

Planning for the Future

Strategic Plan

U.S. Securities and Exchange Commission

FISCAL YEARS 2014–2018
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This document presents the U.S. Securities and Exchange Commission’s Strategic Plan prepared in accordance with the Government Performance and Results Act Modernization Act of 2010. The plan sets out the Commission’s mission, vision, values, and strategic goals for fiscal years 2014 through 2018. Furthermore, it discusses the SEC’s environment, details the strategic objectives the Commission seeks to achieve, presents the strategies and initiatives that will be undertaken to accomplish those objectives, and lists the performance goals that will be used to gauge the agency’s progress.

Comments on this Strategic Plan should be directed to performanceplanning@sec.gov.

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The U.S. Securities and Exchange Commission is an independent federal agency established pursuant to the Securities Exchange Act of 1934 (Exchange Act). It is headed by a bipartisan five-member Commission, comprised of the Chair and four Commissioners, who are appointed by the President and confirmed by the Senate. The Chair is responsible for the executive and administrative functions of the Commission. The SEC employs over 3,700 people.

Mission

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

Vision

The SEC strives to promote a securities market that is worthy of the public's trust and characterized by:

- Transparent disclosure to investors of the risks of particular investments;
- Oversight of key market participants, including exchanges, brokers and dealers, municipal advisers, and others;
- Focus on strengthening market structure and systems;
- Promotion of disclosure of market-related information;
- Protection against fraud and abuse; and
- Evaluation, development and maintenance of appropriate rules and regulations.

Values

Integrity: As the SEC is the independent federal agency entrusted with regulating and conducting enforcement for the U.S. securities markets, each member of the Commission's workforce has a responsibility to demonstrate the highest ethical standards to inspire confidence and trust.

Commitment to Excellence: The SEC is committed to the highest standards of excellence in pursuit of its mission. The investing public and the U.S. securities markets deserve nothing less.

Accountability: The SEC embraces the responsibility with which it is charged. In carrying out its mission, SEC employees hold themselves accountable to the public and take responsibility for achieving SEC goals.

Effectiveness: The SEC strives to work creatively, proactively, and effectively in assessing and addressing risks to the securities markets, the public, and other market participants. The staff is committed to finding innovative and flexible approaches to the SEC's work and using independent judgment to explore new ways to fulfill the SEC's mission in the most efficient and effective manner possible.

Teamwork: The SEC recognizes that its success depends on a diverse, coordinated team committed to the highest standards of trust, hard work, cooperation, and communication. The staff is committed to working together and coordinating effectively with investors, business, governments, and other organizations in the U.S. and abroad.

Fairness: The SEC treats investors, market participants, and others fairly and in accordance with the law. As an employer, the SEC seeks to hire and to retain a skilled and diverse workforce, and to ensure that all decisions affecting employees and applicants are fair and ethical.

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Strategic Goals and Strategic Objectives

Strategic Goal 1: Establish and maintain an effective regulatory environment

Strategic Objective 1.1: 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.

Strategic Objective 1.2: The SEC promotes capital markets that operate in a fair, efficient, transparent, and competitive manner, fostering capital formation and useful innovation.

Strategic Objective 1.3: The SEC adopts and administers regulations and rules that are informed by robust economic analysis and public comment and that enable market participants to understand clearly their obligations under the securities laws.

Strategic Objective 1.4: The SEC engages with a multitude of stakeholders to inform and enhance regulatory activities domestically and internationally.

Strategic Goal 2: Foster and enforce compliance with the federal securities laws

Strategic Objective 2.1: The SEC fosters compliance with the federal securities laws.

Strategic Objective 2.2: The SEC promptly detects and deters violations of the federal securities laws.

Strategic Objective 2.3: The SEC prosecutes violations of federal securities laws and holds violators accountable through appropriate sanctions and remedies.

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

Strategic Objective 3.1: The SEC works to ensure that investors have access to high-quality disclosure materials that facilitate informed investment decision-making.

Strategic Objective 3.2: The SEC works to understand investor needs and educate investors so they are better prepared to make informed investment decisions.

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

Strategic Objective 4.1: The SEC promotes a results-oriented work environment that attracts, engages, and retains a technically proficient and diverse workforce, including leaders who provide motivation and strategic direction.

Strategic Objective 4.2: The SEC encourages a collaborative environment across divisions and offices and leverages technology and data to fulfill its mission more effectively and efficiently.

Strategic Objective 4.3: The SEC maximizes the use of agency resources by continually improving agency operations and bolstering internal controls.

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Environmental Perspective & Outlook

The SEC's goals and priorities are influenced by a number of external environmental factors, including the demands of fulfilling its mission in an increasingly complex and globally interconnected securities market and the statutory structure within which the Commission works. In recent years, this environment has changed dramatically. While this Strategic Plan attempts to anticipate various ways in which the markets, regulated industries and legislative requirements may evolve over time, no plan can anticipate all possible scenarios. The following discussion outlines the agency's perspective and outlook on the most significant environmental factors that have influenced—and are expected to continue to influence—the SEC's fulfillment of its mission.

Increasingly Dispersed and Complex Financial Markets

Driven by competition, technology, regulation and market participants' innovation, today's financial markets offer more products, services, strategies, and opportunities than ever before. Investors are confronted by a growing number of increasingly complex product offerings. Sophisticated technology brings remarkable speed and efficiency to the financial markets, making both routine trades and complex transactions easier and less expensive to execute. At the same time, this technology brings new risks of accidental or intentional disruptions which are capable of spreading across markets, international borders and institutional firewalls. In addition, market structure has become highly fragmented as trading volume is dispersed among many highly automated trading centers that compete for order flow of securities.

New Aspects of the Agency's Jurisdiction

The SEC's role has significantly expanded in recent years, as historic legislation like the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and the Jumpstart Our Business Startups Act (JOBS Act) have increased the Commission's regulatory responsibility for advisers to hedge funds and other private funds, clearing houses, rating agencies, municipal advisers, crowdfunding portals, and, together with the Commodity Futures Trading Commission (CFTC), the entire market structure surrounding swaps.

Actions designed to ease the acquisition of new capital by new and smaller enterprises – chiefly through crowdfunding and general solicitation – will increasingly demand SEC time and resources as well.

The Globally Interconnected Financial Markets

At the same time that domestic responsibilities are expanding, activities the SEC regulates increasingly have international implications. Traders in today's global financial market can move billions of dollars thousands of miles away in a fraction of a second; issuers can explore a whole world of choices as they decide where to list and raise new capital; and investor portfolios are more diverse and global than ever before. Engagement and appropriate coordination with foreign regulators, both bilaterally and multilaterally, on everything from enforcement strategies to swaps regulations are necessary for the SEC to oversee today's markets, to combat fraud and to identify global risks that could impact U.S. securities markets.

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Continuing Risks

Many of the initiatives outlined in this Strategic Plan are designed to address specific problems brought to light by the global financial crisis and its aftermath. Despite best efforts, however, it is impossible to predict and plan for all potential challenges. The degree of the SEC's success in achieving its goals and strategic objectives may depend upon factors such as those listed below.

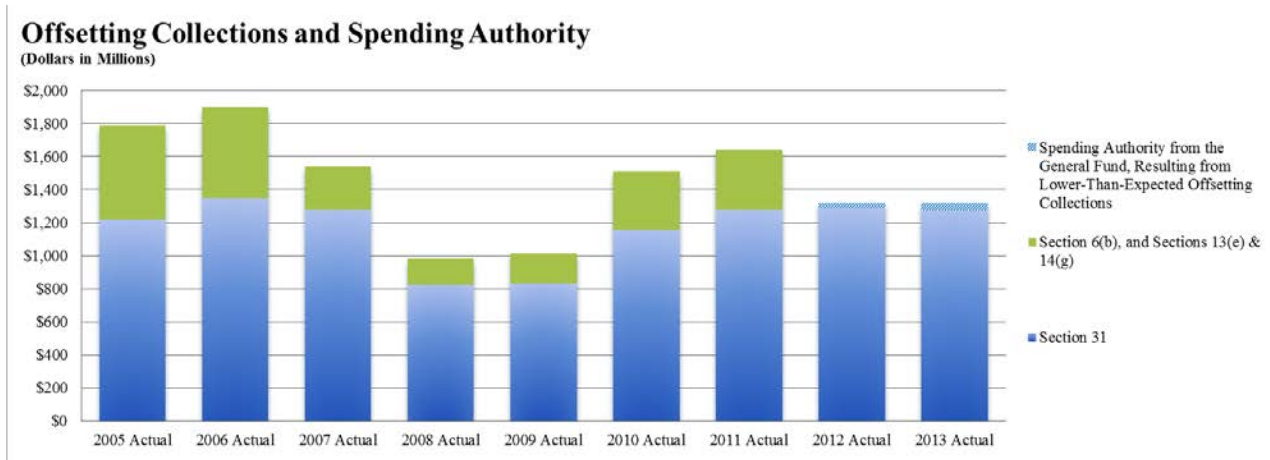
- The SEC's ability to meet its statutory mission and the performance goals and strategic objectives outlined in this Strategic Plan are inherently dependent upon the SEC obtaining sufficient resources, which the agency needs to keep pace with the growing size and complexity of the securities markets and the broad oversight and enforcement responsibilities. The SEC submits an annual budget request which outlines the funding it is seeking and the intended use of such funding. The appropriation that the SEC receives is fully offset by securities transaction fees, and accordingly, the SEC's funding is not borne by taxpayers. Budgetary constraints will impact the ability of the SEC to fulfill its goals and objectives as outlined in this Strategic Plan.
- Legislative and regulatory changes may not be successful in providing regulators with a comprehensive understanding of systemic risk or sufficient tools to manage that risk more effectively.
- Changes in financial industry regulation may drive those whose activity is curtailed or may unintentionally hamper behavior that would benefit the market and investors.
- Regulations may be perceived as a substitute for care and diligence on the part of investors in their own decision-making.
- Over-regulation or under-regulation may undermine the competitiveness of the U.S. capital markets in an increasingly competitive global marketplace.
- Over-regulation or under-regulation may chill innovation, entrepreneurship, and prudent risk taking.

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Resources

The SEC is an independent federal government agency funded through annual appropriations enacted by Congress and the President. Until FY 2012, the agency's appropriations were offset by transaction and registration fees collected by the agency. The Offsetting Collections and Spending Authority chart below presents the SEC's budgetary authority derived from offsetting collections from transaction fees collected pursuant to Section 31 of the Exchange Act and registration fees collected under Section 6(b) of the Securities Act of 1933, Sections 13(e) and 14(g) of the Exchange Act and Section 24(f) of the Investment Company Act of 1940 during the period FY 2005 through 2011. Pursuant to the Dodd-Frank Act and beginning in FY 2012, registration fee collections are no longer offsetting collections, and are now either deposited into the Securities and Exchange Commission Reserve Fund or the U.S. Treasury General Fund. Thus, the columns for FY 2012 through FY 2013 reflect only Section 31 transaction fee collections.

The SEC's appropriation is deficit-neutral, since under the Dodd-Frank Act the Commission's appropriation is matched by anticipated collections of Section 31 securities transaction fees. Thus, each year Congress and the President can decide the size of the SEC's appropriation without diverting resources from other priorities or adding to the nation's debt. Since personnel and technology typically comprise about 70 percent of the SEC's appropriation, constraints on the Commission's budget can have a direct impact on the staff and systems the Commission has available to enforce and implement the federal securities laws.



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Strategic Goal 1

Establish and maintain an effective regulatory environment

“Effective regulation of the U.S. financial system requires us to grapple with a global financial system that transcends boundaries. And it demands that we match our regulatory and enforcement priorities with those of scores of jurisdictions around the world.”

CHAIR MARY JO WHITE

THE SEC IS RESPONSIBLE for establishing a regulatory environment in which the agency’s mission can be met and sustained. Most securities laws and regulations flow from two central principles. First, all investors should have equal access to accurate, complete and timely information about the investments they buy, sell, and hold. Second, investors should be able to rely upon self-regulatory organizations (SRO), exchanges, broker-dealers, investment advisers, investment companies, and other market participants to conduct investors’ securities transactions efficiently and according to the informed choices made by investors.

The SEC has broad authority to shape the regulatory framework for the securities industry. Rulemaking often is required to remedy abusive practices, to respond to Congressional mandates, to address changing economic conditions, to address risks in advances in technology, or novel products or services. In general, rulemaking and policies are designed to improve disclosure, facilitate the flow of important information to investors and the public, improve governance, promote high-quality accounting standards and financial reporting, enhance the responsibilities and accountability of financial intermediaries and other market participants, and strengthen the structure of the trading markets, among other goals. When properly crafted, these rules serve to further the SEC’s mission. In addition, when existing laws are not sufficient to achieve this mission, the SEC also has a duty to advise Congress about necessary corrective measures. The SEC recognizes that regular reviews of Commission regulations and its rulemaking processes are necessary to confirm that intended results are being achieved as well as to identify gaps and redundancies in regulation.

In addition to promulgating its rules and regulations, the SEC provides guidance when, among other things, it sets forth the views of the Commission or its staff on questions of current concern, without stating them in the form of legal requirements. The most prevalent form of this guidance is publicly available staff statements on a particular legal or accounting issue or on an interpretation of a rule or regulation. The staff also responds to inquiries from individuals and companies about whether an activity, undertaken in a specified manner, would violate the securities laws. The inquiries can take the form of written requests that the staff not recommend enforcement or other action to the Commission if the activity is completed as specified. The SEC also issues individual orders granting relief from provisions of the securities laws when the specific facts indicate that doing so is consistent with the protection of investors and the policy and purposes behind the laws. These orders can serve as a testing ground for useful innovation and may pave the way for rulemaking.

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Strategic Objective 1.1: The SEC establishes and maintains a regulatory environment that promotes high-quality disclosure, financial reporting, and governance, and prevents abusive practices by registrants, financial intermediaries, and other market participants.

The investments of Americans and their families are dependent upon the maintenance of healthy capital markets. The greater availability of and access to investment opportunities can help Americans build their portfolios to create a better life for themselves and their children. Investment opportunities may include the potential for abuse by market intermediaries, and other market participants. Such abuses erode the investing public's trust and undermine investor confidence in markets as a whole.

To protect investors and to promote confidence in the integrity and fairness of the markets, the SEC uses its regulatory authority to deter potentially abusive behavior.

The federal securities laws entrust the SEC with authority to shape the regulatory framework so that investors are protected through the availability of high-quality disclosure about their investments. In addition, the agency develops regulations that promote and strengthen corporate and fund governance.

Initiatives:

To accomplish this strategic objective, the SEC plans to implement the following initiatives:

- **Improve the quality and usefulness of disclosure:** The SEC will continue to evaluate and, where necessary, amend its requirements to improve the quality and usefulness of registrants' disclosures to investors. Areas of focus will include disclosure about registrants' financial condition, operations, risk management and executive compensation decisions and practices.
- **Engage in rulemaking mandated by Congress:** The SEC will continue to fulfill its obligations under the Dodd-Frank Act and the JOBS Act to develop and promulgate mandated rules and regulations with appropriate notice and comment and economic analysis.
- **Analyze trends in new financial products and instruments, including exchange traded products, and market innovations:** The SEC will proactively seek out information from market experts both inside and outside the SEC to help inform the regulatory process, look for new risks, understand the impact of significant market events, and ensure that rules and registrants' disclosures take into account the latest market environment and practices. When possible, the SEC will directly collect and analyze relevant market data to identify upcoming trends, patterns, or relationships among asset classes, instruments and market participants, and to identify areas of regulatory need. One area of focus will be to consider requiring mutual funds to provide additional information on portfolio holdings and other operations.
- **Strengthen proxy infrastructure:** The SEC will consider issues related to the mechanics of proxy voting and shareholder-company communications, including the role of proxy advisory firms.
- **Modernize beneficial ownership reporting:** The SEC will consider how to modernize its beneficial ownership reporting requirements to, among other things, address the disclosure obligations relating to the use of equity swaps and other derivative instruments.

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- **Analyze regulatory structures for investment advisers and broker-dealers providing personalized investment advice:** The SEC will continue to analyze whether the different regulatory obligations that apply to broker-dealers and investment advisers providing personalized investment advice should be changed for the protection of investors.
- **Modernize the regulatory treatment and valuation of certain portfolio holdings of registered investment companies:** The SEC will consider regulatory initiatives and/or guidance needed to update and improve the current regulatory regime for the use of derivatives by mutual funds, exchange-traded funds and other registered investment companies. A related initiative is consideration of updated guidance for registered investment companies regarding the valuation of their portfolio securities and other assets.
- **Promote high-quality accounting standards:** The SEC will continue to promote the establishment of high-quality accounting standards by independent standard setters in order to meet the needs of investors. In overseeing the Financial Accounting Standards Board (FASB), the SEC will strengthen and support the FASB's independence and maintain the focus of financial reporting on the needs of investors. Due to the increasingly global nature of the capital markets, the agency will work to promote higher quality financial reporting worldwide and will consider, among other things, whether a single set of high-quality global accounting standards is achievable.
- **Foster high-quality audits through the oversight of the accounting profession:** The SEC will continue to oversee the Public Company Accounting Oversight Board (PCAOB) and its regulation of independent auditors through the PCAOB's inspection and disciplinary programs. The SEC also will work closely with the PCAOB on the promulgation and interpretation of auditing standards to address current issues in the capital markets.
- **Enhance the regulation of broker-dealers, clearing agencies, and other major market participants:** The SEC will continue to enhance its oversight of broker-dealers, clearing agencies, and other major market participants by, among other things, evaluating the current regulatory structure related to financial responsibility, customer protection, and governance.
- **Monitor disclosures related to asset-backed securities:** The SEC is considering revising its rules and forms to improve registration and disclosure requirements for asset-backed securities, and will monitor disclosures and compliance with current and any revised rules that have been promulgated by the Commission. The SEC will continue to fulfill its statutory mandate to work with other federal regulators in the promulgation of joint rules concerning credit-risk retention in securitized transactions.
- **Strengthen oversight of municipal advisors:** The SEC will continue to enhance the program for registration and oversight of municipal advisors, with a particular focus on registering municipal advisors under the permanent registration rules and reviewing rule filings by the Municipal Securities Rulemaking Board (MSRB) to implement the permanent municipal advisor registration rules.

Related Indicator:

The following indicator is useful for understanding the SEC's activities, but should not be considered a performance metric. As this indicator is not used to assess performance, it does not require a target or timeframe.

Indicator	Description
Number of investor testing research projects	This metric tracks the number of research initiatives used to gather feedback from investors on the usefulness of disclosures and other input on SEC rulemaking.

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Strategic Objective 1.2: The SEC promotes capital markets that operate in a fair, efficient, transparent, and competitive manner, fostering capital formation and innovation.

Through rulemaking and other initiatives, the Commission works to assure that investors have fair access to securities markets; that their orders are handled in an efficient and transparent manner throughout the order entry, execution, clearing, and settlement process; that securities laws and regulations do not promote regulatory arbitrage; and that U.S. securities markets remain vibrant, competitive and resilient. These efforts help to promote markets in which investors have the necessary information to make investment decisions, the price discovery process is fair and free from manipulation, and trades can be executed efficiently. The Commission also fosters capital formation by facilitating market access for novel products and innovative and competitive investment company structures when consistent with investor protection.

Self-regulation is a fundamental component of the regulation of U.S. securities markets and market intermediaries. SROs must balance multiple interests and responsibilities. The SEC oversees SROs to ensure that securities markets operate in a fair, efficient, and orderly manner; that they are competitive; and that they promote capital formation. The SEC has authority over the rulemaking and other activities of SROs, which include national securities exchanges, the Financial Industry Regulatory Authority (FINRA), and clearing agencies. In approving SRO rules, the SEC must determine, among other things, that these rules are designed to prevent fraudulent and manipulative practices, promote just and equitable principles of trade, and foster cooperation in the clearing and settling of trades, and that they do not impose an unnecessary or inappropriate burden on competition. At the same time, SROs face unique challenges balancing their regulatory responsibilities with business and other interests. In this respect, the SEC's oversight over SROs provides it with the ability to monitor conflicts of interest by, among other things, ensuring that an SRO's rules, as well as any changes to those rules, assure a fair representation among members and participants in the selection of an SRO's directors and administration of its affairs, and also not be designed to permit unfair discrimination between customers and other participants.

Initiatives:

To accomplish this strategic objective, the SEC plans to implement the following initiatives:

- **Foster a fair and efficient market structure:** The SEC will continue to pursue initiatives that promote the goals of the national market system in the trading of securities, such as enhancing price transparency, facilitating best execution, assuring fair access to trading systems, and fostering fair competition. These may include:
 - Reviewing the impact of algorithmic and other automated trading on the markets, including its potential contribution to market volatility and, if warranted, developing an appropriate policy response;
 - Strengthening the incentives for investors to display trading interest, and thereby contribute to the price discovery process;
 - Enhancing the post-trade transparency of alternative trading systems (including dark pools) in order to address market fragmentation and facilitate best execution;
 - Continuing and expanding a comprehensive review of equity market structure; and

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- Considering a comprehensive review of the structure and operation of the listed options markets to promote fair, efficient, transparent, and competitive markets

- **Oversee the system of self-regulation:** Through its review of SRO proposed rule changes, ongoing dialogue with SROs, and rulemaking and other initiatives, the SEC will appropriately oversee the system of self-regulation. This is particularly important in light of conflicts of interests.

- **Enhance the technological resilience of securities markets:** The SEC is working with securities markets, securities firms and other key market participants to ensure the development of adequate policies and procedures with regard to their automated systems and to guard against technological failures. The SEC recently proposed rulemaking to require securities markets, clearing agencies, and plan processors to assure that their systems have adequate levels of capacity, integrity, resiliency, availability, and security to maintain their operational capability and that those markets operate in the manner intended. The SEC anticipates continuing its work on this rulemaking proposal and continuing its dialogue with securities markets to assure a robust and sound U.S. market infrastructure.

- **Reduce reliance on credit ratings references in SEC rules:** The SEC will continue to work to implement the credit rating reference removal provisions required by the Dodd-Frank Act by inserting appropriate substitutes as required by law.

- **Enhance oversight of derivatives:** The SEC will continue to implement the derivatives provisions of Title VII of the Dodd-Frank Act, including through cooperative measures with foreign counterparts. The SEC will work with the CFTC to seek to harmonize futures and securities laws for economically equivalent instruments.

- **Help prevent market manipulation:** As part of this initiative, the SEC will review recent changes to the regulation of short sales to assess their effectiveness and determine whether additional modifications are warranted. The agency also intends to explore ways to enhance the transparency of trading activities to better deter and detect manipulation. In addition, the SEC will pursue initiatives to update and enhance the anti-manipulation rules that address the activities of underwriters, issuers, selling security holders, and others in connection with securities offerings, as well as update and enhance the anti-manipulation rules that address issuer repurchases and timely public notice of dividends and other distributions.

- **Improve transparency and oversight of small capitalization securities:** The SEC will pursue initiatives focused on the special characteristics of the market for small capitalization securities, in order to enhance the transparency of this market and promote vigorous oversight. Goals of these initiatives will include assuring appropriate investor protections and promoting market efficiency. The SEC also will review its rule that governs the publication of quotations for securities that are not listed on a national securities exchange, to ensure that it adequately addresses securities and situations most likely to raise concerns about fraud and manipulation.

- **Consider implementing further money market fund reforms:** The SEC plans to consider final amendments to its rule regulating money market funds (MMFs), which would be designed to reduce their susceptibility to runs, improve their ability to manage the effects of high levels of shareholder redemptions in times of stress, increase the transparency of risk in MMF portfolios, and preserve, as much as possible, the benefits of MMFs for investors and the short-term financing markets.

- **Enhance the market structure for fixed income securities:** The SEC plans to pursue many of the recommendations highlighted in the July 2012 Report on the Municipal Securities Market through a combination of SEC, MSRB, and FINRA initiatives, in an effort to enhance the market structure for all fixed income securities, including taxable and tax-exempt securities. This effort will include initiatives aimed at promoting transparency and the development of new mechanisms to facilitate the provision of liquidity, as well as initiatives to improve the execution quality of investor orders.

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- **Consider streamlining the process for introducing new exchange-traded funds:** The SEC will consider whether or not to permit certain exchange-traded funds to be introduced to the market without first submitting an application under the Investment Company Act of 1940 and receiving an exemptive order from the Commission.
- **Improve clearance and settlement:** The SEC will pursue initiatives to develop registration practices that facilitate appropriate access to U.S. financial markets for different types of clearing agencies and transfer agents, and supervisory resources and practices that allow the SEC to appropriately consider the systemic and other risks of registered and exempt clearing agencies and transfer agents performing payment, clearance and settlement activity in the U.S. and for U.S. persons. The SEC also will consider whether and how to modify existing rules covering clearing agencies and transfer agents to enhance the safety and efficiency of securities clearance and settlement practices and ensure that such practices are harmonized with the broader U.S. financial system.

Performance Goal:

The SEC intends to use the following performance metric to gauge its progress in achieving this strategic objective:

Performance Goal	Description
Time to complete SEC review of SRO rules that are subject to SEC approval	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 the timeliness of those reviews.

Related Indicators:

The following indicators are useful for understanding the SEC's activities, but should not be considered performance metrics. As these indicators are not used to assess performance, they do not require targets or timeframes.

Indicator	Description
Percentage of SRO rule filings submitted for immediate effectiveness	This indicator gauges the proportion of SRO rule proposals that are submitted for immediate effectiveness.
Percentage of transaction dollars settled on time each year	This indicator measures the efficiency of the U.S. clearance and settlement system for equity securities.

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Percentage and number of market outages at SROs and electronic communications networks (ECNs) that are corrected within targeted timeframes	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 indicator gauges how quickly outages are resolved, so that market activity can resume.
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Strategic Objective 1.3: The SEC adopts and administers regulations and rules that are informed by robust economic analysis and public comment and that enable market participants to understand their obligations under the securities laws.

The process of developing and administering rules and regulations is one of the primary functions of the SEC and involves staff from virtually every division and office. One of the agency's primary objectives is to maintain a regulatory framework that enables market participants to understand their obligations.

The success of this strategic objective requires collaboration and coordination among staff members who bring a variety of different perspectives, with appropriate tools and support. In addition, the agency must continually reevaluate its regulatory framework so that it provides sufficient protections to investors as new products and services enter the market. In addition to drafting its own rules, the SEC often coordinates with other federal regulators in joint rulemaking to ensure consistency and clarity throughout the market.

The SEC's economic analysis supports a wide-spectrum of activities including policymaking and rulemaking. The SEC integrates robust economic analysis into the rulemaking process and rule releases, so that its rules and regulations are appropriately informed by economic reasoning and impacts. The SEC also identifies developing risks and trends in the financial markets and engages in long-range planning and training to address such developments.

The SEC plans to continue to encourage investor participation and comments on proposed rules, regulations and other issues materially affecting investors through a variety of methods, including supporting the work of the Investor Advisory Committee, staffing the Office of the Investor Advocate and working with the Office of Investor Education and Advocacy to highlight issues that may be of particular interest to investors.

Initiatives:

To accomplish this strategic objective, the SEC plans to implement the following initiatives:

- **Improve agency-wide coordination of the rulemaking process:** The SEC will seek additional ways to foster greater and earlier collaboration among divisions and offices on rulemaking initiatives. The agency will establish collaboration tools to more effectively gather and analyze data from across the SEC and manage rulemaking activities.
- **Enhance the process for no-action, interpretive, and exemptive regulatory requests:** The SEC will

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continue reviewing its process for handling written requests for no-action, interpretive, and exemptive relief, so that the agency's responses are completed in a timely and efficient manner.

- **Respond accurately and timely to informal guidance requests from market participants and others:** The SEC will strive to respond to informal requests for guidance regarding the laws and rules it administers to provide appropriate informal guidance as quickly as possible.

Performance Goals:

The SEC intends to use the following performance metrics to gauge its progress in achieving this strategic objective:

Performance Goal	Description
Length of time to respond to written requests for no-action letters (NAL), exemptive applications, and written interpretive requests	The SEC staff responds to requests for guidance from individuals and market participants about specific provisions of the federal securities laws. These queries may seek interpretations of the securities laws or regulations, or assurances that no enforcement action will be taken if the individual or market participant engages in a specified activity. 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 metric gauges the timeliness of initial comments issued by the Divisions of Trading and Markets, Investment Management, and Corporation Finance.
Timeliness of responses to requests for informal guidance received by the trading & markets dedicated hotline or email box	The Division of Trading and Markets maintains a dedicated phone line and an email account to provide market participants with avenues to request information and informal guidance regarding the Exchange Act and rules thereunder. This metric will reflect the timeliness of the staff's responses to these requests.

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Related Indicators:

The following indicators are useful for understanding the SEC’s activities, but should not be considered performance metrics. As these indicators are not used to assess performance, they do not require targets or timeframes.

Indicator	Description
Number of amendments to national securities exchange registrations (Form 1)	This indicator provides information about the volume of material filed with the SEC that involves amendments to exchange registrations.
Number of Alternative Trading System registrations (Form ATS)	This indicator provides information about the volume of material filed with the SEC that involves filings related to ATS registrations.
Number of new investment product submissions	This indicator provides information about the volume of material filed with the SEC that involves new product submissions pursuant to Rule 19b-4(e) of the Exchange Act.
Number of published economic reports	This indicator gauges the number of economic reports that staff of the Division of Economic and Risk Analysis publishes annually on the SEC’s website.

Strategic Objective 1.4: The SEC engages with a multitude of stakeholders to inform and enhance regulatory activities domestically and internationally.

In today’s markets, capital can cross jurisdictional boundaries with the click of a button. It is more important than ever to coordinate with other U.S. and foreign regulatory authorities and stakeholders on the best regulatory responses to the changing market landscape. Failure to effectively coordinate can significantly hamper the SEC’s ability to achieve its policy objectives or avoid significant unintended consequences.

Domestically, the Chair of the SEC will continue to participate actively in the Financial Stability Oversight Committee (FSOC) with the heads of others FSOC member agencies, such as the Board of Governors of the Federal Reserve, the Department of the Treasury, and the CFTC.

The SEC also will actively participate in international multilateral organizations, including the International Organization of Securities Commissions (IOSCO), the Financial Stability Board, the Organization for Economic Cooperation and Development, and the Financial Action Task Force. These efforts will be complemented by direct bilateral consultations with foreign regulatory counterparts on enforcement and regulatory cooperation matters. In addition, the SEC continues to promote international coordination and cooperation through its technical assistance programs for foreign regulators.

The SEC will continue to coordinate with domestic stakeholders including investors, industry representatives, technical experts and other market participants. The SEC will also continue to work with the Investor Advisory Committee on a variety of regulatory issues.

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Initiatives:

To accomplish this strategic objective, the SEC plans to implement the following initiatives:

- **Collaborate with other authorities on enforcement and market oversight matters:** In order to create a more effective and coordinated regulatory environment, the SEC will partner with U.S. federal and state regulatory authorities to share data, information, and expertise on regulatory issues as appropriate. The SEC will similarly utilize arrangements to share appropriate and relevant data, information, and expertise with foreign authorities about cross-border issues.
- **Continue global coordination and assistance:** The SEC will continue to work closely with its regulatory counterparts abroad, as well as with relevant international organizations, to promote high-quality securities regulation worldwide and convergence where appropriate. The SEC will conduct technical assistance programs that promote emerging and recently-emerged markets' capacity to take steps to minimize the likelihood of regulatory arbitrage and promote cross-border enforcement and supervisory assistance.
- **Facilitate input from stakeholders in rulemaking initiatives:** The SEC will continue to seek input from stakeholders to inform its rulemaking initiatives through a variety of methods including, as appropriate to the initiative, meeting with investors, industry representatives, technical experts and other market participants, holding roundtables and issuing concept releases.
- **Coordinate closely with the Investor Advisory Committee:** The SEC will continue to work closely with the Investor Advisory Committee, which was established to present the views and experience of a wide variety of investors and to advise the Commission on regulatory priorities and practices. The Investor Advisory Committee is authorized by statute to submit findings and recommendations to the Commission for review and consideration.

Performance Goals:

The SEC intends to use the following performance metrics to gauge its progress in achieving this strategic objective:

Performance Goal	Description
Supervisory cooperation requests from foreign authorities for SEC assistance and SEC requests for assistance on supervisory cooperation from foreign authorities	The SEC makes requests to foreign authorities for supervisory cooperation assistance and responds to such requests from foreign regulators through both formal mechanisms, such as supervisory memoranda of understanding, and on an ad hoc basis.
Number of non-U.S. regulators trained	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 promoting cross-border enforcement and supervisory assistance.

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Strategic Goal 2

Foster and enforce compliance with the federal securities laws

“The ability to identify and bring timely, high-quality enforcement actions when violations of the federal securities laws occur is integral to the SEC’s core mission. The SEC must enhance its enforcement function not only to send strong messages to wrongdoers that misconduct will be swiftly and aggressively addressed, but also to adapt to the highly automated, high-speed markets of today and tomorrow.”

CHAIR MARY JO WHITE

FOSTERING COMPLIANCE WITH FEDERAL SECURITIES LAWS is interwoven through all of the Commission’s programs and is central to fulfilling its mission of protecting investors; maintaining fair, orderly and efficient markets; and facilitating capital formation. Through disclosure reviews and examinations of broker-dealers, investment advisers, 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 do occur, the SEC strives to take prompt action to stop the misconduct, penalize the wrongdoers, and, where possible, return funds to harmed investors. These actions span the broad spectrum of the securities laws, including, among others, matters of financial reporting, disclosure, accounting fraud, securities offerings, insider trading, and market manipulation. These critical investor protection functions contribute to investors’ confidence in our capital markets.

The SEC will continue to enhance its National Examination and Enforcement programs. As discussed further below, 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 SEC’s objective of creating an enduring structure for improved protection of investors and markets.

Strategic Objective 2.1: The SEC fosters compliance with the federal securities laws

While detecting violations of the federal securities laws is an integral aspect of the SEC’s programs (see Strategic Objective 2.2), working to prevent future violations can be even more important to protecting investors and enhancing market integrity. The SEC’s goal is to encourage regulated entities and reporting companies to do all that they reasonably can to identify possible compliance pitfalls and take preventive action before a violation occurs.

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Initiatives designed to foster greater compliance with securities laws run throughout this Strategic Plan. They include efforts designed to provide investors with information they need so that they can wisely select and monitor their investments and professional intermediaries (see Strategic Objective 3.1); to ensure that rules are written in an understandable way, so that those charged with compliance clearly understand their responsibilities (see Strategic Objective 1.3); to create, as appropriate, prophylactic rules that prevent abusive trading or marketing practices (see Strategic Objective 1.2); and to deter regulated entities and reporting companies from engaging in unlawful conduct (see Strategic Objective 2.2).

The SEC seeks to encourage within organizations of all sizes that participate in the securities markets a strong “culture of compliance”—an environment that fosters, from top leadership down, ethical behavior and decision-making. This philosophy should underpin all that the organization does, so that when employees make decisions, large and small, they are guided by a culture that reinforces acting in both a legal and ethical manner.

Initiatives:

To accomplish this strategic objective, the SEC plans to implement the following initiatives:

- **Expand outreach efforts for promoting compliance practices:** The SEC will enhance efforts to promote compliance by engaging in more proactive communications with registrants and their personnel, including chief compliance officers, senior executives, and board members. These efforts will include expanding participation in compliance outreach events; disseminating targeted materials to firms by means of risk alerts; detailing areas where examiners have identified significant compliance deficiencies, best practices identified by examiners or industry groups, and rule changes; and raising registrant awareness of the seriousness of certain exam findings by holding post-examination compliance conferences.

Performance Goals:

The SEC intends to use the following performance metrics to gauge its progress in achieving this strategic objective:

Performance Goal	Description
Number of industry outreach and education programs targeted to areas identified as raising particular compliance risks	Targeted communication with industry participants on topics shaping the examination program is intended to enhance compliance practices and prevent violations before they occur. This metric identifies the number of major outreach efforts conducted including the SEC’s national and regional compliance outreach events, published risk alerts, and other educational programs and initiatives.
Percentage of firms receiving deficiency letters that take corrective action in response to all exam findings	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, including monetary compensation to clients and enhancements to disclosures, policies and procedures. Most often, registrants respond that they have corrected the deficiencies and implemented measures to prevent recurrence.

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Strategic Objective 2.2: The SEC promptly detects and deters violations of the federal securities laws

Violations of the securities laws have a tremendous impact on investors. Accordingly, prompt detection of potential securities law violations is important in limiting the harm caused to investors. By identifying violations early, the SEC seeks to punish wrongdoers promptly, correct violative behavior in the financial markets before it proliferates, stop fraud and manipulation before it affects a large number of investors, and locate and preserve investors' assets before they are lost or dissipated.

Detecting violations of the federal securities laws is a difficult but critical function, and one in which the agency continuously seeks to enhance its efforts. In the midst of constantly evolving financial markets, the SEC seeks to strengthen its oversight of the large number of registrants by focusing its resources on the areas of greatest risk. This risk-based approach, which the Commission continually seeks to refine, is implemented across agency programs through various methodologies aimed at identifying, assessing and managing risks to investors.

In addition, each year the SEC receives thousands of tips and complaints, as well as referrals from SROs, that staff analyze to determine matters requiring investigation. The Commission works closely with others—SROs, the Department of Justice and other criminal authorities, and state, federal, and foreign regulators—to maximize the breadth and depth of its combined efforts. As described below, the SEC will continue working to improve its detection and deterrence efforts.

Initiatives:

To accomplish this strategic objective, the SEC plans to implement the following initiatives:

- **Enhance surveillance and risk assessment capabilities:** The SEC will continue to enhance the methods and tools for more effectively identifying and assessing risks in the markets and focusing surveillance efforts on entities, persons, and practices that pose a high risk to investors and financial markets. As part of this effort, the SEC will seek to obtain greater access to data and insights from a variety of sources including data from registrants, SROs, commercial vendors, and other sources. In addition, the SEC will expand the use of analytics to enhance the ability of examination and enforcement staff to detect potentially violative activity.
- **Improve management of tips, complaints, and referrals:** The SEC will enhance the process for receiving, processing, and acting upon tips, complaints and referrals so they can continue to be handled consistently and appropriately, including through examinations or enforcement investigations. This effort will also enhance the SEC's data on tips, complaints, and referrals, to help the agency spot trends and patterns about potential issues or violations that may warrant further Commission action.
- **Build upon the establishment and successes of the Office of the Whistleblower:** The SEC will continue to encourage individuals and entities with timely, credible and specific information about potential securities law violations to provide information to the Commission to further investigations and promote more efficient use of the Commission's limited resources. Pursuant to the Dodd-Frank Act, the SEC is required to compensate eligible whistleblowers with an award of 10 to 30 percent of amounts collected as a result of original information provided by a whistleblower that leads to a successful enforcement action resulting in monetary sanctions exceeding \$1,000,000.

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- **Bolster the expertise of SEC staff:** The SEC will continue to develop and implement specialized teams focusing on particular market issues that directly affect investors and the functioning of the markets, by enhancing the expertise of SEC staff through targeted training in critical and emerging areas, and enabling staff to obtain additional training resulting in certifications, such as “Certified Fraud Examiners” and “Chartered Financial Analysts.”
- **Build upon Enforcement’s Cooperation Program:** The staff will use a variety of tools— including cooperation agreements, deferred prosecution agreements and non-prosecution agreements—to encourage individuals and companies to promptly report violations and provide assistance to the agency.
- **Enhance sharing, cooperation, and joint initiatives both within the agency and with other regulators:** The SEC will focus on improving the sharing of information between divisions and offices of the Commission and with other regulators. This type of communication will help ensure that expertise is shared and that areas of mutual interest are addressed in an efficient and effective manner. This includes continuing the use of joint specialized working groups within the agency that are focused on market issues and entities presenting significant risks. This would also include continuing efforts to collaborate and share information with other regulators, such as FINRA, state regulators, the CFTC, international counterparts, and many others.

Performance Goals:

The SEC intends to use the following performance metrics to gauge its progress in achieving this strategic objective:

Performance Goal	Description
Percentage of investment advisers, investment companies, and broker-dealers examined during the year	This metric indicates the number of registrants examined by the SEC or an SRO as a percentage of the total number of registrants. This metric 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 FINRA.
Percentage of compliance exams that are timely concluded in accordance with the Office of Compliance Inspections and Examination’s (OCIE) statutory deadline	The staff conducts examinations each year of registered entities, including investment advisers, investment company complexes, transfer agents, and broker-dealers. The staff strives to complete its examinations and communicate findings in the most efficient and effective manner and within its statutory deadline. This metric reflects the percentage of examinations concluded within the statutory deadline.
Number of joint exams, information sharing agreements, and formal meetings with other regulators	The SEC attempts to coordinate and collaborate with other regulators on areas of mutual interest. This helps to ensure that all regulators are informed of on-going risks and issues related to broad market practices as well as specific entities of mutual interest. This cooperation is critical to the exam program to ensure that certain higher risk firms and activities are addressed in the most efficient and effective manner. This metric tracks critical cooperation activities that are occurring between the SEC’s exam program and other regulators.

[DRAFT]

Related Indicators:

The following indicators are useful for understanding the SEC's activities, but should not be considered performance metrics. As these indicators are not used to assess performance, they do not require targets or timeframes.

Indicator	Description
Percentage of exams that identify deficiencies, the percentage that result in a "significant finding," and the percentage referred to the Division of Enforcement	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 indicator identifies the percentage of exams that identified deficiencies, that resulted in significant deficiency findings, and that were referred to Enforcement.
Number of cause exams that result from tips, complaints and referrals	Analysis of a tip can support the request for a cause exam. This indicator would identify the number of SEC cause exams that result from tips collected through outreach efforts.
Number of rule-making initiatives assisted by the National Exam Program	The examination program interacts with registrants on a regular basis and this work provides critical feedback to ensuring effective and practical rulemaking and policy efforts. This indicator tracks how frequently the examination program assists with rulemaking initiatives.
Number of investigations or inquiries originating from a tip or complaint	Analysis of a tip or complaint can result in the need for an enforcement investigation. The indicator identifies the number of SEC investigations that result from tips and complaints received by the SEC.
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	The SEC works closely with other regulators and authorities. This metric 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.
Requests from foreign authorities for SEC assistance and SEC requests for assistance from foreign authorities	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 IOSCO.

[DRAFT]

Strategic Objective 2.3: The SEC prosecutes violations of federal securities laws and holds violators accountable through appropriate sanctions and remedies

Investors are not truly protected unless those who prey on them are swiftly and appropriately sanctioned. The enforcement staff strives to obtain swift and firm sanctions, while remaining fair and reasonable. The breadth of the enforcement program's capabilities in this area derives, in part, from its close cooperation with the other SEC divisions that perform regulatory functions and also have deep knowledge of the market and its participants.

To improve the quality and efficiency of its investigations, the SEC is committed to streamlining internal processes wherever possible. In pursuing potential violations of the securities laws, the SEC regularly works closely with other regulators and law enforcement agencies. The enforcement program also has seen a dramatic increase in its coordination efforts with foreign authorities, including requests for assistance to and from foreign regulators under bilateral and multilateral information sharing arrangements. These efforts also include requests to trace proceeds of fraud to foreign countries, and actions to obtain asset freezes. The SEC is committed to further expanding its coordination with these entities in order to strengthen the Commission's ability to hold wrongdoers accountable.

Initiatives:

To accomplish this strategic objective, the SEC plans to implement the following initiatives:

- **Continue utilizing specialty groups within the enforcement program:** The SEC will continue to use specialized groups and task forces to move quickly and to centralize expertise on the most critical issues emerging in the markets. As market conditions and market events dictate, Enforcement will evaluate the need to add, eliminate, or implement changes to specialized groups and task forces.
- **Enhance timeliness of distributions to wronged investors:** The SEC will improve timeliness and efficiency of its efforts to return money collected in enforcement actions to harmed investors.
- **Enhance communications among SEC divisions and offices and the enforcement program:** The SEC will improve communication and sharing of information between the enforcement program and other divisions and offices to bring to bear the collective expertise of the Commission in a timely and efficient manner, such as continuing meetings of the Cross-Border Working Group.
- **Review approach for enforcement penalties:** The SEC will continue to assess its approach to the use of penalties in connection with enforcement recommendations/actions so that penalties have the appropriate punitive and deterrent effect, having in mind avoiding unnecessary harm to shareholders.
- **Broaden the range of enforcement sanctions:** The SEC will develop alternative approaches to sanctions to gain greater flexibility in bringing actions to conclusions that benefit investors.

[DRAFT]

Performance Goals:

The SEC intends to use the following performance metrics to gauge its progress in achieving this strategic objective:

Performance Goal	Description
Percentage of enforcement actions in which the Commission obtained relief on one or more claims	This metric 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 of Enforcement is currently assessing this metric, and evaluating how to incorporate qualitative considerations of the results of its enforcement actions.
Percentage of first enforcement actions filed within two years of the opening of an investigation	This metric concerns the pace of investigations that lead to the filing of enforcement actions. Specifically, this metric captures the rate at which the first enforcement action 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 metric 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.
Average months between opening a matter under inquiry or an investigation and commencing an enforcement action	This metric captures the average number of 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 metric draws on the date of opening of the matter under 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. While not all investigations result in the filing of enforcement actions, this metric provides information concerning the pace of investigations that do lead to such actions and supplements the previous goal, which measures the percentage of first enforcement actions filed within two years.
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	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 SEC or the Federal district court, payments must be made by a certain date. This metric 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.

[DRAFT]

Performance Goal	Description
<p>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</p>	<p>In addition to other types of relief, the SEC may seek orders requiring parties to disgorge any money obtained through wrongdoing. The SEC also is empowered to seek civil penalties for violations of the securities laws. Where appropriate, the SEC has sought to return disgorged funds to harmed investors and, as a result of the Fair Funds provisions of the Sarbanes-Oxley Act and the Dodd-Frank 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 and to maximize funds available for distribution. This metric identifies the percentage of distribution plans that reached a critical mass 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 to return 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 SEC’s own expenses.</p>

Related Indicators:

The following indicators are useful for understanding the SEC’s activities, but should not be considered performance metrics. As these indicators are not used to assess performance, they do not require targets or timeframes.

Indicator	Description
<p>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.</p>	<p>This indicator assesses the quality of the cases filed by the Division of Enforcement. The indicator 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) a 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.</p>

[DRAFT]

Indicator	Description
<p>Total amount distributed within the fiscal year, and the number of Fair Funds from which those distributions came</p>	<p>In its enforcement actions, the SEC 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 SEC 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 SEC's efforts to return funds to injured investors. This indicator identifies the total amount distributed within the fiscal year, and the number of Fair Funds from which those distributions came. This indicator may increase or decrease in dollar amount and number of distribution funds based on the number of SEC enforcement actions brought involving distributions, amounts ordered and paid in those actions, and other factors. 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.</p>
<p>Percent of enforcement actions filed that arose out of national priority investigations</p>	<p>The Division of Enforcement brings 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: (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 Division of Enforcement 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.</p>

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Indicator	Description
Criminal actions related to conduct under investigation by the SEC	In some instances, conduct may involve both civil and criminal violations and may be investigated by both the SEC and the criminal authorities. This indicator identifies the number of criminal actions that are related to conduct under investigation by the SEC.
Disgorgement and penalties ordered and the amounts collected	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.

[DRAFT]

Strategic Goal 3

Facilitate access to the information investors need to make informed investment decisions

“Increasing investor understanding should always be one of our primary goals. But it is not enough merely to make accurate, timely, and useful information available; we also have to make it accessible. We have to provide information in the ways that investors want to receive it. Investor outreach is crucial to success. Finding out what is on investors’ minds will improve the overall quality of the information we provide.”

CHAIR MARY JO WHITE

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

The SEC promotes informed investment decisions through two main approaches. The first is to require that investors have accurate, useful, and timely public access to disclosure materials that can be easily understood and analyzed. The second is to implement a variety of investor education initiatives aimed at providing investors with a better understanding of the operations of the nation’s securities markets.

In administering its disclosure program, the SEC requires reporting entities to disclose financial and non-financial information to the investing public, thereby providing a common pool of knowledge for all investors to use to judge for themselves whether a security is an appropriate investment. Similarly, SEC rules require that investors have access to certain information about the financial intermediaries they rely upon for investment advice and other services. SEC staff reviews the disclosure and other filings that corporations, investment companies, and other entities submit to assess whether the disclosures appear adequate and accurate under the relevant rules and regulations.

The goal of the SEC’s investor education program is to give investors the information they need to evaluate current and potential investments, while also providing agency staff with critical insight about emerging trends and factors shaping investor decision-making. The SEC staff aims to collect investor focused data from a variety of sources and use it both to track trends in the securities industry and to identify, among other things, problematic brokers, investment advisers, firms, and sales practices.

[DRAFT]

Strategic Objective 3.1: The SEC works to ensure that investors have access to high-quality disclosure materials that facilitate informed investment decision-making.

Investors who have access to information and know what questions to ask are more likely to invest wisely, and to choose professional intermediaries that will best meet their objectives. The SEC understands that not all investors need the same information and that those needs are affected by their backgrounds, resources and goals. The SEC seeks to structure disclosure requirements so that investors are armed with timely and useful information they need to make informed investment decisions.

As technology and the complexity of financial instruments change, so too do the needs of modern day investors. Providing investors with information in concise, easy-to-use formats that are tailored to their needs helps investors to help themselves. On a recurring basis, the Commission examines its filing review program to explore whether its disclosure requirements, review criteria, approach to comments, and professional and technology resources provide maximum impact to benefit investors. As described below, the SEC will engage in a number of initiatives to further enhance its programs in this key area.

Initiatives:

To accomplish this strategic objective, the SEC plans to implement the following initiatives:

- **Update disclosure and reporting requirements to reflect the informational needs of today’s investors:** The SEC will continue its efforts to enhance disclosure requirements for the benefit of investors, including a reassessment of current core corporate disclosure requirements. In proposing changes for the Commission to consider, the staff will seek to modernize disclosure requirements and eliminate redundant reporting requirements. The staff’s efforts will continue to include a review of proxy voting and shareholder communications to identify ideas and proposals for potential improvement to those rules.
- **Evaluate the effectiveness of filing review programs for reporting entities so that investors receive material information in a timely manner without imposing undue regulatory burdens on filers:** The staff will continue to evaluate the Commission’s filing review processes and make changes in response to evolving trends or market developments. The staff will also work to ensure that the SEC has reliable risk management tools to identify material issues in offering documents and periodic reports for review, and obtain enhancements in disclosure. This assessment will explore the criteria used to identify filings for review, the process of issuing comments to reporting entities, and new ways for technology to help improve the Commission’s programs.
- **Design and implement new disclosure regimes for specialized categories of issuers so that investors in these products have relevant and useful information to make informed investment decisions:** The SEC will continue to evaluate and improve the disclosure requirements for securitized financial products and other complex financial instruments. The SEC plans to consider 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 addition, the SEC will continue work on proposed amendments to its advertising rules that would require target date retirement funds’ marketing materials to provide investors enhanced information about those funds.
- **Design and implement enhancements to EDGAR and SEC.gov to facilitate investor and market participant access to and utilization of disclosure documents and other information:** The SEC will continue to modernize its IT systems and the dissemination and rendering of electronic disclosure documents to empower investors and improve the ease of interacting with the SEC.

[DRAFT]

Performance Goals:

The SEC intends to use the following performance metrics to gauge its progress in achieving this strategic objective:

Performance Goal	Description
Percentage of public companies and investment companies with disclosures reviewed each year	The Sarbanes-Oxley Act requires that the SEC review, at least once every three years, the disclosures of all companies and investment company portfolios reporting under the Exchange Act. These reviews help improve the information available to investors and may identify possible violations of the federal securities laws. This metric gauges the number of public companies and investment companies reviewed each year.
Time to issue initial comments on Securities Act filings	The target of 30 days or less has become a de facto industry standard for issuers and underwriters' expectations for the maximum time to receive initial comments on Securities Act registration statements. This metric will measure the Commission's frequency in meeting this 30-day target.
Percentage of investment company disclosure reviews for which initial comments are completed within timeliness goals	For initial registration statements, the SEC's goal is for staff 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 for staff comment on post-effective amendments within 45 days and preliminary proxy statements within 10 days after they are filed. This metric will show how often the Commission is meeting this goal.

Related Indicator:

The following indicator is useful for understanding the SEC's activities, but should not be considered a performance metric. As this indicator is not used to assess performance, it does not require a target or timeframe.

Indicator	Description
Total digital audience including website, social media and mobile media	Digital media has become the dominant channel for investors seeking to access information. These statistics will help evaluate the extent to which investors are turning to the SEC, identify the channels they use, and quantify the amount of information they receive.

[DRAFT]

Strategic Objective 3.2: The SEC works to understand investor needs and educate investors so they are better prepared to make informed investment decisions.

Understanding the interests and concerns of investors is critical to carrying out the Commission's investor protection mission. The SEC advances this mission by regularly communicating with investors, responding to their complaints and inquiries, and providing educational programs and materials.

The SEC will obtain more comprehensive information about the views and perspectives of investors. It will seek more robust information regarding the behavioral characteristics of investors and the types of information investors need and use as they make informed investment decisions. It will compile and provide this information to the Commission to help in the development of rules and educational programs that address investors' views and concerns.

The SEC is exploring ways to encourage investor input by presenting investors with clear, easily understandable explanations of Commission rules and rule proposals and other activities through a variety of communication channels, including social media. These efforts will complement those of the Investor Advisory Committee, which was constituted to present the views and experience of a broad spectrum of investors, and which will serve as an additional source of information concerning investors' priorities and perspectives on the Commission's regulatory agenda.

More comprehensive data about investors also will drive the Commission's investor education efforts. Working in partnership with other federal and state agencies, financial industry associations, consumer groups and educational organizations, the SEC will develop investor education initiatives that are targeted to specific audiences.

Initiatives:

To accomplish this strategic objective, the SEC plans to implement the following initiatives:

- **Use feedback from individual investors to improve investor education resources:** In addition to responding to investor complaints and inquiries and conducting in-person outreach, the SEC will use informational surveys to evaluate whether investors are engaging in prudent investing behaviors and to gauge the usefulness of its investor education materials and responsiveness of its investor assistance program.
- **Inform rulemaking with investors' views:** The SEC will use investor testing and other outreach efforts, as appropriate, to gather input from investors on rulemaking initiatives and better understand their informational needs.
- **Address Investor Advisory Committee input:** The SEC will consider information and respond to recommendations from the Investor Advisory Committee regarding investors' perspectives and priorities.
- **Expand collaborative partnerships:** The SEC will partner with other federal and state agencies, securities regulators and non-profit organizations to shape and target educational initiatives to maximize their impact on specific communities of interest.
- **Promote investor awareness:** The SEC staff will issue Investor Alerts and other educational materials designed to both arm investors to be their own first line of defense against fraud and assist them in understanding new products and the role of financial intermediaries.

[DRAFT]

Performance Goals:

The SEC intends to use the following performance metrics to gauge its progress in achieving this strategic objective:

Performance Goal	Description
Number of page views of online investor education content, and number of in-person events, including those with specifically targeted communities and organizations	The Office of Investor Education and Advocacy (OIEA) initiates 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 staff also participates in in-person events for investors generally and those targeted to specific investors, such as seniors, service members, and other affinity groups. This metric tracks page views of SEC online investor education materials and the number of investor events in which OIEA staff participated.
Timeliness of responses to investor contacts	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.
Customer satisfaction rating of OIEA's online investor education resources	This metric gauges the effectiveness, helpfulness, and usability of OIEA's online investor education resources.
Number of new investor education materials designed primarily to help investors protect themselves from fraud	Through OIEA, and often in conjunction with other organizations, the staff issues Investor Alerts and other forms of educational material that inform investors about different permutations of fraud, new investment products, and other topical issues. This metric measures the number of new investor education materials issued by OIEA.

Related Indicators:

The following indicators are useful for understanding the SEC's activities, but should not be considered performance metrics. As these indicators are not used to assess performance, they do not require targets or timeframes.

Indicator	Description
Number of investor testing research projects	This indicator tracks the number of research initiatives used to gather feedback from investors on the usefulness of disclosures and other input on SEC rulemaking.
Number of sets of recommendations prepared by the investor advisory committee	This indicator tracks the recommendations from the Investor Advisory Committee regarding investors' perspectives and priorities.

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Strategic Goal 4

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

“The SEC’s hardworking and dedicated staff is the core component of the agency’s strength.”

CHAIR MARY JO WHITE

THE PUBLIC AND THE SECURITIES MARKETS are best served by an efficient, effective, and agile SEC. Given the immense size of the securities markets the SEC regulates, the SEC’s success in fulfilling its mission and in achieving the goals and objectives outlined in this Plan is highly dependent upon whether it’s adequately funded and its ability to continually direct its resources towards the most productive uses. The SEC also is extremely mindful of its responsibility to optimize the use of its resources because it is a government agency entrusted with public funds.

The SEC continuously strives to enhance its performance by making sound investments in human capital and new technologies and by employing strong financial management and operational risk management practices. With respect to its workforce, the SEC must be able to attract and retain high performing staff, continually update their skills so they are abreast of the latest developments in the industry, and create organizational structures and work processes that are efficient and effective. The Commission’s information technology environment must give employees the tools they need to view, analyze, and act upon the enormous volume of financial data and other information relevant to oversight of the securities markets. The SEC must demonstrate a continued commitment to maintaining strong internal controls to support effectiveness and efficiency of Commission operations. Finally, the SEC must continually direct its financial resources to their highest and best use, always subject to strong internal controls.

Strategic Objective 4.1: The SEC promotes a results-oriented work environment that attracts, engages, and retains a technically proficient and diverse workforce, including leaders who provide motivation and strategic direction.

The SEC is committed to being an employer of choice by consistently attracting, hiring, developing, and retaining a high-quality, diverse, and results-oriented workforce. The SEC is continually refining a series of programs to enhance its human capital, such as by rewarding high performance, promoting high employee satisfaction, and updating staff skills.

The SEC continues to build and maintain 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 for the Commission. The training supports development for employees directly involved in examinations, investigations, fraud detection, litigation, and other core mission responsibilities of the SEC. The training consists of specialized in-depth topics concerning new trends in the securities industry and changing market conditions, as well as analytics and forensics. It also allows staff to obtain certain specialized financial certifications and regulatory credentials, as well as the advanced continuing education credits required for maintaining legal and financial credentials.

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The SEC's success at fulfilling its strategic goals depends upon effective leadership at all levels. From branch chiefs to the Commission's senior leadership, the SEC's leaders must not only motivate and manage employees effectively, but also play a critical role in identifying the key areas on which staff should focus their attention to generate the greatest benefit for investors. Through leadership and employee development programs, the Commission seeks to maintain a diverse cadre of technically proficient leaders that can conduct their supervisory responsibilities effectively and meet the dynamic challenges of market oversight.

Initiatives:

To accomplish this strategic objective, the SEC plans to implement the following initiatives:

- **Increase employee engagement and retention:** To retain high caliber and diverse talent, the SEC will implement programs and initiatives focused on employee engagement and retention. In response to employee viewpoint survey results, the SEC has conducted numerous interviews and focus groups with its workforce at every level. The recommendations derived from this information will form the basis for action plans aimed at improving the Commission's organizational climate and workforce morale. These plans will be implemented and evaluated in a manner designed to promote continuous improvement. Improvements in organizational climate and workforce morale should lead to greater employee engagement and increased retention, particularly of high-performing employees.
- **Enhance employee development program:** For the SEC to fulfill its mission it must attract and select a diverse cadre of highly talented and accomplished people and provide them with opportunities to develop the knowledge and skills to achieve high levels of performance and address changes in market conditions, securities laws, federal regulations, best practices, and technology. The Office of Human Resources (OHR) will work to identify training and learning needs within each division and office and to procure or develop high-quality training that will develop employee skills. OHR will utilize, encourage and monitor the use of individual development plans so that employee-specific needs are met and that progress can be tracked.
- **Leadership development program:** To ensure the SEC has the caliber of leadership commensurate with its mission, the SEC will continue the construction and implementation of a comprehensive leadership development program that will address the needs of a diverse group of supervisors, managers, and leaders. Specific aspects of the program include improving training for new supervisors, building skills in change management, enhancing cultural awareness and inclusiveness, increasing the number and scope of developmental opportunities for all leaders, and instituting a succession planning program to prepare non-supervisors to assume supervisory roles and supervisors to assume key executive positions.

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Performance Goals:

The SEC intends to use the following performance metrics to gauge its progress in achieving this strategic objective:

Performance Goal	Description
Turnover	When employee morale and engagement are high, high-performing employees tend to remain in the organization. Although turnover can fluctuate based on a variety of factors, the SEC aims to keep its turnover rate relatively low, below 8% per year.
Expanding staff expertise	Internal training and hiring programs are designed to help the agency recruit and develop a diverse and qualified staff with the key skills, industry knowledge, and expertise to support the SEC mission. In particular, there is a need to train examiners, attorneys, economists, and other experts for subject matter expertise relevant to the marketplace and investment and trading practices. This metric tracks whether certain areas requiring significant training are being addressed. The agency will track the number of SEC staff participants in mission-focused training and development programs and will report on specific items through the use of post-course evaluations to assess the impact and results of this training on a five-point scale.
Number of diversity-related partnerships/alliances	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.
Survey rankings	Annual and other rankings, together with other metrics and indicators of federal government agencies will be used as one kind of metric to determine the SEC's overall success in improving employee morale and employee engagement.
Bench strength	To maintain mission effectiveness, it is essential that attrition in the leadership ranks is quickly addressed by having a highly qualified and diverse pool of candidates ready to assume those critical roles. Success is measured by the percentage of key leadership positions for which the SEC has identified a pool of qualified candidates.

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Strategic Objective 4.2: The SEC encourages a collaborative environment across divisions and offices and leverages technology and data to fulfill its mission more effectively and efficiently.

The SEC's divisions and offices collaborate in a variety of ways, both formal and informal, to advance the Commission's mission. Such coordination is essential for any organization as large and complex as the SEC to bring together different perspectives, decide on the best course of action, and implement that course in the most effective way. Given the importance and complexity of the SEC's mission, it is imperative that the Commission continuously improve its ability to break down silos, share information, and work jointly towards a common purpose.

Information technology plays a crucial role in the mission of the SEC and its ability to share information and data both internally and externally. The SEC gathers a wide variety of data and other information from a variety of sources, including corporate disclosures, equity exchange feeds, investigations and examinations, tips, complaints, and referrals, and commercial vendors. The SEC is working to develop systems that will allow more of this information to be quickly shared, analyzed, and joined with other information about the same entity or individual. These efforts should save staff time, provide better information about the firms the SEC regulates, and enhance the ability to uncover hidden risks to investors.

The increasing size and complexity of the U.S. markets require that the SEC continue to leverage technology to improve its productivity, as well as identify and address the most significant threats to investors. Information technology is an increasingly vital function to the SEC in modernizing filing practices, disseminating the vast quantity of regulatory filings, managing the large number of internal business processes and work products, and protecting the Commission's information assets.

Initiatives:

To accomplish this strategic objective, the SEC plans to implement the following initiatives:

- **Work smarter to achieve the SEC mission:** A 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 people "work smarter," the SEC will derive significant and measurable performance improvements in core operations and increase value through the use of automated processes.
- **Make disclosure information more useful for analysis:** Disclosure documents are submitted to the Commission electronically and, as appropriate, disseminated electronically to the investing public. This initiative will review the current disclosure systems and processes and identify ways to optimize the use of technology to improve the way disclosure documents are constructed and submitted with more emphasis on data collection. A new filing system that is optimized for data retrieval and analysis will provide features that help users create filings that are appropriate to their purpose and that allow computers to extract data from the filings for automated analysis. The system will be more flexible, so as new disclosure documents are defined they can be implemented much more quickly, with all of the features of a modern, web-based filing system. Eventually, new filings structured for automated data retrieval and analysis will replace all filings submitted through the EDGAR system.

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- **Improve SEC’s information management and analysis functions:** The SEC aims to provide its staff with access to information and effective analytical capabilities needed to perform their duties. To accomplish this outcome, 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. Among the steps in this effort are standardization of enterprise-wide platforms, knowledge management, seamless integration of structured and unstructured data sources, cloud computing, modernization of SEC.gov and EDGAR filer systems, cataloging the SEC’s data and its interrelationships in an electronic data warehouse (EDW); ensuring data quality; and establishing new methods for capturing information, including from SEC staff themselves as they conduct examinations, investigations, and other activities.
- **Enhance workflow and document management:** Virtually all business processes within the Commission involve the acquisition, creation, review, and editing of documents. These processes are conducted informally without the benefit of automated tracking, notification, and auditing capabilities. Under this initiative, the SEC will assess its critical business processes and apply document management tools to increase productivity, enhance collaboration, and create a shared repository of essential documents and data. Among the business areas that would benefit from this effort are enforcement case management, disgorgement and penalties, examination management, management of Commission actions, filing of administrative proceedings, and rulemaking.
- **Enhance the SEC’s electronic discovery program:** The SEC must have the technical capability to electronically organize and retrieve an extraordinary volume of documents obtained in the conduct of investigations. Under this initiative, the SEC will enhance its current electronic discovery tools, and improve its document storage, organization, and analytic capabilities. The SEC also will create a repository of documents and data that is more widely available across cases and with other Commission business functions as appropriate.
- **Enhance operational resiliency:** The SEC will support a reliable computing environment that provides high performance, security, and cost effectiveness. The Commission also will enhance the computing infrastructure, including through server virtualization and clustering, to eliminate down time if systems at one site fail, enhance security, and achieve cost savings.
- **Enhance internal communications to staff:** Led by the Offices of Public Affairs and Chief Operating Officer, the SEC will track and recognize exceptional staff achievements, awards, and other successful outcomes to promote a sense of pride and accomplishment throughout the Commission. Additionally the SEC will initiate a program leveraging technology and best practices to centralize all administrative, technology, financial, procurement, human capital, and other operational information, news and resources so that staff can easily "self-service" and find the tools, forms, guidance and support they need.

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Performance Goals:

The SEC intends to use the following performance metrics to gauge its progress in achieving this strategic objective:

Performance Goal	Description
Ensure SEC's systems and applications are available	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 8 hours.
Equip the SEC with an enhanced technology infrastructure to support enterprise infrastructure	The SEC aims to promote collaboration and information sharing across the enterprise. To improve efficiency and knowledge management, the SEC will consolidate and centralize its collaborative technologies to a commonly used enterprise set by 2020. This metric will measure the percentage of the SEC's offices and divisions that utilize centralized enterprise collaboration solutions.
Expand the SEC's video teleconferencing (VTC) capabilities to support an increasingly geographically dispersed workforce	The SEC seeks to develop a state of the art video teleconference solution that allows users to conduct a video/teleconference meeting between HQ, regional offices and multiple endpoints simultaneously; collaborate and share presentation materials; and use VoIP technology to host video teleconferences from their offices/workspaces with other SEC users or conference rooms. This metric will measure the average "uptime" or availability of all VTC systems.
Pursue continuous technology cost reductions and efficiencies	Recent technology enhancements- e.g., data center consolidation, virtualization and maintenance contract reductions- are producing technical efficiencies and cost savings. This metric will measure the amount of these costs savings.
Enhance the SEC's enterprise data warehouse infrastructure and performance	The Enterprise Data Warehouse (EDW) infrastructure will enable the provisioning of data to Commission staff for search and analysis through a virtual data warehouse platform. This metric will measure the availability of EDW and data sources.

Strategic Objective 4.3: The SEC maximizes the use of agency resources by continually improving agency operations and bolstering internal controls.

As an agency of the federal government entrusted with public funds, the SEC must always strive to enhance the value for investors it creates from every budget dollar. The SEC continually strives to allocate the resources approved by Congress and the President towards the highest and best use. The SEC also constantly reevaluates its operations to identify cost savings and maximize their benefit.

The SEC will strive to maintain strong financial management practices and robust internal controls. The SEC is placing great emphasis on bolstering its processes and systems in its budgeting, accounting, and internal control functions over operations. In addition, the SEC continues to focus on delivering complete, concise, and

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meaningful information about the financial and operating performance of the Commission that supports management decision-making.

Initiatives:

To accomplish this strategic objective, the SEC plans to implement the following initiatives:

- **Better integrate data from SEC operational functions into management decisions:** To accomplish the SEC's mission it is essential that management decisions are based on the best available information from multiple sources. This requires SEC leaders to consider information from human resources, financial management, information technology, and support operations functions when making management decisions. To improve decision-making and reporting capabilities, the SEC will examine its data collection, analysis and reporting methods to determine areas for improvement.
- **Further enhance financial systems to achieve operational efficiency and effectiveness:** The SEC is in the early stages of building a financial datamart as part of a broader Commission-wide EDW initiative. The datamart is expected to integrate data from various systems to provide more comprehensive management and financial reporting on a regular basis, to facilitate better decision-making. The SEC also will participate in the federal government-wide deployment of a new travel system, work to replace the system supporting budget execution and formulation, and focus on reforming the systems related to filing fees and registrant deposits.
- **Continue enhancing internal controls:** Although the SEC has made significant progress in strengthening internal controls over financial reporting, the Commission is still focused on further optimizing its controls to enhance financial accounting, reporting and operations. Many of these areas are interdisciplinary and involve collaboration between different offices within the SEC. Such areas include accounting for property and contract obligations, as well as disgorgements, penalties, and filing fees. The SEC also will continue to focus on areas that are highly manual and therefore more at risk for error, with a view towards further automation where possible.
- **Further enhance management assurance to achieve operational efficiency and effectiveness via an agency-wide operational risk management program:** The SEC will continue to build its Operational Risk Management program to manage internal risks that may impact its ability to successfully fulfill its mission. Risk management processes and procedures will be institutionalized and consistently applied within all operating units to ensure that internal operating risks are identified, analyzed, and managed at all levels of the organization. The SEC is in the early stages of formalizing governance structures through the Operational Risk Management Oversight Committee (RMOC). The RMOC will provide oversight of the development and implementation of operational risk policies, framework, methodologies, and provide leadership and monitoring of Commission-wide operational risks.
- **Enhance consideration of diverse sources in SEC's business activities:** For the SEC to enhance the diversity of its suppliers to ensure that we are procuring the best goods and services to meet its contracting needs, the SEC actively will engage in outreach to diverse vendors to evaluate and consider their capabilities, and publicize procurement opportunities in diverse sources.

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Performance Goals:

The SEC intends to use the following performance metrics to gauge its progress in achieving this strategic objective:

Performance Goal	Description
Financial audit results	Under the Accountability of Taxpayer Dollars Act of 2002, the SEC 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 (GAO).
Assurance statement on internal control over operations	In accordance with OMB A-123 and Section 961 of the Dodd-Frank Act, the SEC conducts an annual assessment of the effectiveness of internal controls. The SEC will continue to develop its Operational Risk program and enhance cross-organizational processes to support all division and office management assurance statements. Success is measured by the quality of risk and control assessments and management self-identification and resolution of improvement opportunities.
Timely completion of corrective action on Office of Inspector General (OIG) and the GAO audit recommendations	Timely completion of audit recommendations is an important SEC priority. This metric measures how well the Commission is doing in completing corrective action on OIG audit recommendations within established timeframes.

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Program Evaluation

The SEC values independent, high-quality assessments of the agency's performance against its goals and desired strategic objectives. Such assessments are critical to the Commission's ability to evaluate its work, refine its programs, and redirect resources accordingly. The more than 150 audits, studies, and evaluations of SEC programs and securities industry-related issues completed since the release of the agency's previous Strategic Plan have served as an important resource in the development of this Strategic Plan. Over the next four years, the SEC will continue to draw on evaluations from a variety of sources to improve its programs.

Annual Performance Report

In February 2013, the SEC published an Annual Performance Report (APR) describing the agency's accomplishments and presenting the results of the agency's performance metrics for FY 2012. The most recent version of the SEC's APR can be found on the agency's website, at <http://www.sec.gov/about/secreports.shtml>.

Consultation with Outside Groups

The SEC frequently seeks the input of investors, industry groups, academia, and other experts to gain outside perspectives about its programs and various issues in the securities industry. These efforts include the SEC's Investor Advisory Committee; Commission-sponsored roundtables focused on specific issues; the agency's Annual Government-Business Forum on Capital Formation, focused particularly on the needs of new, small, medium-sized, and independent businesses; the SEC's annual conference with the North American Securities Administrators Association; and solicitations of public comments on Commission rule proposals.

Government Accountability Office

The Government Accountability Office conducts dozens of studies or investigations related to the SEC's programs every year. In FY 2013, GAO's reports covered internal supervisory controls, requirements and costs associated with newly developed SEC rules, and the criteria for qualifying as an accredited investor, among other areas. In addition, GAO performs an annual audit of the SEC's financial statements and internal controls over financial reporting.

Office of the Inspector General

The Office of Inspector General (OIG) is an independent office within the SEC that conducts audits of programs and operations of the Commission and investigations into allegations of misconduct by 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 Commission's programs and operations.