, as well as provide expertise in analytical and quantitative research and support;

- Building relationships with a broad range of external financial experts, both in academia and the private sector—through vehicles such as sponsoring academic seminars and outside talks—in order to ensure the staff remain current on new market developments and the latest in financial research; and
- Sharing knowledge through the development and publication of a white paper series, which focuses on matters of significance to the SEC.

In FY 2014, RSFI requests 45 new positions. The additional staff will support on-going operations and initiatives related to risk and economic analysis, strategic research, financial innovation, and development of data analytics and quantitative methodologies.

The FY 2014 staffing enhancement directly supports the RSFI's expanded mandate for studies, evaluations, and rulemakings legislated by the Dodd-Frank and the Jumpstart Our Business Startups (JOBS) Act. RSFI will continue to monitor market developments, conduct outreach to market participants, and enhance risk-based methods for maximizing resources throughout the SEC. For example, RSFI will support efforts related to the development of policies, data standards, and analytics associated with over-the-counter (OTC) derivatives, OTC derivative markets and participants, and clearance and settlement. In addition, RSFI continues to see an increase in the volume of Self-Regulatory Organization (SRO) rules that require RSFI review. RSFI has significant responsibilities related to establishing methodologies and systems for conducting research and quantitative analysis on the data required under Dodd-Frank such as Form PF and Over-the-Counter (OTC) derivatives — some of which has yet to officially come on line.

Due to various factors, including volume and complexity of the rulemakings stemming from the Dodd Frank Act implementation and the new JOBS Act, many of the actions stemming from the legislation will continue into FY 2013, FY 2014, and beyond. For example, reviews of Commission and SRO rules are expected to increase from 110 in FY 2013 to 115 in FY 2014 and regulatory flexibility analyses are expected to increase from 65 in FY 2013 to 75 in FY 2014. Likewise, RSFI's monitoring of interactive data compliance is anticipated to increase from 10,500 documents in FY 2013 to 11,200 in FY 2014 and the interactive data programs the RSFI supports is growing from one in FY 2013 to two in FY 2014. The level of workload complexity, particularly after the implementation of the new guidance on economics in rulemaking, is expected to increase during FY 2013 and FY 2014.

The request of 45 additional positions would allow the RSFI 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 would provide economic and statistical analyses that identifies potential violations and supports the prosecution of violations in conjunction with the Division of Enforcement, and will provide support for the interactive data program and expanding the risk assessment program. Additionally, as a part of its ongoing responsibilities as business system owner of the TCR system, RSFI will continue to monitor TCR submissions and provide analytic reports to the TCR Executive Steering Committee. Also during FY 2014, the RSFI will finalize its retrospective analyses of existing rules under Executive Order 13579, "Regulation and Independent Regulatory Agencies."

Economic Analysis: RSFI serves as the chief adviser to the Commission and SEC staff on all economic issues associated with the SEC's activities. In fulfilling this requirement, RSFI seeks to (1) produce high-quality analyses that address the economic issues associated with the regulation of the financial markets and enforcement of Federal securities laws, and (2) convey that knowledge clearly and responsibly to those making policy decisions. Analyses conducted by RSFI typically involve collecting and analyzing market data, monitoring pertinent academic literature, conducting follow-up studies, or other methods. Also, RSFI frequently responds to Congressional inquiries, serving as technical experts for proposed legislation.

RSFI expects its contribution to agency rulemakings, regulatory flexibility analyses, and advice functions to remain at a high level in FY 2013 and FY 2014. The staff will continue to provide analyses for much of the initiatives required under the Dodd-Frank Act, including regulation of hedge fund managers and OTC derivatives, such as credit default swaps; standards of conduct and regulatory requirements for broker-dealers and investment advisers; and corporate governance matters, such as executive compensation. In addition, rulemakings and ongoing review of the JOBS Act is likely to consume significant amounts of time.

In FY 2014, RSFI will continue to provide analytical support to the Division of Enforcement. Economic analyses helps

to identify potential wrongdoing and provides evidence of violations including Ponzi schemes and manipulative trading. RSFI will continue to help quantify ill-gotten gains and harm to investors in securities fraud, insider trading matters, and violations of the Foreign Corrupt Practices Act. RSFI also will support the structuring distribution plans under the Fair Funds provision of the Sarbanes-Oxley Act of 2002.

Risk Analysis and Financial Innovation: RSFI will continue working with staff throughout the SEC on developing analytical approaches and tools to help inform policy, monitoring, and surveillance decisions. These efforts include continued responsibility as the business owner of the SEC's TCR system. In this capacity, the RSFI will support system governance, conduct the quality assurance and process management programs, conduct proactive primary research, facilitate cross-SEC research and information sharing, and assist with the implementation of additional research and analysis techniques, tools, and data sources.

The Division will continue collaborating with OCIE and Enforcement to enhance analysis of data for risk-targeting of firms and issues for inquiries, investigations, and examinations. Such projects involve identifying key data points that would improve monitoring, surveillance, and risk-targeting. As part of these efforts, RSFI will continue to support and refine a platform for delivery of analytics to staff in the field. This will help examination staff determine which firms or practices may require greater scrutiny. New initiatives such as an Accounting Quality Model, which is designed to provide a set of quantitative analytics used across the SEC to assess the degree to which registrants' financial statements appear abnormal, and text analytics require additional staff and infrastructure to implement. With the recent expansion of oversight to firms such as municipal advisors, such risk-based approaches will become even more important to the SEC's ability to maximize its examination resources.

Additionally, recent rules adopted by the SEC and mandated by the Dodd-Frank Act require certain private fund advisers to register with the SEC, which is creating additional demand for the Division's resources. RSFI will be integrating this new data into existing analytics to provide an in-depth analysis of private funds.

RSFI will continue to support the SEC as it expands the amount and type of data filed in structured, electronic formats, through the interactive data initiatives currently underway. Support includes providing economic rationale for the type of data and forms that would benefit most from conversion to electronic formats, as well as expertise in the processing of the structured data.

Strategic Research: RSFI's activities include regular outreach to market participants (regulated and unregulated) to identify entities, persons, practices, or products in the financial markets that pose risk to markets and investors.

A priority of RSFI is to identify and hire leading experts in financial markets, including those with direct or scholarly experience with hedge funds, structured products, and risk management in order to bring more industry expertise into the SEC. RSFI aims to expand its staff so as to broaden the in-depth industry knowledge in the Division and the SEC generally. RSFI also intends to continually increase Division and SEC staff expertise and market knowledge of emerging functional areas. RSFI will focus in FY 2014 on staff development efforts related to hedge funds, credit markets, OTC derivative markets, securitization, municipal bond markets, new product development, and other areas.

Information Technology Analytics, Investments, and Initiatives: With growing staff and an increased workload demand, RSFI anticipates a significant increase in the need for scalable analytical support as well as IT resources to sustain the on-going implementation of the Dodd-Frank Act, as well as the everyday responsibilities of economic and risk analysis, strategic research, and financial innovation.

Recognizing that RSFI must be better positioned to research, analyze, and identify risks in a plethora of market and regulatory data, in FY 2013, RSFI will initiate Phase I of the Quantitative Research and Analytical Data Support (QRADS) Program. This program will enable RSFI to enhance the capabilities provided by the Office of Quantitative Research (OQR) in terms of analyses, tools, and associated data support to RSFI and other OQR customers, increase OQR's capacity to provide quantitative reports and analytical solutions based on methods and models developed by RSFI financial economists, and enable more effective and rapid turn-around of high quality data sets for analytical purposes. In FY 2014, RSFI plans to significantly expand the QRADS program to bolster its capacity to manage the analytical workload and enhance RSFI's responsiveness to data analytics throughout the agency. In particular, with the expected implementation of the Consolidated Audit Trail

(CAT) requirements during FY 2014, RSFI anticipates being able to fully leverage the Quantitative Research Analytical Data Support (QRADS) program as a key tool to enable CAT resources to efficiently access and analyze data for use across the SEC.

RSFI anticipates potential work to evaluate high-frequency trading algorithms, for purposes of determining if such algorithms may be used to manipulate markets or otherwise harm investors. The evaluation of sophisticated trading strategies and algorithms continues to grow in importance for enforcement, compliance, and policymaking, making it important to make progress in key program areas and develop further expertise in the area.

RSFI also will coordinate with the Office of Information Technology to request resources sufficient to invest in an additional server for data support. The impact of the Dodd-Frank Act and JOBS Act legislation has significantly increased the need for both rulemaking support and analysis of market data and data from market participants. The collection, integration, manipulation, and analysis of these large datasets will require significant new data repository capacity, as well as more powerful analytics and reporting tools. The investment in an additional server will enable RSFI to have dedicated infrastructure to ensure long-term data support and integrity.

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Reviews of Commission and SRO Rules	89	110	115
Regulatory Flexibility Analyses	39	65	75
Advice on Regulatory, Enforcement, and Risk Assessment Issues	2,431	2,700	2,700
Interactive Data Compliance Monitoring[1]	10,500	10,500	11,200
Interactive Data Programs Supported[2]	10	10	11
Total FTE	**56**	**90**	**100**

[1] *A program where a population of filings containing interactive data, which are subjected to a risk-based analytical review process to check for compliance with Commission rules and identify outliers for follow-up. The workload data represents the population of filings subject to these procedures.*

[2] *The number of programs or data sets that are subject to a current or pending Commission requirement to be provided in interactive data format. The staff supports these programs in a number of ways including: taxonomy development and maintenance, technology infrastructure development, rule writing support, implementation guidance, and technical support.*

Office of the General Counsel

(DOLLARS IN THOUSANDS)		FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE:	Headquarters	121	134	142
	Regions	11	11	11
	Total	**132**	**145**	**153**
Cost:	Salaries and Benefits	$ 29,596	$ 32,316	$ 35,914
	Non-Personnel Expenses	11,326	11,968	14,579
	Total	**$ 40,922**	**$ 44,284**	**$ 50,493**

FY 2014 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
96	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 2014, 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.

OGC is requesting seven additional positions in FY 2014 to address expanding requirements and additional workload generated by increasing staffing levels across the agency.

As the SEC continues to focus on the financial crisis and its impact on the securities markets and investor confidence, OGC will play a critical role in reinvigorating SEC enforcement and undertaking regulatory initiatives. OGC plans to continue work on initiatives to reform the existing regulatory structure for the securities markets and the financial services industry. The emphasis on strengthening the framework for financial regulation will continue to involve a high level of regulatory activity, which will directly involve OGC staff. In addition, the ongoing need to provide high volumes of documents and information in response to congressional requests continue to pose challenges for existing staff, as they work to provide legal review and analysis of the documents in a timely and responsive manner. Together, these priorities will present numerous complex and important legal and policy issues, and OGC anticipates an increase in workload in FY 2014 compared to prior fiscal years.

For these and the other reasons cited below, OGC requests a total of seven additional positions for FY 2013.

Litigation Cases and Adjudicatory Matters: The SEC's focus on reinvigorating enforcement will result in an increasing number of appeals and actions filed against the SEC. OGC will continue to manage the agency's appellate litigation, including appeals related to complex enforcement and any challenges to new rulemakings. OGC staff will represent the Commission in actions pending in courts of appeals and, working in conjunction with the Solicitor General of the United States, before the Supreme Court. In FY 2014, the staff expects to open about 480 cases, an increase of four percent compared to FY 2012.

The increase in the size of the enforcement staff within OGC is also expected to generate a high number of enforcement matters that will reach adjudication as appeals. The reorganization of the enforcement program, including the introduction of specialized investigatory groups, is also expected to result in cases that raise issues of increasing novelty, sophistication, breadth and depth. OGC already has experienced an increase in the complexity of the issues appealed and anticipates that the trend will continue.

The Adjudication group will also continue to be involved in the implementation of the Commission's new electronic filing system for adjudicatory matters. Moreover, due to the demands on OGC of addressing the increased size of the agency's enforcement program and the various demands of the revitalization of the agency and requirements of the Dodd-Frank Act, staff members of Adjudication are providing assistance to other OGC groups. OGC anticipates that Adjudication will continue to be asked to provide similar assistance to Commission staff in FY 2014 and address an estimated 45 new adjudicatory matters in FY 2014.

The office requests one additional position to handle litigation and adjudicatory matters.

Legislative Activity and Technical Assistance: In FY 2013 and 2014, efforts to strengthen the framework for financial regulation likely will involve continued legislative activity. During FY 2012, the high level of congressional interest in the SEC's mission, organization, and activities resulted in the need to provide large volumes of documents in response to specific congressional inquiries. OGC expects the need to provide ongoing technical assistance to Congress and other financial regulatory agencies on numerous legislative initiatives and other matters will continue at a high level through FY 2014. OGC expects in FY 2014 to provide technical assistance or analysis on approximately 360 legislative proposals, below the FY 2012 level.

The OGC also expects to prepare or review written testimony for approximately 30 congressional hearings, an increase over the FY 2012 level, and to prepare or review about 180 responses to congressional correspondence. Currently, OGC has a staff of temporary employees providing legal review, analysis, and document management to handle Congressional requests for high volume productions. Congressional and public interest in the Commission is expected to remain high and OGC is requesting one additional permanent staff dedicated to handling the increasing demand for documents and legal review.

Advisory Services: OGC anticipates that the SEC's increased focus on its enforcement program will result in a corresponding increase in the number and time sensitivity of enforcement actions analyzed by OGC staff. Specifically, OGC expects that the number of enforcement actions it analyzes will increase to about 2,550 in FY 2014, an increase of approximately 18 percent over the FY 2012 level. Streamlined enforcement procedures will emphasize the need for faster review of those actions. As a result, OGC faces the challenge of advising the Division of Enforcement and the Commission on the legal and policy implications of a larger number of enforcement actions in a shorter time frame. To better support OGC's advisory services, the office is requesting two additional positions to reflect the SEC's emphasis and focus on its enforcement program.

In FY 2014, OGC also expects to advise the divisions and offices on a continued high number of rulemaking initiatives, including rules designed to improve transparency and investor protection, combat abusive short selling, enhance the regulation of credit rating agencies, strengthen shareholder rights, and improve money market and mutual fund regulation. The office expects to advise on approximately 610 rulemaking and other projects involving a substantial number of complex and novel legal and policy issues. OGC is requesting one additional position to advise on rulemaking initiatives.

In FY 2014, OGC anticipates a continued increase in the number of investigations and actions resulting from the high volume of enforcement cases against attorneys who may have engaged in unethical or improper conduct. This number also will be affected by the increased scrutiny of

whistleblower complaints from agency attorneys and outside counsel, as provided for by the Sarbanes-Oxley Act of 2002. OGC is requesting one additional position to handle these investigations.

The SEC anticipates that the requested increase in its workforce, combined with reorganization initiatives and changes in the agency's performance management system, will increase the number of personnel issues for OGC to address from 168 in FY 2011 to an estimated 190 in FY 2014, an increase of 13 percent.

The renegotiations of the collective bargaining agreement with the National Treasury Employees Union are scheduled to continue in FY 2013. This effort will generate numerous issues for OGC to address in FY 2014. Additionally, based on the increased attention that the SEC is receiving from both the media and general public, the SEC anticipates an increase in Freedom of Information Act requests in both FY 2013 and FY 2014. OGC expects to receive 350 appeals in FY 2013. OGC is requesting one additional position to handle labor and FOIA matters.

Corporate Reorganization: The SEC has statutory authority to participate in Chapter 11 bankruptcy cases and acts as statutory advisor to the courts to protect the interests of public investors. OGC will continue to provide overall supervision for the bankruptcy program, which is conducted by staff in headquarters and four regional offices. The number of complex, high-profile bankruptcy cases has significantly challenged the OGC staff to provide advice to the courts to protect a wide range of interests for public investors. OGC expects the number of Chapter 11 court petitions addressed by the staff in FY 2013 and FY 2014 to remain at a steady level. The number of disclosure statement reviews and comments by staff members is expected to remain near current levels for FY 2012 and FY 2013.

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
General Counsel			
Litigation Cases:			
Pending Beginning of Year	172	176	178
Opened	461	469	480
Closed	457	467	475
Pending End of Year	176	178	183
Adjudicatory Matters:			
Pending Beginning of Year	26	34	35
Received	45	45	45
Completed	37	44	48
Pending End of Year	34	35	32
Legislation:			
Testimony	20	31	30
Correspondence with Congress and Others	205	178	180
Legislative Analysis and Technical Assistance	419	361	360
Other	254	110	110

(continued on next page)

WORKLOAD DATA *(continued)*

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Advisory Services:			
SEC Statutes			
Analysis of Enforcement Memoranda	2,115	2,455	2,550
Review of Rulemaking and Other Projects	408	613	610
Review of Articles and Speeches	298	357	360
Non-SEC Statutes			
FOIA—Internal Appeals	322	344	350
Personnel Matters	168	187	190
Procurement Matters	251	282	280
Labor Matters	161	188	190
Attorney Misconduct Investigations	113	129	135
Other (Subpoenas)	191	197	200
Corporate Reorganization:			
Petitions Involving Public Investor Interest	58	63	65
Chapter 11 Cases: Appearances			
Filed	27	29	30
Closed	22	21	20
Chapter 11 Cases: Monitored			
Filed	26	34	35
Closed	23	30	30
Disclosure Statement Reviews	161	172	175
Disclosure Statements Commented On	119	122	125
Total FTE	**132**	**145**	**153**

Other Program Offices

(DOLLARS IN THOUSANDS)	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters			
Office of Chief Accountant	45	45	46
Office of Investor Education and Advocacy	45	45	50
Office of International Affairs	36	41	46
Office of Administrative Law Judges	8	11	11
Office of the Investor Advocate	0	3	3
Office of Credit Ratings	14	28	29
Office of Municipal Securities	0	5	5
Total	**148**	**178**	**190**
Cost: Salaries and Benefits	$ 31,218	$ 37,296	$ 43,070
Non-Personnel Expenses	13,048	15,527	19,070
Total	**$ 44,266**	**$ 52,823**	**$ 62,140**

This section of the SEC's request includes descriptions of 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 report allegations of investment fraud or the mishandling of their investments by securities professionals to the SEC; 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

	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters	**45**	**45**	**46**

FY 2014 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	20	14	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 the International Accounting Standards Board (IASB), and auditor oversight and standard-setting by the Public Company Accounting Oversight Board (PCAOB).

The FY 2014 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. OCA is requesting four additional positions in FY 2014.

Globally-Accepted Accounting Standards: The Commission has engaged in significant efforts to facilitate the development of a single set of high-quality, globally accepted accounting standards.

In FY 2013, these efforts will reach a critical stage when OCA completes a work plan evaluating the specific areas and factors relevant to the Commission's consideration of whether and how to further incorporate International Financial Reporting Standards (IFRS) into the financial reporting system for U.S. issuers.

OCA anticipates that in calendar year 2013, following successful completion of the work plan and the FASB-IASB convergence projects according to their current work plan, the Commission will be in a position to determine whether and how to incorporate IFRS into the U.S. financial reporting system for U.S. issuers. OCA also will evaluate the time needed, if the Commission were to determine further action, to effectively incorporate IFRS.

OCA plans to use two of the additional positions requested to address the increase in oversight responsibilities related to the FASB (in regard to U.S. GAAP) and IASB (in regard to IFRS).

Improving the Performance of Public Company Auditors: In FY 2014, OCA plans to use two additional positions requested to effectively oversee the PCAOB as it implements its expanded authority over auditors of broker-dealers, continues to regulate the accounting profession, and seeks to improve audit quality. The Sarbanes-Oxley Act of 2002 requires the PCAOB to inspect large audit firms every year and smaller firms every three years. OCA foresees an increase in the number of appeals to the Commission or requests for SEC reviews of the PCAOB's report findings under Rule 140 or Regulation P.

OCA will continue to support the Commission in reviewing PCAOB inspection findings and appeals, evaluating new PCAOB auditing standards and interpretations, including those related to the implementation of PCAOB authority over auditors of broker-dealers, and overseeing other PCAOB matters. In addition to these areas of focus, OCA, with the assistance from staff from the Office of Compliance Inspections and Examinations, also plans to conduct an inspection of a certain PCAOB program area in FY 2013.

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Rulemaking Initiatives	30	60	50
U.S. Standard-Setting Projects/Issues Monitored	62	60	65
Issues Referred to Private Sector			
International:			
Consultations with Foreign Regulators on Accounting Interpretations/Compliance	25	25	25
IASB Standards/Interpretations Monitored	88	85	90
International Auditing and Independence Standards Monitored	9	8	8
SEC and IOSCO Rulemaking/Policy/Other Statements Issued	3	3	3
Registrant Contacts:			
Written Correspondence/Resolution of Accounting Issues	150	160	170
Consultation on Potential Enforcement Investigations	350	350	350
102 (e) Reinstatement Applications Processed	17	17	17
Member appointments to PCAOB, Financial Accounting Foundation, and FASB	7	7	7
Quality Reviews of Accounting Firms			
Conducted by PCAOB Subject to SEC Oversight	300	335	350
Rules Adopted by PCAOB and Approved by SEC	6	6	6
Auditing Standards/Interpretations Issued by PCAOB and Approved by SEC	6	6	5
Independence Inquiries	275	350	350
Inspection of PCAOB programs	0	1	1
Public Awareness, Outreach and Market Research Initiatives	50	50	50
Total FTE	**45**	**45**	**46**

Office of Investor Education and Advocacy

	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters	**45**	**45**	**50**

FY 2014 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	38	4

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 2014, OIEA plans to initiate investor education campaigns on key strategies for making informed investment decisions, including publicizing online resources for researching investment professionals and investments, understanding fees, and identifying fraud. OIEA also plans to continue conducting research on investment decision-making behavior, which will help inform OIEA's investor education programs and the Commission's rulemaking agenda. Additionally, OIEA aims to shorten response times for investor contacts and improve quality assurance. OIEA requests five additional positions in FY 2014 to continue OIEA's research initiatives, maintain its outreach to individual investors, and assist with other priorities such as supporting the SEC's Investor Advisory Committee.

Current regulatory developments highlight the need to publicize educational resources that individual investors can use to make prudent investment decisions. OIEA has been an agency leader in conducting focus groups and investor surveys and has recently conducted research focused on investor disclosures and financial literacy, pursuant to the requirements of the Dodd-Frank Act. The FY 2014 budget request would provide resources to continue OIEA's research initiatives, maintain its outreach to individual investors, and assist with other priorities such as supporting the SEC's Investor Advisory Committee.

Investor Assistance: In today's increasingly complex capital markets, the handling of investor questions and complaints is critically important. OIEA seeks to provide timely and accurately responses to all investor assistance matters.

Investor Education: OIEA plans to raise awareness about the SEC's online educational resources, including Investor.gov, and implement other investor education programs focused on helping individuals research investments and investment professionals, understand fees, and detect fraud. To maximize its reach, the OIEA plans to use social media technologies and partner with the SEC's regional offices, other Federal and state agencies, financial industry associations, consumer groups, and educational organizations on investor education programs.

Throughout FY 2013 and into FY 2014, OIEA will work to update its publications, including Spanish language materials, and expand its offering of resources for target populations, such as older investors and members of the military and their families. In FY 2014, OIEA plans to distribute approximately 330,000 publications, attract 6.5 million visits to OIEA web pages, and sponsor and participate in events that reach approximately 20,000 investors.

Legal and Policy: OIEA will continue to issue investor alerts on new and emerging types of fraud and investor bulletins on investment products and other salient investing topics, such as new Commission rules. To reach more investors, OIEA plans to issue many of these education materials jointly by partnering with FINRA and Federal and state agencies.

Through focus groups and investor surveys, OIEA will seek additional information regarding the behavior of individual investors and the types of information they need and use when making investment decisions. Some of OIEA's research will focus on the usefulness of OIEA's investor educational programs and materials.

Additionally, OIEA plans to continue to encourage investor participation and comments on issues materially affecting individual investors through a variety of methods, including supporting the development of the Investor Advisory Committee and the Office of the Investor Advocate.

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Investor Assistance			
Total Investor Assistance Matters Closed[1]	29,291	35,000	40,000
Percentage of Investor Assistance Matters Closed Within:			
Seven Days	54%	50%	55%
30 Days	90%	90%	90%
FTE	35	35	38
Investor Education			
Publications Distributed	444,198	330,000	330,000
Visits to OIEA Web Pages	4,489,975	5,500,000	6,500,000
Investors Reached Through Public Appearances	34,653	20,000	20,000
Direct Mailing Campaign	11,000,000	9,000,000	8,000,000
FTE	7	6	9
Legal and Policy[2]			
Number of Investor Alerts and Bulletins Issued[3]	24	26	26
Number of Research Initiatives on SEC Disclosure Documents[4]	4	2	2
Investor Policy Initiatives	4	2	2
Support for Divisions' Initiatives	2	5	5
FTE	4	4	6
Total FTE	**45**	**45**	**50**

1 *Includes files relating to complaints, questions, and other contacts received from investors.*

2 *This function has been redesignated "Legal and Policy" instead of "Policy" to more accurately reflect the range of activities conducted by OIEA.*

3 *On behalf of the agency, OIEA issues investor alerts and bulletins to inform investors about new or emerging types of fraud.*

4 *OIEA has been an agency leader in conducting focus groups and investor surveys. This workload item has been added to measure OIEA's efforts in seeking additional information regarding the types of information investors need and use when making investment decisions.*

Office of International Affairs

	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters	**36**	**41**	**46**

FY 2014 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
26	15	4	1

The Office of International Affairs (OIA) advances cross-border enforcement and supervisory cooperation, develops and implements strategies for Commission engagement in bilateral and multilateral settings to advance SEC policy interests in the regulation and oversight of cross border securities activities, advises the Commission on international regulatory developments; and provides technical assistance to emerging markets.

OIA provides critical assistance to the Division of Enforcement on cross-border investigations and related cross border litigation issues. OIA staff will utilize its foreign law expertise to develop and implement strategies for obtaining foreign information for enforcement matters, as well as tools to secure and repatriate illegally obtained proceeds. In FY 2014, Enforcement cases are expected to continue to have international elements and become more complex. To foster partnerships with foreign authorities from which the SEC may seek enforcement assistance, OIA will continue to use dedicated staff to obtain information located in the US on behalf of those foreign authorities.

OIA also provides assistance to other SEC divisions and offices on cross-border supervisory issues related to the registration and oversight of foreign entities and on-site examinations of foreign registrants. In FY 2014 OIA will continue to develop and implement bilateral supervisory memoranda of understanding (MOUs) and other arrangements with foreign regulatory authorities. These arrangements will be aimed at enhancing the effective oversight of cross-border regulated entities through consultation, cooperation and exchange of information between the SEC and its counterparts.

OIA will participate in the International Organization of Securities Commissions (IOSCO) and the Financial Stability Board (FSB) in FY 2014, as well as the Financial Action Task Force (FATF), Organization of Economic Cooperation and Development, and the Legal Entity Identifier Regulatory Oversight Committee, among other groups.

OIA's main priorities for FY 2014 include:

- Supporting cross-border enforcement investigations and foreign litigation for the Division of Enforcement including cases in the asset management area, as well as structured and new products, market abuse and insider trading, and, finally, enforcement of the Foreign Corrupt Practices Act of 1977 area;
- Contributing to the Commission's program on processing tips, complaints, and referrals (TCRs);
- Elevating standards in enforcement cooperation by promoting the development of broader information-sharing arrangements and efforts to secure the proceeds of fraud;
- Developing and implementing cross-border supervisory cooperation arrangements with foreign counterparts to support OCIE, and other offices and divisions;
- Identifying regulatory risks in the global marketplace and discussing risk mitigation approaches with foreign counterparts;

- Engaging in international multilateral policy initiatives to promote high quality securities regulation and facilitate regulatory convergence;
- Advising the Commission and agency staff regarding the implementation of SEC initiatives that have an impact beyond the U.S. as well as foreign and global initiatives that may impact the agency, the U.S. market, and U.S. market participants;
- Coordinating with other U.S. authorities such as the Commodities Futures Trading Commission (CFTC) and Federal Reserve Board on international policy developments; and
- Conducting technical assistance training for foreign authorities about the SEC's best practices in enforcement, examination of market participants, market development and capital formation.

Enforcement and Supervisory Cooperation Activities:

Enforcement. In FY 2014, OIA plans to devote two of the positions requested to support enforcement activities, such as obtaining evidence for cross-border securities investigations and litigation, as well as processing TCRs. Based on current trends, OIA expects to make approximately 735 requests for assistance to foreign authorities on behalf of the Division of Enforcement. Additional staff will be deployed to conduct resource-intensive and complex work, particularly timely coordination of parallel proceedings with foreign securities and law enforcement authorities. Staff will also handle exigencies resulting from emergency court actions filed to secure the proceeds of fraud that have been transferred offshore. During FY 2010-2012, over $377 million in fraud proceeds that were located in foreign jurisdictions. OIA will continue in FY 2014 to explore and engage mechanisms to secure and repatriate the proceeds of fraud.

OIA is involved in fostering international cooperation and assistance on SEC investigation and litigation matters through a variety of vehicles, including bilateral enforcement memoranda of understanding (MOUs), mutual legal assistance treaties, and other ad hoc arrangements. As of FY 2013, all International Organization of Securities Commissions (IOSCO) members are expected to become full signatories to the MOU. In FY 2014, OIA will work to assess the progress of IOSCO members expressing commitments to become full signatories, and also make substantial contributions to IOSCO's effort to broaden the scope of assistance that can be provided to the SEC by its foreign counterparts. OIA also will respond to requests from foreign regulators for enforcement assistance, including obtaining formal orders on behalf of foreign counterparts to compel testimony and records in the U.S.

Asset repatriation. OIA expects to continue efforts to freeze and repatriate assets obtained in violation of U.S. securities laws and transferred abroad. OIA will also focus on encouraging the development of legislation to secure the proceeds of fraud on behalf of foreign counterparts, to address IOSCO's call for its members to seek the ability to preserve and repatriate assets in cross-border matters.

Supervisory Cooperation. At the end of FY 2013, OIA created a new group dedicated to international supervisory cooperation. In FY 2014, this group will focus on four areas: (1) assist other SEC divisions and offices in the supervision of cross-border regulated entities by facilitating cooperation with foreign counterparts, including in conducting on-site examinations abroad and addressing cross-border registration issues; (2) respond to requests from foreign counterparts in supervisory matters; (3) continue to develop and implement supervisory MOUs aimed at facilitating cooperation in the oversight of cross-border regulated entities; and (4) provide subject matter input on the Financial Stability Board (FSB) or other multilateral projects involving supervisory cooperation issues. The SEC currently has seven comprehensive supervisory MOUs as well as a number of other more tailored arrangements and is seeking to expand that number. In FY 2014, it is anticipated that the SEC may need to negotiate a number of supervisory MOUs with regulators in the European Union as well as other jurisdictions as the rules related to the over-the-counter derivatives (OTC) markets are implemented to ensure that cooperative mechanisms are in place related to trade repositories and global clearing organizations.

Regulatory Policy and Comparative Regulation Activities: The additional two positions requested in FY 2014 will be dedicated to new responsibilities across the Commission for coordination and prioritizing policy analysis of international issues, as well as improving communications and project tracking of international projects. Those resources will also support the analysis of other jurisdiction's regulatory initiatives. Through these activities, OIA will inform and advise the Commission with the goals of promoting opportunities for converged approaches to high quality regulatory standards, and reducing the potential for harmful regulatory arbitrage.

IOSCO. The International Organization of Securities Commissions is a forum for standard setting on securities regulatory issues and collaboration among regulatory and supervisory authorities. In FY 2014, OIA will continue to play a leadership role on the IOSCO Board, as well as to guide the SEC's involvement in IOSCO policy committees and task forces. OIA also will work to shape IOSCO's contributions to the FSB. In 2014, priority areas for IOSCO are likely to include: development and implementation of a methodology to identify systemically important non-bank institutions; policies for the regulation of use of financial benchmark; and adherence to the terms of the IOSCO MOU and the exploration of best practices for effective deterrence of securities violations.

The Financial Stability Board Committees. The FSB provides a forum for collaboration on financial market and regulatory issues among international standard setters, international financial institutions, and various national financial, regulatory and supervisory authorities. In FY 2014, OIA will continue guide the SEC's involvement in the FSB Plenary and various other committees, as well as assist with the implementation of recommendations related to systemically important non-bank financial institutions and shadow banking. OIA will consult on FSB policy matters with other U.S. agencies and departments—including the CFTC, the US Treasury Department, and the Federal Reserve Board. In 2014, key issues will include addressing systemic risk, and shaping and participating in peer review mechanisms for adherence to international standards.

Global Legal Identity Identifier (LEI) System Implementation. OIA staff will represent the SEC as a member of the Regulatory Oversight Committee (ROC) to oversee the LEI system implementation. The ROC was formed in FY 2012 with the mission to uphold governance principles and oversee the LEI system implementation in accordance with G20 recommendations. The LEI system will be important to the Commission to the extent that registrant filings and Commission rules build upon the LEI program as a tool to identify parties to securities and derivatives transactions, thus facilitating the ability of the SEC to provide market oversight to more efficiently address systemic risk and market abuse concerns.

Enhancing Transparency and Disclosure. OIA will collaborate with other SEC divisions and offices on enhancing transparency and disclosure. These efforts will include initiatives in support of a single set of high-quality global accounting standards. As the convergence exercise undertaken by the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) reaches its final stages, efforts to advance the G20 objective of global accounting standards will focus increasingly on the consistency of application and enforcement of converged standards across global capital markets, requiring increased collaboration and information sharing with foreign regulators. To promote the continuing quality of global accounting standards, OIA will coordinate the SEC's participation in the International Financial Reporting Standards Foundation (IFRSF) Monitoring Board, established to strengthen the institutional governance of the IFRSF, the public interest overseer of the IASB. OIA will also assist in addressing issues raised by the oversight of the Public Company Accounting Oversight Board's inspection of registered foreign audit firms.

Technical Assistance: OIA will conduct a variety of international technical assistance training programs in FY 2014. The training will include three annual institutes at SEC headquarters, including the Institute for Securities Market Development, the Institute for Securities Enforcement, and the Institute for Compliance, Examination and Inspection of Market Participants. OIA also will offer regional and bilateral training programs in Asia, Africa, Eastern Europe, the Middle East and Latin America, which will promote cross-border supervisory and enforcement assistance and implementing laws and regulations that reflect high regulatory standards.

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
SEC Requests for Foreign Enforcement Assistance	718	725	735
Responses to Foreign Requests for SEC Enforcement Assistance	450	455	460
Responses to Foreign Requests for SEC Technical Assistance	283	285	290
Foreign Officials Trained (Technical Assistance)	1,355	1,370	1,385
International Initiatives (including regulatory initiatives)	814	825	830
Total FTE	**36**	**41**	**46**

Office of the Administrative Law Judges

	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters	**8**	**11**	**11**

FY 2014 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	0	0	0

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.

Once the Commission initiates a public administrative proceeding, it refers the case to the OALJ. After the hearing concludes and the parties involved submit briefs, the judge issues an initial decision that contains findings of fact, legal conclusions, and an order that may contain a sanction. Possible sanctions include, but are not limited to, imposition of a cease-and-desist order, suspension of a broker-dealer or investment adviser registration, payment of civil monetary penalties, or disgorgement of ill-gotten gains. The parties may appeal all or any portion of the initial decision to the Commission, which can affirm, reverse, modify, set aside, or remand for further proceedings. Appeals from Commission action are sent to a U.S. Court of Appeals.

In FY 2014, the OALJ anticipates the Commission will institute and order public hearings in about 210 proceedings. However, the exact number and specific nature of cases is unknown. The OALJ's workload has been impacted by the number of proceedings involving the revocation of registrations for failure to file required periodic filings under Section 13 of the Securities Exchange Act of 1934 and rules under that section.

The administrative law judges plan to resolve roughly 210 proceedings in FY 2014. For these proceedings, the OALJ expect to issue approximately 30 initial decisions. OALJ expects that the other 180 proceedings will be resolved through cancelations before the hearings. SEC administrative cases canceled before hearing fall into three categories: (1) instances of default where the respondent party fails to participate; (2) instances where summary disposition is granted; and (3) instances where the SEC and opposing parties settle the administrative case prior to the hearing.

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Proceedings Inventory:			
Pending Disposition Beginning of Year	60	69	69
Ordered for Hearing	207	210	210
Disposed	198	210	210
Canceled Before Hearing	166	180	180
Canceled After Hearing	0	0	0
Initial Decision Issued	32	30	30
Pending Disposition End of Year	69	69	69
Total FTE	**8**	**11**	**11**

Office of the Investor Advocate

	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters	**0**	**3**	**3**

FY 2014 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
0	2	1	0

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 is 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 2014, the Office will have three positions, comprised of the Investor Advocate and Ombudsman and staff from the Office of Investor Education and Advocacy. The SEC is not requesting additional positions for the Office in FY 2014.

The funds made available to the Office of the Investor Advocate in FY 2014 will permit the following key activities:

Investor Advocate: Consistent with the requirements in Sec. 915 of the Dodd-Frank Act, the Office will be responsible for identifying problems that investors have with financial service providers and investment products; analyzing the potential impact on investors of proposed regulations and rules; identifying areas in which investors would benefit from changes in SEC regulations or SRO rules; and proposing changes in regulations, legislation, or administration of programs that may mitigate problems identified.

Ombudsman: The Investor Advocate is required by Sec. 919D of the Dodd-Frank Act to appoint an Ombudsman, who will act as a liaison between the SEC and any retail investor in resolving problems that retail investors may have with the SEC or with SROs. The Ombudsman's responsibilities include reviewing and making recommendations regarding policies and procedures to encourage persons to present questions to the Investor Advocate regarding compliance with the securities laws, and to establish safeguards to maintain the confidentiality of such communications. The Ombudsman will evaluate the effectiveness of this program and also submit semiannual reports to the Investor Advocate describing these activities.

Annual Report on Activities: The Office is responsible for preparing an annual report to the Congress summarizing its activities to improve investor services and the responsiveness of the SEC and SROs to investor concerns. The report is required to identify and summarize the most serious problems encountered by investors during the reporting period, and to identify actions taken by the SEC or an SRO in response. The report will also include recommendations for administrative and legislative actions, if appropriate, to resolve problems encountered by investors.

Investor Advisory Committee: The Investor Advocate will also serve as a member of the Investor Advisory Committee, which is authorized by Sec. 911 of the Dodd-Frank Act. This committee advises and consults with the SEC on regulatory priorities and protection of investors. The Office of Investor Advocate will provide support and assistance to this advisory committee to assist it with fulfilling its statutory mission.

Workload data is not currently available for the Office of the Investor Advocate. This new office will be staffed during FY 2013 and will develop workload by FY 2014.

Office of Credit Ratings

	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters	**14**	**28**	**29**

FY 2014 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
23	4	2	0

The Office of Credit Ratings (OCR) was created in support of the Commission's mission to protect investors, facilitate capital formation, and maintain fair, orderly, and efficient markets. With the enactment of the Credit Rating Agency Reform Act of 2006 ("CRA Reform Act"), Congress provided the SEC with express authority to implement a registration and oversight program for credit rating agencies that elect to be treated as "nationally recognized statistical rating organizations" or "NRSROs." Among other things, this law required the SEC to establish disclosure, recordkeeping, and financial reporting requirements for NRSROs and requirements with respect to preventing the misuse of material non-public information by NRSROs, addressing conflicts of interest in the production of credit ratings, and prohibiting NRSROs from engaging in unfair, coercive, or abusive practices. The Commission adopted rules in all of these areas in June 2007.

In July 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), which, among other things, amended Section 15E of the Securities Exchange Act of 1934 ("Exchange Act") to enhance the regulation, accountability and transparency of NRSROs. OCR is charged with administering the rules of the Commission in determining credit ratings with respect to the practices of NRSROs, for the protection of users of credit ratings and in the public interest; promoting accuracy in credit ratings issued by NRSROs; ensuring that credit ratings are not unduly influenced by conflicts of interest; and helping to ensure that firms provide greater disclosure to investors.

Office of Credit Ratings

OCR monitors the activities and conducts examinations of NRSROs to assess and promote compliance with statutory and Commission requirements. The monitoring activities are geared towards providing information to SEC policy and rulemaking staff. These activities include identifying and analyzing risks; monitoring industry trends; and administering and monitoring the NRSRO registration process and the periodic updates by existing registrants of their Forms NRSRO. The examination activities of OCR are focused on conducting legislatively mandated annual, risk-based examinations of all registered NRSROs to assess compliance with Federal securities laws and SEC rules. OCR also conducts special risk-targeted examinations based on credit market issues and concerns and to follow up on tips, complaints, and NRSRO self-reported incidents. OCR collaborates and coordinates with other SEC Offices and Divisions as warranted to enhance the OCR's ability to serve the public interest and protect users of credit ratings.

OCR is responsible for drafting annual public reports to Congress addressing adopted and proposed rules, the status of registrants and applicants, and the state of competition, transparency, and issues related to the management of conflicts of interest. OCR may be called upon to leverage its expertise to conduct ad hoc research as warranted by industry or credit market conditions and draft statutorily mandated studies.

OCR was established by the SEC in FY 2012 with the hiring of its Director in June 2012. Prior to the establishment of OCR, examinations of the NRSROs were conducted by the Office of Compliance Inspections and Examinations (OCIE) and NRSRO monitoring and rule writing was undertaken by the Division of Trading and Markets (TM).

The SEC is requesting six additional positions for OCR, for a total of 41 positions in FY 2014. These new positions relate to both new responsibilities and transferred responsibilities, as discussed below.

The SEC has been tasked by the IOSCO Standing Committee 6 with being the lead regulator to organize and manage the regulatory colleges for the major credit rating agencies (Moody's, Standard & Poor's and Fitch). This broad assignment requires creating three separate regulatory colleges, allocating specialized staff to each such college and conducting meetings throughout the year. In addition, there has been an increase in the number and complexity of referrals to Enforcement as a result of OCR's regulatory exams and tips or complaints received from the public – creating the need for an Enforcement Liaison. Additionally, OCR has recently assumed some transferred responsibilities from TM – including around rule writing, legislative initiatives, exemptive relief requests and employee trade tracking.

The funds made available to OCR in FY 2014 will permit the following key activities:

Annual Examinations of All NRSROs: Examination of NRSROs for compliance with Federal laws and SEC rules will account for the significant majority of OCR's workload in FY 2014. Because the Dodd-Frank Act requires that the SEC conduct examinations of each NRSRO at least annually, the SEC will examine all NRSROs on an annual basis. There were 10 NRSROs as of January 1, 2013, and we are also expecting that there will be possible new registrants. The SEC's scope for its NRSRO examinations includes covering all eight areas required by the Dodd-Frank Act, including the review of the NRSRO's compliance with its policies, procedures, and rating methodologies; the NRSRO's management of conflicts of interest, implementation of ethics policies and internal supervisory controls; and the NRSRO's policies governing the post-employment activities of former staff.

During the FY 2014 examinations, OCR will also follow up on the findings of the prior exams and areas of identified risks. In FY 2014, OCR will bring a special focus to assessing the state of NRSRO compliance with the variety of new SEC rules that are expected to be adopted in FY 2013. Once adopted, these rules would impose new requirements on NRSROs. In addition, the examination function requires adding capabilities to allow for sweeps and/or targeted examinations.

Public Examinations Report: OCR prepares a public report that summarizes the essential findings resulting from the SEC's annual NRSRO examinations. The annual examination report also includes information on whether the NRSROs have appropriately addressed any previous examination recommendations.

Annual Report: OCR also prepares an annual report that provides an overview of the industry, pursuant to the CRA Reform Act. This annual report is intended to capture and highlight competitive trends, changing dynamics within the industry, market share, unique challenges and opportunities – and any other matters deemed useful to the public at large.

WORKLOAD DATA

Activity	FY 2012 Actual[1]	FY 2013 CR	FY 2014 Request
Annual Examinations and Other Examinations[2]	10	12	15
Public Examination Report	1	1	1
Annual Report on NRSROs[3]	1	1	1
Studies, Reports and Related Matters[4]	1	2	2
Regulatory and Legislative Initiatives	1	15	15
Orders and No-Action Letters	1	3	5
Monitoring Meetings[5]	36	30	30
Form NRSRO – Initial Applications and Annual Certifications	12	15	15
Enforcement/TCR	18	25	30
International Initiatives	11	20	25
Business Processes[6]	15	25	25
Total FTE	**14**	**28**	**29**

1 *OCR was established in June 2012. FY 2012 is estimated based on data for June 2012 – September 2012 and information gathered from other divisions and offices.*

2 *2012 Summary Report of Commission Staff's Examination of each NRSRO.*

3 *Annual Report to Congress under Section 6 of the Credit Rating Agency Reform Act of 2006.*

4 *Assigned Credit Ratings December 18, 2012.*
Report on Credit Rating Standardization September 7, 2012 (This report was created by TM; OCR assumed this function from TM once created).
Report on Review of Reliance on Credit Ratings July 21, 2011 (This report was created by TM; OCR assumed this function from TM once created).
Independence Study of Nationally Recognized Statistical Rating Organizations 2013.
Rating Analysis Licensing Study (2014).
Roundtable Follow up Report on Assigned Credit Rating Study (2014).

5 *The monitoring, rulemaking and policy staff hold periodic monitoring meetings with NRSROs throughout the year. The meetings discuss non-exam related ratings topics such as organizational and industry developments.*

6 *Office's business operations, budget and finance submissions, Management Assurance / 961 Certifications, COOP, Dodd-Frank initiatives, miscellaneous initiatives, FOIA requests, records management, external requests and internal audits, Congressional inquiries and justifications, self-assessment initiatives, risk assessment/risk matrix initiatives, compliance testing and assessment, resource management and development processes, tracking enforcements, premises planning, training, technology and operations initiatives, TCR processing. Manage the process for receipt and review of Form NRSRO applications for registration and the periodic updates by existing registrants of their Forms NRSRO.*

Office of Municipal Securities

	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters	**0**	**5**	**5**

FY 2014 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	0

The Office of Municipal Securities (OMS), formerly part of the Division of Trading and Markets (TM), was elevated to an independent office that reports directly to the SEC Chairman in FY 2012, 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, investors in municipal securities, and municipal issuers. OMS also coordinates with the Municipal Securities Rulemaking Board (MSRB) on rulemaking and enforcement actions.

The funds made available to OMS in FY 2014 will permit the following key activities:

Coordination of the SEC's Municipal Securities Activities: OMS will be responsible for oversight of the municipal securities market, advising the Commission on policy matters relating to the municipal securities market, and providing technical assistance in the development and implementation of major SEC initiatives in the municipal securities area. In addition, OMS will assist the Division of Enforcement and its Municipal Securities and Public Pension Unit and other SEC offices and divisions on a wide array of municipal securities matters. OMS's initiatives will include assisting with the implementation of initiatives recommended in the Commission's Report on the Municipal Securities Market, issued on July 31, 2012 following a broad-based review of the market, and an update to the Commission's 1994 interpretative release concerning the disclosure obligations of issuers of municipal securities. OMS will also work with the Division of Risk, Strategy, and Financial Innovation to improve surveillance of the municipal securities market for emerging risks and communicate with other SEC offices and divisions and other regulators concerning market developments and possible regulatory responses.

Oversight of and Liaison to MSRB and Other Entities: OMS will be responsible for acting as the Commission's liaison to the MSRB, the Financial Industry Regulatory Authority (FINRA), the IRS Office of Tax-Exempt Bonds, and a variety of investor and industry groups and regulators on municipal securities issues. In FY 2014, OMS will interact closely with the MSRB and review all MSRB rule filings. It will communicate with the MSRB Chairman, Board and staff concerning MSRB activities, market developments, and potential improvements of MSRB systems that either collect information for regulators or provide information to the public. In addition, OMS will lead semiannual meetings with the MSRB and FINRA regarding the municipal securities market, as required by the Dodd-Frank Act; meet with MSRB and FINRA staff regularly; meet with IRS staff quarterly pursuant to the SEC's memorandum of understanding with the IRS; and coordinate with other regulators as needed. OMS also will work closely with the municipal securities industry to educate state and local governmental officials and conduit borrowers about risk management issues and foster a thorough understanding of the Commission's policies among all market participants.

Execution of Dodd-Frank Act Responsibilities with Respect to Municipal Advisors: OMS has significant responsibilities with respect to implementation of Sec. 975 of the Dodd-Frank Act, which amended the Securities Exchange Act of 1934 to require the registration of municipal advisors with the SEC and provided for their regulation by the MSRB. In FY 2014, OMS will finalize rulemaking relating to municipal advisors, assist with the creation of a registration system for municipal advisors, consult with the MSRB concerning the institution of regulations applicable to municipal advisors, provide advice to the Office of Compliance Inspections and Examinations concerning inspections, and provide guidance to those who may be required to register.

WORKLOAD DATA[1]

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
SRO Proposed Rule Changes Reviewed[2]	21	25	30
SEC Rulemaking and Interpretive Actions	1	2	2
Interpretive, Exemptive, and No-Action Request Letters Closed	0	2	3
Reviews of Potential Enforcement Actions	30	35	40
Congressional, Governmental, Industry, and Public Correspondence and Inquiries[3]	280	350	375
Public Awareness and Market Outreach	8	12	15
Municipal Advisors[4]			
Registrants	1,106	1,210	1,314
Registration Applications Filed	247	135	135
Registration Amendments Filed	54	29	29
Registrations Withdrawn or Canceled	62	31	31
Total FTE	**0**	**5**	**5**

[1] *In general, this workload data chart shows activities that previously were included in the workload data chart for the Division of Trading and Markets in the Congressional budget request for FY 2013. As described above, starting at the end of FY 2012, the municipal securities functions formerly performed by the Division of Trading and Markets were transferred to the new independent Office of Municipal Securities to carry out a Congressional mandate under the Dodd-Frank Act.*

[2] *This data includes filings, pre-filings, and amendments reviewed.*

[3] *This data combines correspondence and telephone/Internet inquiries.*

[4] *This data reflects the expanded responsibilities assigned to the Commission for oversight of municipal advisors by the Dodd-Frank Act. This data includes only registration of municipal advisory firms and does not reflect registration of individuals associated with municipal advisory firms, based on the temporary registration rules. Proposed rules for registration of municipal advisors included a proposal to register individuals within municipal advisory firms separately as municipal advisors and estimated that such registration of individuals would result in registration of approximately 21,000 municipal advisors. Depending on the approach taken in pending final rules towards registration of individuals associated with municipal advisory firms, the numbers for registered municipal advisors could change, potentially significantly.*

Agency Direction and Administrative Support

(DOLLARS IN THOUSANDS)	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters			
Agency Direction			
Office of Executive Staff	38	41	42
Office of Public Affairs	8	9	11
Office of the Secretary	30	31	34
Subtotal	76	81	87
Administrative Support			
Office of the Chief Operating Officer	9	16	16
Office of Financial Management	74	79	83
Office of Information Technology	120	158	174
Office of Human Resources	82	102	113
Office of Acquisitions	46	44	44
Office of Operations Support	91	96	98
Office of the Ethics Counsel	11	14	15
Office of Minority and Women Inclusion	3	8	8
Office of Equal Emp. Opportunity	7	7	7
Subtotal	443	524	558
Total	**519**	**605**	**645**
Cost: Salaries and Benefits	$ 90,246	$ 111,209	$ 130,484
Non-Personnel Expenses	70,775	153,842	173,419
Total	**$ 161,021**	**$ 265,051**	**$ 303,903**

This section of the FY 2014 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 Council: 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

	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters			
Office of Executive Staff	38	41	42
Office of Public Affairs	8	9	11
Office of the Secretary	30	31	34
Total	**76**	**81**	**87**

FY 2014 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	54	12

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 SEC'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 consideration of 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 and academic visitors and assists with internal communications. 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 2013 and FY 2014, 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, among other things. OS plans to continue to enhance management of administrative proceedings through the implementation of a new electronic filing system in FY 2012. Together, with the Office of Information Technology (OIT), OPA and OS will continue to redesign the SEC's external website to improve accessibility of information for investors, market participants, and SEC staff and replace the outdated content management system used to manage the SEC's external websites and internal intranet. 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.

The Commission

In FY 2014, the Commission will work to strengthen the enforcement and administration of Federal securities laws, to protect investors, to enhance the stability of financial markets and to continue implementing the regulations mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and the Jumpstart Our Business Startups Act (JOBSAct). The result will be an SEC that continues to improve investor safeguards and strengthen the U.S. capital markets.

The Commission expects to consider a significant number of matters brought by the SEC's Enforcement program. In addition, the Commission plans to continue bolstering its National Exam Program, improving risk-based targeting and refining staffing and examination processes. The Commission will continue efforts to strengthen the integrity and fairness of the markets themselves, focusing on market structure, the challenges and benefits of electronic trading, and potentially abusive trading practices. On top of these core activities, the Commission will largely complete implementation of Dodd-Frank Act mandates, including creation of an oversight regime for the over-the-counter derivatives markets, enhanced supervision of credit rating agencies and clearinghouses, and executive compensation regulation.

The Chairman serves as the chief executive of the SEC and works closely with senior leadership to ensure the agency's resources are managed effectively. Under the Chairman's leadership, the SEC plans to devote significant attention to a variety of internal reforms to enhance the agency's operational effectiveness, including the following:

- Enhancing the level of expertise among the agency's staff, including by hiring seasoned industry professionals and enhancing training programs for existing staff;
- Advancing a number of vital multi-year technology initiatives, such as developing tools to uncover hidden risks to investors, further enhancing the agency's tips, complaints and referrals systems and the Division of Enforcement's HUB system, strengthening management of the enforcement and examination programs, and implementing an automated learning management and performance management system; and
- Enhancing internal communications and taking other steps in response to the agency's results in the Annual Viewpoint Survey of SEC staff.

Office of Legislative and Intergovernmental Affairs

The Office of Legislative and Intergovernmental Affairs (OLIA) is responsible for preparing congressional testimony, responding to requests from Congress for information related to agency programs, and monitoring congressional activities relevant to the SEC's responsibilities. In FY 2014, OLIA expects to assist in coordinating numerous hearings and oversight requests, as well as technical requests from Congress and other financial regulatory agencies on legislative initiatives and other matters. The FY 2014 request includes no additional positions for OLIA.

Office of Public Affairs

The Office of Public Affair's (OPA) principal responsibilities are to coordinate the SEC's communication with the media, the general public, visitors, and SEC staff and to assist with internal communications. OPA distributes news and information that informs the public and staff about the SEC's efforts to protect investors, promote fair, efficient and orderly markets, and facilitate capital formation. Finally, OPA plays a critical role in managing, and developing content for, the agency's website and social media functions.

Through FY 2013 and FY 2014, OPA will work to provide effective communication with the public, investors, and other stakeholders. OPA intends to place a high priority on using the Internet and other high-tech communications tools, such as social media, to communicate with American taxpayers more effectively and transparently. The SEC's website, *www.sec.gov*, and various social media platforms (including Twitter, Facebook, mobile site, podcasts, and e-mail notification) help keep stakeholders informed of the SEC's activities and provide better transparency of agency operations. OPA will utilize the General Services Administration secured government-wide agreements with YouTube, Google, and Facebook to make it easier for government agencies to use external, popular tools to communicate with the public, while providing direction to the SEC's efforts to modernize its existing website communications.

Office of the Secretary

The Office of the Secretary (OS) directly supports the Commission staff, maintains the SEC's website and Intranet, provides library and reference services to staff and the public, and tracks filings in administrative proceedings. The SEC's rulemaking agenda and strengthened enforcement program will have a significant impact on OS in FY 2013 and FY 2014. Because all enforcement actions, examination reports, and rulemakings flow through OS, a substantial increase in SEC staff in FY 2014 will directly affect OS. A requested increase of one position (less than one FTE) in FY 2014 will enable the office to meet increased workload demands.

Legal Operations: The Legal Operations Branch handles all the processes by which the Commission considers matters under its purview. Legal Operations staff review all SEC documents submitted to and approved by the Commission and ensure their appropriate online and/or print publication. Legal Operations receives and tracks documents filed in administrative proceedings, requests for confidential treatment, and comment letters on rule proposals, and monitors compliance with the Government in the Sunshine Act. In addition, members of this office provide advice to the Commission and the staff on questions of practice and procedure.

Library Services: The Library Services Branch performs a variety of activities in support of information programs, including assisting SEC staff and the public with reference and research requests, managing the Library collection, organizing and conducting training sessions on electronic resources and research techniques, and acquiring information products and services. In FY 2012, the Library experienced a seven percent increase in in-depth and quick reference requests, when compared with FY 2011. Agency-wide training and orientation sessions have also increased significantly. In FY 2012, the number of contracts managed on behalf of the Commission increased by five percent to over 195 contracts and the number of passwords managed increased nine percent to over 19,376 passwords. This upward trend is expected to continue in FY 2013 and FY 2014.

Web Operations: The Web Operations Branch manages the public Web site's design and information architecture; processes all comment letters submitted by the public to the agency; serves as "webmaster" in communicating with the public about SEC.gov; updates and enhances the agency's search engine to optimize search results; and develops, implements, and manages tools, such as Really Simple Syndication (RSS) feeds, to improve the dissemination of information on SEC.gov.

EXECUTIVE STAFF WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Commission Meetings	73	80	85
Calendar Items	651	700	750
Seriatim Actions	528	575	600
Total FTE	**32**	**34**	**35**

OFFICE OF LEGISLATIVE AND INTERGOVERNMENTAL AFFAIRS WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Congressional Testimonies	20	18	25
Inquiries and Requests for Technical Assistance	9,600	10,000	10,000
Briefings for Congressional Staff	664	660	660
Chairman's and Congressional Correspondence	3,660	4,000	4,000
Total FTE	**6**	**7**	**7**

OFFICE OF PUBLIC AFFAIRS
WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
News Releases and Statements	282	290	290
Press Briefings and News Conferences	220	220	220
Combined Media Inquiries	45,000	45,000	45,000
Foreign and Academic Visitors	210	210	210
Total FTE	**8**	**9**	**11**

OFFICE OF THE SECRETARY
WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Releases Processed	3,536	3,750	3,900
Public Comment Letters Processed	315,880	100,000	120,000
SEC Web Pages Viewed (in millions)	4,188	4,300	4,400
Searches on SEC Website (in millions)	2,097	2,100	2,200
Public Reference – Visitors	667	667	667
Library Password Management – Active Passwords	19,376	20,272	20,878
Library Acquisitions – Contracts Managed	195	212	220
Library Acquisitions – Acquisitions Transactions	526	561	626
Library Reference – In-Depth Research Requests	828	850	875
Library Reference – Quick Reference Requests	5,436	5830	6180
Total FTE	**30**	**31**	**34**

Office of the Chief Operating Officer

	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters			
Office of the Chief Operating Officer	9	16	16
Office of Financial Management	74	79	83
Office of Information Technology	120	158	174
Office of Human Resources	82	102	113
Office of Acquisitions	46	44	44
Office of Operations Support	91	96	98
Total	**422**	**495**	**528**

FY 2014 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	14	89	424

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 vision is built on five key principles: (1) deliver impeccable customer service and support; (2) promote a customer centric "solutions provider" mindset; (3) provide services valued by stakeholders; (4) collaborate as a valued strategic contributor; and (5) foster an environment in which staff are proud to work.

Accordingly, the OCOO's mission is accomplished by the coordinated activities of its five mission support offices:

- The ***Office of Acquisitions*** (OA) manages all acquisition and contract planning management and oversight activities for the SEC. OA was formed in FY 2012 as a result of the reorganization of the Office of Administrative Services (OAS). All non-acquisition activities were segregated and transferred to the newly formed Office of Support Operations, which is discussed below;
- The ***Office of Financial Management*** (OFM) oversees the financial management and budget functions of the SEC by directing the formulation and execution of the budget, monitoring resource utilization, developing and maintaining financial systems, and managing financial statements and reporting. OFM also manages SEC's fee collection program, travel policy, and program and financial performance management program;
- The ***Office of Human Resources*** (OHR) oversees the recruitment, training/development, reward and retention of the SEC's work force. OHR collaborates closely with the SEC Union on labor relations issues, has the overarching responsibility for the strategic management of the SEC's human capital, and is the key component in supporting SEC's capacity to recruit a talented, multifaceted workforce;
- The ***Office of Information Technology*** (OIT) manages the Agency's IT program including application development, infrastructure operations and engineering, user support, IT program management, capital planning, information security, and enterprise architecture. OIT operates the Electronic Data Gathering Analysis and Retrieval (EDGAR) system, which electronically receives, processes, and

disseminates more than 500,000 financial statements every year; and

- The ***Office of Support Operations*** (OSO), formerly the Office of FOIA, Records Management, and Security (OFRMS), was established in FY 2012. In addition to managing requests under the Freedom of Information and Privacy Act (FOIA/PA), agency official records, and all Federal and contractor staff physical safety and security activities, post reorganization the OSO assumed responsibility for leasing, space and facilities management, office supplies management, transportation, mail distribution, publications, printing, and desktop publishing – previously managed by the office formerly known as OAS.

During FY 2012, the OCOO provided support for several significant accomplishments and changes including the achievement of the best independent financial audit results in the history of the SEC, sustaining for the second consecutive year no ratings of material weakness and eliminating significant deficiencies in the information systems space; optimization of internal procurement processes and improved conformity with General Services Administration (GSA) office space utilization standards. Additional achievements realized by the OCOO include maturing of the SEC's Operational Risk Management capability and internal control environment; enhancing transparency and improved FOIA practices; improving employee engagement through implementation of a "pay for performance" approach; instituting a next-generation leadership development program; and continuing to recruit a dynamic, innovative future workforce.

In FY 2013, the OCOO will continue to refine, stabilize, and expand upon its FY 2012 improvements while focusing on its four key cross-functional initiatives: infrastructure, processes, talent, and flexibility. To deliver on these initiatives and strengthen the organization's foundation, the OCOO created an FY 2013 roadmap that catalogs dozens of mission support projects and initiatives that cross all disciplines.

To effectively monitor and measure success in meeting these cross-functional initiatives, the OCOO is establishing a dedicated Program Management Office (PMO). The PMO will provide program management subject matter expertise and a governance structure to ensure the OCOO's roadmap of projects and initiatives is executed effectively and efficiently. Examples of the FY 2013 roadmap initiatives include enhancing employee participation and providing opportunities for employees to build the key skills, expertise, and competencies necessary to deliver upon the SEC mission. It also includes providing for continued business process redesign; development of a space management master plan; refining internal communications strategy; and implementing a targeted framework of activities to identify, assess, respond, and monitor risk across the SEC.

Finally, for FY 2014, the OCOO will continue to fortify its organizational capacity to keep pace with the agency's mission essential activities.

Office of Financial Management

The Office of Financial Management (OFM) is responsible for the SEC's financial and budgetary operations. OFM maintains the agency's financial systems and prepares financial statements and reports; manages the formulation and execution of the annual President's Budget; coordinates the agency's performance and cost reporting; and oversees internal controls.

During FY 2013, OFM completed Phase II of the SEC's deployment of the financial system at the Department of Transportation's Federal Shared Services Provider (FSSP). Over the next two years, OFM will work closely with the FSSP to implement its planned software upgrade and the deployment of a new Federal government-wide travel management system.

OFM will focus on refining processes affected by the migration to the FSSP, to maximize their efficiency and effectiveness. OFM will continue efforts to re-engineer processes related to filing fee reviews and disgorgements and penalties, including through system improvements. In FY 2013 and FY 2014, OFM will assess and implement a new tool to manage budget formulation, budget execution, and performance measurement, and will work to deploy a financial datamart to improve the efficiency and usability of management and financial reporting. In FY 2013, OFM also will complete its organizational realignment. This reorganization will bring OFM into better alignment with the FSSP model, and it will place greater emphasis on key areas such as internal control monitoring, disgorgements and penalties, and travel.

OFM will continue to implement the Government Efficiency, Effectiveness, and Performance Improvement Act of 2010.

OFM will help coordinate the development of a new SEC strategic plan, as required by the Act in FY 2013. As part of this effort, OFM plans to work with other divisions and offices to reassess agency performance metrics to gauge the SEC's progress in fulfilling its mission and to promote accountability. OFM also will continue to improve internal controls around performance measures.

Office of Information Technology

Information technology (IT) plays a critical role in the mission of the SEC. The increasing size and complexity of U.S. markets require that the SEC continue leveraging technology to streamline operations and increase the effectiveness of the agency's programs, building on the progress made over the past three and a half years in modernizing technology systems. The FY 2014 OIT budget request would add $56 million for technology to support a number of key IT initiatives, including enhancements to the system for receiving TCRs, improvements to IT security, and infrastructure upgrades to achieve efficiencies in business operations and reduce long-term costs.

The SEC plans to enhance its TCR Intake and Resolution system in the following ways: establish an interface to the agency's exam and case management systems, provide intake and routing functionality for referrals from self-regulatory organizations (SROs), expand reporting, and implement functionality to create and route referral memos. Additionally, the SEC plans to develop a component of the TCR system that will provide a triage function to automatically determine the characteristics and risks of each TCR based on a set of defined business rules and the use of SEC internal and external information. The triage solution will be integrated with the TCR Intake and Resolution system to automatically provide SEC staff with an extensive amount of data that is currently being researched manually.

The SEC also plans to make a significant investment in its information security program. In FY 2014, OIT plans to deploy a new set of security tools as well as develop and train analytical staff to monitor, respond to, and remediate threats, to rapidly address ever increasing security threats. Additionally, in FY 2014, the SEC will invest in infrastructure upgrades to achieve efficiencies in business operations and limit long-term costs. For example, the SEC plans a number of initiatives to automate business processes and share data across the agency to improve collaboration and content management across the agency. Strategic replacement of existing hardware and software will position the SEC to limit increases in maintenance costs and improve long-term cost efficiency of operations.

In FY 2014, the SEC intends to continue using its Reserve Fund, established under permanent law, to fund large, multi-year, mission-critical technology projects. The SEC plans to use $50 million from the Fund for EDGAR modernization, the Enterprise Data Warehouse (EDW), Knowledge and Document Management systems, and a data repository, analytical tools and a single software platform to allow analysis of Consolidated Audit Trail (CAT) data. These key priorities will enhance the SEC's ability to improve service to registrants and the public; integrate large amounts of data and more readily search and analyze the data; and improve SEC business and operational processes.

The multi-year effort of overhauling EDGAR will continue to create a new, modernized system that will, among other things, meet requirements for real-time system updates, reduce filer burden by providing simplified search and filing options based on filer experience (i.e., professional or novice), improve data capture by moving to structured formats for various SEC forms, and limit the long-term costs of operating and maintaining the system. The EDGAR modernization effort leverages the EDW, which will combine various streams of data and help the public gain easier access to more usable market data. The centralized EDW will allow organization of data using standard definitions and structures, integration of large amounts of data to allow enhanced analytical capabilities and predictive modeling, and strengthened governance of data controls and quality standards.

The central repository that the agency has mandated the self-regulatory organizations (SROs) to create as part of the CAT will increase the data available to regulators investigating illegal activities such as insider trading and market manipulation, significantly improve the SEC's ability to reconstruct broad based market events in an accurate and timely manner, monitor overall market structure, assess how Commission rules are affecting the markets, and decrease regulatory data production burdens on SROs and broker-dealers by reducing the number of ad hoc requests from regulators. The SEC plans to invest Reserve Fund dollars to develop the SEC's ability to intake CAT data and store

it in the EDW, as well as to develop analytical tools and a single software platform that will allow the SEC to identify patterns, trends, and anomalies in the CAT data. The tools and platform will allow seamless searches of data sets to examine activity to reveal suspicious behavior in securities-related activities and quickly trace the origin.

The exam and enforcement programs require the appropriate technological infrastructure so that data can be easily accessed, analyzed, and disseminated. In FY 2014, OIT will work with the exam program to continue to focus on identifying and acquiring additional data sets and information that can be utilized in risk assessment efforts, examinations, and other related initiatives. OIT will assist the Office of Compliance Inspections and Examinations (OCIE) on identifying and acquiring tools and resources that will assist in the analysis of large amounts of data, and will potentially help generate alerts and exception reports focused on identifying registered entities that require additional follow-up by the staff. These tools also will improve risk assessment and surveillance efforts by providing the staff with a greater ability to monitor for trends and emerging fraud risks or red flags, ultimately enabling the staff to allocate and target SEC resources more effectively.

The Division of Enforcement is leading an agency-wide deployment of an eDiscovery tool that provides investigative staff with advanced tools to search across all case evidence. For example, in FY 2012, the Division implemented technology that drastically reduced the amount of time necessary to review tapes of telephone conversations, a frequent and key piece of evidence in insider trading cases. Enforcement will soon eliminate the need for investigative teams to manually re-key vast amounts of customer account data for use in pattern analysis, by deploying software capable of extracting financial data and fixed format content and making it available to the analytical systems.

Additional investments planned for FY 2014 for the Enforcement program include finalizing a single, dedicated unit to support all Enforcement teams with the receipt and loading of materials produced during an investigation; introducing a large file transfer capability to permit the electronic transmittal of data directly from entities to replace the current mode of submitting content via the mail for manual tracking and loading; implementing a document management system for Enforcement's internal case files; and revamping the current Bluesheets tools used to collect trade data from market participants. Enforcement also is planning investments to integrate and reduce the number of technical platforms and applications currently in use across the Division, which is expected to reduce the administrative burden on investigative and trial teams while lowering overall maintenance costs for the SEC.

Office of Human Resources

The Office of Human Resources (OHR) provides operational and consulting services in the areas of staffing, organizational development, leadership and employee development, compensation and benefits administration, position management and classification, and employee and labor relations. In FY 2013, OHR will continue to focus on the modernization of OHR's structure, policies, processes and customer service model. The FY 2013 program priorities described below stem directly from the detailed analysis of the BCG recommendation and MAP design and implementation plans. Work will continue to:

- Accelerate the hiring process significantly and increase a range of services to attract and maintain a high quality workforce; and
- Provide support to offices and divisions in all phases of workforce planning, recruitment/staffing, and leadership and employee development.

To maintain this level of support OHR is requesting an increase of 33 positions in FY 2014.

In FY 2013, OHR will complete a major organizational change to reengineer, streamline, and automate its many internal processes. At the same time, OHR will continue to execute its hiring reform action plan; execute targeted recruitment and hiring plans to attract and retain employees with disabilities; and meet new mandates associated with certain entry level hiring programs (Pathways, recent graduates and Presidential Management Fellows Programs).

In FY 2012, OHR completed a baseline profile and demand analysis for workforce planning to inform hiring, strategic and budget planning. Resources in FY 2013 will allow OHR to staff a workforce planning group to ensure that data is understood and used to make critical decisions and to more broadly define agency-wide action plans and leadership accountability focused on improving employee satisfaction as measured by the Federal Employee Viewpoint Survey.

Staffing and Employee Programs: Many of the needed human capital reforms in OHR require clear and concise human capital policies; an increase in data collection, analysis, and program reporting; and re-engineering of work processes. OHR has a process underway in FY 2013 to support these reforms but work will continue into FY 2014 due to the scope of this initiative. OHR will continue to focus on special emphasis hiring, such as veterans and persons with disabilities; and implementing benefits programs specific to the agency, as well as those negotiated by OPM for all Federal employees.

During FY 2012, the OHR introduced the HR Manager role to liaise with various divisions and offices. Further expansion of this role across the SEC will be critical in FY 2014 to provide support to all SEC organizations. In FY 2013, OHR will continue to assess and modernize the transactional component of the organization. Alternatives being considered include moving to a different FSSP, a private industry outsourced model, and/or introducing new technology to support existing and new staff.

Learning Management and Performance Management: The planned investment in Securities and Exchange University (SEC-U) for FY 2013 principally supports training and development for employees directly involved in examinations, investigations, fraud detection, litigation, and other core mission responsibilities of the SEC. The SEC-U will provide specialized in-depth training concerning market leadership and changing market conditions, analytics and forensics, and the SEC's response to Dodd-Frank. The investment in SEC-U will also fund employees for certain specialized financial certifications and regulatory credentials, as well as the advanced continuing education required for maintaining legal and financial credentials.

Additionally, SEC-U will support ongoing management training, to improve the competency of managers and supervisors in the management and development of their employees. This includes coursework such as the following: team leader training, new supervisor training, leadership refresher courses for tenured supervisors, executive leadership development, new senior officer training, leadership elective courses, leadership coaching and coaching tools, human resources management, and 360 leadership assessment.

Finally, OHR implemented the SEC's new evidence-based performance management system (EBP) for all non-bargaining unit employees during FY 2011 and FY 2012 as well as an automated training system in FY 2012. Now that the system is in place, it will be used in FY 2013 to inform strategic plans developed and executed for hiring and employee development.

Office of Acquisitions

The Office of Acquisitions (OA) is responsible for procuring all goods and services for the SEC except real property and employee training. OA provides oversight of the Government Purchase Card program for the SEC, oversight of the Contracting Officer's Representative (COR) program, oversight of the on-site contractors' database, closing out contracts, and is responsible for implementing and enforcing specific Congressional legislation, Executive mandates, and other directives from stakeholders outside of OA. OA also reports detailed information on expenditures and assures contract-related data is properly reported to Federal systems and SEC financial systems. OA tracks and reports a broad range of information in additional to financial data needed by the SEC for its financial reporting. Examples include tracking and reporting Buy American Act information, awards by Congressional District, State, Vendor, business type, and competition information, as well as small business and other data necessary to assure transparency and accountability with respect to numerous Federal programs.

In FY 2014, OA will further strengthen internal controls over the contractual aspects of financial reporting. Although in 2012, the SEC completed its initial migration to a FSSP administered by the Enterprise Services Center at the Department of Transportation, additional work is necessary to make the new system more functional for contracting processes in 2013, additional data reconstruction and entering non-migrated information. Expanding on this work, in 2014 OA will focus on further improving business processes in SSP support to the PRISM system, such as improved interagency agreement reporting, receiving, improved reporting, and other second or third phase improvements to the contracting function within the FSSP.

OA will continue to improve internal controls around performance measures, and staff will support program evaluation efforts directed at monitoring achievement of the agency's mission and assuring transparency for SEC business data as well as accuracy of financial data.

OA's pre-award workload value increased approximately 25 percent (total contract dollars awarded) in FY 2012 and administrative workload also increased significantly. Based on

current SEC-wide hiring projections, it is likely that there will be a continued increase in contract awards in FY 2014. OA will seek savings in operations by:

- Reducing the proportion of cost reimbursement, time and materials, and labor-hour contracts by conversion to firm fixed price contracts;
- Improving acquisition planning for recurring contracts to reduce duplication of costs and use less expensive labor categories (if feasible);
- Seeking further discounts from GSA schedule vendors for awards made under the Multiple Award Schedule program;
- Improving service contract assessments to achieve maximum value and efficiency, as well as proper balance between Federal and contracted positions;
- Reducing contracted support to OA; and
- Strengthening contract administration efforts, such as invoice and quality reviews.

Based on current initiatives, it is likely that workload will continue to increase due to enhanced attention to OA's implementation of the Contractor Performance Assessment Reporting System, Electronic Subcontracting System, Small Business Program improvements, and greater oversight and reporting efforts.

OA expects to continue to improve outreach to stakeholders throughout the acquisition chain and develop service/operations level agreements while managing customer expectations. Emphasis will be given to information technology where expediting OIT procurements will be an area of management attention.

OA will implement Management Assurance controls and tracking. Another control that will be developed in FY13 and robustly implemented in FY14 is a Contract Review Board, not currently existing in the SEC.

In 2014, OA will take more responsibility and control for the COR program and the Program/Project Management programs to include enhanced training and staff performance along with project success monitoring and improvements. Significant management attention and resource dedication is required to improve management and oversight of SEC's significant programs and contracts.

Office of Support Operations

The Office of Support Operations (OSO) was formed in 2012 under the Office of the Chief Operating Officer. OSO combines the former Office of Freedom of Information (FOIA), Records Management and Security with the Office of Administrative Services. OSO's responsibilities include FOIA services, records management, security services, and building operations. In each of these areas, PSO aims to deliver impeccable customer service and support.

In FY 2014, OSO is requesting four positions for the Office of Building Operations unit to oversee office relocations and the necessary construction required at each location to provide agreed-upon tenant improvements.

Office of FOIA Services (OFS): OFS is responsible for receiving and responding to requests for non-public records and public records not available on the SEC website under the Freedom of Information and Privacy Acts. OFS expects a large volume of FOIA requests to continue, as public and Congressional interest in the agency's mission and activities remains high. OFS estimates it will receive and process about 12,500 FOIA requests in FY 2014.

Office of Records Management Services (ORMS): ORMS develops, evaluates, and issues policies and procedures enabling the agency to comply with the Federal Records Act and other statutory and regulatory records requirements. ORMS also coordinates the retrieval of non-active records from records storage facilities and handles requests for certified copies of agency records. The Presidential Memorandum on Managing Government Records continues to increase demands on the program. ORMS estimates that document and certification requests will continue to increase in FY 2013 and FY 2014.

ORMS maintains currency of SEC records schedules and guidance in compliance with all Federal records laws, regulations, and National Archives and Records Administration guidance, as the SEC moves towards developing a centralized automated records management system designed to maintain, manage, and safeguard the SEC's electronic information. In FY 2013, ORMS will complete its records assessment visits to the regional offices and begin records assessments in the Headquarters. ORMS will convene the inaugural meetings of the SEC Records Council, working closely with Records Liaisons in each division and office.

Office of Security Services (OSS): The OSS is responsible for serving the SEC Headquarters and regional offices on matters pertaining to physical and personnel security, emergency management, safety, background investigations, and Continuity of Operations (COOP). OSS develops and maintains policies and procedures to promote and implement security program principles and practices per Federal statutes and regulations. OSS also manages the HSPD-12 and National Security programs for the SEC.

In FY 2012, OSS initiated a comprehensive COOP program development project. This includes market research, an agency-wide review process, and an evaluation of the agency's mission essential functions and personnel. The SEC COOP plan will be finalized in FY 2013, bringing the SEC into compliance with the current Department of Homeland Security and Federal Emergency Management Agency requirements. The SEC will validate the COOP plan during the National Level Eagle Horizon exercise in April 2013.

Personnel Security Operations (PERSEC) is responsible for ensuring that all Federal employees, contractors, fellows, and interns are properly investigated based on their position designation and sensitivity, consistent with all applicable Federal statutes, regulations, and Executive Orders. In FY 2014, PERSEC workload is anticipated to increase due to new government standards and the pending release of joint regulations from the Office of Personnel Management and Office of the Director of National Intelligence, requiring reinvestigation of employees occupying moderate and high-risk public trust positions.

Office of Building Operations (OBO): The OBO is responsible for publishing, printing and mail operations, facilities operations, and construction and leasing services. OBO provides daily services to SEC staff ensuring they have the materials and services necessary to optimize their performance.

In FY 2013 and FY 2014, OBO will oversee office relocations and the necessary construction required at each location to provide agreed-upon tenant improvements. OBO is responsible for ensuring that costs and schedules are on target and that the buildings provide functional, usable space that meets applicable building codes and the SEC's functional needs based on a current Program of Requirements.

OFFICE OF THE CHIEF OPERATING OFFICER WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Office of the Chief Operating Officer			
Total FTE	**9**	**16**	**16**

OFFICE OF FINANCIAL MANAGEMENT WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Accounting and Finance			
Quarterly/Annual Financial Statements Issued[1]	36	36	36
Financial Transactions Processed[2]	44,976	0	0
Financial Transactions Analyzed[3]	2,006,629	4,400,000	4,400,000
Analysis and Reconciliation Reports Prepared[4]	206	410	410
FTE	**63**	**67**	**71**
Planning and Budget			
Periodic Reports Issued[5]	65	65	65
Expenditure Transactions Processed[6]	66,149	66,149	66,149
FTE	**11**	**12**	**12**
Total FTE	**74**	**79**	**83**

1 *This workload metric includes the five required financial statements, the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and the Statement of Custodial Activity on a quarterly and annual basis (20 statements total); and the four Investor Protection Fund financial statements as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act on a quarterly and annual basis (16 statements total).*

2 *This workload metric consolidates all budgetary allocation entries, travel vouchers, miscellaneous invoices, vendor transactions, and distribution transactions into one workload metric. This metric is only applicable for the first half of FY 2012. Beginning in April 2012, the SEC transitioned their financial system to a Federal Shared Service Provider that processes all transactions on behalf of the SEC. This metric will not be applicable after FY 2012.*

3 *This workload metric captures all financial transactions processed in the financial system and analyzed by SEC staff. This metric is applicable beginning with the second half of FY 2012 and onward.*

4 *This workload metric accounts for all analysis and reconciliation reports prepared to review transactions processed by the FSSP. This metric is applicable beginning with the second half of FY 2012 and onward.*

5 *This workload metric reflects the total number of all internal and external reports issued by OFM's Planning and Budget Office.*

6 *This workload metric reflects the total number of all RQ and CQ transactions processed by OFM's Planning and Budget Office.*

OFFICE OF INFORMATION TECHNOLOGY WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
EDGAR Filings, Disclosure and Review			
Online Searches for EDGAR Filings (in millions)	1,800	2,041	2,041
Number of Electronic Filings Received (in millions)[1]	1.8	1.9	1.9
Internal Process Improvements and Employee Productivity			
User Requests for Helpdesk Assistance	69,552	71,000	72,000
Amount of Network-Based Storage (Terabytes)	2,325	3,940	4,580
Network Users	5,200	5,500	5,700
Information Security and Disaster Recovery			
Percentage of Major Systems Certified and Accredited	100%	100%	100%
Filer Technical Support			
Technical Support Internet & E-mail Inquiries	869	900	900
Technical Support Telephone Inquiries	16,050	16,500	16,500
Total FTE	**120**	**158**	**174**

[1] *This workload metric includes both the live and test files received. The peak record received is 21,000 filings for one day and 3,400 for one hour.*

OFFICE OF HUMAN RESOURCES WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Personnel Actions Processed[1,2]	12,500	13,700	14,000
Recruitment Actions[3]	1,229	1,352	1,366
Training Sessions Held[4]	684	700	725
Number of Training Session Attendees	21,860	22,500	23,000
Studies, Reviews, and Policies Issued[5]	100	150	175
Total FTE	**82**	**102**	**113**

[1] *FY 2012 data reports personnel actions processed, and reflects a decrease from FY 2011 due to completion of actions needed to implement an agency-wide settlement agreement. FY 2010 and FY 2011 counts previously reported were higher due to the inclusion of other transactional type work (e.g., payroll documents).*

[2] *FY 2013 projections are based solely on FY 2012 personnel actions processed and 10% growth in personnel actions each fiscal year.*

[3] *OHR uses a model that assumes a 10 percent growth in recruit actions per fiscal year.*

[4] *FY 2012 data is the total number of actual training sessions held by SEC. In prior years, self-directed on-line learning and individual external training were included in the calculation methodology of this workload item.*

[5] *Data for studies, reviews and policies issued includes employee relations and labor relations cases.*

OFFICE OF ACQUISITIONS
WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Procurement Actions (Contracts and Purchase Orders)[1]	2,911	3,000	3,300
Total value (In Dollars) of Contracts with Business Funded by SEC[1]	$302,666,817	$310,000,000	$320,000,000
Additional Value of Interagency Agreements Obligated (In Dollars)[1]	$40,000,000	$40,000,000	$40,000,000
GPC Cardholder Statements Audited	74	80	80
Closeout Actions Processed	1,300	1,300	1,300
Closeout Dollars	$14,000,000	$8,000,000	$6,000,000
CORs Managed	296	325	400
Small Business Actions Processed[1]	1,310	1,350	1,485
Dollars Spent with Small Business[1]	$119,853,817	$124,000,000	$128,000,000
Percent Small Business Dollars (23% Federal-wide Minimum Goal)[1]	39.7%	40%	40%
Multi-Agency Collaborative Actions[1]	831	800	850
Multi-Agency Contract Value Awarded[1]	$174,139,021	$175,000,000	$180,000,000
Total FTE	**46**	**44**	**44**

[1] *Data Source: Federal Procurement Data System, as of January 7, 2013.*

OFFICE OF SUPPORT OPERATIONS
WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Records Management – Official Certs	2,931	3,200	3,500
Records Management – Document Requests	2,647	2,900	2,900
FOIA Requests Carried Forward From Prior FYs	392	370	400
New FOIA/PA Requests Received	11,292	12,000	12,500
FOIA/PA Requests Completed	11,302	11,400	11,500
Security Services – Interim Suitability Determinations made[1]	1,702	2,000	2,000
Security Services – HSPD-12 Credentials Issued	1,345	1,600	1,600
Security Services – HSPD-12 Credential Certificates Updated[2]	7	628	1,657
Print Production (Millions of Pages)	7.2	7.5	8
Total FTE	**91**	**96**	**98**

[1] *Number of cases initiated or found suitable by SEC Personnel Security. File cases are at different phases of completion, and may not be finally adjudicated.*

[2] *The HSPD-12 credentials come with certificates, which expire after three years of issuance and need to be updated.*

Office of the Ethics Counsel

	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters	**11**	**14**	**15**

FY 2014 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
0	0	0	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 U.S. Office of Government Ethics.

In FY 2012, the SEC established the Office of the Ethics Counsel (OEC) 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 2013 and FY 2014, in part due to the change in leadership and the exiting and entering of a large number of employees at senior levels. In addition, there will be an increase in counseling matters due to the overall increase in SEC staff. OEC has responsibility for all agency financial disclosure requirements, including review of the staff's securities transactions. This workload is expected to rise in FY 2014, commensurate with the increase in SEC staff. Additionally, the passage of the STOCK Act in FY 2012 created shorter deadlines for financial disclosure review as well as increased posting requirements. Also the OEC will continue to implement new versions of its electronic ethics and compliance system during FY 2013 and FY 2014.

In FY 2014, the Office of the Ethics Counsel (OEC) anticipates that ethics counseling matters will continue to rise due to a number of factors. Recently, the OEC eliminated the Ethics Liaison Officer positions throughout the SEC and the regions in order to ensure consistency of and documentation of ethics advice throughout the agency. As a result, OEC assumed responsibility for all ethics advice given throughout the SEC. OEC expects the number of counseling inquiries to continue to increase to 6,450. In addition, the OEC handles all SEC financial disclosure requirements, including review of the staff's securities transactions. Any increase in SEC staff generally will have an impact on the work of the OEC, as each employee must pre-clear financial transactions with the OEC.

Workload for the OEC has also increased due to the implementation of a new electronic ethics and compliance system and development of improvements to that system. Targeted compliance audits, which are work-intensive and time-consuming, will continue in FY 2013 and FY 2014. In FY 2013, a major priority of the OEC has been an agency-wide compliance exercise to ascertain the levels of compliance with the agency's supplemental regulations. In FY 2014 that work will continue. In addition, in accordance with Congressional mandate and an OIG recommendation, the OEC has increased its documentation and coordination of ethics advice provided agency-wide. This has resulted in increased workload and efforts to preserve advice and documentation. Further, because the OEC is now an independent office, management responsibilities have greatly increased.

The increase in the size of the Enforcement staff in FY 2013 and FY 2014 is also expected to generate an increase in the number of enforcement matters that will need to be reviewed by the OEC. The OEC reviews all Enforcement memoranda sent to the Commission in order to assist the Commissioners and their counsels in reviewing for possible conflicts. In FY 2012, OEC reviewed 1,200 memoranda and expects the number of reviews to increase by 10 percent annually with 1,452 memoranda anticipated in FY 2014.

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Ethics Counseling Inquiries[1]	5,800	6,352	6,450
Review of Public Financial Disclosure Forms[2]	175	200	220
Commission Memoranda Review[3]	1,200	1,320	1452
Review of Confidential Financial Disclosure Forms[4]	2,418	2,500	2,600
Clearance of 8b Requests[5]	200	220	240
Pre-clearance of Requests for Trading[6]	17,344	19,078	20,985
Employees Trained in Ethics[7]	3,250	3,400	3,500
Total FTE	**11**	**14**	**15**

1 *Assisting current and former employees with questions regarding ethics law, rule and regulation.*

2 *Review of the OGE 278 forms of senior officials.*

3 *Reviewing all internal Commission Action memoranda to assist with conflict review.*

4 *Review of OGE 450 forms of SEC staff.*

5 *Analysis and processing of requests by former SEC employees to represent a party before the SEC.*

6 *Analysis, under supplemental regulations, of requests by SEC staff to purchase or sell securities.*

7 *Employees who received face to face or computer based training from OEC staff.*

Office of Minority and Women Inclusion

	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters	**3**	**8**	**8**

FY 2014 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
0	0	0	8

Established in July 2011, the Office of Minority and Women Inclusion (OMWI) is responsible for all matters related to diversity in management, employment and business activities at the SEC as required by Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The responsibilities of this Office include developing standards for equal employment opportunity and the diversity of SEC's workforce (including senior management), the increased participation of minority-owned and women-owned businesses in SEC's programs and contracts, and assessing the diversity policies and practices of entities regulated by the SEC. The Director of OMWI is required to advise the Chairman on the impact of the SEC's policies and regulations on minority-owned and women-owned businesses.

OMWI is requesting 5 additional positions in FY 2014 in order to accommodate the expanding workload and responsibilities associated with implementing standards required by Section 342 of the Dodd-Frank Act and to perform outreach pursuant to Title VII of the JOBS Act.

In FY 2014, OMWI request five additional positions to meet its expanding workload and responsibilities in the following areas.

Diversity of SEC's Workforce: In FY 2012, OMWI created an internal Steering Committee comprised of supervisors and managers from the SEC's Divisions and Offices to provide guidance, suggestions, and solutions relating to the requirements of Section 342. The Steering Committee assisted OMWI in developing an agency-wide diversity and inclusion strategic plan and standards to ensure equal employment opportunity and racial, ethnic, and gender diversity at all levels of the SEC. The SEC's diversity and inclusion strategic plan is consistent with the President's Executive Order 13583 – Establishing a Coordinated Government-wide Initiative to Promote Diversity and Inclusion in the Federal Workforce.

Beginning in FY 2013 and continuing into FY 2014, OMWI plans to implement the goals and objectives identified in the diversity and inclusion strategic plan, develop a comprehensive training plan that addresses the needs of the SEC's workforce at all levels and expand the engagement of the SEC's Regional Offices in statutorily mandated outreach activities. In addition, OMWI plans to expand its participation at a number of recruitment and outreach events that target minorities and women who are experienced professionals, community advocacy organizations, and students.

Diversity of SEC's Contracting and Business Activities: By the end of FY 2013, OMWI anticipates that the "good faith" contract language will be finalized and incorporated in all SEC contracts for services that exceed the FAR simplified acquisition threshold amount (currently $150,000). In FY 2014, OMWI will initiate assessments of the SEC's contractors to ensure compliance with the "good faith" clause as required by Section 342 of the Dodd-Frank Act. OMWI will collaborate with the U.S. Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) to develop standards and procedures for annual review. OMWI will also offer training to all staff engaged in procurement and/or acquisition activities on the advantages, benefits, and scope of the agency's Supplier Diversity Program.

Diversity Policies and Practices of SEC Regulated Entities: In FY 2013, the SEC OMWI Director began working with key agency staff to develop proposed standards by which the diversity policies and practices of the regulated entities may be assessed. OMWI also plans to participate in and host roundtable discussions with securities and financial services industry groups and trade organizations to solicit additional in-depth feedback on the impact of the proposed standards on the entities regulated by the agency. OMWI anticipates that as the standards are implemented in FY 2014, it will provide technical assistance to the regulated entities on compliance.

Title VII of Jumpstart Our Business Startups (JOBS) Act: Section 342(c) of the Dodd-Frank Act requires the OMWI Director to develop and implement standards and procedures to ensure the fair inclusion and utilization of minorities, women, and minority-owned and women-owned businesses in all of SEC's contracting and procurement activities. The Jumpstart Our Business Startups (JOBS) Act was designed to encourage small business growth and startup funding by increasing the ability of small businesses to raise capital and by lessening certain regulatory requirements for individual investments in new businesses. Under Title VII of the JOBS Act, the SEC is required to conduct outreach to inform several business communities, including minority-owned businesses and women-owned businesses, of the changes made by the Act. As the minority-owned and women-owned businesses communities are already included in OMWI's existing supplier diversity outreach efforts, OMWI is collaborating with other SEC Divisions and Offices to develop the agency's JOBS Act outreach strategy. This collaboration includes ensuring that the outreach required by the JOBS Act complements and augments the SEC's existing supplier diversity outreach and initiatives required under Section 342. In FY 2014, the SEC will conduct public meetings and seek other ways to provide technical assistance as required by Title VII of the JOBS Act.

Annual Report to Congress: OMWI is responsible for preparing an annual report to Congress on its activities. The report includes a discussion of the SEC's efforts over the preceding year with respect to diversity in the agency's workforce and business activities, including successes and challenges in operating minority and women outreach programs, hiring qualified minorities and women employees, and contracting with minority-owned and women-owned businesses. The report also includes quantitative information related to SEC's contracting activities (e.g., total amounts paid to contractors during the past year, and percentage of that amount paid to contractors that are minority-owned or women-owned).

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Legal and Other Reporting Requirements[1]	1	1	1
Outreach and Recruitment[2]	49	40	40
Diversity and Inclusion Training[3]	0	2	4
Roundtable or Public Meetings[4]	0	5	5
Total FTE	**3**	**8**	**8**

[1] *OMWI's Annual Report to Congress.*

[2] *OMWI's Diversity and Inclusion programs are external and include participating in professional conferences and sponsoring events for both internal workforce and supplier diversity pipeline development.*

[3] *In FY 2013 OMWI, in collaboration with the Office of Personnel Management, will offer training on Unconscious Bias to all SEC managers. In FY 2014, OMWI plans to expand training opportunities on diversity and inclusion topics to reach all levels of the SEC's workforce, including topics related to promoting the increased use of minority-owned and women-owned companies in SEC's business activities.*

[4] *In FY 2013, as the standards for assessing the diversity policies of SEC's regulated entities are developed as required by Section 342(b) of the Dodd-Frank Act, OMWI plans to host a series of roundtable discussions in order to solicit information from industry representatives. In FY 2014, once standards are implemented, SEC plans to host meetings to provide regulated entities technical assistance on compliance with the new standards. In addition, starting in FY 2013 and continuing into FY 2014, pursuant to Title VII of the Jumpstart Our Business Startups (JOBS) Act, OMWI, in partnership with the Division of Corporation Finance, will host a series of public information sessions to inform small and medium sized businesses, women-owned businesses, veteran-owned businesses, and minority-owned businesses of the new financing options designed to streamline and eliminate the regulatory and legal barriers preventing emerging businesses from reaching out to new investors, accessing capital, and selling shares to the public.*

Office of Equal Employment Opportunity

	FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE: Headquarters	7	7	7

FY 2014 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
0	0	0	7

The mission of the Office of Equal Employment Opportunity (OEEO) is to oversee and promote equal opportunity in employment at the SEC. OEEO delivers equal employment opportunity (EEO) compliance programs in counseling, alternative dispute resolution, investigations and final agency decisions to SEC employees, former employees and applicants for employment who raise employment discrimination claims. These EEO compliance programs are delivered partly through contract vendors. OEEO also: (1) develops and delivers mandatory and supplemental training on rights and remedies available under Federal antidiscrimination laws; (2) conducts an annual analysis of SEC workforce demographics (e.g., race, sex, national origin and disability) and policies, practices and procedures to detect barriers to equal employment opportunity, and where barriers are identified, works with stakeholders to develop and implement action plans to eliminate such barriers; and (3) leads Employee Resource Groups to deliver cultural heritage and educational programs to support the SEC's diverse and inclusive work environment.

For FY 2014, OEEO anticipates continued work on EEO compliance programs and EEO training for current and new leadership, as well as for SEC staff. The OEEO will continue to implement recommendations resulting from the SEC Barrier Analysis project to be finalized in FY 2013. OEEO will also continue to leverage technology to meet the Equal Employment Opportunity Commission (EEOC) requirement that all Federal executive agencies report statistical data on EEO complaints activity and continue to conduct the required annual trend analysis of whether there are any barriers to equal opportunities in employment for any one or more demographic groups. Further, OEEO will continue to support the SEC's eight Employee Resource Groups and provide them resources to meet their programmatic goals.

In addition, as part of our proactive prevention strategies, the EEO Office will develop/enhance new programs and initiatives to include: (1) An Alternative Dispute Resolution Program to address EEO complaints and workplace conflict; (2) EEO Compliance Assessments of Divisions/Offices/Regional Offices; (3) Liaisons to and from Divisions/Offices (including all Regional Offices) to enhance the workplace environment; (4) Coaching as a means of workplace conflict resolution; and (5) Culture Change. In addition, to support the SEC's inclusive workplace efforts, the EEO Office will develop leadership and peer mentoring initiatives for SEC Employee Resource Groups, and will strategize with other agency stakeholders to leverage the diversity of our Employee Resource Groups to accomplish SEC mission imperatives (e.g., financial literacy outreach to diverse communities).

In order to effectively deliver on the programming and initiatives highlighted above, OEEO requests two additional positions in FY 2014.

EEO laws and Executive Orders prohibit employment discrimination in the workplace based on race, sex (gender identity and pregnancy), sexual orientation, national origin, color, age, religion, disability and protected genetic information and also prohibit retaliation against individuals who participate in the EEO process or oppose employment discrimination.

The EEOC has identified six elements of a "Model EEO Program", which Federal executive agencies should seek to achieve. One key element is proactively preventing unlawful discrimination. To that end, OEEO is committed to ensuring that SEC fully complies with EEO laws and regulations by providing EEO compliance programs and related training programs and by conducting barrier analyses to identify any policies, practices or procedures that pose barriers to equal employment opportunities for employees and applicants for SEC employment. Where barriers are identified, the OEEO will, in collaboration with key stakeholders, develop and implement action plans to eliminate the barriers.

Primary Responsibilities

- Provide avenues for resolving workplace disputes stemming from EEO claims early and at the lowest possible level;
- Deliver impartial, effective and timely counseling, alternative dispute, investigation and final decision processes;
- Provide training on the rights and remedies available under EEO laws;
- Provide coaching and consultations on workplace disputes that are perceived as discriminatory;
- Conduct annual assessments of SEC workforce demographics by race, sex, national origin and disability with respect to occupations, grade levels, and awards, etc., and agency policies, practices and procedures to determine if barriers to equal employment exist for any one or more demographic group(s). If barriers are found, develop and implement proactive measures to eliminate such barriers;
- Report to Congress, Equal Employment Opportunity Commission and Office of Personnel Management, statistical data on complaint activity; discipline imposed and reimbursements to the Treasury Judgment Fund in connection with Federal court cases where employment discrimination was found; and other ad-hoc and EEO-related reports; and
- Lead SEC Employee Resource Groups to deliver educational and cultural heritage programs and Unity Month events. Provide those members with necessary tools and support to enhance their careers at the SEC, thus, supporting employee engagement and retention.

In FY 2013 and FY 2014, OEEO will continue to provide training and instructional programs to employees. This training will cover, among other topics, EEO Law and Policy, the value of Alternative Dispute Resolution, Preventing EEO-Based Harassment and courses for managers on Avoiding and Managing EEO Activity, and EEO in Navigating Recruitment, Interview, Hiring and Selection Processes. To grow the footprint and impact of SEC's EEO program, OEEO will continue with its plan to establish liaisons for all regional offices and each division and office at headquarters. OEEO will also leverage technology to enhance its reporting function and coordinate all aspects of the SEC's eight Employee Resource Groups to support a more inclusive work environment at SEC.

In addition, as part of our proactive prevention strategies, the EEO Office will develop/enhance new programming and initiatives to include: (1) an Alternative Dispute Resolution Program to address EEO complaints and workplace conflict; (2) EEO Compliance Assessments of Divisions/Offices/Regional Offices; (3) liaisons to and from Divisions/Offices (including all Regional Offices) to enhance the workplace environment; (4) coaching as a means of workplace conflict resolution; and (5) Culture Change. In addition, to support the SEC's inclusive workplace efforts, the EEO Office will develop leadership and peer mentoring initiatives for SEC Employee Resource Groups, and will strategize with other agency stakeholders to leverage the diversity of our Employee Resource Groups to accomplish SEC mission imperatives (e.g., financial literacy outreach to diverse communities).

Based on these continuing and emerging EEO programmatic responsibilities, OEEO requests two additional positions in FY 2014.

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Training and Instructional Programs	79	100	120
Inquiries Handled	125	175	175
Legal and Other Reporting Requirements	26	26	26
Internal EEO Programs/Employee Resource Groups	75	85	100
Proactive Prevention[1]		30	70
Total FTE	**7**	**7**	**7**

[1] *This is a new category of programs and initiatives that the EEO Office will be deploying in an effort to reduce workplace conflict and enhance the SEC's workplace culture and environment. See narrative for more detailed description.*

Office of the Inspector General

(DOLLARS IN THOUSANDS)		FY 2012 Actual	FY 2013 CR	FY 2014 Request
FTE:	Headquarters	**19**	**19**	**20**
Cost:	Salaries and Benefits	$ 4,124	$ 4,079	$ 4,866
	Non-Personnel Expenses	2,179	2,796	2,914
	Total	**$ 6,303**	**$ 6,875**	**$ 7,780**

FY 2014 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
0	0	0	20

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. By conducting audits, inspections, and evaluations, 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.

In FY 2014, the OIG will continue its focus on improving SEC programs and operations through audits, evaluations, and reviews. It also will enhance staff and agency integrity by investigating allegations of employee and contractor misconduct. By conducting audits, evaluations, reviews, inquiries, 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. OIG's investigative workload remains high due to a variety of factors, including increased Congressional focus on the SEC and increased tips and complaints from the public. This trend is expected to continue through FY 2014.

Further, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which was enacted on July 21, 2010, imposed significant new responsibilities on the SEC as a whole and, as a result, 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, and productivity, and the use of the resources of the Commission, as well as allegations by employees of the Commission of waste, abuse, misconduct, or mismanagement within the Commission. During FY 2014, the OIG will continue to monitor, track, and analyze information received through the OIG SEC Employee Suggestion Program. OIG will also produce the annual report to Congress on the aforementioned Program that is required by Section 966 of the Dodd-Frank Act. In addition, OIG will operate a program for recognizing employees who make suggestions through the Program that increase the work efficiency, effectiveness, or productivity of the Commission, or reduce waste, abuse, misconduct, or mismanagement, as required by Section 966 of the Dodd-Frank Act.

In addition to heightened focus on the SEC, there has also been an increased focus on coordinated IG activities in order to strengthen the oversight of the Federal financial regulatory structure. The SEC IG currently serves on the Council of

Inspectors General on Financial Oversight (CIGFO), which was established pursuant to Section 989E of the Dodd-Frank Act. The OIG participation on the CIGFO necessitates additional resources to provide effective oversight. The OIG will be required to prepare a section of the CIGFO's annual report to Congress that will highlight the concerns and recommendations in the OIG's ongoing and completed work, focusing on issues that may apply to the broader financial sector, and may be tasked to conduct other audit or review activities as a member of CIGFO.

As the SEC staff increases from FY 2012 to FY 2013, SEC programs and operations will increase and require more oversight. This increase has and will add to the OIG's workload. As a result, in FY 2012, the OIG requested additional audit personnel to continue effective oversight. The OIG currently has 30 authorized positions and the addition of the audit position will significantly aid the OIG's efforts to conduct audits and reviews of SEC programs and operations.

Regulatory Requirement

The Inspector General Reform Act (Pub. L. 110-409) was signed by the President on October 14, 2008. Section 6(f)(1) of the Inspector General Act of 1978, 5 U.S.C. app. 3, was amended to require certain specifications concerning OIG budget submissions each fiscal year.

Each Inspector General (IG) is required to transmit a budget request to the head of the establishment or designated Federal entity to which the IG reports specifying:

- The aggregate amount of funds requested for the operations of the OIG;
- The portion of this amount requested for OIG training, including a certification from the IG that the amount requested satisfies all OIG training requirements for that fiscal year; and
- The portion of this amount necessary to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

Following the requirements specified above, the OIG of the U.S. Securities and Exchange Commission submits the following information relating to the OIG's requested budget for FY 2014:

- The aggregate budget request for the operations of the OIG is $7,092,381; and
- The OIG budget request incorporates sufficient aggregate amount of funds for the operations of the OIG. The OIG training needs have traditionally been partially funded out of the agency's training budget. We estimate FY 2014 OIG training costs at $45,000. The IG hereby certifies that the aggregate amount requested satisfies all training requirements for the OIG for FY 2014 and any resources necessary to support the CIGIE. The estimated amount of the SEC OIG's contribution to the CIGIE is 0.24 percent of the budget request, or $16,981.

Information Technology Investments and Initiatives

The two major ongoing IT investments that OIG projects for FY 2014 are an electronic investigation case tracking system and an electronic audit work paper system. These systems will improve the office's efficiency in data storage and retrieval. Further, these systems will allow OIG staff to collaborate on projects more quickly, as information would be stored centrally and would, therefore, be accessible to all who need the information. Moreover, the systems could be used to enhance records management procedures and reduce staff requirements, making OIG operations more effective.

WORKLOAD DATA

Activity	FY 2012 Actual	FY 2013 CR	FY 2014 Request
Audits/Evaluations[1]			
Pending Beginning of Year	6	7	11
Opened	9	14	14
Completed	8	10	14
Pending End of Year	7	11	11
Total FTE	**19**	**19**	**20**

[1] *The Investigative workload of the Office of the Inspector General (OIG) is not included in the workload table because it would be inappropriate to speculate on the number of investigations the OIG would need to conduct during a given time period.*

Other Information

Program Evaluations and Research

Internal and external evaluations play a significant role in monitoring and improving SEC program performance. Through objective measurement and analysis, agency managers determine the extent to which programs are achieving mission objectives allowing them to direct SEC resources accordingly.

Dodd-Frank Act Section 967 Agency Wide Assessment. In FY 2011, the SEC procured the services of Boston Consulting Group (BCG) to review the internal operations and structure of the agency in four areas: organizational structure, personnel, technology, and relationships with self-regulatory organizations (SROs). BCG undertook the evaluation utilizing various tools such as document reviews, analyses, and interviews. The evaluation came to four main conclusions or recommended actions for the SEC to: aggressively assess its programs in order to dedicate enough resources to the most urgent program activities; modify its organization structure, roles, and governance to enhance efficiency, effectiveness, and collaboration; invest in infrastructure to build out technology and human resources; and develop initiatives to strengthen its relationship with SROs.

Office of Compliance, Inspections, and Examinations (OCIE) Program Evaluation. In FY 2011, OCIE performed a "top-down" evaluation process to determine whether the office consistently conducts exams with professional competence and integrity. The process included uncovering risks to the examination program, determining whether controls exist to mitigate those risks, and collecting information about the operation of controls. The assessment team documented the key controls and parties necessary to achieve OCIE's objective of conducting exams with competence and integrity and produced a process flow chart to map how controls and staff are integrated in the examination process. The program evaluation concluded that the key supervisory controls have been implemented and operate effectively.

In FY 2013 and FY 2014, OCIE plans to continue its on-going improvement process across strategy, structure, people, process, and technology whereby OCIE is continually evaluating the program and looking for areas to improve effectiveness and efficiency (particularly in response to an ever-changing and evolving market environment and regulatory landscape).

Division of Corporate Finance (CF) Program Evaluation. CF shares responsibility with the OCIE and the Enforcement Division (ENF) to annually review key processes across their three program areas. As a result of these assessments, CF has documented its key processes, implemented improved supervisory controls and simplified some processes. CF is currently conducting an assessment of data accuracy and validation processes that will ensure that the data, which forms the basis for workload planning and performance reporting, is accurate. During FY 2013, CF plans to add staff to conduct filing review evaluations, helping the Division to determine whether to implement process changes to the full disclosure program in FY 2014 and beyond.

Furthermore, the new Office of Disclosure Standards will help CF maintain more effective controls to conduct corporate financial securities filing reviews in a consistent and professional manner and evaluate the outcomes of those reviews. CF anticipates the new office to be operational in FY 2013.

SEC PROPOSALS ON USE OF EVIDENCE AND EVALUATION

OMB Focus Areas	SEC Proposals for Action
Focus 1: Building Evidence of What is Working and What is Not	The SEC has contracted with the BCG to perform an independent evaluation on operations. Additionally, the SEC is currently assessing data accuracy and validation issues to help ensure the data, which forms the basis for workload planning and performance assessment, are accurate.
Focus 2: Acting on Evidence	The SEC anticipates the launch of the Office of Disclosure Standards in FY 2013 based on a finding that the agency does not have a process to evaluate the outcomes of corporate financial securities filings reviews.
Focus 3: Building Agency Capacity	The SEC's Continuous Improvement Program (CIP) identifies areas of weakness and tracks efforts to reduce redundancies and maximize efficiencies.

Cross-Agency Collaborations

Because securities activities routinely cross regulatory, market segment, and national boundaries, the SEC places great emphasis on building and maintaining close partnerships with other entities. The SEC works closely with other regulatory and enforcement jurisdictions, both within the United States and beyond, through groups such as the Financial Stability Oversight Committee (FSOC), the International Organization of Securities Commissions (IOSCO), and the Financial Stability Board. The agency also frequently engages in joint, bilateral action with other international, national, or state jurisdictions on specific rulemaking activities, regulatory initiatives, and enforcement investigations and cases. The SEC and the Financial Industry Regulatory Authority (FINRA) regularly communicate to discuss strategic initiatives, examination coordination, risk assessment efforts, rule-making issues, industry risks, etc. This type of collaboration is ultimately intended to make oversight of broker-dealers more effective and efficient and to improve compliance within the industry. Further, the SEC's OCIE recently enhanced its inter-regulator Summit of Securities Regulators, increasing the frequency with which it convenes and expand the group of regulators such that now includes FINRA, the Chicago Board of Options Exchange (CBOE), the Chicago Stock Exchange (CHX), the Municipal Securities Rulemaking Board, the North American Securities Administrators Association, the Federal Reserve Board, various Federal Reserve Banks, and the Commodities Futures Trading Commission (CFTC). The first meeting of the expanded group took place in FY 2012 and provided an opportunity to discuss issues and concerns regarding registrants, current regulatory developments, and to identify common risks and collaboration opportunities.

In addition to these collaborative efforts, there are a number of formal and informal efforts that take place among SEC staff and other regulators. These include periodic meetings to discuss mutual areas of interest in the financial markets and the oversight of certain entities. The SEC also continually works to develop and improve formal sharing agreements (through Memorandum Of Understandings) with a number of these other regulators.

Efficiencies and Effectiveness

The SEC continues to make changes that positively impact mission accomplishment and agency operations. These improvements, especially those targeting efficiency, transparency, and responsible management of Federal resources, also reinforce the Chairman's commitment to support legislation such as the e-Government Act, Clinger-Cohen Act, and Executive Order 13589 – Promoting Efficient Spending.

As the SEC considers future budget challenges, it is leveraging the success of the Continuous Improvement Program (CIP) to identify additional efficiency opportunities. In formulating the FY 2014 request, the initiatives set forth below in the area of Information Technology, Enforcement and Corporate Finance are offered as examples of the innovations the SEC is taking to improve its programs, operations, and the mission essential services it provides the nation's investors and markets. While some of these activities generate savings, some produce efficiencies resulting in reduced administrative burdens and increased resources to focus on mission accomplishment. Others reflect innovations that once launched will assist SEC in avoiding new costs altogether.

The Office of Information Technology (OIT) has consistently demonstrated its ability to transform its business operations through innovation. The success of the following efforts are anticipated to have lasting positive impact on SEC programs, services, and operations for years to come:

- The "Spend to Save" initiative is expected to yield $15.5 million in savings during FY 2012. Activities under this initiative include more robust infrastructure support contracts, upgrades to data storage systems, alternative data center power configurations, as well as contracting for webcasting to more cost effectively deliver videoconferencing and online presentations.

Savings generated by this initiative are reallocated to provide more effective IT infrastructure and technologies to the divisions and offices.

- OIT's multi-year technology transformation plan called "Working Smarter" will ensure the SEC's business processes are streamlined, integrated, and implemented with the best technology to reduce costs and increase efficiencies and effectiveness; deliver better services to both employees and the public; and provide greater accountability, transparency, and security. Leveraging modern, reliable, and innovative technologies and predictive analytics will transform the way the SEC performs its mission and provide a proactive view into how technology impacts capital markets. By ensuring that people "work smarter," the SEC will derive significant and measurable performance improvements in core operations and increase value through the use of automated processes.
- Phase one of the EDGAR Modernization Initiative includes an Enterprise Data Warehouse (EDW). The EDW infrastructure eliminates current silos of data and empowers investors and the general public to access valuable market data. SEC investigators are able to leverage the EDW to better analyze EDGAR filing data, in conjunction with other SEC data, to identify outliers meriting further investigation. While the overall effort to implement the EDW and modernize EDGAR will span several years, the iterative nature of the delivery model will enable the SEC to realize significant business value from this investment during FY 2013 and incrementally thereafter.

The Enforcement Program has undertaken initiatives intended to increase efficiency and effectiveness in the administration and support of our mission functions. The initiatives can be categorized as either process-driven or IT development. Examples of process initiatives include efforts to increase competition in expert services, the update to Tips, Complaints and Referrals (TCR) intake and triage capabilities, centralization of processing of document productions, and the process redesign and centralization of post-judgment functions. Examples of IT initiatives include upgrades to the eDiscovery system, development of a document management system to serve as a consolidated repository for work products across the program, deployment of a knowledge management system, and updates to our case management system. All initiatives include a focus on measurement and reporting to enable timely monitoring of processes, and reporting of gains in time, resource, or cost efficiency.

Additionally, there are a variety of other initiatives underway that serve to increase the agency's effectiveness and efficiency, including:

- The continued restructuring of several divisions and offices across the SEC to enhance productivity, enhance customer service, strengthen mission support, and address known areas of weakness.
- Implementation of re-engineered business processes to reduce administrative burdens, which allows staff time and resources to focus on more mission essential program priorities and activities.
- Increased collaboration to effect a change in the work culture and environment to facilitate innovation, partnership, and accountability.

Finally, the CF began an annual assessment to document and review key processes to ensure continuous process improvements as well as data accuracy for workload planning and performance measurement. One conclusion from a recent assessment resulted in the approval for the creation of the Office of Disclosure Standards, which will help CF maintain more effective controls to conduct corporate financial securities filing reviews in a consistent and professional manner and evaluate the outcomes of those reviews.

Management Reviews

The SEC reviews performance data on a quarterly basis through the Chairman's Quarterly Operating Report (CQOR), which was created to establish a performance measure monitoring process for the agency. Once per quarter, during an in-person meeting with SEC's Performance Improvement Officer, the Chairman's Office reviews the status of each performance goal and indicator and determines whether the agency is on target for achieving the performance goal for the fiscal year.

The report includes the quarterly result for each performance goal or indicator and the progress achieved towards meeting the target for the fiscal year. Furthermore, the report includes analysis of those goals and indicators that are not reportable, and milestones achieved toward being able to report on them by the due date of the SEC's Agency Financial Report (AFR). If the agency is not on course to achieve the performance goal, a plan for improving performance is requested of the responsible division or office.

Management Challenges

For a discussion of the major management challenges, please refer to the Inspector General's Statement on Management and Performance Challenges in the 2012 SEC AFR, accessed at *www.sec.gov/about/secpar/secafr2012.pdf*. In this letter, the Inspector General identifies issues for consideration by SEC management. The letter is immediately followed in the AFR by management's response to the identified challenges.

Hyperlinks to Other Information and Resources

SEC 2010-2015 Strategic Plan	*www.sec.gov/about/secstratplan1015f.pdf*
Annual Performance and Financial Reports	*www.sec.gov/about/annrep.shtml*
Prior Year Congressional Budget Justifications	*www.sec.gov/about/budgetreports.shtml*
Investor.gov	*www.investor.gov/*
SEC Office of the Whistleblower	*www.sec.gov/whistleblower*
SEC Enforcement Actions	*www.sec.gov/spotlight/enf-actions-fc.shtml*
The Laws the Govern the Securities Industry	*www.sec.gov/about/laws.shtml*

Appendixes

Appendix A: Summary of Changes to Performance Goals and Indicators

SUMMARY OF CHANGES TO PERFORMANCE GOALS AND INDICATORS

Responsible Division/Office	Performance Goal/ Indicator #	Previous Title	New Title
Enforcement	Performance Goal 1.3.6	New	Average months between opening a matter under inquiry or an investigation and commencing an enforcement action
Enforcement	Indicator (Contextual) 1.3.1	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
Enforcement	Performance Goal 1.3.1	Percentage of enforcement actions successfully resolved	Percentage of enforcement actions resolved
Enforcement	Performance Goal 1.3.2	Percentage of first enforcement actions filed within two years	Percentage of first enforcement actions filed within two years
Enforcement	Performance Goal 1.3.3	Percentage of debts where either a payment has been made or a collection activity has been initiated within six months of the due date of the debt	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
Enforcement	Performance Goal 1.3.4	Percentage of Fair Fund and disgorgement fund plans that distributed the final tranche of funds to injured investors within 24 months of the order appointing the fund administrator	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
Enforcement	Performance Goal 1.3.5	Percentage of Fair Fund and disgorgement fund plans approved by final order within the prior fiscal year which had a first tranche of funds distributed under those plans within 12 months of such approval date	Total amount distributed within the fiscal year, and the number of Fair Funds from which those distributions came
Enforcement	Indicator (Output) 1.3.2	Number of investigations or cause exams from tips	Number of investigations or inquiries originating from a tip or complaint
Enforcement	Indicator (Output) 1.3.3	SEC investigations referred to SROs or other state, federal, and foreign authorities for enforcement	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
Enforcement	Indicator (Output) 1.3.4	Percent of all enforcement investigations deemed “high impact”	Percent of enforcement actions filed that arose out of national priority investigations
Enforcement	Indicator (Contextual) 1.3.5	Criminal investigations relating to SEC investigations	Criminal actions related to conduct under investigation by the SEC
Enforcement	Indicator (Output) 1.3.6	Disgorgement and penalties ordered and the amounts collected by the SEC	Disgorgement and penalties ordered and the amounts collected

Appendix B: Acronyms

ABS	Asset-Back Securities
AFR	Agency Financial Report
APP	Annual Performance Plan
APR	Annual Performance Report
ARP	Automation Review Program
BCG	Boston Consulting Group
BD	Broker-Dealer
BMO	Business Management Office
CAT	Consolidated Audit Trail (Repository)
CBJ	Congressional Budget Justification
CBOE	Chicago Board of Options Exchange
CCP	Central Counterparty
CEO	Chief Executive Officer
CF	Division of Corporation Finance
CFO	Chief Financial Officer
CFTC	Commodities Futures Trading Corporation
CHX	Chicago Stock Exchange
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CIP	Continuous Improvement Program
COO	Chief Operating Officer
COOP	Continuity of Operations
COR	Contracting Officers Representative
COTS	Commercial-Off-The-Shelf
CPSS-IOSCO	Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions
CQOR	Chairman's Quarterly Operating Report
D&I	Diversity & Inclusion
EBP	Evidence-Based Performance
ECM	Enterprise Content Management
ECN	Electronic Communication Network
EDGAR	Electronic Data Gathering Analysis and Retrieval
EDW	Enterprise Data Warehouse
EEO	Equal Employment Opportunity
ENF	Enforcement Division
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
LEI	Global Legal Identity Identifier

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
OBO	Office of Building Operations
OCA	Office of Chief Accountant
OCIE	Office of Compliance Inspections and Examinations
OCOO	Office of the Chief Operating Officer
OCR	Office of Credit Ratings
OEEO	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
ORMS	Office of Records Management Services
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
PERSEC	Personnel Security Operations
PWG	President's Working Group
QRADS	Quantitative Research Analytical Data Support
REG	Office of Risk and Examination Group
RMS	Office of Records Management Services
ROC	Regulatory Oversight Committee
RSFI	Division of Risk, Strategy and Financial Innovation
RSS	Really Simple Syndication
SDR	Swap Data Repositories
SEC-U	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
UIT	Unit Investment Trusts
VaR	Value-at-Risk

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