

The Mission: Episode 2  
What is the SEC?

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Shawn McEnnis: Hello, I am Shawn McEnnis, an examination manager at the SEC. Today, I am here with two other SEC professionals who will give some insight. I'm here with Tracey McNeil, the SEC's first Ombudsman; and Lori Schock, the Director of the Office of Investor Education and Advocacy. So, let's start with a basic, basic, question: what is the SEC?

Lori Schock: You know, Shawn, that is a really good question. I have to say, I was giving a speech one time in Atlanta, Georgia, and I was a couple of minutes into it, when a woman in the front row raised her hand and said, "I don't understand what the South Eastern Conference is doing here." It's a true story-- can't make it up.

Shawn: We've both heard that confusion.

Lori: So you we had to go back and start from the beginning: that I'm Lori Shock with the Securities and Exchange Commission and we're the federal regulator for securities in the United States. We have a three part mission; Tracy do you want to talk about it?

Tracey McNeil: Sure. Our mission is to protect investors; to maintain fair, orderly and efficient markets; and to facilitate capital formation. And so, really, what that means is that we are here to ensure that investors have all the information that they need to make good investment decisions; that the markets in the United States are healthy and function as they should; and that investing remains a viable vehicle for folks to save money, make more money, and get a bit closer to the American dream.

Shawn: That's a big a job.

Tracey: It's a huge job.

Shawn: Yeah; so how has the SEC structured itself to accomplish this mission?

Tracey: The Commission itself is comprised of five individuals who are appointed by the President and one of those individuals will be named as chairman of the Commission. The rest of us who work at the SEC are technically the staff of the Commission, and we are divided into five divisions and more than 20 offices, here in DC and in eleven regional offices across the country. We all play different parts to help move the mission of the agency along.

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Shawn: Why is this important to the average Main Street investor?

Lori: The Main Street investor invests in our markets probably most of the time through their retirement plan at work, and so people may not even recognize that they are an investor, or think

that they are, and so it is important to be an informed investor. So, we have disclosures that are required by companies, and people need to stay up on the action of what's happening with their investments in order to see if they need to make a change.

Tracey: Disclosures can tell investors so much more about a company than what they may hear on the news or what they might read on the blogs. For example, if an investor is interested in companies that are concerned with the environment; those types of disclosures are there. If an investor interested in how much the top executives are making, that type of information is there.

I probably sound like a little bit of a disclosure nerd, but the documents can be pretty interesting, so I would encourage investors to stay up on the disclosures and not to be intimidated by the volume of information, but really just go through it, find what is meaningful for them and we're always here too to help out. We can't give investors advice but we can answer general questions about what it is they are reading.

[Music]

Shawn: What other sites can investors access to find information helpful to them to understand the markets?

Lori: You know Shawn, I always have to put in a plug for investor.gov. It is our retail-facing website and it's made for individual investors like you and me. So there are tools and resources there to help people make informed investment decisions. I would encourage everyone to visit investor.gov.

Tracey: I think one thing I want to leave investors with is the concept of risk and returns. So they like to travel together, they hang out in the same places. So low risk, sometimes means lower returns, safer investments. High risk, may mean higher returns but more of your money, more of your savings--

Shawn: You could lose all your investment.

Tracey: You could potentially lose it all. I guess you could potentially lose it all in any situation. But as Ombudsman in this fairly new role, investors often contact me after something bad has happened. They contact me with questions about the SEC's mission to protect investors, and typically the story that I am hearing is that someone kind of broke up the risk and return friendship. They were told that a low risk was somehow hanging out with a high return and that typically does not happen.

That is one thing I want investors to understand if someone is selling them something or wants them to invest in something where they say that "just for a few dollars" or "if you get in now, you're gonna be a gazillionaire," you know, in six months--

Shawn: And this is a limited opportunity.

Tracey: Yes, this is a limited opportunity, act now, act fast, I'm only telling you. They should call us, or go to investor.gov or they can reach me at [ombudsman@SEC.gov](mailto:ombudsman@SEC.gov). All of our information is on the public website. But that is one thing I really want investors to know because unfortunately, sometimes when they contact me, they've lost the money already and unfortunately the way that the SEC protects investors is really to protect the markets. We can't go after a particular bad guy on behalf of a particular investor. That is something that they have to do on their own.

Shawn: Right, who are we acting on behalf of?

Tracey: The capital markets, the U.S. capital markets.

Shawn: Right and the U.S. citizens.

Tracey: Yes, yes.

Shawn: Thanks to you both.

Lori and Tracey: Thank you

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