September 29, 2022 Via Electronic Mail (rule-comments@sec.gov)

Ms. Vanessa Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street NE., Washington, DC 20549

Re: Draft 2022–2026 Strategic Plan for Securities and Exchange Commission[1]
(Release #: 34-95588)

Dear Ms. Countryman:

For a moment I regretted writing this comment letter. Yet, if I hesitate to use my privilege as a US Citizen under the US Constitutional Rights to freely express my opinions to have conscientious straight talk about flaws and constructively suggest improvement opportunities regardless of who is in authority, then I cannot imagine how the future would hold for the next generations. Apathetic or silent to injustice nourish the powerful to do whatever as they please rather than serving the public interest. Please be reminded that while the Commission oversees the market, market observers are assessing whether the agency's acts are justified or not. So, here goes my disclaimer –

"The opinions in this comment letter are my own and not the views of my company."

I am pleased to provide the U.S. Securities and Exchange Commission (SEC) with my comments on the captioned release concerning the Draft 2022–2026 Strategic Plan for the SEC (hereafter referred as the "Draft"). The Draft failed to meet requirements set forth by the Government Performance and Results Modernization Act of 2010 (GPRA).

Lax on oneself while being stringent on other people is a double standard. My key concerns are as follow:

- Regurgitating the SEC's Charter as its strategic plan means the agency lacks a clear direction for the future. A vision statement ought to be visionary in foretelling the challenges and the opportunities that lay ahead. Goals and objectives should be stackable milestone targets relevant to tackling the corresponding challenges. All realizing the related opportunities as stated in the vision.
- The "Draft" states that *"The SEC also must continue to consistently innovate and improve the technology and processes supporting its people to best position them to fulfill its critical mission. The SEC must continue to leverage data and technology, both as an enterprise and within its individual programs, to gain efficiencies, inform policymaking, and uncover risk. The SEC must also continually strengthen collaboration and optimize agency workflows to maximize its effectiveness."* Shouldn't the SEC be striving to do these each day? This sounded like the "**great big empty words**" (假大空) promised by the Chinese Communist! A concrete action plan should include what resources are going to be deployed for what actions in achieving specific goals.
- Where is the "comprehensiveness" in "describing how the performance goals provided in the plan required by section 1115(a) of title 31, including the agency priority goals required by section 1120(b) of title 31, if applicable, contributes to the general goals and objectives in the strategic plan"?
- Where is the "schedule for future program evaluations to be conducted"? For example, I do not see a "description of how the agency will ensure the accuracy and reliability of the data used to measure progress towards its performance goals, including an identification of - ... how the agency will compensate for such limitations if needed to reach the required level of accuracy".

[1] https://www.sec.gov/rules/other/2022/34-95588.pdf ; https://www.sec.gov/files/sec_strategic_plan_fy22-fy26_draft.pdf

- The vast amount of "regulatory incidence of SEC proposed and final rulemakings"[2] by this current administration is overwhelming. The Commission failed to take the opportunity in using this strategic plan to explain how related policy development would be stackable, scalable, and holistically work towards achieving relevant goals. In the entire "Draft" one cannot find a single mention of how the "current stage" of rulemaking would become the "future stage" securities laws that advancing the US securities markets.

  - "Rulemaking" is mentioned 3 times in the Draft: (Pg. 4) About the SEC; (Pg. 7) *"—not only through its rulemaking, but through its enforcement and examination programs as well"*; and (Pg. 10) *"—not only in examinations and enforcement matters, but also in new rulemakings and policy areas."* It lacks substance. My concern is the "**beating around the bush**" approach. It is very much like the "tour the garden" style (遊花園) typically used by the Communist in China to confuse its citizen! Has the Commission been infiltrated?

  - Is rulemaking under Gensler Chairmanship being diluted? If yes, please revisit these regulatory incidences, or the OMB should step-in to investigate. If not, please articulate and share with the public how these spontaneous regulatory incidences (1) are necessary; (2) how they holistically work towards achieving relevant goals; (3) what other rule development may be in the pipeline for the next 4 years in order to modernize the overall securities laws to meet the 21st century challenges.

  - Are there hidden agendas that the Commission may be hesitant to transparently disclose in the Draft? Why is there no mention of the Consolidated Audit Trail (CAT), given CAT is the biggest financial database in the World which aims to address flash crashes? The irony is – on Pg.10 under §2.1 the Draft states that *"To do so, the SEC must enhance transparency in private markets and modify rules to ensure that core regulatory principles apply in all appropriate contexts."*

    Lax on oneself while being stringent to other people is double standards.

    - FINRA CAT operating committee slip-in (yet another inequitable) CAT funding proposal[3] end of August. This time they take away the Bifurcated Cost Allocation and tiered fee structure, but it is still a controversial "Financial Transaction Tax" (FTT). If the CAT project funding is a "pay to play" bundled cost to participate in a market, then this "tax" or FTT is a barrier of entry inconsistent with the competition, capital formation, and other goals of the Exchange Act.
    - Referencing to 2022 CAT Budget[4], $118.7M (73.8% of total technology cost or 69% of operating cost) goes to (Amazon AWS) Cloud hosting services. Another $10.4M (93% of 2022 General and Administrative budget) is allocated to Legal, Consulting, and Insurance cost. How lucrative!
    - The entire industry footing the bill for these CAT vendors, while only $2.67M (1.5% of Total Expenditures) is capitalized by FINRA CAT. Such a low capitalization rate tech project would never get approved in the private sector unless it being a state-run monopoly. Section 31 like fees should be discouraged and avoided wherever possible.
    - If CAT is for prevention of flash crashes, shouldn't most of the costs be related to surveillance analytics and be capitalized by the SROs? The ballooning of data in a non-productive vault/ data warehouse cannot be justified economically. See the 4 key points "If the CAT fee is related to…" in a 2021 article[5] and a comment letter to the SEC dated August 16, 2021[6].

[2] https://www.capmktsreg.org/wp-content/uploads/2022/07/sec-rulemaking-diagram.pdf
[3] https://www.sec.gov/rules/sro/nms/2022/34-95634.pdf
[4] https://www.catnmsplan.com/sites/default/files/2022-08/08.02.22-CAT-Q3-2022-Budget.pdf
[5] https://www.linkedin.com/pulse/cat-bifurcated-cost-allocation-inequitable-kelvin-to/
[6] https://www.databoiler.com/index_htm_files/DataBoiler%20SEC%20CAT%20Funding%20202108.pdf

- The CAT's technical design since 2012 as a golden-source while well intended is out-of-date.[7] It will take "forever" to produce a "golden" unified "single source of truth". By the time a common standard is adhered, the value of the data will subside to almost worthless. Analysts need sensors, not an encyclopedia. A good decision, made now and pursued aggressively, is superior to a perfect decision made too late. The CAT project is outsized and is a Money Pit. Not only in terms of building and on-going operating costs, but it also introduces huge wastages and is not environmentally friendly.
- Reference the numerous comment letters[8] to the SEC about the "Outdated Design of CAT", I advocate that data should be analyzed directly at its source to minimize data-in-motion[9]. All the non-essential data 'at-rest' and 'in-motion' makes it more vulnerable to security threats than modernized Real-time analytical platform (RTAP). An insecure and breached of registered national securities association (RNSA)'s system can cause the destabilization of the U.S. capital market.
- The SEC should adopt the "A-Z" clauses as suggested in this article[10], as part of the minimum requirements for CAT NMS Plan's principle-based rules rather than the Enhanced Data Security proposal[11] which makes specific reference to an outdated revision 4 of SP800-53 by the NIST.
- Why should one who is doing things fairly and squarely be subjected to regulatory scrutiny and RNSA's system cost burden? This is America, not a communist country that performs massive government surveillance[12]. The SEC should consider suggestions as stated in this article[13] for a better way to market surveillance without kicking the can down the road.

I offer that this "Draft" be rejected, and the SEC should be told to redo the assignment diligently. A proper "strategic plan" should "describe major management challenges the agency faces and identify—(A) planned actions to address such challenges; (B) performance goals, performance indicators, and milestones to measure progress toward resolving such challenges; and (C) the agency official responsible for resolving such challenges". The strategic plan ought to, at a minimum address the above-mentioned issues plus the 2 challenges stated below:

i. **Market Data Reform without CT-Plan**[14]

The US Court of Appeals struck down the SEC's CT-Plan on July 5, 2022. Without the CT-Plan to "outsource" certain SEC authority to the operating committee, how will Market Data Reform evolve?

- The assumption of the SEC's Market Data Infrastructure Rules (MDIR) that based on 10G speed is fundamentally flawed. The SEC let the NYSE to implement 100G connections for their proprietary feed in April 2020. Widening the latency gap with overly frequent upgrades and exploiting any residual data disparity exacerbate inequalities between the "haves" and "have-nots".

- The Self-Regulatory Organizations (SROs), including FINRA, have stated their willingness to provide part of the expanded data under the MDIR. Their Odd-Lot proposal for the Securities Information Processor (SIP) would ingest a lot of data raises the concern about bandwidth connectivity. Lacking depth-of-book data undermines the usefulness of Odd-Lot data. Nevertheless, compilation of protected quotes is complicated. What you see may not

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[7] https://www.linkedin.com/pulse/cat-outdated-design-since-2012-kelvin-to/
[8] https://www.databoiler.com/index_htm_files/DataBoiler%20SEC%20CAT%20Enhanced%20Security.pdf ; https://www.databoiler.com/index_htm_files/DataBoiler%20SEC%20CAT%2020210503.pdf
[9] https://www.databoiler.com/index_htm_files/DataBoilerInMotion.pdf
[10] https://www.linkedin.com/pulse/cat-through-z-security-privacy-requirements-kelvin-to/
[11] https://www.sec.gov/rules/proposed/2020/34-89632.pdf
[12] https://en.wikipedia.org/wiki/Mass_surveillance_in_China
[13] https://www.linkedin.com/pulse/cat-surveillance-without-kicking-can-down-road-kelvin-to/
[14] https://www.linkedin.com/pulse/market-data-reform-without-ct-plan-kelvin-to/

be what you get. One will need to upgrade to higher bandwidths and add depth-of-book data, or else face being disadvantaged to prop feed subscribers.

ii. **Ensuring Responsible Development of Digital Assets**[15]

Digital assets adoption has already surpassed the critical mass stage. Digital asset infrastructure presents an even larger investment opportunity than digital assets themselves.[16] Encumbrances may prefer "rent seeking"[17] over subjecting themselves to the regulatory uncertainty and market volatility of digital assets. I am anxious to see how different regulatory agencies would coordinate to have concerted efforts in overseeing the marketplaces and related business practices. It would be good if the SEC may state in its strategic plan to address issues about 'skin in the game'; healthy competition between DeFi and the legacy TradFi or CeFi;[18] who should the SEC protect amid the definitions of Professional versus Retail investors ought to be revisited.

I wonder how the few pages of "fluffs" in this Draft would justify the SEC requests for $2.149 billion in support of 5,261 positions and 4,808 full-time equivalents (FTE) for fiscal year 2023 Budget[19]! I believe the public would be interested to know from the strategic plan the detail justifications of, for examples, the $57.4 million in Headquarters move-related costs for the SEC in FY2023, the significant increase in Equipment, Land and Structures, Insurance Claims and Indemnities costs versus FY2021 Actual. Also, the following numbers are extracted and compiled based on the SEC 2023 budget:

SEC	Positions				FTE				Salaries & Benefits in $'000			
Division \ Fiscal Year	2021	2022	2023	YoY ↑	2021	2022	2023	YoY ↑	2021	2022	2023	YoY ↑
Enforcement	1,366	1,366	1,499	4.8%	1,315	1,302	1,365	1.9%	$390,289	$389,692	$439,215	6.1%
Examinations	1,113	1,113	1,212	4.4%	1,061	1,060	1,100	1.8%	$300,896	$301,832	$338,193	6.0%
Corporation Finance	423	423	500	8.7%	388	398	438	6.2%	$117,205	$118,049	$138,650	8.8%
Trading and Markets	284	284	314	5.1%	256	263	290	6.4%	$75,046	$76,248	$90,328	9.7%
Investment Management	220	221	239	4.2%	200	208	222	5.4%	$58,048	$59,935	$68,978	9.0%
Economic and Risk Analysis	159	163	190	9.3%	140	147	174	11.5%	$39,506	$42,827	$54,062	17.0%
General Counsel	156	157	175	5.9%	138	144	161	8.0%	$41,058	$43,263	$51,691	12.2%
Sub-total of Key Divisions	3,721	3,727	4,129	5.3%	3,498	3,522	3,750	3.5%	$1,022,048	$1,031,846	$1,181,117	7.5%

SEC	Per FTE Salaries & Benefits in $'000				Non-Personal Expenses in $'000				
Division \ Fiscal Year	2021	2022	2023	YoY ↑	2021	2022	2023	YoY ↑	2021 #s are Acutal
									2022 #s are Annualized CR
Enforcement	$296.80	$299.30	$321.77	4.1%	$237,267	$223,321	$241,148	0.8%	2023 #s are Budget Request
Examinations	$283.60	$284.75	$307.45	4.1%	$146,905	$136,041	$148,830	0.7%	
Corporation Finance	$302.07	$296.61	$316.55	2.4%	$55,124	$48,053	$51,884	-3.0%	
Trading and Markets	$293.15	$289.92	$311.48	3.1%	$35,764	$33,506	$36,378	0.9%	
Investment Management	$290.24	$288.15	$310.71	3.5%	$26,634	$25,366	$27,193	1.0%	
Economic and Risk Analysis	$282.19	$291.34	$310.70	4.9%	$30,190	$26,890	$28,835	-2.3%	
General Counsel	$297.52	$300.44	$321.06	3.9%	$19,512	$16,894	$18,218	-3.4%	
Average / Sub-total	$292.22	$292.93	$314.25	3.7%	$551,396	$510,071	$552,486	0.1%	

Remarks:

Numbers are pull from Budget except [ ] and Year-on-Year (YoY) percentages are calculated using formulas.

The number of FINRA registered firms continues to drop year over year[20], whilst the SEC, FINRA, and SROs budgets continue to go up each year. Were the US capital markets run poorly hence reducing diversity and new entrances to participate in the markets? Are market oversights in proportion with the shrinking industry's value chain[21]? Should or

15 https://www.databoiler.com/index_htm_files/DataBoiler%20Treasury%20Digital%20Assets%20202208.pdf
16 https://www.forbes.com/sites/vaneck/2021/05/05/4-reasons-investors-should-look-into-digital-assets-infrastructure/
17 https://carey.jhu.edu/uploads/documents/Lee_ExchangeComp.pdf
18 https://www.forbes.com/sites/dushyantshahrawat/2022/07/27/claims-that-defi-is-unraveling-or-structurally-flawed-are-unfounded/
19 https://www.sec.gov/files/fy-2023-congressional-budget-justification-annual-performance-plan_final.pdf
20 https://www.finra.org/sites/default/files/2022-03/2022-industry-snapshot.pdf
21 https://www.linkedin.com/pulse/smile-curve-changes-securities-value-chain-evolves-kelvin-to/

should not TradFi or CeFi be covering the supervisory costs of DeFi? There are many more questions that the industry is looking for answers and explanations in the Commission's strategic plan but were missing in the Draft.

I think, at a minimum, the Commission should project the divisional financial numbers for FY2023 to 2026 in the strategic plan. All government agencies should have the appropriate financial discipline to maintain a balanced budget that consists of Business-As-Usual (BAU) organic growth and suitable strategic investments for the long-term expansion of the agency's service scope (Capabilities) and/or increase agency's reach or scale (Capacity). Therefore, the strategic plan should clearly delineate what the projected costs are relevant to BAU normal operations and what resources would be deployed to expanding which capabilities and/or increase capacity of the SEC.

Ideally, there should be an itemized breakdown. For example, roughly how much the division of Trading and Markets (TM) would dedicate to bring certain trading platforms into the Commission's regulatory regime (note: there was comment letter to the SEC expressing concerns to proposal Release No. 34-94062 – Investor Protections in Communication Protocol Systems and Alternative Trading Systems[22] and pointed out its differences with the EU Trading Venue Perimeter[23]). How much effort will TM devote to each of the following?

(a) considering whether shrinking tick sizes;
(b) reevaluating what is included in the National Best Bid and Offer;
(c) enhancing disclosure, or leveling competition between trading venues and wholesalers could increase transparency and competition;
(d) develop a proposal for shortening the settlement cycle;
(e) further analyze the need for rulemaking related to conflicts of interest and digital engagement practices;
(f) work toward completing other unfinished Dodd-Frank Act mandates with respect to short selling and securities lending; and
(g) consider potential rules around aggregate positions, authorized under Exchange Act Section 10B, and address anti-manipulation in security-based swaps under Exchange Act Section 9j.

In short, the projected 4-years' financials should be able to analyze vertically by divisions as well as horizontally by different BAU activities and strategic initiatives. Failing to meet requirements set forth by the Government Performance and Results Modernization Act of 2010 (GPRA) may prompt the Office of Management and Budget (OMB) to do a thorough investigation of the SEC for how much they have incurred in developing this "draft" and access whether the SEC have or are wasting taxpayers' money. Please see Appendix 1 for my page-by-page critics of the Draft.

I commend the Commission for gathering public feedbacks with this solicitation of comments, which uplifts the America's civic value of discovering truths through healthy debates. Feel free to contact me with any questions. Thank you and I look forward to engaging in any constructive discussions and/or opportunities where my expertise might be helpful.

Sincerely,

Kelvin To

CC: The Honorable Gary Gensler, Chairman
The Honorable Hester M. Peirce, Commissioner
The Honorable Caroline A. Crenshaw, Commissioner
The Honorable Mark T. Uyeda, Commissioner
The Honorable Jaime Lizárraga, Commissioner

[22] https://www.linkedin.com/pulse/trading-venue-perimeter-whose-interest-being-protected-kelvin-to/
[23] https://www.linkedin.com/pulse/trading-venue-perimeter-between-rock-hard-place-kelvin-to/

Appendix 1 – Page-by-page critics of the Draft

DRAFT

Our Mission

To protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

Our Vision

To promote capital markets that inspire public confidence and provide a diverse array of financial opportunities to retail and institutional investors, entrepreneurs, public companies, and other market participants.

Fluffs

Regurgitated from the SEC's charter

Our Values

INTEGRITY	We inspire public confidence and trust by adhering to the highest ethical standards.
EXCELLENCE	We are committed to excellence in pursuit of our mission on behalf of the American public.
ACCOUNTABILITY	We embrace our responsibilities and hold ourselves accountable to the American public.
TEAMWORK	We recognize that success depends on a skilled, diverse, coordinated team committed to the highest standards of trust, hard work, cooperation, and communication.
FAIRNESS	We treat investors, market participants, and others fairly and in accordance with the law.
EFFECTIVENESS	We strive for innovative, flexible, and pragmatic regulatory approaches that achieve our goals and recognize the ever-changing nature of our capital markets.

Buzz words

Great big empty promise (假大空)

FY 2022–FY 2026 STRATEGIC PLAN | 5

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Our Goals

Per the SEC's FY2023 budget, but not discussed in the Four-Year Strategic Plan

Protecting Working Families and Investors in America's Markets; Maintaining a Robust, Relevant Regulatory Framework; Supporting a Skilled and Diverse Workforce

Irrelevant to Goals

The United States has the largest, most sophisticated, and most innovative capital markets in the world. U.S. capital markets represent 38 percent of the global capital market. Companies and investors access the U.S. capital markets at a higher rate than do market participants in other economies with their respective markets. For example, debt capital markets account for 80 percent of financing for non-financial corporations in the United States. By contrast, outside the United States, nearly 80 percent of lending to such firms comes from banks. U.S. capital markets continue to support American competitiveness on the world stage because of the strong investor protections the SEC offers.

Generic matters rather than providing contexts to the problems; not stating what underpin the upside-down value chain smile curve[21] that causes inefficiency in markets and ineffectiveness of current regulatory oversights in meeting the 21st century challenges

The United States cannot take its remarkable capital markets for granted. New financial technologies continue to change the face of finance for investors and businesses. Global markets are inextricably linked, with money flowing between them in microseconds. While more retail investors than ever before are accessing U.S. markets, other countries are developing competitive markets.

Fluffs

It fails to show how the Four-Years Strategic Plan will build upon the FY2023 budget, and how related policy development would be stackable, scalable, and holistically work towards achieving relevant goals.

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Strategic Goals and Strategic Initiatives

INVESTORS

STRATEGIC GOAL 1

Focus on the long-term interests

Strategic Initiative 1.1: Enhance our understanding of investors use to access our capital markets to more ef

Strategic Initiative 1.2: Enhance our outreach, educati ways that are reflective of the diversity of investors ar

Strategic Initiative 1.3: Pursue enforcement and exam and addressing misconduct that impacts retail investo

Strategic Initiative 1.4: Modernize design, delivery, an including in particular retail investors, can access reac make informed investment decisions.

Strategic Initiative 1.5: Identify ways to increase the n cost-effective investment options available to retail in number of companies that are SEC-registered and exc

INNOVATION

STRATEGIC GOAL 2

Recognize significant developmer markets and adjust our efforts to e our resources.

Strategic Initiative 2.1: Expand market knowledge an understand, analyze, and respond effectively to mark

Strategic Initiative 2.2: Identify, and take steps to add that are outdated.

Strategic Initiative 2.3: Examine strategies to address risks faced by our capital markets and our market pa

PERFORMANCE

STRATEGIC GOAL 3

Elevate the SEC's performance by capabilities and human capital de

Strategic Initiative 3.1: Focus on the SEC's workforce shared commitment to investors, and promote divers among the agency's staff.

Strategic Initiative 3.2: Expand the use of risk and da regulatory priorities and focus staff resources, includ program that treats data as an SEC-wide resource wi enabling rigorous analysis at reduced cost.

Strategic Initiative 3.3: Enhance our analytics of mar and prosecute improper behavior.

Strategic Initiative 3.4: Enhance the agency's internal including developing a robust and resilient program f integrity, and availability of the SEC's systems and se

Strategic Initiative 3.5: Promote collaboration within communicating effectively across the agency, includir processes that require significant collaboration.

The securities markets touch many American lives, whether those individuals are investing for the future, borrowing for a mortgage, taking out an auto loan, or taking a job with a company raising money from U.S. capital markets. A record 67 million U.S. families held direct and indirect stock holdings in 2019.[1]

The SEC's long-standing three-part mission—to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation—remains its touchstone. The core principles the agency has applied over the past 88 years to carry out this mission are timeless: requiring issuers raising capital to make full and fair disclosures to investors on a regular basis; placing heightened responsibilities on key market participants; and using SEC examination and enforcement resources to bolster those requirements and protect investors.

This Strategic Plan details how the SEC will continue to fulfill its critical mission over the next four years by focusing activities on protecting working families; maintaining a robust, relevant regulatory framework; and supporting a skilled, diverse workforce. Each of these strategic goals is described in turn below.

Fluffs

Where are the details to showcase how the SEC will continue to fulfill its critical mission over the next four years?

GOAL 1. Protect working families against fraud, manipulation, and misconduct

To protect working families and everyday investors, the SEC will continue to work toward ensuring markets are free of fraud, manipulation, and other misconduct—not only through its rulemaking, but through its enforcement and examination programs as well.

Enforcement is about following the facts and the law, wherever they may lead. It also means bringing cases that matter to all parts of the SEC's mission—whether it be deceptive conduct by registered or private funds, offering or accounting frauds, insider trading, market manipulation, failures to act in retail customers' best interests when making a recommendation, reporting violations, best execution and failure to act in accordance with the fiduciary duty, or any other form of misconduct.

The SEC must work to ensure the law is enforced aggressively and consistently. In light of evolving technologies, the SEC must be more vigilant than ever, which requires it to reassess the tools, methods, and approaches used in the past and adapt them to modern markets. Most importantly, as U.S. markets inevitably change, the SEC should continue to deploy its resources in ways that center on the interests of working families.

Stating that "*Enforcement is about following the facts and the law, wherever they may lead…bringing cases that matter to all parts of the SEC's mission…*" feels like "everything is our priority, hence nothing is prioritized"

Fluffs

"will continue to work… must work to ensure … must be more vigilant …" are not equivalent to actionable strategic initiatives towards overcoming specific challenges or achieving certain goals.

1 Data drawn from the public version of triennial Survey of Consumer Finances (SCF): federalreserve.gov/econres/scfindex.htm. The SCF is sponsored by the Board of Governors of the Federal Reserve System with the cooperation of the U.S. Department of the Treasury. The 2019 SCF is the most recent survey.

DRAFT

1.1 Pursue enforcement and examination initiatives focused on identifying and addressing risks and misconduct that affects individual investors.

It is often said to "treat like cases alike." The same is true of the financial sector. All financial activities should be subject to consistent and efficient regulation and enforcement, regardless of the entity, the technology, or the business model. The SEC will continue to look at the economic realities of a given product or arrangement to determine whether it complies with the securities laws. Accountability and deterrence are core goals of the enforcement program and in seeking remedies, the agency considers whether that resolution sufficiently promotes both specific and general deterrence. The SEC will continue to pursue misconduct wherever its staff find it and will use all of the tools in its toolkit to deter those who might choose to violate the securities laws, including by holding bad actors—including responsible individuals—accountable. The SEC will also continue to work in parallel with its fellow federal agencies, law enforcement authorities, international regulators, and self-regulatory organizations. The SEC's examinations program will continue to focus on uncovering key risks and violations that could impact individual investors, from cybersecurity to private fund adviser conflicts of interest.

"will continue to pursue …
will also continue to work …
will continue to focus on …"
- Are these BAU, regular practices of the SEC rather than strategic initiatives? If it is not relating to expanding the SEC's capabilities and/or improving capacity over the four-years, how the request for substantial increase in budget justified?

1.2 Enhance the use of market and industry data, particularly to prevent, detect, and enforce against improper behavior.

As markets evolve and become continually more driven by data and technology, the SEC needs to continually improve its capabilities to manage and analyze data. The agency must remain focused on how it can best use technology and data analytics to surveil the markets, promote competition, and enforce the law. To better prevent, detect, and enforce against improper behavior, the SEC should continue to develop and implement faster and more comprehensive methods to allow the Divisions of Enforcement and Examinations to leverage data.

The SEC must also continue to employ timely, cutting-edge data analysis that helps accomplish its regulatory mission; provide well-structured, material data to investors; and manage data as a strategic asset.

How the Commission plans to use data to prevent, detect, and enforce against improper behavior? Does that mean via CAT? There are civic concerns with massive government surveillance. CAT costs are a Financial Transaction Tax (FTT) tolling everyone in the industry, which will ultimately be passed-down to the end-investors.

73.8% of total CAT technology cost goes to Cloud hosting services according to FINRA CAT 2022 Budget. Would CAT funding be mixed-in and/or cross-subsidizing existing surveillance and cloud processing business?
Quote and trade data that were originally private assets of broker-dealers become digits and bits in the CAT data-vault for plan participants to exploit without pay or summon. Both private rights and public interest are being impaired.

The complexity and interconnectedness of markets today requires the SEC to build out its systemic risk identification abilities. This relates to the mission to maintain "orderly" markets. To ensure an ongoing proactive approach, the agency needs to continue to enhance its market knowledge and oversight capabilities to better identify, understand, analyze, and respond effectively to market developments and risks.

"the agency needs to continue to enhance its market knowledge and oversight capabilities…" – what are the knowledge gaps that the SEC feels are missing today? Which capabilities are required to be acquired, and how much?

This can be achieved by expanding disclosure and analytical tools, broadening the use of machine learning and artificial intelligence, developing long-term risk analysis directly connected to policy development, and focusing on more strategic and collaborative analysis across all regulated activities. Additionally, the SEC must continue to expand the use of economic, risk, and data analysis to inform how it sets regulatory priorities and focus staff resources, including maturing a data management program that treats data as an SEC-wide asset with appropriate data protections, enabling rigorous analysis in a cost-efficient manner.

We all want more analytical tools, but what predictions the SEC wants machine learning A.I. to generate? Do not fall for black-box algorithms that magically improve the economic, risk and data analysis to inform regulatory priorities. The Commission should specify what problems they are trying to solve in the first place.

1.3 Modernize design, delivery, and content of disclosures so investors, including in particular retail investors, can access consistent, comparable, and material information to make informed investment decisions.

The markets have begun to embrace the necessity of providing a greater level of disclosure to investors. From time to time, the SEC must update its disclosure framework to reflect investor demand. Today, investors increasingly seek information related to, among other things, issuers' climate risks, cybersecurity hygiene policies, and their most important asset: their people. In order to catch up to that reality, the agency should continue to update the disclosure framework to address these areas of investor demand, as well as continue to take concrete steps to modernize the systems that support the disclosure framework, to make public disclosures easier to access and analyze and thus more decision-useful to investors.

Do market participants need a better ability to evaluate potential conflicts of interest with trading venues? No. Market participants are not "Cops" to regulate trading venues, the SEC is. The public relies on market regulators and SROs to assure that they are not scammed in the open markets. Heighten disclosures in the beautified name of "improve transparency" may indeed be bad policies for an uneven playing field hurting the smaller players, increase costs to operate and deter new entrants into the markets.

GOAL 2. Develop and implement a robust regulatory framework that keeps pace with evolving markets, business models, and technologies

Capital markets are being shaped by innovation and new technologies. Many of these developments will enable greater access to capital markets. They also bring new financial products, business models, and competitors into the markets. At the same time, however, this dynamic places additional demands on SEC resources—not only in examinations and enforcement matters, but also in new rulemakings and policy areas.

Transaction costs have come down, and efficiency and fairness have increased in many markets. However, increased use of, and reliance on, technology has introduced new risks and, in some cases, amplified better-known market risks. For example, cybersecurity threats to the complex system that helps the markets function are constant and growing in scale and sophistication.

Fluffs

Cybersecurity and privacy threats could escalate into National Security issues which are outside the jurisdiction of the SEC. We are also concerned about function creep.[24]

Similarly, markets are more interconnected and interdependent than ever. They function on a 24-hour cycle and cut across geographic barriers. Information from one market travels to others in fractions of a second. Trillions of dollars of capital flow across markets each day—amounts that would have been unimaginable only a few decades ago. These developments create regulatory and oversight challenges as the operations of large investment firms extend well beyond U.S. borders, and new entrants to U.S. markets seek to avoid or evade U.S. securities laws. The need for coordination with fellow financial regulators, including foreign regulators, will continue to rise.

Yes, that is a genuine challenge, but what does the SEC plan to do about it in the next four years? How much? Please show a Gantt chart towards achieving milestone targets.

2.1 Update existing SEC rules and approaches to reflect evolving technologies, business models, and capital markets.

The ongoing movement of assets into private or unregulated markets, the continual creation of new financial instruments and technologies, and the challenges of increased globalization all require the agency to rapidly update and evolve.

To do so, the SEC must enhance transparency in private markets and modify rules to ensure that core regulatory principles apply in all appropriate contexts. To maintain the integrity of the markets, the SEC needs to develop specific regulations to ensure investors remain informed and protected via a broad-based disclosure frameworks.

It would be good if the SEC can lead by example to transparently disclose any rules that got watered down, any political favors or revolving door incidences, and other taboo cases where regulatory oversight proved to be ineffective.

Lax on oneself while being stringent on other people is a double standard.

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[24] https://www.linkedin.com/pulse/cat-outside-delegate-authorities-kelvin-to/

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The agency must also continue to focus on supervising global entities appropriately. Inherent in the interplay with international markets is the challenge of protecting sensitive information when coordinating with other regulators. Consistent data protection policies are essential for this effort.

Global Entities that interplay or engage in regulatory arbitrage is nothing new. Harmonize rules internationally is more a catch-up game. Reality is divergence between US and European rules is inevitable.

2.2 Examine strategies to address systemic and infrastructure risks faced by our capital markets and our market participants.

Future market volatility driven by market or external events such as the pandemic, the evolution of markets without subsequent strengthening of agency authorities, and the rapid growth in crypto assets all represent evolutionary risks.

To be better prepared for, and more agile in, its response to such risks in the future, the SEC must pursue new authorities from Congress where needed, continue to effectively collaborate with other regulators, and engage more proactively on digitization initiatives.

Hindsight talks about COVID and crypto is not the same as a visionary strategic plan that foretells what challenges and opportunities lay ahead.

2.3 Recognize significant developments and trends in our evolving capital markets and adjust our activities accordingly.

To help ensure a systematic, timely, and collaborative response to market developments, the SEC must continue to apply its three-part mission holistically, not in isolation. Investor education and outreach must continue to focus on diverse and underserved communities as well as on emerging and popular investment topics. These efforts should reflect input from stakeholders, including retail investors, via proactive outreach, roundtables, and field hearings.

The SEC must also continue to enhance its expertise in, and devote increased resources to, product markets beyond equities—including crypto assets, derivatives, and fixed income—and maintain a nimble and flexible approach to address market changes expeditiously.

Fluffs

"must continue to apply its three-part mission holistically… Investor education and outreach must continue to focus on… must also continue to enhance its expertise …" are not equivalent to actionable strategic initiatives towards overcoming specific challenges or achieving certain goals.

Many may claim to be 'Nomad' when they represent the 'Corpo'. While 'Street Kid' may not be the underserved and the most vulnerable that people stereotype. Definitions of Professional versus Retail Investor should be revisited.

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GOAL 3. Support a skilled workforce that is diverse, equitable, and inclusive and is fully equipped to advance agency objectives

The SEC recognizes that people are the agency's most important asset. Leadership also recognizes diversity, equity, inclusion, and accessibility are essential to the agency's ability to effectively carry out its mission. The federal government strives to be the model for equal employment opportunity. The SEC understands diversity is a strength that leads to innovation and excellence. Therefore, it will continuously work to attract, hire, develop, and retain high-quality, diverse talent. Doing so allows the agency to build and maintain a workforce that reflects a diversity of backgrounds and experiences, as well as the diversity of the investors and market participants it serves.

Fluffs

How the SEC continue promoting Equal Employ Opportunity (EEO)? What specific initiatives does the Commission plans implement to attract, hire, develop, and retain high-quality, diverse talent? Are new programs over compensating for missteps in the past? How will the new processes avoid a revolving door between congress staffers, the SEC, FINRA and the industry to rid out conflicts?

It would be a blessing to the public's interest if polarized parties and the Commission would stop selectively listening.

The SEC also must continue to consistently innovate and improve the technology and processes supporting its people to best position them to fulfill its critical mission. The SEC must continue to leverage data and technology, both as an enterprise and within its individual programs, to gain efficiencies, inform policymaking, and uncover risk. The SEC must also continually strengthen collaboration and optimize agency workflows to maximize its effectiveness.

What are the data and the technologies that the SEC intends to leverage? Please specify and provide justifications and milestone targets for the related data and tech projects.

3.1 Focus on the workforce to increase capabilities, leverage shared commitment to investors, and promote diversity, equity, inclusion, accessibility, and equality of opportunity.

A diverse, effective, and highly-skilled workforce is essential to the SEC's success in protecting the public and fulfilling its mission. To support those efforts, the SEC will focus on recruiting, training, and retaining staff with the right mix of skills, experience, and expertise. This includes setting workforce policies and practices that harness the lessons of the pandemic and promote effective interaction and collaboration among individuals and teams. The agency also will continue to promote diversity, equity, inclusion, and mutual respect within its workforce to ensure every staff member has the chance to contribute and succeed. To that end, the SEC will continue to identify and advance initiatives that support equal access for everyone, including those from underserved communities.

Fluffs

Workforce policies and practices should already be in place. Maintaining and updating it does not justify the budget increase in headcount and salaries. No funding should be granted when the advance initiatives are yet to be identified.

3.2 Promote collaboration within and across SEC offices, including through rotation and detail programs, and maximize telework opportunities.

In order to maintain maximum flexibility in responding to market trends and technological innovations, it is important to provide collaboration and cross-training opportunities to more employees agency-wide. By encouraging employee rotations and details, the agency will be able to think more globally, analyze the market more comprehensively, and respond more expeditiously to events. Additionally, building the agency's knowledge management capabilities will strengthen its overall resilience and limit the potential for any damage from a single point of failure in any one subject matter area. It is also important that the agency find ways to harness the benefits of telework as highlighted during the pandemic, while also maintaining the collaboration and culture-building that comes from in-office presence.

Job rotation, cross-teams collaboration, telework, etc. are operation tasks can be carried out internally without seeking consent or approval. They are tactical rather than "strategic" matters fitting the purpose of this plan.

3.3 Enhance the agency's internal control and risk management capabilities, including by the development of a robust and resilient program for dealing with threats to the security, integrity, and availability of the SEC's systems and sensitive data.

Being good stewards of the resources and programs entrusted to the SEC's care requires a thorough understanding of risks and effective internal controls. Across the agency, the SEC must continually reassess its risks, including in new areas such as climate risk, and document necessary controls. One of the most important areas of focus will be data and information security to optimize controls on systems and data based on risk. This includes understanding and managing the risks associated with the SEC's vendors and supply chains.

No objection to the SEC conducting on-going assessments of its risks, including climate risk, and document necessary controls. That said, please specify milestone targets and explain how the end results would achieve what positive impacts to advance the regulatory goals and what is the ROI?

3.4 Modernize the SEC's technology to enable the mission in a cost-effective, secure, and resilient manner.

Technology continues to revolutionize the world's markets, and its effective use is critical for the SEC to be effective at its work. With the proper continued investments, technology can enable the SEC to gain new insights into the markets it oversees, uncover frauds, and help agency programs generate more value for the public. The SEC is moving aggressively to the cloud, remaking its technology environment to optimize capabilities, costs, resilience, and security for the agency as a whole. The SEC also will continue to invest in modernizing key enabling systems, innovate with new technologies such as machine learning, enhance its workforce's ability to manage and leverage technology, and, as described above, focus on the security of its information systems.

"generate more value for the public…"
What value? How will the public yield any benefit when the strategic plan does not mention the technologies that the SEC intends to invest in? It is as if they are asking for a blank check. The irony is that the Commission itself targets against the SPAC blank check companies. Anyway, please specify and provide justifications and milestone targets for the related tech projects.

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How This Plan Was Developed

The SEC values independent, high-quality assessments of its performance against its goals and desired strategic objectives. Such assessments help gauge our progress so we can take action, as needed, to refine our programs or allocate resources accordingly. Various audits, studies, and evaluations of SEC programs and securities industry-related issues have been completed since the release of the agency's previous Strategic Plan, and these have served as an important resource in the development of this Strategic Plan. In particular, the SEC considered the findings from independent audits of the agency's performance conducted by the SEC's Office of Inspector General and the Government Accountability Office. The SEC also considered the results of internal assessments and evaluations of the agency's performance, including those reported in the agency's most recent Annual Performance Report. Over the next four years, the SEC will continue to draw on evaluations from a variety of sources to improve its programs.

In developing the Strategic Plan, the SEC took into account the information gleaned from meetings with the many internal and external parties with which the agency interacts on a regular basis, including members of Congress and congressional committees, investors, businesses, financial market participants, academics, and other experts and stakeholders. This includes formal outreach efforts through the SEC's advisory committees; Commission-sponsored roundtables focused on specific issues; the agency's Annual Government-Business Forum on Capital Formation; the SEC's annual conference with the North American Securities Administrators Association; and solicitations of public comments on Commission rule proposals. Further, by publishing this Strategic Plan for public review and comment, the SEC hopes to gain the benefit of additional outside perspectives.

While the initiatives outlined in this Strategic Plan are intended to address its top priorities over the next four years, it must be mentioned that there are, of course, risks to, and limitations on, the SEC's ability to achieve its strategic goals. Some of these risks and limitations are operational in nature, such as those pertaining to key technology systems or oversight of outside vendors who support SEC programs, while other risks result from external sources such as new forms of fraud, evolution of financial products, or changes to funding levels and the availability of qualified personnel. Accordingly, the SEC continues to build its enterprise risk management program, supported by representatives from SEC divisions and offices, to strengthen its ability to proactively identify, assess, and mitigate risks to attaining its mission.

LOL, if adding this page can add any creditability to this “Draft”. Can broker-dealers use similar linguistics to get a free pass on all future regulatory filings and reports?
I guess not. Lax on oneself while being stringent on other people is a double standard. I do not want to be judging. No offence, we hope those in authority should not be judging subjectively in its rulemaking and enforcement. Thanks!

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