

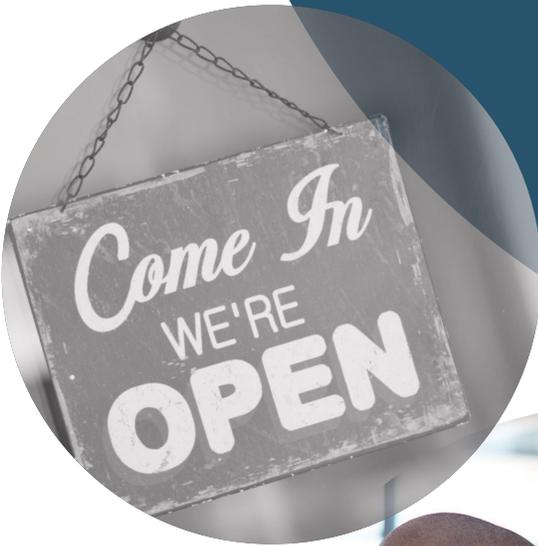
U.S. SECURITIES AND EXCHANGE COMMISSION

FISCAL YEAR 2023

# Congressional Budget Justification Annual Performance Plan

FISCAL YEAR 2021

# Annual Performance Report



PROTECT INVESTORS

MAINTAIN MARKETS

FACILITATE CAPITAL FORMATION



# Contents

<b>Agency and Mission Information</b> .....	<b>1</b>
Executive Summary .....	2
Mission, Vision, Values, and Goals .....	9
History and Purpose.....	12
Organizational Structure and Resources.....	13
<b>FY 2023 Budget Request Tables</b> .....	<b>15</b>
Positions and Full-Time Equivalents (FTE) by Program .....	16
Obligations by Object Class.....	17
Strategic Goal and Program.....	18
Request Summary of Changes .....	19
<b>FY 2023 Appropriations Language</b> .....	<b>21</b>
<b>FY 2023 Budget Request by Program</b> .....	<b>23</b>
<b>Other Information</b> .....	<b>97</b>
Risks, Internal Controls, and Management Challenges.....	98
Cross-Agency Collaboration.....	103
Evidence Building.....	109
Links to Additional Information and Resources .....	112
<b>FY 2021 Annual Performance Report (APR) and FY 2023 Annual Performance Plan (APP)</b> .....	<b>113</b>
A Reader's Guide to SEC Performance Information .....	114
FY 2021 APR and FY 2023 APP Summary.....	114
Performance Summary by Strategic Goal.....	115
<b>Appendices</b> .....	<b>131</b>
Appendix A: Verification and Validation of Performance Data .....	132
Appendix B: SEC's Responses to Government Accountability Office Reports.....	133
Appendix C: SEC'S Good Accounting Obligation in Government Act (GAO-IG Act) Report .....	136

## ABOUT THIS REPORT

The Congressional Budget Justification (CBJ) is the annual presentation to Congress that justifies the U.S. Securities and Exchange Commission's (SEC) budget request. This report also includes the Annual Performance Plan (APP) for fiscal year (FY) 2023 and the Annual Performance Report (APR) for FY 2021, focusing on the agency's strategic goals and performance results. This report provides information that satisfies requirements contained in the following laws and regulations listed below:

- Federal Information Technology Acquisition Reform Act
- Good Accounting Obligation in Government Act
- Government Management Reform Act of 1994
- GPRA Modernization Act of 2010
- Inspector General Act of 1978, as amended
- Office of Management and Budget (OMB) Circular A-11, *Preparation, Submission, and Execution of the Budget*
- OMB Circular A-136, *Financial Reporting Requirements*
- Reports Consolidation Act of 2000

This report is compliant with Section 508 of the Rehabilitation Act (29 U.S.C. § 794 (d)). For a machine readable format of the tables found on pages 16-19, download the report and open the Attachments panel in Adobe Acrobat.

An electronic version of this document and its components is available at [SEC.gov/cj](https://www.sec.gov/cj). To comment on the SEC's FY 2023 CBJ and APP and FY 2021 APR, email [OFM\\_budget\\_formulation@sec.gov](mailto:OFM_budget_formulation@sec.gov).

# Agency and Mission Information

Executive Summary .....2

Mission, Vision, Values, and Goals.....9

History and Purpose .....12

Organizational Structure and Resources.....13

# EXECUTIVE SUMMARY

On behalf of the U.S. Securities and Exchange Commission (SEC), I am pleased to submit the fiscal year (FY) 2023 budget request. The SEC requests \$2.149 billion in support of 5,261 positions and 4,808 full-time equivalents. The SEC's funding is deficit-neutral, with any amount appropriated to the agency offset by transaction fees. These funds are necessary to enable the SEC to effectively carry out its core mission—protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation—and meet the challenges of today's global, interconnected, and technologically sophisticated markets.

As our capital markets have grown, though, the SEC has not grown in parallel. At the end of FY 2016, the SEC had 4,650 people on board. Five years later, that number had decreased by about three percent. The FY 2023 request seeks to close this gap by providing the additional resources needed to bring in new personnel with skills and expertise to address critical needs, including the wave of traditional initial public offerings (IPOs) and an unprecedented surge in non-traditional IPOs by special purpose acquisition companies (SPACs); the growing size and number of private funds, particularly private equity and venture capital funds; the significant growth in crypto-assets; the rise of financial technology and predictive data analytics; and increased regulation of security-based swaps. As more Americans are accessing the capital markets, we need to be sure that the Commission has the resources to protect them.

The SEC is charged with overseeing approximately \$118 trillion in annual securities trading on U.S. equity markets and the activities of more than 29,000 registered entities. The agency also oversees 24 national securities exchanges, 95 alternative trading systems, 9 credit rating agencies, and 7 active registered clearing agencies, as well as the Public Company Accounting Oversight Board (PCAOB), the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB), the Securities Investor Protection Corporation (SIPC), and the Financial Accounting Standards Board (FASB). In addition, the SEC is responsible for reviewing the disclosures and financial statements of more than 7,900 reporting companies, of which approximately two-thirds are exchange-listed. The SEC also engages and interacts with the investing public on a daily basis through a number of activities ranging from our investor education programs to alerts on [SEC.gov](https://www.sec.gov). In addition, we provide critical market information through the agency's information technology (IT) systems such as the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system.

The capital markets affect nearly every American. The \$52 trillion debt markets are how local governments raise funds, how corporations borrow money, or how construction of the hospital down the street gets financed. They also fund our mortgages and auto loans. Our \$51 trillion public equity markets, which get most of the attention, connect Americans looking to invest with public companies seeking to grow, innovate, and hire employees. Our \$18 trillion of gross assets in the private funds area also play a significant role.

These markets also have experienced significant growth in recent years. A record 68 million U.S. families held direct and indirect stock holdings in 2019, up 15 percent from 2010.<sup>1</sup> Total net assets invested in registered investment companies have grown by more than 80 percent since 2015.<sup>2</sup>

The FY 2023 request would allow the SEC to address several key priority areas that will affect its resource needs going forward.

### Initial Public Offerings and Special Purpose Acquisition Companies

The wave in traditional IPOs, along with the unprecedented surge in SPACs, has placed increasing demands on the SEC's resources. Further, the staff has been devoting significant resources to addressing emerging issues in a variety of areas, including climate-related risk disclosures, supply chain and other pandemic-related issues, and legal and accounting issues presented by registrants engaged in crypto-asset businesses. For example, the Division of Corporation Finance has seen a surge in transactional work related to IPOs and SPACs, including the offerings presenting novel legal and accounting issues. The staff have observed IPO activity increase from over 700 IPOs in FY 2020 to over 2,000 IPOs in FY 2021, a 177 percent increase.<sup>3</sup> Many of these IPOs involved SPACs, so it is reasonable to expect a high volume of de-SPAC transactions for review in the coming years, and as many as 500 SPACs are currently searching for a target.

### Private Funds

There has been significant growth in the number of private funds managed by SEC-registered investment advisers, in particular private equity and venture capital funds. There are approximately 19,000 private equity funds, an increase of more than 60 percent in the last five years. In addition, the number of venture capital funds grew to more than 2,000, an increase of approximately 151 percent. The size of these funds has also grown, with reported gross fund assets increasing by 122 percent in private equity funds and 200 percent in venture capital funds over that period.

1 Data drawn from the public version of triennial Survey of Consumer Finances (SCF): <https://www.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.

2 See Investment Company Institute, "2021 Investment Company Fact Book," available at [https://www.ici.org/system/files/2021-05/2021\\_factbook.pdf](https://www.ici.org/system/files/2021-05/2021_factbook.pdf), and the statistics, available at <https://www.ici.org/statistics>.

3 The data are based on the IPOs filed with the SEC during the fiscal year.

As these figures grow, the agency’s workload to review disclosures of investment risks and conflicts of interest, fees and expenses, liquidity, valuation of assets, and controls around material non-public information grows commensurately. The SEC also will need additional enforcement and examination staff to identify and address violative conduct across a larger industry.

## Crypto-Assets

The crypto token asset class has grown significantly in scale and valuations over the last five years. There are many challenges for investor protection in these markets. As of February 2022, this asset class purportedly was worth about \$2 trillion, with 87 tokens worth at least \$1 billion each and 1,784 with at least a \$1 million market capitalization.<sup>4</sup> This asset class is prone to fraud, scams, and abuse in certain applications, and in many cases, investors are unable to get the complete information they deserve. Many tokens may be securities, and they are sometimes offered or sold without required registration, disclosures, or market oversight. This leaves prices open to manipulation and investors vulnerable. Such products are subject to the securities laws and must comply with the SEC’s securities regime. Our staff continue to protect investors in the case of unregistered or fraudulent sales of securities.

Furthermore, the world of crypto finance now has platforms where people can trade tokens and other venues where people can lend tokens. These platforms may also implicate the securities laws. The American public is buying, selling, and lending crypto on these so-called decentralized finance (DeFi) platforms, and they present significant challenges for investor protection and market integrity.

## Financial Technology

While financial technology (fintech) start-ups enable greater access and growth to our capital markets, they also bring new competitors into the markets. At the same time, they can put additional demands on SEC resources—not only in examinations and enforcement matters, but also in new rulemakings and policy areas. These new business models and technologies raise a variety of policy questions around gamification, behavioral prompts, the use of predictive data analytics and differential marketing, and more.

<sup>4</sup> Numbers as of Feb. 6, 2022. See CoinMarketCap, *available at* [www.coinmarketcap.com](http://www.coinmarketcap.com). Crypto-asset figures are not audited or reported to regulatory authorities.

## Agency Use of Data Analytics

As the markets continue to change, the Commission needs to adjust by re-evaluating how we assess data and incorporating machine learning and deep learning into our examination and enforcement functions. Part of the FY 2023 request would be used to enhance the agency's ability to pursue complex investigations of large financial institutions, which require significant resources given the billions of dollars at issue, the size and scale of the institutions, and the millions of investors, clients, and others affected. Further, our economy's reliance on the rapidly changing field of data analytics is growing.

We are starting to see artificial intelligence-based funds, high-frequency traders, and asset management platforms, along with predictive tools and sentiment analysis, that require us to similarly use data to enhance the self-regulatory organizations' (SRO) and SEC's capabilities. Further related to data analysis, the Consolidated Audit Trail (CAT) can play a key part in the SEC's response to these trends. The SEC has required national securities exchanges and FINRA to track all activity throughout the U.S. markets in National Market System (NMS) securities. The data that CAT will provide when implementation is complete, in conjunction with other data analytic tools, will significantly enhance the SROs' and SEC's capabilities to identify potentially violative conduct and develop data-driven policies. Finally, this request helps to address the increased workload of economic impact analyses of proposed rules.

## Enhance IT and Cybersecurity

Efficient, effective, and responsible use of data and IT is a crucial focus of the SEC. The SEC already is making progress in key areas such as cybersecurity, secure cloud infrastructure, and data management. In addition to advancing data analytics as described above, this budget request would enable the SEC to implement high-priority initiatives, including: (1) the modernization of key legacy systems; (2) the migration of applications to the cloud; (3) the improvement of information security and identity management practices, including to comply with new cybersecurity requirements; and (4) the enhancement of the resiliency of the SEC network and infrastructure.

For FY 2023, the request seeks an additional \$20 million for these IT initiatives and includes new technology staff positions in the Office of Information Technology (OIT) to provide expertise in cloud computing. The request also would allow OIT to hire personnel to strengthen security controls, policies, and procedures, and comply with requirements mandated in the recent Executive Order to move the agency toward a "zero trust" approach to cybersecurity. In addition, the request would enable divisions to hire product owners to support agile development of key agency systems, helping make sure our IT investments are yielding the promised value and benefits for agency programs. Our FY 2023 request also assumes full use of the Reserve Fund for technology modernization and enhancements. The Reserve Fund allows the SEC to commit to important, long-term technology initiatives that otherwise would be more difficult to sustain.

## Details of Staffing Request

For FY 2023, we are seeking to increase our workforce by 400 positions to address the priorities laid out above.

**Division of Enforcement (ENF)** requests 125 positions. The additional positions would allow the following: 44 positions for increased capacity to investigate misconduct and accelerate enforcement actions; 34 positions to strengthen our litigation support; 33 positions to bolster the capabilities of our Cyber Unit; and 14 positions to provide additional accounting and operational support.

**Division of Examinations (EXAMS)** requests 90 positions. These will consist primarily of examiners who will help EXAMS keep pace with continued industry growth. Specifically, the request includes 84 positions for dedicated oversight/exam activities of the following: investment advisers (34), broker-dealers with a focus on Regulation Best Interest (25), new registrants in swap markets (20), and cybersecurity and market infrastructure (5). Additionally, the request includes six positions to support FINRA and MSRB oversight, data analytics, outreach, and industry education.

**Division of Corporation Finance (CF)** requests 65 positions. Of these, 58 positions would bolster the Disclosure Review Program to assist with review of the significant increase of IPO and SPAC filings, provide more robust review of registration statements, and provide prompt and thorough responses to registrants. Furthermore, seven positions would support key rulemaking initiatives that the Commission has identified as priorities to strengthen capital markets, increase transparency, and safeguard American investors.

**Division of Trading and Markets (TM)** requests 20 positions in support of rulemaking and enhanced market oversight. Of these, 15 positions would work on implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act Title VII rules, processing of inquiries from the public, NMS initiatives and their implementation, oversight of security-based swaps, and analysis of CAT data, while five positions would support TM oversight and rulemaking for non-equity market structure.

**Division of Investment Management (IM)** requests 13 positions. The request includes four positions to support priority agency rulemakings and conduct more frequent Form ADV reviews. Additionally, three positions are requested to meet increased industry demand for consultation and informal staff guidance on regulatory requirements, while three positions would enhance IM's capacity to perform rapid, detailed analysis of market and regulatory data to inform the Commission and inter-regulatory bodies. Finally, three positions would be dedicated to the Disclosure Review Office to respond to an increase in workload, stemming from increased filings, deeper involvement in rulemakings, and substantially more complex products.

**Division of Economic and Risk Analysis (DERA)** requests 25 positions, of which 21 would be financial economists and research associates to increase capacity for supporting economic analyses of policy matters, rulemakings, and enforcement activities. In addition, the request would fund two data scientists to provide complex analytical solutions to clients around the SEC through the use of artificial intelligence and two data engineers to manage the data in DERA's systems.

**Office of the General Counsel (OGC)** requests 17 positions. Of the new positions, 14 would address current and planned increases in OGC's workload, including advising on the Commission's regulatory initiatives, advising on enforcement and whistleblower matters, defending the Commission's enforcement and regulatory actions, and addressing inquiries on staff's compliance with professional responsibility obligations. Additionally, three positions are needed to respond to the significant increase of workload in the Adjudication group as a result of an increasing volume of cases and appeals.

**Other Program Offices** collectively request 14 additional positions. Of these, three positions would permit the Office of the Chief Accountant to assist with new and complex accounting matters, both domestically and internationally, and to assist ENF with accounting-related litigation matters. The Office of International Affairs requests six positions to advance the Commission's policy objectives on international regulatory policy matters and support the Commission's leadership role in the International Organization of Securities Commissions. Two positions would allow the Office of Investor Education and Advocacy to support investor outreach to underserved communities and the Office of the Investor Advocate to handle the growing number of investor inquiries for the Ombudsman. Finally, the SEC requests two positions for the Office of Credit Ratings to provide staff guidance to nationally recognized statistical rating organizations (NRSRO) on Commission rules and conduct annual examinations of NRSROs and one position for the Office of Municipal Securities to advise on municipal securities matters and conduct outreach with municipal market participants.

**Agency Direction and Administrative Support** requests 28 positions. Of these, 11 positions would permit OIT to advance the transformation to a cloud-based environment and assess the security of division/office systems. Additionally, three positions would enable the EDGAR Business Office to enhance outreach to filers and manage data structuring initiatives, and one position would assist the Office of the Ethics Counsel with managing its key systems. The agency also would dedicate two positions for the Office of Acquisitions to support expanded diversity, equity, and inclusion efforts and overall workload increases and two positions for the Office of Minority and Women Inclusion and the Office of Equal Employment Opportunity to advise divisions and offices on advancing equity. The Office of Public Affairs requests two positions to enhance the agency's external outreach to key stakeholder groups. Finally, the Office of the Chief Operating Officer requests seven positions for its component offices to support climate-related disclosure and reporting, handle increased human resources needs—including the new paid internship program described below—and support budget analysis and internal controls.

Office of Inspector General (OIG) requests three positions, which will significantly enhance the quality of the OIG's reviews of the SEC's programs and operations and investigations of alleged fraud, waste, and abuse therein.

### SEC Student Intern and Honors Programs

The FY 2023 request would fund paid internship and honors programs under SEC Scholars, SEC Honors, and the Pathways program. Far too often, those with financial obligations cannot afford to work unpaid. Through these programs, we hope to foster a more diverse and inclusive federal workforce and provide opportunities for those who want to serve.

### Real Property Leasing

Finally, the FY 2023 request would support the SEC's ongoing efforts, in partnership with the General Services Administration, to manage the new construction project and move for the successor lease for the agency's Washington, DC, headquarters office. As requested in the past, the SEC proposes to offset these costs with fee collections and return any unused amounts to fee payers after project completion.

A handwritten signature in blue ink, appearing to read 'GG-1' with a stylized flourish underneath.

GARY GENSLER  
Chair  
March 28, 2022

# MISSION, VISION, VALUES, AND GOALS

## 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.

## 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.

## Strategic Goals and Strategic Initiatives



### STRATEGIC GOAL 1

Focus on the long-term interests of our Main Street investors.

Strategic Initiative 1.1: Enhance our understanding of the channels retail and institutional investors use to access our capital markets to more effectively tailor our policy initiatives.

Strategic Initiative 1.2: Enhance our outreach, education, and consultation efforts, including in ways that are reflective of the diversity of investors and businesses.

Strategic Initiative 1.3: Pursue enforcement and examination initiatives focused on identifying and addressing misconduct that impacts retail investors.

Strategic Initiative 1.4: Modernize design, delivery, and content of disclosure so investors, including in particular retail investors, can access readable, useful, and timely information to make informed investment decisions.

Strategic Initiative 1.5: Identify ways to increase the number and range of long-term, cost-effective investment options available to retail investors, including by expanding the number of companies that are SEC-registered and exchange-listed.



### STRATEGIC GOAL 2

Recognize significant developments and trends in our evolving capital markets and adjust our efforts to ensure we are effectively allocating our resources.

Strategic Initiative 2.1: Expand market knowledge and oversight capabilities to identify, understand, analyze, and respond effectively to market developments and risks.

Strategic Initiative 2.2: Identify, and take steps to address, existing SEC rules and approaches that are outdated.

Strategic Initiative 2.3: Examine strategies to address cyber and other system and infrastructure risks faced by our capital markets and our market participants.

Strategic Initiative 2.4: Promote agency preparedness and emergency response capabilities.



### STRATEGIC GOAL 3

Elevate the SEC's performance by enhancing our analytical capabilities and human capital development.

Strategic Initiative 3.1: Focus on the SEC's workforce to increase our capabilities, leverage our shared commitment to investors, and promote diversity, inclusion, and equality of opportunity among the agency's staff.

Strategic Initiative 3.2: Expand the use of risk and data analytics to inform how we set regulatory priorities and focus staff resources, including developing a data management program that treats data as an SEC-wide resource with appropriate data protections, enabling rigorous analysis at reduced cost.

Strategic Initiative 3.3: Enhance our analytics of market and industry data to prevent, detect, and prosecute improper behavior.

Strategic Initiative 3.4: Enhance the agency's internal control and risk management capabilities, including developing a robust and resilient program for dealing with threats to the security, integrity, and availability of the SEC's systems and sensitive data.

Strategic Initiative 3.5: Promote collaboration within and across SEC offices to ensure we are communicating effectively across the agency, including through evaluation of key internal processes that require significant collaboration.

# HISTORY AND PURPOSE

## History

During the peak of the Great Depression, Congress passed the Securities Act of 1933<sup>1</sup> (Securities Act) and the Securities Exchange Act of 1934<sup>2</sup> (Securities Exchange Act), which established the SEC. These laws were designed to regulate the financial markets and restore investor confidence in U.S. capital markets by providing investors and the markets with reliable information and clear rules to ensure honest dealings. The main purpose of these laws was to ensure the following:

- Companies that publicly offer securities for investment dollars are forthcoming and transparent about their businesses, the securities they are selling, and the risks involved with investing; and
- People who sell and trade securities—brokers, dealers, and exchanges—treat investors fairly and honestly.

## Purpose

The SEC is responsible for overseeing the nation's securities markets and certain primary participants, including broker-dealers, investment companies, investment advisers, clearing agencies, transfer agents, credit rating agencies, and securities exchanges, as well as organizations such as FINRA, MSRB, and PCAOB. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010<sup>3</sup> (Dodd-Frank Act), the agency's jurisdiction was expanded to include certain participants in the derivatives markets, private fund advisers, and municipal advisers.

Each year, the SEC brings hundreds of civil enforcement actions against individuals and companies for violation of securities laws. Examples of infractions are insider trading, accounting fraud, market manipulation, and providing false or misleading information about securities and/or the issuing companies.

To help investors stay informed, the SEC offers the public a wealth of educational information on its website at [Investor.gov](https://www.investor.gov), as well as through an online database of disclosure documents that public companies and other market participants are required to file with the SEC. These can be found at: [SEC.gov/edgar/searchedgar/companysearch.html](https://www.sec.gov/edgar/searchedgar/companysearch.html).

<sup>1</sup> More information about the Securities Act of 1933 can be found at [SEC.gov/about/laws/sa33.pdf](https://www.sec.gov/about/laws/sa33.pdf)

<sup>2</sup> More information about the Securities Exchange Act of 1934 can be found at [SEC.gov/about/laws/sea34.pdf](https://www.sec.gov/about/laws/sea34.pdf)

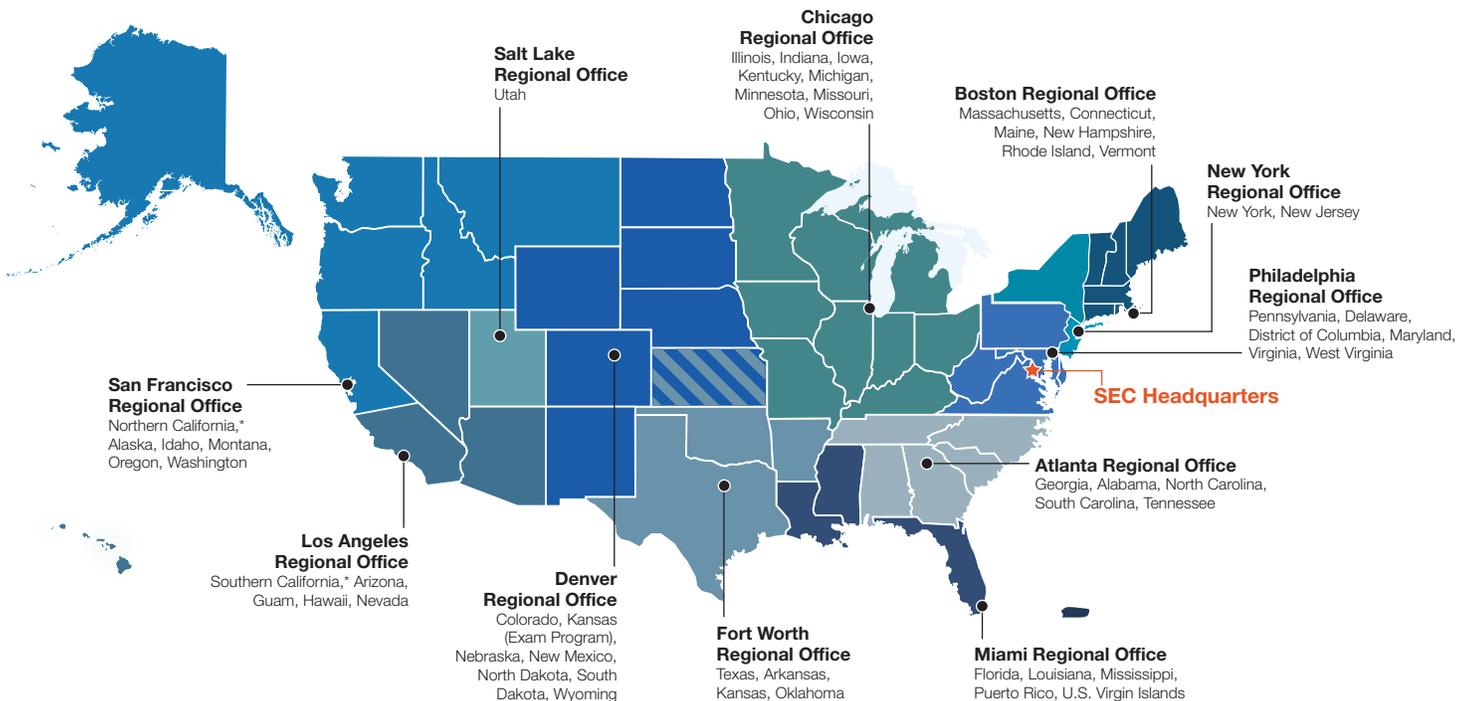
<sup>3</sup> More information about the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 can be found at [SEC.gov/about/laws/wallstreetreform-cpa.pdf](https://www.sec.gov/about/laws/wallstreetreform-cpa.pdf)

# ORGANIZATIONAL STRUCTURE AND RESOURCES

The SEC is an independent federal agency, established pursuant to the Securities Exchange Act of 1934, headed by a bipartisan, five-member Commission. The Commissioners are appointed by the President and confirmed by the Senate. The President designates one of the Commissioners as the Chair. The five Commission members act jointly to set and enforce the rules that govern the securities markets and its participants. The Chair is responsible for overseeing the executive and administrative functions of the agency and its more than 4,500 staff members.

## Office Locations

The SEC's headquarters are in Washington, DC, and the agency has 11 regional offices located throughout the country. The regional offices are responsible for investigating and litigating potential violations of the securities laws. The regional offices also have enforcement and examination staff to inspect regulated entities such as investment advisers, investment companies, and broker-dealers. The following graphic illustrates the locations of, and specific areas within, each of the regional offices.



\* Northern California includes ZIP codes 93600 and above, and 93200–93299  
Southern California includes ZIP codes 93599 and below, except 93200–93299

This page intentionally left blank

# FY 2023 Budget Request Tables

Positions and Full-Time Equivalents (FTE) by Program.....	16
Obligations by Object Class.....	17
Strategic Goal and Program.....	18
Request Summary of Changes.....	19

# POSITIONS AND FULL-TIME EQUIVALENTS (FTE) BY PROGRAM

	FY 2021 Actual		FY 2022 Continuing Resolution (Annualized)		FY 2023 Request	
	Positions	FTE	Positions	FTE	Positions	FTE
<b>Enforcement</b>	1,366	1,315	1,366	1,302	1,499	1,365
<b>Examinations</b>	1,113	1,061	1,113	1,060	1,212	1,100
<b>Corporation Finance</b>	423	388	423	398	500	438
<b>Trading and Markets</b>	284	256	284	263	314	290
<b>Investment Management</b>	220	200	221	208	239	222
<b>Economic and Risk Analysis</b>	159	140	163	147	190	174
<b>General Counsel</b>	156	138	157	144	175	161
<b>Other Program Offices</b>						
Chief Accountant	48	43	48	44	51	46
Investor Education and Advocacy	44	44	44	43	45	43
International Affairs	53	48	53	49	59	51
Administrative Law Judges	12	10	12	9	12	11
Investor Advocate	15	12	15	13	17	15
Credit Ratings	46	43	46	43	48	44
Municipal Securities	10	9	10	9	11	10
Advocate for Small Business Capital Formation	11	9	11	9	12	12
Strategic Hub for Innovation and Financial Technology	8	4	8	7	8	8
<b>Subtotal</b>	<b>247</b>	<b>222</b>	<b>247</b>	<b>226</b>	<b>263</b>	<b>240</b>
<b>Agency Direction and Administrative Support</b>						
Executive Staff	34	21	34	28	34	30
Public Affairs	24	20	24	23	26	25
Secretary	26	21	26	23	26	25
Chief Operating Officer	37	30	39	35	40	38
Financial Management	90	88	90	85	92	87
Information Technology	216	189	217	206	228	220
Human Resources	118	107	119	110	123	113
Acquisitions	57	55	57	55	59	55
Support Operations	94	87	94	88	95	91
EDGAR Business Office	34	31	34	33	37	34
Ethics Counsel	19	19	19	19	20	19
Minority and Women Inclusion	12	9	12	12	14	13
Equal Employment Opportunity	13	12	13	11	14	13
<b>Subtotal</b>	<b>774</b>	<b>689</b>	<b>778</b>	<b>728</b>	<b>808</b>	<b>763</b>
<b>Inspector General</b>	55	50	55	52	61	55
<b>Total Positions and FTE</b>	<b>4,797</b>	<b>4,459</b>	<b>4,807</b>	<b>4,528</b>	<b>5,261</b>	<b>4,808</b>

# OBLIGATIONS BY OBJECT CLASS

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual <sup>1</sup>	FY 2022 Continuing Resolution (Annualized) <sup>2</sup>	FY 2023 Request
<b>Personnel Compensation and Benefits</b>			
Personnel Compensation (11.0)	\$ 941,755	\$ 956,867	\$ 1,092,015
Personnel Benefits (12.0)	342,694	351,243	410,468
<b>Subtotal, Cost of Compensation and Benefits</b>	<b>\$ 1,284,449</b>	<b>\$ 1,308,110</b>	<b>\$ 1,502,483</b>
<b>Other Expenses</b>			
Benefits for Former Personnel (13.0)	3,223	50	51
Travel and Transportation of Persons (21.0)	344	2,078	12,100
Transportation of Things (22.0)	108	251	257
Rent, Communications, and Utilities (23.0)	130,094	114,768	126,984
Printing and Reproduction (24.0)	8,016	3,028	9,067
Other Contractual Services (25.0)	490,492	441,163	460,148
Supplies and Materials (26.0)	1,049	1,090	1,205
Equipment (31.0)	33,451	56,214	60,143
Land and Structures (32.0)	348	125	641
Insurance Claims and Indemnities (42.0)	137	901	921
<b>Subtotal, Cost of Other Expenses</b>	<b>667,261</b>	<b>619,668</b>	<b>671,517</b>
<b>Subtotal, Obligations</b>	<b>\$ 1,951,710</b>	<b>\$ 1,927,778</b>	<b>\$ 2,174,000</b>
Budget Authority Used to Liquidate Prior Obligations for Deficient Leases, per an October 3, 2011, Report from the Comptroller General	2,296		
<b>Total Budget Authority</b>	<b>\$ 1,954,006</b>	<b>\$ 1,927,778</b>	<b>\$ 2,174,000</b>
Less: Anticipated Carryover of Prior Year Unobligated Balances		(7,943)	
Less: Anticipated Recoveries of Prior Year Obligations		(25,000)	(25,000)
<b>Request for SEC Operations</b>	<b>\$ 1,954,006</b>	<b>\$ 1,894,835</b>	<b>\$ 2,149,000</b>
Headquarters Move-Related Costs		18,650	57,405
Potential Build-out Costs Associated with San Francisco Regional Office Lease Replacement		12,677	

1 Obligations reported here differ from those shown in the President's Budget Appendix because they include activity only in the stated fiscal year.

2 The FY 2022 Continuing Resolution (Annualized) column includes the FY 2021 request for funds to support headquarters move-related costs and potential build-out costs associated with San Francisco Regional Office lease replacement, but does not include the amount requested in the FY 2022 Congressional Justification for Fort Worth Regional Office potential move-related costs.

# STRATEGIC GOAL AND PROGRAM

(DOLLARS IN THOUSANDS)

SEC Program	FY 2021 Actual <sup>1</sup>	FY 2022 Continuing Resolution (Annualized) <sup>2</sup>	FY 2023 Request			
			Goal 1 Investors	Goal 2 Innovation	Goal 3 Performance	FY 2023 Request
Enforcement	\$ 627,556	\$ 613,013	\$ 632,737	\$ 20,411	\$ 27,215	\$ 680,363
Examinations	447,801	437,874	438,321	24,351	24,351	487,023
Corporation Finance	172,329	166,102	133,374	40,012	17,148	190,534
Trading and Markets	110,810	109,754	12,671	88,694	25,341	126,706
Investment Management	84,682	85,301	52,894	25,004	18,273	96,171
Economic and Risk Analysis	69,696	69,717	49,738	19,066	14,093	82,897
General Counsel	60,570	60,158	33,557	15,380	20,973	69,910
Other Program Offices	99,351	99,411	65,184	32,918	14,825	112,927
Agency Direction and Administrative Support	258,085	264,890	18,413	19,332	265,086	302,832
Inspector General	20,829	21,559	7,391	7,391	9,855	24,638
<b>Subtotal, Obligations</b>	<b>\$ 1,951,710</b>	<b>\$ 1,927,778</b>	<b>\$ 1,444,280</b>	<b>\$ 292,560</b>	<b>\$ 437,159</b>	<b>\$ 2,174,000</b>
Budget Authority Used to Liquidate Prior Obligations for Deficient Leases, per an October 3, 2011, Report from the Comptroller General	2,296					
<b>Total Budget Authority</b>	<b>\$ 1,954,006</b>	<b>\$ 1,927,778</b>				<b>\$ 2,174,000</b>
Less: Anticipated Carryover of Prior Year Unobligated Balances		(7,943)				
Less: Anticipated Recoveries of Prior Year Obligations		(25,000)				(25,000)
<b>Request for SEC Operations</b>		<b>\$ 1,894,835</b>				<b>\$ 2,149,000</b>
Headquarters Move-Related Costs		18,650				57,405
Potential Build-out Costs Associated with San Francisco Regional Office Lease Replacement		12,677				

1 Obligations reported here differ from those shown in the President's Budget Appendix because they include activity only in the stated fiscal year.

2 The FY 2022 Continuing Resolution (Annualized) column includes the FY 2021 request for funds to support headquarters move-related costs and potential build-out costs associated with San Francisco Regional Office lease replacement, but does not include the amount requested in the FY 2022 Congressional Justification for Fort Worth Regional Office potential move-related costs.

# REQUEST SUMMARY OF CHANGES

<i>(DOLLARS IN THOUSANDS)</i>	Positions	FTE	Amount
<b>FY 2022 Continuing Resolution (Annualized)</b>	<b>4,807</b>	<b>4,528</b>	<b>\$ 1,927,778</b>
<b>FY 2023 Base Changes</b>			
Annualization of Prior Year Staffing Actions	54	157	44,541
Other Compensation Adjustments			108,993
Net Changes in Non-Compensation Costs			30,549
<b>Subtotal, Base Changes</b>	<b>54</b>	<b>157</b>	<b>\$ 184,083</b>
<b>FY 2023 Current Services Level</b>	<b>4,861</b>	<b>4,685</b>	<b>\$ 2,111,861</b>
<b>FY 2023 Program Increases</b>			
Addition of 400 Positions (123 FTE):			
Enforcement	125	38	
Examinations	90	32	
Corporation Finance	65	21	
Trading and Markets	20	5	
Investment Management	13	4	
Economic and Risk Analysis	25	5	
General Counsel	17	4	
Other Program Offices	14	4	
Agency Direction and Administrative Support	28	9	
Inspector General	3	1	
<b>Subtotal, Staffing Increases</b>	<b>400</b>	<b>123</b>	<b>\$ 42,139</b>
Increase for Technology			\$ 20,000
<b>Subtotal, Program Increases</b>	<b>400</b>	<b>123</b>	<b>\$ 62,139</b>
<b>FY 2023 Operational Budget Request</b>	<b>5,261</b>	<b>4,808</b>	<b>\$ 2,174,000</b>
Less: Anticipated Carryover of Prior Year Unobligated Balances			
Less: Anticipated Recoveries of Prior Year Obligations			(25,000)
<b>FY 2023 Request for SEC Operations</b>	<b>5,261</b>	<b>4,808</b>	<b>\$ 2,149,000</b>
Headquarters Move-Related Costs			57,405

This page intentionally left blank

# FY 2023 Appropriations Language

For necessary expenses for the Securities and Exchange Commission, including services as authorized by 5 U.S.C. 3109, the rental of space (to include multiple year leases) in the District of Columbia and elsewhere, and not to exceed \$3,500 for official reception and representation expenses, \$2,149,000,000, to remain available until expended; of which not less than \$18,979,000 shall be for the Office of Inspector General; of which not to exceed \$275,000 shall be available for a permanent secretariat for the International Organization of Securities Commissions; and of which not to exceed \$100,000 shall be available for expenses for consultations and meetings hosted by the Commission with foreign governmental and other regulatory officials, members of their delegations and staffs to exchange views concerning securities matters, such expenses to include necessary logistic and administrative expenses and the expenses of Commission staff and foreign invitees in attendance including: (1) incidental expenses such as meals; (2) travel and transportation; and (3) related lodging or subsistence.

In addition to the foregoing appropriation, for move, replication, and related costs associated with a replacement lease for the Commission's District of Columbia headquarters facilities, not to exceed \$57,405,000, to remain available until expended.

For purposes of calculating the fee rate under section 31(j) of the Securities Exchange Act of 1934 (15 U.S.C. 78ee(j)) for fiscal year 2023, all amounts appropriated under this heading shall be deemed to be the regular appropriation to the Commission for fiscal year 2023: *Provided*, That fees and charges authorized by section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) shall be credited to this account as offsetting collections: *Provided further*, That not to exceed \$2,149,000,000 of such offsetting collections shall be available until expended for necessary expenses of this account and not to exceed \$57,405,000 of such offsetting collections shall be available until expended for move, replication, and related costs under this heading associated with a replacement lease for the Commission's District of

Columbia headquarters facilities: *Provided further*, That the total amount appropriated under this heading from the general fund for fiscal year 2023 shall be reduced as such offsetting fees are received so as to result in a final total fiscal year 2023 appropriation from the general fund estimated at not more than \$0: *Provided further*, That if any amount of the appropriation for move, replication, and related costs associated with a replacement lease for the Commission's District of Columbia headquarters facilities is subsequently de-obligated by the Commission, such amount that was derived from the general fund shall be returned to the general fund, and such amounts that were derived from fees or assessments collected for such purpose shall be paid to each national securities exchange and national securities association, respectively, in proportion to any fees or assessments paid by such national securities exchange or national securities association under section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) in fiscal year 2023.

# FY 2023 Budget Request by Program

Division of Enforcement.....	24
Division of Examinations.....	26
Division of Corporation Finance .....	29
Division of Trading and Markets .....	31
Division of Investment Management.....	36
Division of Economic and Risk Analysis.....	40
Office of the General Counsel.....	43
Other Program Offices.....	46
Office of the Chief Accountant .....	47
Office of Investor Education and Advocacy.....	50
Office of International Affairs .....	51
Office of Administrative Law Judges.....	54
Office of the Investor Advocate.....	55
Office of Credit Ratings.....	58
Office of Municipal Securities.....	60
Office of the Advocate for Small Business Capital Formation.....	62
Strategic Hub for Innovation and Financial Technology.....	64
Agency Direction and Administrative Support .....	66
Executive Staff .....	67
Office of Public Affairs.....	68
Office of the Secretary.....	70
Office of the Chief Operating Officer .....	71
Office of the Ethics Counsel.....	87
Office of Minority and Women Inclusion .....	89
Office of Equal Employment Opportunity .....	91
Office of Inspector General.....	93

## DIVISION OF ENFORCEMENT

The Division of Enforcement (ENF) is critical to the Commission's ability to fulfill its three-part mission: protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. ENF's efforts to uncover misconduct and deter and punish securities law violators are critical to safeguarding millions of investors and instilling confidence in the integrity of the U.S. markets. Each year, on the basis of ENF investigations and recommendations, the Commission brings hundreds of civil and administrative enforcement actions against individuals and entities for fraud, financial and accounting irregularities and misstatements, misconduct by investment professionals and regulated entities, and other violations. The Commission also pursues enforcement actions against wrongdoers in new and emerging areas, including crypto-asset markets, cyber-related risks, the environmental, social, and governance space, and special purpose acquisition companies. The meaningful remedies that the Commission obtains through enforcement actions deter future wrongdoing and, when possible, deprive violators of the fruits of their misconduct. When the Commission obtains disgorgement of ill-gotten gains, it is often able to return such funds to harmed investors. ENF also seeks bars and suspensions that prevent wrongdoers from working in the securities industry or being officers and directors of public companies.

ENF brings meaningful cases that cover the entire securities waterfront, protect investors in new and emerging areas, hold wrongdoers accountable with meaningful remedies, and bolster the public's trust in financial markets. ENF is guided by five core principles: (1) focus on protecting investors; (2) focus on individual accountability, including gatekeepers; (3) keep pace with technological change; (4) impose remedies that most effectively further enforcement goals; and (5) constantly assess the allocation of SEC resources. These principles drive ENF to address misconduct targeting investors; risks posed by cyber-related misconduct; issues raised by the activities of investment advisers, broker-dealers, and other registrants; financial reporting and disclosure issues involving public companies, their executives, and their auditors; misconduct by gatekeepers; and insider trading and market abuse. These areas are priorities for ENF, and the division will continue to pursue cases and advance efforts to protect investors and the integrity of the market.

## FY 2023 Request

ENF requests 125 additional positions to enhance the division’s ability to timely pursue the wide variety of misconduct within the SEC’s remit. They will also strengthen ENF’s capabilities to investigate new and emerging issues, including crypto-asset markets, cyber-related risks, and the environmental, social, and governance space. Finally, it is expected that the number of litigated cases will continue to rise as ENF increasingly holds wrongdoers accountable for their misconduct with more meaningful and, in some instances, escalating sanctions. ENF requires additional resources to ensure that it has an adequate number of attorneys to staff the increasing number of litigated cases.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	1,315	1,302	1,365
<b>Cost:</b>			
Salaries and Benefits	\$ 390,289	\$ 389,692	\$ 439,215
Non-Personnel Expenses	237,267	223,321	241,148
<b>Total Costs</b>	<b>\$ 627,556</b>	<b>\$ 613,013</b>	<b>\$ 680,363</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Intelligence Analysis</b>			
Investor Tips and Complaints	46,000	46,000	40,000
Matters Under Inquiry Opened	726	750	760
<b>Investigations</b>			
Opened	867	895	910
Ongoing at End of Year	1,452	1,495	1,525
<b>Proceedings</b>			
Administrative			
Opened	471	485	495
Pending at End of Year	1,204	1,240	1,265
Civil Litigation			
Opened	226	235	240
Pending at End of Year	1,944	2,000	2,040

# DIVISION OF EXAMINATIONS

The Division of Examinations (EXAMS) maintains a critical presence among market participants by annually conducting thousands of exams that provide timely, accurate, and reliable information that assists the SEC in fulfilling its mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. The results of the division's examinations are used by the SEC to inform rulemaking initiatives, identify and monitor risks, improve industry practices, and pursue misconduct.

The division's risk-based program is designed to focus its resources on those firms, market participants, and practices that pose the greatest potential risk of securities laws violations that can harm investors and the markets. During FY 2023, EXAMS will continue to emphasize the protection of working families, particularly seniors and individuals saving for retirement. The division will focus on key issues including cyber and information security and compliance with recently adopted rules related to standards of care (including Regulation Best Interest), as well as additional practices that represent significant risks to retail investors such as deceptive sales practices, conflicts of interest, and elder abuse.

At the beginning of FY 2023, EXAMS anticipates that roughly 1,000 exam staff will be responsible for overseeing:

- more than 15,000 investment advisers with approximately \$125 trillion in assets under management;
- over 750 investment company complexes managing nearly 15,000 investment company portfolios;
- over 3,500 broker-dealers with more than 150,000 branch offices;
- approximately 520 municipal advisors; and
- roughly 400 transfer agents.

EXAMS will also oversee 24 national securities exchanges and at least 9 entities that provide clearing agency functions—including 4 that have been deemed systemically important—as well as funding portals, the Public Company Accounting Oversight Board (PCAOB), the Municipal Securities Rulemaking Board (MSRB), the Securities Investor Protection Corporation (SIPC), and the Financial Industry Regulatory Authority (FINRA). Finally, several new registrant categories, including security-based swap dealers, security-based swap data repositories, and security-based swap execution facilities, will be subject to examinations and will require resources.

## FY 2023 Request

EXAMS requests 90 positions to focus on critical division priorities. The division remains significantly impacted by a rapidly evolving and growing industry.

Additional resources are critical and necessary to help EXAMS address the ongoing disparity between the number of exam staff and the size of the SEC-regulated community. Most importantly, these additional resources will augment efforts to: (1) protect working families and retail investors; (2) examine new categories of regulated entities; (3) address critical risks such as the resiliency of clearing agencies, information security, and anti-money laundering; and (4) further address the growing number, size, and complexity of SEC-registered firms.

More specifically, a majority of the requested resources will focus on examinations of investment advisers and broker-dealers, as these entities are critical market participants interacting with a rapidly growing retail sector. In fact, the largest increase in registered entities over the last five years has occurred in the investment management industry, with the population of investment advisers growing by over 2,500 and the assets managed by these entities increasing by nearly \$50 trillion. The industry is also evolving as investment advisers, including more than 5,000 advisers to private funds, are developing more sophisticated trading and investment strategies. In the broker-dealer industry, market volatility events in the past year highlighted the sharp increase in retail investor trading. Industry development—including zero commissions, fractional shares trading, and technological features offered through digital engagement practice—had a significant impact on retail trading practices. The requested resources will help the SEC keep pace with this growth and focus on critical risk areas impacting retail investors.

Additionally, the request will focus on helping the program address new regulatory responsibilities in the security-based swap market. As a result of recent legislation and related rulemaking, EXAMS will have examination and monitoring responsibilities in FY 2023 for several new categories of registrants, including security-based swap dealers, security-based swap data repositories, and security-based swap execution facilities. These new registrants and responsibilities will require staffing resources with specialized knowledge and expertise.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	1,061	1,060	1,100
<b>Cost:</b>			
Salaries and Benefits	\$ 300,896	\$ 301,832	\$ 338,193
Non-Personnel Expenses	146,905	136,041	148,830
<b>Total Costs</b>	<b>\$ 447,801</b>	<b>\$ 437,874</b>	<b>\$ 487,023</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
Investment Adviser Examinations	2,251	2,283	2,428
Investment Company Examinations (includes administrators)	129	125	126
Broker-Dealer Examinations	333	320	360
Transfer Agent Examinations	51	47	48
Municipal Advisor Examinations	69	48	48
Market Oversight Inspections <sup>1</sup>	182	193	192
Clearing Agency Examinations	22	23	19
Funding Portal Examinations	3	3	4
Security-Based Swap Entity Examinations	—	8	24

<sup>1</sup> Market Oversight Inspections primarily include examinations and inspections of FINRA and national securities exchanges.

# DIVISION OF CORPORATION FINANCE

In support of the Commission's mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation, the Division of Corporation Finance (CF) seeks to ensure that investors have access to material information in order to make informed investment decisions when a company offers its securities to the public and on an ongoing basis as companies continue to provide information to the marketplace. Through its selective review program, CF reviews company filings and provides comments to address possible material noncompliance with disclosure and accounting requirements under the federal securities laws and to enhance investor protection. CF also makes recommendations to the Commission for new or revised rules and the elimination of duplicative or outdated rules relating to the disclosure requirements for reporting companies and exemptions from registration and provides interpretive advice to companies on SEC rules and forms.

## Disclosure Review Program

Through the division's filing review process, CF reviews filings made under the Securities Act of 1933 and Securities Exchange Act of 1934 to both monitor and enhance compliance with disclosure and accounting requirements. CF focuses its review resources on disclosures that appear to be inconsistent with Commission rules or applicable accounting standards, or that appear to be materially deficient in their rationale or in clarity.

The division conducts its primary review responsibilities through seven specialized industry offices: Energy & Transportation; Finance; Life Sciences; Manufacturing; Real Estate & Construction; Technology; and Trade & Services.

## Rulemaking and Interpretive Advice

CF continues to assist the Commission with implementing any rules to further investor protection, facilitate capital formation, and promote the fair and efficient function of the securities markets. As part of this effort, CF is proposing amendments to update disclosure requirements and continue the division's efforts to enhance efficient capital formation.

The division conducts its rulemaking and interpretive advice through the following policy offices: Office of Chief Accountant, Office of Chief Counsel, Office of Rulemaking, and Specialized Policy and Disclosure.

## FY 2023 Request

CF requests 65 positions, as listed below.

- Fifty-eight attorney and accountant positions to support the surge of transactional work in both traditional and special purpose acquisition company (SPAC) initial public offerings (IPO) and backfill losses sustained over the last three years. The 58 new positions will allow the division to reinvest in its core disclosure review functions; focus on modernizing disclosure requirements while monitoring and enhancing compliance with reporting requirements; and improve the management of staff and operations.
- Seven attorney positions to meet its goals and enhance its ongoing efforts to protect investors and facilitate capital formation. The new positions will allow CF to better support the anticipated 20 rulemakings being considered for recommendation including climate, human capital, and executive compensation. The additional positions will increase the number of CF staff members solely dedicated to rulemaking.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	388	398	438
<b>Cost:</b>			
Salaries and Benefits	\$ 117,205	\$ 118,049	\$ 138,650
Non-Personnel Expenses	55,124	48,053	51,884
<b>Total Costs</b>	<b>\$ 172,329</b>	<b>\$ 166,102</b>	<b>\$ 190,534</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Review</b>			
Reporting Company Reviews <sup>1</sup>	2,900	3,000	3,000
Number of New Issuer Reviews			
IPO 1933 Act	1,820	1,820	1,820
New 1934 Act	140	140	140
Total Reviews	4,860	4,960	4,960
<b>Rulemaking and Interpretive</b>			
General Advice and Coordination			
No-Action Letters/Interpretive Requests	75	75	75
No-Action Letters (Shareholder Proposals)	285	285	285

<sup>1</sup> The number of active reporting companies has been declining in recent years; however, the trend may be reversing due to the increase in IPOs and SPAC merger transactions. CF will continue to fulfill the Sarbanes-Oxley Act review mandate to review the filings of all public reporting companies at least once every three years.

# DIVISION OF TRADING AND MARKETS

The Division of Trading and Markets (TM) fulfills the SEC's mission by establishing and maintaining standards for fair, orderly, and efficient markets while fostering investor protection and confidence in the markets. To meet the mission requirements, TM is divided into different offices which have specific functions and are focused on specific parts of the markets. These include: (1) Broker-Dealer Finance/Risk; (2) Chief Counsel; (3) Clearance and Settlement; (4) Derivatives Policy and Trading Practices; and (5) Market Supervision. In addition, TM has two groups that serve in supporting functions: the Office of Analytics and Research and the Office of the Managing Executive.

TM supervises self-regulatory organizations (SRO) and other major market participants in the U.S. securities markets, which, as of September 2021, included 24 national securities exchanges, 34 National Market System (NMS) stock alternative trading systems (ATS), 61 non-NMS stock ATSS, over 3,500 broker-dealers, 7 registered clearing agencies, roughly 404 transfer agents, the Financial Industry Regulatory Authority (FINRA), and various securities information processors.

## FY 2023 Request

TM requests 20 positions to: (1) help advance the Commission's rulemaking agenda; (2) process interpretive inquiries; (3) address implementation of Title VII rules and provide oversight of security-based swaps; (4) address NMS initiatives and their implementation; (5) continue in-depth analysis of Consolidated Audit Trail (CAT) data and other market monitoring functions; (6) analyze policy and rulemaking related to non-equity market structure; and (7) support and facilitate data access and internal sharing requirements, in addition to IT transformation initiatives.

TM will dedicate significant resources to Treasury market policy reforms, including reconsidering the Commission's 2020 proposal to bring certain trading platforms into the Commission's regulatory regime. In the equity markets, the division will facilitate greater competition and efficiency, considering whether shrinking tick sizes, reevaluating what is included in the National Best Bid and Offer, enhancing disclosure, or leveling competition between trading venues and wholesalers could increase transparency and competition.

To enhance market resiliency and market stability, TM will:

- develop a proposal for shortening the settlement cycle;
- further analyze the need for rulemaking related to conflicts of interest and digital engagement practices;
- work toward completing other unfinished Dodd-Frank Act mandates with respect to short selling and securities lending; and
- 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.

TM staff will also have a role in assessing various data related to security-based swap entities and swap data repositories to facilitate regulatory oversight and assist relevant authorities in monitoring the security-based swap market and its participants.

The SEC actively engages with counterparts at the U.S. Commodity Futures Trading Commission (CFTC) to harmonize the agencies’ respective rules, where appropriate, to increase effectiveness and reduce complexity and costs. The SEC’s commitment to coordination includes developing recommendations on how to finalize mandates to stand up a security-based swap execution facility regime consistent with the CFTC’s regime.

TM staff is also responsible for implementing recent efforts to address issues in the dissemination of market data and access to market data, including enhancing transparency, infrastructure, and governance concerning market data distribution and market access.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	256	263	290
<b>Cost:</b>			
Salaries and Benefits	\$ 75,046	\$ 76,248	\$ 90,328
Non-Personnel Expenses	35,764	33,506	36,378
<b>Total Costs</b>	<b>\$ 110,810</b>	<b>\$ 109,754</b>	<b>\$ 126,706</b>

*Totals may not appear to sum from detail lines due to rounding of actual values*

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Securities Firm Supervision</b>			
SRO Proposed Rule Changes Reviewed	186	178	158
SEC Rulemaking, Exemptive Orders, and Interpretive and Other Actions	7	10	10
Interpretive, Exemptive, and No-Action Request Letters Closed	11	10	10
Reviews of Potential Enforcement Actions	1,142	1,100	1,100
Notices Filed by SROs Relating to Applications for Admission or Continuance as or with an SRO Member Notwithstanding a Statutory Disqualification	23	25	25
Provision of Interpretation and Guidance and Responding to General Questions	20,376	18,000	17,500
Tips, Complaints, and Referrals (TCR)	289	275	250
Risk Assessment of Broker-Dealers Filing Form 17-H			
Firms Assessed	235	235	235
Filings Reviewed	235	235	235
Number of Form 17-H Filings Received	1,175	1,175	1,175
Risk Supervision of Alternative Net Capital Broker-Dealers			
Firms Assessed	7	8	8
Filings Reviewed	84	96	96
Risk Supervision of Over-the-Counter Derivatives Dealers and Security-Based Swap Dealers			
Firms Assessed	7	42	42
Filings Reviewed	84	224	224
Applications Reviewed	2	2	—
Broker-Dealers			
Registrants	3,527	3,588	3,827
Registration Applications Filed	213	230	243
Registration Amendments Filed	10,009	10,250	10,300
Registrations Withdrawn or Cancelled	236	263	289
Financial Reports Filed	4,406	4,475	4,614
Security-Based Swap Dealers			
Registrants	—	50	52
Registration Applications Filed	—	50	2
Major Security-Based Swap Participants			
Registrants	—	2	2
Registration Applications Filed	—	2	—
Funding Portals	69	80	95

*continued on next page*

## Workload Data (continued)

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
Security-Based Swap Entities			
Substituted Compliance Orders — Proposed	7	8	2
Substituted Compliance Orders — Final	3	8	2
Substituted Compliance — Memorandums of Understanding	1	5	—
<b>Securities Market and Infrastructure Supervision</b>			
SRO Proposed Rule Changes and Advance Notices Reviewed	2,092	2,041	1,817
National Market System (NMS) and SRO Plan Amendments Filed	12	20	20
SEC Rulemaking, Exemptive Orders, and Interpretive and Other Actions	15	15	15
Interpretive, Exemptive, and No-Action Request Letters Closed	17	15	15
Securities Exchanges			
Registrants	24	24	25
Registration Applications Filed	1	1	—
Registration Amendments Filed	277	267	278
Registrations Withdrawn or Cancelled	—	—	—
Alternative Trading Systems (ATSs)			
ATSs	61	66	71
Initial Operations Reports	21	10	10
Initial Operations Report Amendments	99	104	109
Cessations	3	3	3
Quarterly Reports	225	252	272
NMS Stock ATSs			
NMS Stock ATSs	34	36	38
Initial Form ATS-N	8	5	5
Form ATS-N Amendments Filed	226	236	246
Notice of Cessations Filed	4	3	3
Form ATS-R Quarterly Reports	135	143	151
Security-Based Swap Execution Facilities			
Registrants	—	—	5
Registration Applications Filed	—	—	5
Proposed Rule Changes Filed	—	—	30
Clearing Agencies (Active)			
Registrants	7	10	10
Registration Applications Filed	1	2	2

*continued on next page*

## Workload Data (continued)

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
Security-Based Swap Data Repositories			
Registrants	2	3	3
Registration Applications Filed	2	3	3
Transfer Agents			
Registrants	328	303	323
Registration Applications Filed	27	35	35
Registration Amendments Filed	167	170	170
Registrations Withdrawn or Cancelled	18	60	15
Annual Reports Filed	273	303	323
Large Traders			
Registrants	10,147	10,886	11,580
Registration Applications Filed	1,714	945	900
Registration Amendments Filed	3,089	3,189	3,289
Terminated or Inactive	258	258	258
Annual Reports Filed	4,396	10,147	10,886

# DIVISION OF INVESTMENT MANAGEMENT

The Division of Investment Management (IM) works to fulfill the SEC's mission by administering the Investment Company Act of 1940 and the Investment Advisers Act of 1940 and by developing regulatory policy for open-end management investment companies (commonly known as mutual funds), exchange-traded funds (ETF), closed-end funds, variable insurance products, other investment companies, and investment advisers. As of October 1, 2021, over 14,000 SEC-registered funds held approximately \$33 trillion in assets. The SEC also oversaw more than 14,500 SEC-registered investment advisers reporting more than \$110 trillion in regulatory assets under management. In addition, the SEC receives reports from nearly 5,000 SEC-exempt reporting advisers, who report advising over 23,000 private funds with over \$5 trillion in assets.

An important part of IM's mandate is to protect working families investing for their future. In FY 2023, IM will continue this work by recommending new rules and amendments to the Commission that modernize regulation and ensure investor protection.

The division is considering the following reforms:

- Augmented requirements for funds and investment advisers related to environmental, social, and governance factors as these investment strategies rapidly increase
- Enhanced reporting and disclosure about private funds or other possible reforms
- Tailored fund shareholder reports to highlight information that is particularly important for retail investors to assess and monitor their fund investments

IM will also continue to review existing rules to make sure they are providing appropriate protections in light of trends in the capital markets. For example, IM will consider potential reforms for asset managers to address their use of technology and for money market funds following events during the COVID-19 market disruption. In addition, the division will monitor implementation of recently adopted regulatory changes, including the enhanced frameworks for investment adviser marketing, fund valuation practices, and funds' use of derivatives.

In FY 2023, IM will continue to review and comment on the thousands of prospectuses, proxy statements, and other disclosure documents filed by registered investment companies and business development companies each year, with an emphasis on filings by new funds, novel and complex funds, and principal strategy and risk disclosures. In particular, the focus will be on ensuring appropriate protections when reviewing new investment products such as non-transparent ETFs and funds seeking investments in a limited set of crypto-assets.

The division will also continue to: (1) provide legal guidance to other parts of the agency, other regulators, and market participants; (2) consider requests for exemptions from certain regulatory requirements; and (3) engage with international regulators on issues important to the U.S. asset management industry.

IM is a small division regulating a \$110 trillion industry and is committed to increasing the efficiency and effectiveness of its programs. In FY 2023, IM expects to do this by: (1) increasing analytical capacities to enable more timely analysis of industry data, trends, and risks; (2) augmenting outreach capabilities to respond in real-time to market events; and (3) enhancing investment adviser policy to reflect growth in the private funds industry through targeted Form ADV reviews and Form PF data analysis.

### FY 2023 Request

IM requests 13 new positions for the division, as listed below.

- Four positions to support priority agency rulemakings and conduct more frequent reviews of filings by investment advisers that describe their operations, fees, and investment strategies
- Three positions to meet increased demand for consultation and informal staff guidance on regulatory requirements
- Three positions to enhance capacity to perform rapid, detailed analysis of market and regulatory data to inform the Commission and inter-regulatory bodies
- Three positions to respond to increased workload in the Disclosure Review Office stemming from increased filings, deeper involvement in rulemakings, and substantially more complex products

(DOLLARS IN THOUSANDS)	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	200	208	222
<b>Cost:</b>			
Salaries and Benefits	\$ 58,048	\$ 59,935	\$ 68,978
Non-Personnel Expenses	26,634	25,366	27,193
<b>Total Costs</b>	<b>\$ 84,682</b>	<b>\$ 85,301</b>	<b>\$ 96,171</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Investment Companies<sup>1</sup></b>			
Number of Investment Companies	3,934	3,968	3,900
Portfolios and Insurance Contracts	18,336	18,328	18,200
Complexes	747	784	775
Assets (dollars in trillions)	\$ 27.2	\$ 32.9	\$ 34.7
<b>Investment Advisers<sup>1</sup></b>			
Number of Investment Advisers	13,810	14,718	15,300
Assets Under Management (dollars in trillions)	\$ 97.0	\$ 112.7	\$ 125.0
<b>Disclosure and Accounting Reviews</b>			
New Portfolios and Insurance Contracts Filed on Registration Statements	2,927	2,650	2,650
New Portfolios and Insurance Contracts Reviewed	2,098	1,825	1,825
Existing Portfolios and Insurance Contracts Filed on Post-Effective Amendments <sup>2</sup>	18,572	18,806	18,806
Existing Portfolios and Insurance Contracts Reviewed <sup>3</sup>	2,837	3,050	3,050
Portfolios and Insurance Contracts Filed on Proxy Statements	907	850	850
Portfolios and Insurance Contracts Filed on Proxy Statements Reviewed	907	850	850
Annual and Periodic Reports Filed	13,407	13,310	13,310

*continued on next page*

1 Investment company and investment adviser data are reported as of the beginning of the fiscal year. All other data are reported as of the end of the fiscal year.

2 Included in post-effective amendments are open-end, closed-end, and unit investment trust (UIT) portfolios.

3 With respect to post-effective amendments, historically over 90 percent of open-end and closed-end portfolios that contain material changes in disclosure or in fund operations are reviewed. Amendments to UIT portfolios, because of their repetitive nature, generally are not reviewed.

## Workload Data (continued)

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
Annual and Periodic Reports Reviewed	4,002	4,185	5,123
Total Portfolios and Insurance Contracts Reviewed	9,844	9,910	10,848
Disclosure and Accounting Guidance	22	22	22
Targeted Reviews, Sweeps, and Monitoring	27	27	27
Internal Accounting Review Guides	8	8	8
Informal Requests for Accounting Guidance	165	165	165
<b>Interpretive Guidance</b>			
Informal Requests for Guidance	738	1,000	1,000
No-Action Letters Issued	2	2	2
Total Applications Concluded	206	210	210
Exemptive Applications Concluded	103	105	105
Deregistration Matters Reviewed	103	105	105
Tips, Complaints, and Referrals (TCR)	40	45	45
Meetings/Calls/Reviews Related to International Issues	350	350	350
<b>Supervision and Monitoring</b>			
EXAMS- and ENF-Related Matters Reviewed	892	1,100	1,300
Analytics Office Outreach	244	175	175
Analytics Office Reports	758	700	700
Data Analysis Requests	252	315	315
<b>Rulemaking</b>			
Rulemaking Actions	13	20	20
<b>Business Solutions</b>			
Filer and Staff Correspondence Disseminated <sup>4</sup>	11,388	11,325	11,325
EDGAR Filer Support Requests Processed	1,472	1,464	1,464
Investment Adviser Regulation Depository Filer Support Requests Processed	557	554	554

<sup>4</sup> Includes correspondence disseminated for IM and the Division of Corporation Finance.

# DIVISION OF ECONOMIC AND RISK ANALYSIS

The Division of Economic and Risk Analysis (DERA) advances the Commission's statutory mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation through sound economic analysis and rigorous data analytics.

DERA engages across the entire range of the Commission's functions, including rulemaking, examination, and enforcement. Its multi-disciplinary analyses are informed by research insights, and they rely on the knowledge of institutions and practices when examining regulatory and risk-related matters. DERA assists the Commission in its efforts to identify, analyze, and respond to economic and market issues, including those related to new financial products, investment and trading strategies, systemic risk, and fraud. DERA's data analytics work develops a variety of financial and market data analysis tools, supplies economic statistics, and promotes data standards.

Organizationally, DERA has four mission areas staffed with experts in economics, data science, statistics, accounting, and risk analysis.

- *Policy Support.* DERA conducts quantitative and qualitative economic analyses informed by research insights in support of the SEC's rulemaking agenda.
- *Risk Analysis.* DERA performs domestic and international risk analyses of the capital markets.
- *Examination and Enforcement Support.* DERA provides economic and data expertise in support of the Commission's investigations and enforcement-related activities.
- *Data Analysis and Management.* DERA develops analytic tools and manages economic data in support of the entire Commission.

Looking ahead to FY 2023, DERA is positioned to continue: (1) providing high-quality economic analyses of Commission rules; (2) analyzing risks facing the capital markets; (3) producing up-to-the-minute analyses of the impact of market-wide events; (4) collaborating with the Division of Enforcement, focusing on penalties and distributions; and (5) producing technological solutions that increase staff productivity.

## FY 2023 Request

DERA requests 25 new positions, of which 21 will be financial economists to increase capacity to produce high-quality economic analyses of policy matters, rulemakings, and enforcement activities across the agency. Such rules address cybersecurity risk; market structure modernization; short sale disclosure; security-based swaps ownership; the stock loan market; and investment funds. Further driving a need for additional resources are projects related to security-based swaps, conflicts of interest in securitizations, and special purpose acquisition companies, for which DERA's expertise is crucial. Additional staff will allow the division to meet agency demand for its expertise, keep pace with rapidly changing markets, and analyze unusual market events and other risks.

As the markets become increasingly automated and reliant on computers and data-based analysis, demand for the Commission's data scientists and engineers has increased. The industry and the public are demanding high-quality data and data analytics. Such information allows investors to make better informed and timelier decisions. Further, Congress mandated that certain information be provided in open machine-readable formats in the Open, Public, Electronic, and Necessary Government Data Act. The request includes two data scientists and two engineers to help fulfill Congress' mandate and meet the public's need for high-quality data by working on standardized disclosure taxonomies, data sets, and machine-readable access points. This will give the public more timely access to immediately reusable and better information about the markets. Further, the data scientists and engineers will work on tools and applications used by Commission staff to more efficiently and effectively gather and analyze information in support of the Commission's mission.

(DOLLARS IN THOUSANDS)	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	140	147	174
<b>Cost:</b>			
Salaries and Benefits	\$ 39,506	\$ 42,827	\$ 54,062
Non-Personnel Expenses	30,190	26,890	28,835
<b>Total Costs</b>	<b>\$ 69,696</b>	<b>\$ 69,717</b>	<b>\$ 82,897</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

(DOLLARS IN THOUSANDS)	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
Reviews of Commission Rules	102	114	114
Reviews of Self-Regulatory Organization (SRO) Rules and Public Company Accounting Oversight Board (PCAOB) Filings	61	64	64
Advice on Regulatory, Enforcement, and Risk Assessment Issues	3,948	3,980	3,990
Interactive Data Compliance Monitoring	9,061	9,128	9,196
Interactive Data Programs Supported	14	16	17

# OFFICE OF THE GENERAL COUNSEL

The General Counsel serves as the chief legal officer of the Commission and heads the Office of the General Counsel (OGC). OGC provides independent legal analysis and advice to the Chair, Commissioners, and operating divisions and offices on all aspects of the Commission's activities. OGC also defends the Commission in federal district courts, represents the Commission in appellate matters and *amicus curiae* filings, and oversees the SEC's bankruptcy program. In addition, OGC represents the Commission and its members and employees at the trial and appellate levels when they are parties or witnesses in civil or administrative litigation arising from the performance of official functions. OGC also performs a wide variety of other legal functions in support of the Commission's operations.

In FY 2023, OGC anticipates continued work on legislative initiatives to reform the existing regulatory structure for the securities markets and the financial services industry. The staff of experienced attorneys will handle complex agency and securities law issues, provide legal advice on rulemakings and other regulatory initiatives, address legal challenges to rulemakings, advise on novel operational issues presented by COVID-19, respond to emerging crypto-asset issues, and work to protect the Commission's identity against cyber-impersonation and other deceptive practices. OGC also expects to provide technical assistance to Congress and other financial regulatory agencies on numerous legislative initiatives and other matters. OGC will continue to manage the agency's appellate litigation, including appeals related to complex enforcement cases and challenges to new rulemakings. OGC will also continue to assist the Commission in resolving litigated administrative proceedings set before the Commission, appeals from initial decisions issued by the SEC's administrative law judges, and petitions seeking review of actions taken by self-regulatory organizations (SRO). The staff will also continue to provide assistance and advice in responding to Congressional requests for information and documents, as well as providing the Commission and operating divisions and offices with independent analysis and advice on all enforcement activities, rulemaking releases, and whistleblower claim adjudications.

## FY 2023 Request

OGC requests 17 additional positions. Fourteen positions will address current and planned increases in workload, including advising on the Commission’s regulatory initiatives; advising on enforcement and whistleblower matters; defending the Commission’s enforcement and regulatory actions; and addressing inquiries on staff’s compliance with their professional responsibility obligations. The remaining three positions will help OGC respond to the significant increase of workload in the Adjudication group as a result of an increasing volume of administrative cases and appeals from actions taken by SROs.

More specifically, these additional staff members will enhance OGC’s ability to provide legal advice to the Commission and its operating divisions on a regulatory agenda that includes complex issues such as climate-related disclosures and digital engagement practices for investment advisers, broker-dealers, and advisers to private funds.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	138	144	161
<b>Cost:</b>			
Salaries and Benefits	\$ 41,058	\$ 43,263	\$ 51,691
Non-Personnel Expenses	19,512	16,894	18,218
<b>Total Costs</b>	<b>\$ 60,570</b>	<b>\$ 60,158</b>	<b>\$ 69,910</b>

*Totals may not appear to sum from detail lines due to rounding of actual values*

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Appellate Cases</b>			
Open Matters	172	177	182
<b>Adjudicatory Matters</b>			
Pending Beginning of Year	343	260	235
Received	182	200	200
Completed	265	225	225
Pending End of Year	260	235	210
<b>Legislation</b>			
Testimony	4	10	10
Correspondence with Congress and Others	177	180	180
Legislative Analysis and Technical Assistance	220	250	250
Other	105	110	110
<b>Advisory Services</b>			
SEC Statutes			
Analysis of Enforcement Memoranda	2,326	2,200	2,200
Review of Rulemaking and Other Projects	409	400	450
Review of Articles and Speeches	285	300	300
Non-SEC Statutes			
Freedom of Information Act (FOIA) — Internal Appeals	645	650	650
Personnel Matters	245	250	254
Procurement Matters	844	875	897
Labor Matters	20	20	20
Attorney Misconduct Investigations	515	530	550
<b>Corporate Reorganization</b>			
Petitions Involving Public Investor Interest	30	35	35
Chapter 11 Cases: Appearances			
Filed	21	23	23
Closed	7	20	20
Chapter 11 Cases: Monitored			
Filed	9	12	12
Closed	5	10	10
Disclosure Statement Reviews	130	130	130
Disclosure Statements Commented On	70	70	70

## OTHER PROGRAM OFFICES

This section describes the responsibilities and activities of the agency's smaller program offices:

- Office of the Chief Accountant
- Office of Investor Education and Advocacy
- Office of International Affairs
- Office of Administrative Law Judges
- Office of the Investor Advocate
- Office of Credit Ratings
- Office of Municipal Securities
- Office of the Advocate for Small Business Capital Formation
- Strategic Hub for Innovation and Financial Technology

# OFFICE OF THE CHIEF ACCOUNTANT

The Office of the Chief Accountant (OCA) is responsible for establishing and interpreting accounting and auditing policy to enhance the transparency and relevancy of financial reporting for investors. The Chief Accountant serves as the principal advisor to the Commission on accounting and auditing matters. OCA works to improve the performance of public company financial statement preparers, auditors, and audit committees to ensure that financial reporting is decision-useful, relevant, and transparent for the benefit of investors. High-quality financial statements are the bedrock of the financial reporting system, establishing a consistent and enforceable framework that protects investors; contributing to the fair and efficient operation of markets; and promoting capital formation.

OCA works to assist the SEC's efforts to oversee accounting standard-setting by the Financial Accounting Standards Board (FASB) and help administer the SEC's statutory obligations to provide oversight with respect to the Public Company Accounting Oversight Board (PCAOB), including administering the Commission's selection and appointment of PCAOB Board members and administering the Commission's approval of the PCAOB annual budget and accounting support fee. OCA also provides oversight of the Commission's approval for any PCAOB standard-setting or rulemaking. OCA also monitors international standard-setting by the International Accounting Standards Board, International Sustainability Standards Board, the International Auditing and Assurance Standards Board, and the International Ethics Standards Board for Accountants, through participation in the Monitoring Board and Monitoring Group, respectively. The office also participates in the activities of the International Organization of Securities Commissions (IOSCO) through its leadership role on the Committee on Issuer Accounting, Auditing, and Disclosure.

OCA achieves its mission in the following ways.

**The Accounting Group (AG)** oversees accounting standard-setting by the FASB, addresses emerging accounting issues through consultations and stakeholder engagement, and supports rulemaking. The FASB has a robust agenda-setting process and post-implementation review process. In the past several years, the FASB has issued significant new accounting standards on leases, financial instruments, and revenue recognition that significantly impact most registrants. The AG is focused on working with the FASB through its consultation process to ensure these standards are implemented by registrants in an effective and timely manner. The AG also advises the Commission on accounting and auditing matters in SEC rulemaking including, most recently, on climate; executive compensation clawbacks; special purpose acquisition companies; and on private funds.

The Professional Practice Group (PPG) provides expert advice related to auditing, independence, and internal controls over financial reporting. The PPG provides this advice in rulemaking support by overseeing the PCAOB and through consultations on auditor independence and internal control over financial reporting.

The International Group (IG) leads OCA’s efforts to engage and promote high-quality financial reporting and auditing globally, which is a significant Commission priority. The Chief Accountant serves as Co-Chair of IOSCO’s Monitoring Group, which works to advance the public interest in international audit-related standard-setting and implement the Monitoring Group’s reform recommendations.

The Office of the Chief Counsel (OCC) provides legal counsel to OCA related to legal policy with respect to Commission rulemaking and OCA’s oversight activities related to standard-setting and rulemaking by the PCAOB. OCC also provides OCA with legal advice relating to administrative responsibilities, principally with respect to budget, accounting support fees, and appointments at the FASB and the PCAOB. In addition, OCC leads OCA’s process of advising the Commission on enforcement matters related to accounting, auditing, and auditor independence, including administering the Commission’s Rule 102(e) program for accountants.

### FY 2023 Request

OCA requests three additional positions to address an increased workload in several areas. In particular, additional resources are needed to support financial reporting related to climate rulemaking and international climate and sustainability standard-setting. These positions will assist the Chief Accountant in a critical period of navigating challenging market conditions to continue to support the agency’s mission and to facilitate continued leadership and collaboration with other national securities regulators, domestic and international standard-setters, other international organizations, other divisions and offices of the Commission, and other domestic regulators.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	43	44	46
<b>Cost:</b>			
Salaries and Benefits	\$ 14,714	\$ 14,378	\$ 16,009
Non-Personnel Expenses	6,004	5,651	6,178
<b>Total Costs</b>	<b>\$ 20,718</b>	<b>\$ 20,029</b>	<b>\$ 22,187</b>

*Totals may not appear to sum from detail lines due to rounding of actual values*

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Development of Commission Accounting and Auditing Rules, etc.</b>			
Rule Amendments, Proposed Amendments, and Commission Guidance Developed by OCA	3	2	2
OCA SEC Staff Announcements, Bulletins, and Statements	4	2	2
Consultation Arising from the Work of Other SEC Divisions and Offices	9	9	9
IOSCO Documents Related to Issuer Accounting, Audit, and Disclosure	3	3	3
<b>Monitoring and Oversight of Standard-Setters</b>			
SEC Designated U.S. Accounting Standard-Setter Trustee and Board Appointments	7	5	6
U.S. Auditing Regulator (PCAOB) Board Appointments	1	5	1
U.S. Auditing Regulator Budget and Accounting Support Fee Approval	1	1	1
<b>Monitoring and Oversight of Standard-Setting and Other Technical Work</b>			
U.S. Accounting Standard-Setting Projects	19	20	21
Rules Adopted by the U.S. Auditing Regulator and Approved by the SEC	2	2	3
<b>Interpretation of Accounting and Auditing Standards, Policies, and Positions</b>			
Resolution of Accounting Issues of SEC Registrants	86	88	90
Engagement on Accounting Issues with Non-U.S. Regulators	97	100	103
Engagement on Auditing Issues with Non-U.S. Regulators	61	63	65
External Speaking Engagements	42	60	60
<b>Recommendations and Questions Relating to the Qualification of Accountants</b>			
Auditor Independence Consultations	164	155	155
<b>Activities In Support of the Enforcement of the Securities Laws</b>			
Consultation on Enforcement Investigations of SEC Registrants	76	85	88
Rule 102(e) Accountant Reinstatement Applications	4	9	9

# OFFICE OF INVESTOR EDUCATION AND ADVOCACY

The Office of Investor Education and Advocacy (OIEA) seeks to provide individual investors with the information they need to make sound investment decisions.

OIEA promotes this mission through two primary functions: assisting investors with complaints and questions about the securities markets and market participants, and conducting educational outreach to individual investors. OIEA also helps to inform Commission policy by advising the Commission and Commission staff on various issues from the perspective of individual investors, including with respect to rulemakings, Investor Advisory Committee recommendations, and through the International Organization of Securities Commissions' Committee on Retail Investors.

## FY 2023 Request

OIEA requests one additional position to support investor education outreach to underserved communities as it expands efforts to help more individuals protect themselves from investment fraud.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	44	43	43
<b>Cost:</b>			
Salaries and Benefits	\$ 12,488	\$ 12,656	\$ 13,685
Non-Personnel Expenses	7,378	7,031	7,533
<b>Total Costs</b>	<b>\$ 19,866</b>	<b>\$ 19,688</b>	<b>\$ 21,219</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Investor Assistance</b>			
Total Investor Assistance Matters Closed	31,373	31,000	31,000
Percentage of Investor Assistance Matters Closed Within:			
7 Days	45%	45%	45%
30 Days	84%	85%	85%
<b>Investor Education</b>			
Page Views on OIEA Web Pages	25,500,000	27,500,000	30,000,000
In-Person Investor Events	162	160	160
Number of Investor Alerts and Bulletins Issued	36	36	36
Number of Active Partnerships Focused on Underserved Communities	4	4	8

# OFFICE OF INTERNATIONAL AFFAIRS

The Office of International Affairs (OIA) advances the SEC's mission by promoting international enforcement and supervisory cooperation, developing and implementing strategies to further SEC policy interests in the regulation and oversight of cross-border securities activities, managing and executing the SEC's participation in international regulatory bodies, engaging in regulatory dialogues with international counterparts, and providing technical assistance to strengthen partnerships with foreign authorities. OIA will continue to serve as the primary coordinator for the SEC on significant international initiatives and developments.

The Regulatory Policy and Supervisory Cooperation (RP/SC) Group will advise the Chair, Commissioners, and staff on strategies for advancing the Commission's objectives in international organizations, including the Financial Stability Board and the International Organization of Securities Commissions, as well as coordinate the Commission's participation in these bodies. In addition, the RP/SC Group will support the Commission's engagement in work streams on sustainable finance, asset management, outsourcing, financial technology (fintech) and crypto-assets, and data consolidation. Also, the RP/SC Group will advance the Commission's bilateral relationships with other jurisdictions and collaborate with foreign authorities to address cross-border policy issues that may have an impact on U.S. market participants (i.e., crypto-asset and other fintech issues, sustainable finance, cybersecurity, cross-border audit oversight inspections, substituted compliance, and data privacy). The RP/SC Group will also continue to collaborate with other divisions and offices to develop and operationalize SEC rulemakings or other policy initiatives with cross-border aspects, in particular rules on climate, money market funds, and open-end funds.

Further, the RP/SC Group will assist SEC exam staff in the Division of Examinations and Office of Credit Ratings on cross-border supervisory issues, and assist foreign regulators with supervisory matters involving globally active regulated entities. This work will include facilitating cooperation between SEC staff and staff from foreign authorities under the recently completed substituted compliance Memoranda of Understanding (MOU). The RP/SC Group will also develop and implement additional information-sharing MOUs and other supervisory cooperation arrangements with foreign regulatory authorities, including arrangements related to data protection.

The Enforcement Cooperation and Technical Assistance (ENF/TA) Group will assist the Division of Enforcement (ENF) in conducting investigations and enforcement proceedings with international aspects, including where perpetrators, evidence or the proceeds of fraud are located abroad. Similarly, the ENF/TA Group also assists and advises foreign authorities with their investigations and litigation. The ENF/TA Group will continue to advance the

Commission's policy objectives for international cooperation, including promoting best practices and overcoming obstacles with respect to cross-border enforcement-related information sharing. Consistent with the agency's enforcement priorities, which include a focus on investor protection and keeping pace with technological change, the ENF/TA Group will continue to advance initiatives to address frauds that affect retail investors, such as cross-border pump-and-dump frauds. Further, the ENF/TA Group will assist ENF to combat cyber-enabled misconduct.

In addition, the ENF/TA Group will continue to build capacity and strong relationships with the foreign counterparts the SEC relies on for assistance in SEC enforcement cases and overseas examinations. In response to increased requests from foreign securities authorities, the ENF/TA Group will provide technical advice and virtual training; review regulatory oversight regimes and suggest improvements; and consult with foreign securities authorities on draft legislation and regulations and operational processes.

### FY 2023 Request

OIA requests six additional positions to support the ENF/TA Group and the RP/SC Group. Three of these positions include two attorney advisors to advance the Commission's policy objectives for international cooperation and one program support position for the ENF/TA Group to advance the Commission's policy objectives for international cooperation. These positions will support its ability to meet the significantly increased demands and complexities of cross-border enforcement cases, including managing operational programs that provide valuable assistance to ENF.

The remaining three requested positions are attorney advisors who will serve as experts on international regulatory policy matters and ensure appropriate internal procedures are followed for evaluating and coordinating international policy engagements. They will support OIA's RP/SC management of the Commission's bilateral and multilateral engagement with foreign authorities as discussed above. The RP/SC Group has seen a dramatic increase both in the number of international engagements, as well as in the complexity of the international issues confronting the Commission, including addressing financial stability issues related to climate change, cybersecurity, data consolidation, and outsourcing.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	48	49	51
<b>Cost:</b>			
Salaries and Benefits	\$ 13,966	\$ 14,017	\$ 15,896
Non-Personnel Expenses	6,184	5,445	6,208
<b>Total Costs</b>	<b>\$ 20,150</b>	<b>\$ 19,461</b>	<b>\$ 22,105</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
ENF Requests to SEC OIA for International Assistance	1,597	1,699	1,811
Responses to Foreign Requests for SEC Enforcement Assistance	567	588	582
Number of International Regulatory and Law Enforcement Officials Trained	1,639	1,500	1,575
SEC Requests for Supervisory Cooperation Assistance	333	235	247
Responses to Foreign Requests for SEC Supervisory Cooperation Assistance	200	210	216
International Regulatory Initiatives	846	600	630

# OFFICE OF ADMINISTRATIVE LAW JUDGES

The Office of Administrative Law Judges supports the SEC’s mission by conducting hearings, issuing initial decisions, and adjudicating ancillary matters in administrative proceedings. When the Commission orders that a proceeding be heard by an administrative law judge, the judge serves as an independent adjudicator who determines whether the allegations against one or more respondents are true. The judges conduct public hearings at locations throughout the United States, in a manner similar to federal bench trials. Among other actions, they issue subpoenas, hold conferences with parties, and rule on motions and the admissibility of evidence. Following the hearing, the judge prepares an initial decision setting forth his or her factual findings and legal conclusions and determining whether sanctions are warranted. Certain proceedings may be resolved without an in-person hearing, such as when the judge decides that summary disposition is appropriate or finds a respondent in default.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	10	9	11
<b>Cost:</b>			
Salaries and Benefits	\$ 2,172	\$ 2,050	\$ 2,853
Non-Personnel Expenses	1,104	834	920
<b>Total Costs</b>	<b>\$ 3,276</b>	<b>\$ 2,884</b>	<b>\$ 3,774</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Proceedings Inventory</b>			
Pending Disposition Beginning of Year	16	7	5
Ordered for Hearing	5	5	5
Disposed	14	7	7
Canceled Before Hearing	5	2	2
Canceled After Hearing	—	—	—
Initial Decision Issued <sup>1</sup>	9	5	5
Pending Disposition End of Year	7	5	3

<sup>1</sup> In FY 2021, one initial decision closed two cases that were consolidated: *Crest Radius, Inc.*, 3-20021, and *Loyal Source Market Services, Inc.*, 3-20022.

# OFFICE OF THE INVESTOR ADVOCATE

The mission of the Office of the Investor Advocate (OIAD) is to ensure that the concerns of investors are appropriately considered as decisions are being made and policies are being adopted at the Commission, at self-regulatory organizations (SRO), and in Congress. As required by statute, OIAD analyzes the potential impact on investors from proposed rules and regulations, identifies areas in which investors would benefit from changes in rules and regulations, and proposes policies to resolve problems that investors have with financial service providers and investment products.

The office has four core functions: (1) provide a voice for investors; (2) assist retail investors; (3) study investor behavior; and (4) support the SEC's Investor Advisory Committee. OIAD carries out these functions in the ways listed below.

## Investor Advocacy

Consistent with the requirements of Section 4(g), OIAD is responsible for identifying problems that investors have with financial service providers and investment products; analyzing the potential impact on investors of proposed regulations and rules; identifying areas in which investors would benefit from changes in SEC regulations or SRO rules; and proposing changes in regulations, legislation, or administration of programs that may mitigate problems identified.

## Reports to Congress

OIAD is responsible for submitting two reports to Congress per year.

1. A Report on Objectives is due no later than June 30 of each year, and its purpose is to set forth the objectives of the Investor Advocate for the following fiscal year.
2. A Report on Activities is due no later than December 31 of each year, and it describes the activities of the Investor Advocate during the immediately preceding fiscal year. Among other things, the Report on Activities must summarize the most serious problems encountered by investors during the reporting period, identify any Commission or SRO action that was taken to address those problems, and recommend, as appropriate, any administrative and legislative actions to resolve problems encountered by investors.

### Ombudsman

The Investor Advocate is required to appoint an Ombudsman to act as a liaison between the SEC and any retail investor in resolving problems that retail investors may have with the SEC or SROs. The Ombudsman must also review policies and procedures and make recommendations to encourage the investing public and other interested persons to submit questions to the Investor Advocate regarding compliance with the securities laws, and establish safeguards to maintain the confidentiality of communications between the investing public and the Ombudsman. The Ombudsman must also evaluate the effectiveness of this program and submit semiannual reports to the Investor Advocate for inclusion in the reports to Congress.

### Investor Testing

The Investor Advocate is required to examine the potential impact on investors of SEC and SRO rulemakings, advise the Commission and SROs on potential changes to existing rules, identify problematic products and practices that harm investors, and generate related reports with substantive statistical analysis. To accomplish these objectives, OIAD utilizes investor testing and other research efforts, as appropriate, to gather input from investors on rulemaking initiatives and better understand their informational needs. The office anticipates that additional research projects will develop in FY 2023 related to the Commission's Strategic Plan by providing data that gives the Commission insight into the needs of investors.

### Investor Advisory Committee

The Investor Advocate serves as a member of the Investor Advisory Committee, which is authorized by Section 39 of the Exchange Act. This committee advises and consults with the SEC on regulatory priorities and protection of investors. OIAD provides support and assistance to this advisory committee to assist it with fulfilling its statutory mission.

### FY 2023 Request

In FY 2023, OIAD will continue to engage with divisions and offices on several major Commission rulemakings and the impact of these rulemakings on investors. The Office of the Chief Counsel will also continue reviewing SRO filings that flow through the Commission and provide expert analysis and advice to the Investor Advocate in specialized policy areas. The POSITIER Team will continue conducting investor testing and additional research projects to support the SEC's rulemaking agenda and build a basic library of investor-related research such as the demographics of the investor population, investor sentiment over time, and investor behavior under specified conditions. The Ombudsman will continue to assist investors in resolving complaints regarding the operations and the policies of the SEC and SROs. In addition, the Ombudsman will be leading and strengthening the agency's nationwide outreach to investor advocacy clinics.

To assist the Ombudsman with the increased workload and to ensure that investor matters and communications are addressed, OIAD requests one attorney advisor position. This position will handle the majority of investor contacts, assist the Ombudsman with complex investor matters, and assist with the research and drafting of the required semiannual Ombudsman Reports submitted to the Investor Advocate and Congress.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	12	13	15
<b>Cost:</b>			
Salaries and Benefits	\$ 3,739	\$ 4,251	\$ 5,321
Non-Personnel Expenses	2,440	2,670	2,892
<b>Total Costs</b>	<b>\$ 6,179</b>	<b>\$ 6,921</b>	<b>\$ 8,212</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Ombudsman</b>			
Investor Matters	2,404	2,500	2,600
Investor Contacts	3,231	3,400	3,500
Outreach Events/Speeches	12	20	20
<b>Investor Advocacy</b>			
SEC Rulemakings Reviewed	20	38	31
SRO Rulemakings Reviewed	175	185	195
Policy Recommendations to SEC, SROs, or Congress	4	2	2
Outreach Events/Speeches	72	25	50
<b>Investor Advisory Committee Support</b>			
Committee Meetings	4	4	4

# OFFICE OF CREDIT RATINGS

The Office of Credit Ratings (OCR) is charged with administering Commission rules with respect to the practices of nationally recognized statistical rating organizations (NRSRO). These rules are aimed toward promoting accuracy in credit ratings issued by NRSROs, ensuring that credit ratings are not unduly influenced by conflicts of interest, and helping to ensure that firms provide greater disclosure to investors. In support of this mission, OCR conducts examinations of NRSROs to assess and promote compliance with statutory and Commission requirements, monitors the activities of NRSROs, develops and administers rules affecting NRSROs, and provides guidance generally with respect to the Commission's regulatory initiatives related to NRSROs.

During FY 2023, the majority of OCR's staff will continue to be dedicated to conducting examinations of NRSROs for compliance with the federal securities laws and Commission rules. OCR is required by statute to conduct an examination of each NRSRO at least annually, covering eight specific review areas. Additionally, OCR uses a risk-based approach to determine additional areas of inquiry for each NRSRO examination and for monitoring NRSRO activities and industry developments. OCR will continue to provide legal support for examinations and any referrals to the Division of Enforcement, providing interpretive guidance, and developing rule recommendations for the Commission's consideration. OCR also reviews requests for Commission exemptive relief or staff "no-action" relief from existing rule requirements and formulates staff guidance and other interpretive positions related to NRSRO regulations. Additionally, OCR reviews initial applications for NRSRO registration and applications from existing NRSROs for registration in additional ratings classes.

## FY 2023 Request

OCR requests two attorney advisors to provide advice and guidance on complex legal issues to strengthen OCR's legal and policy capabilities in support of a number of key program areas, including the analysis and development of rules, exemptive orders, and interpretive and other actions involving NRSROs. The attorney advisors will also enhance OCR's ability to support exams and monitoring; review and respond to tips, complaints, and referrals; and conduct analyses on potential enforcement actions involving NRSROs or related individuals. Additionally, these positions will contribute to the development and issuance of the statutorily mandated annual NRSRO reporting, as well as any other published reports or studies by OCR.

(DOLLARS IN THOUSANDS)	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	43	43	44
<b>Cost:</b>			
Salaries and Benefits	\$ 12,497	\$ 12,815	\$ 14,260
Non-Personnel Expenses	6,927	7,504	8,313
<b>Total Costs</b>	<b>\$ 19,424</b>	<b>\$ 20,320</b>	<b>\$ 22,573</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
Examinations	9	11	11
Rulemaking, Exemptive Orders, and Interpretative and Other Actions	4	5	5
Reports and Studies	3	3	3
Reviews of Potential Enforcement Actions	11	15	15
Tips, Complaints, and Referrals (TCR)	11	15	15
NRSRO Registrations – Filed Applications, Amendments, Withdrawals, and Cancellations	54	56	58

# OFFICE OF MUNICIPAL SECURITIES

The Office of Municipal Securities (OMS) coordinates the Commission's activities relating to the \$4 trillion municipal securities market and administers the Commission's rules pertaining to municipal securities brokers and dealers, municipal advisors, investors in municipal securities, and municipal issuers. OMS advises the Commission on policy matters and current market issues relating to the municipal securities market and is responsible for policy development, coordination, and implementation of Commission initiatives to improve the municipal securities market, including working with other divisions on cross-fixed income market issues. OMS is also responsible for reviewing and processing proposed rule changes filed by the Municipal Securities Rulemaking Board (MSRB) with the Commission. OMS provides technical assistance to other SEC divisions and offices, including the Division of Enforcement (ENF) and the Division of Examinations (EXAMS). OMS' responsibilities include three primary areas: municipal advisor regulation, municipal securities market structure initiatives, and municipal securities disclosure initiatives.

OMS monitors current issues in the municipal securities market and reports developments to the Commission. In addition, OMS coordinates with MSRB on rulemaking and enforcement actions and reviews all MSRB proposed rule changes on behalf of the Commission. OMS also develops recommendations to improve transparency and efficiency in the municipal securities market. OMS organizes outreach events such as a municipal securities market conference and municipal advisor outreach event with EXAMS, MSRB, and the Financial Industry Regulatory Authority (FINRA) to educate market participants about the federal securities laws applicable to the municipal securities market.

## FY 2023 Request

OMS requests one position to serve as counsel to the director. Specifically, the position will focus on: (1) coordinating and consulting with other divisions and offices and with Commissioners' counsels on municipal securities matters; (2) participating in outreach events for municipal market participants on behalf of OMS; and (3) assisting in coordinating and implementing Commission initiatives to improve the municipal securities market.

(DOLLARS IN THOUSANDS)	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	9	9	10
<b>Cost:</b>			
Salaries and Benefits	\$ 2,609	\$ 2,250	\$ 3,066
Non-Personnel Expenses	985	991	1,114
<b>Total Costs</b>	<b>\$ 3,595</b>	<b>\$ 3,241</b>	<b>\$ 4,180</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
SRO Proposed Rule Changes Reviewed <sup>1</sup>	8	12	12
SEC Rulemaking and Exemptive and Interpretive Actions <sup>2</sup>	7	6	6
Interpretive, Exemptive, No-Action, and Confidential Treatment Request Letters Closed	—	1	1
Reviews of Potential ENF Actions and EXAMS Examinations	35	40	40
Congressional, Governmental, Industry, and Public Correspondence and Inquiries	190	200	200
Public Awareness and Market Outreach	17	25	25
<b>Municipal Advisors (MA)</b>			
Registrants <sup>3</sup>	526	520	520
Registration Applications Filed	19	25	25
Registration Amendments Filed <sup>4</sup>	658	780	780
Registrations Withdrawn or Canceled <sup>5</sup>	21	35	35

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

2 For some of these activities in FY 2021, OMS served in a supporting role to another SEC division or office. OMS expects to serve in a supporting role to other SEC divisions and offices on SEC rulemakings and exemptive and interpretive actions in FY 2022 and FY 2023.

3 These figures reflect all active MA registrations as of September 30, 2021.

4 Estimate and request figures assume approximately 1.5 amendment filings per registrant per year.

5 These figures reflect the number of registration withdrawals or cancellations effective as of September 30, 2021.

# OFFICE OF THE ADVOCATE FOR SMALL BUSINESS CAPITAL FORMATION

The Office of the Advocate for Small Business Capital Formation (OASB) was established pursuant to the SEC Small Business Advocate Act (P.L. 114-284) as an independent office dedicated to advancing the interests of small businesses and their investors at the SEC and in the capital markets. OASB reports to the entire Commission as well as to multiple committees of Congress. OASB advocates for solutions to address challenges faced by small businesses and their investors raising and deploying capital. “Small business” for the office spans from early-stage start-ups raising seed capital, to later-stage private companies whose founders and investors are seeking liquidity in the public markets, all the way to smaller public companies.

In FY 2023, the office will focus on four key goals in accordance with its [FY 2021 – 2025 Strategic Plan](#).

1. Engage with small businesses and their investors to solicit views on relevant capital raising issues.
  - Conduct outreach with diverse audiences
  - Host the SEC’s annual Small Business Forum
2. Educate small businesses and their investors about capital raising rules to reduce barriers to entry and increase compliance.
  - Develop accessible educational materials about capital raising
  - Optimize content and delivery based upon changes in market needs and preferences
3. Collaborate on pragmatic policy solutions to address capital raising challenges faced by small businesses and their investors.
  - Assist small businesses and their investors in resolving issues encountered with the SEC or self-regulatory organizations
  - Analyze data on capital raising to identify trends and gaps in funding, including for underrepresented and rural founders, and in areas affected by natural disasters
  - Promote practical policy solutions for Commission or Congressional action to address capital raising challenges
  - Deliver annual reports to Congress and the Commission that advocate for capital raising solutions
  - Support the SEC’s Small Business Capital Formation Advisory Committee in providing advice to the Commission on capital raising policy

4. Empower a mission-driven team to leverage varied perspectives to solve the complex problems of an evolving and increasingly diverse capital market.

- Advance diversity, equity, and inclusion throughout office operations
- Foster a culture of connectivity, collegiality, and collaboration among office staff

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	9	9	12
<b>Cost:</b>			
Salaries and Benefits	\$ 2,599	\$ 2,755	\$ 3,956
Non-Personnel Expenses	2,119	1,437	1,597
<b>Total Costs</b>	<b>\$ 4,718</b>	<b>\$ 4,193</b>	<b>\$ 5,554</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
Assistance with Small Business Capital Formation Inquiries <sup>1,2</sup>	252	175	175
Outreach Events and Speeches	32	30	30
Government-Business Forum on Small Business Capital Formation	1	1	1
Reports on Small Business Forum and OASB Activities	2	2	2
Small Business Capital Formation Advisory Committee Meetings <sup>2</sup>	4	4	4

1 Inquiries include solicitation of support from OASB by marketplace participants with compliance obligations, access to capital formation resources, or policy recommendations. It is not intended to capture the totality of touchpoints with the public through outreach and other events but instead substantive issue resolution or resource navigation directly with affected parties.

2 In FY 2021, OASB experienced an increase of small business capital formation inquiries due to COVID-19.

# STRATEGIC HUB FOR INNOVATION AND FINANCIAL TECHNOLOGY

The Strategic Hub for Innovation and Financial Technology (FinHub) supports the SEC's mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation by serving as the central hub for issues and initiatives related to developments in technology in financial services. FinHub helps coordinate the agency's oversight of, and responses to, emerging financial technologies, including in the areas of distributed ledger technology (for example, crypto-asset markets), automated investment advice, digital marketplace financing, and artificial intelligence/machine learning. FinHub is the central point of contact for internal and external engagement with market participants, thereby helping to shape the agency's approach to, and understanding of, technological changes in the financial industry. FinHub staff works with a wide range of market participants, policymakers, regulators, and organizations to advance the SEC's mission.

FinHub became an independent office in 2020. Since then, FinHub has served as an internal and external resource for developing financial technologies, most notably distributed ledger technology. FinHub staff regularly engages with domestic and foreign governmental partners on a bilateral and multilateral basis to actively monitor and understand emerging issues, including U.S. federal and state financial regulators, the Financial Stability Oversight Council, the International Organization of Securities Commissions, the Financial Stability Board, and other federal and state authorities. FinHub also serves as an internal resource within the Commission, engaging with staff in other divisions and offices on new issues as they arise, and helping staff integrate financial industry innovations into their work.

Looking forward to FY 2023, FinHub anticipates that financial technology will continue to evolve at an incredibly rapid pace and grow increasingly more complex. New products and services, such as those offered in the decentralized finance space, are being introduced on a compressed timeframe and having an immediate impact on the financial industry. These developments and innovations will continue to present challenges to the Commission, as they tend to raise new or heightened regulatory concerns. FinHub is uniquely positioned to help the Commission and its staff understand and assimilate these advancements and the challenges that they present.

(DOLLARS IN THOUSANDS)	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	4	7	8
<b>Cost:</b>			
Salaries and Benefits	\$ 1,426	\$ 2,122	\$ 2,446
Non-Personnel Expenses	1	553	678
<b>Total Costs</b>	<b>\$ 1,427</b>	<b>\$ 2,674</b>	<b>\$ 3,124</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
External Inquiries	277	277	277
International Regulatory Initiatives	16	16	16
No-Action Requests/Interpretative Requests	15	15	15
Outreach Events/Speeches	26	26	26
SRO Rulemakings Reviewed	14	14	14

# AGENCY DIRECTION AND ADMINISTRATIVE SUPPORT

This section details the SEC's agency-wide executive activities, operations, and administrative functions.

Agency Direction includes:

- Executive Staff, which is comprised of the Chair's and Commissioners' Offices and the Office of Legislative and Intergovernmental Affairs
- Office of Public Affairs
- Office of the Secretary

Administrative Support includes:

- Office of the Chief Operating Officer and its component offices
- Office of the Ethics Counsel
- Office of Minority and Women Inclusion
- Office of Equal Employment Opportunity

# EXECUTIVE STAFF

The Executive Staff is comprised of the Chair, the Commissioners, their staff, and the Office of Legislative and Intergovernmental Affairs (OLIA).

The Chair serves as the agency’s senior responsible executive, overseeing all aspects of agency operations and setting the agency’s substantive policy and rulemaking agenda. In addition, the Chair and Commissioners are jointly responsible for interpreting and enforcing the federal securities laws; issuing new rules and amending existing rules; overseeing the inspection of securities firms and other regulated entities; and coordinating U.S. securities regulation with federal, state, and foreign authorities. The staff in the Chair’s Office and in each Commissioner’s Office assist with these functions.

OLIA serves as the liaison between the SEC and Congress, and is responsible for responding to requests from Congress for information related to agency programs and legislation affecting the SEC or its mission. Specifically, OLIA coordinates testimony and witness preparation for SEC officials appearing at Congressional hearings; responds to requests by members of Congress and their staff for meetings, briefings, and technical assistance on legislation and other matters affecting the SEC or its mission; responds to requests from members of Congress and their staff for information concerning the operations and activities of the SEC; and assists in responding to Congressional correspondence. OLIA also serves as the agency’s official liaison to other federal government agencies, such as the U.S. Department of the Treasury, U.S. Commodity Futures Trading Commission, and other federal financial regulatory agencies.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	21	28	30
<b>Cost:</b>			
Salaries and Benefits	\$ 12,232	\$ 12,187	\$ 13,909
Non-Personnel Expenses	5,247	4,744	5,110
<b>Total Costs</b>	<b>\$ 17,480</b>	<b>\$ 16,931</b>	<b>\$ 19,020</b>

*Totals may not appear to sum from detail lines due to rounding of actual values*

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
Commission Meetings	72	80	84
Calendar Items	562	576	590
Seriatim Actions	926	550	578
Congressional Testimonies	5	5	5

# OFFICE OF PUBLIC AFFAIRS

The Office of Public Affairs (OPA) assists the Commission in making the work of the SEC open to the public, understandable to investors, and accountable to taxpayers. OPA communicates the agency's work and delivers the agency's data and other digital information to the public, market participants, and other stakeholders. OPA manages external communications strategy, media relations, internal communications, public engagement, digital engagement, speechwriting, and SEC.gov.

OPA leverages technology and multimedia to deliver news, data, and other information to inform investors and facilitate internal and external audiences' interactions with the SEC. The office maintains the SEC's digital platforms, including The Exchange—the agency's intranet—and SEC.gov, which received more than one billion page views in FY 2021. OPA will continue to expand and improve its digital efforts to meet increasing demand. For example, OPA will enhance the search engine, webcast media, content management workflows, caching strategies for page loading improvements, and automation of certain functions to SEC.gov and The Exchange. Planned improvements will also include content enhancement to make relevant information more consumable. The office will also continue to respond to media inquiries, write and edit news releases and other materials, and facilitate media interactions with agency officials to promote understanding of the SEC's work in an increasingly dynamic marketplace.

OPA will continue these and other activities in FY 2023, with a heightened emphasis on innovative digital and visual communication capabilities that support the emerging needs of an increasingly mobile workforce and enable the SEC to convey its work in a compelling and relevant manner. The challenge, however, is making sure that the office is deploying its resources effectively given the proliferation of digital channels and diverse audiences.

## FY 2023 Request

OPA requests two positions to facilitate its FY 2023 goals: (1) a public engagement program manager who will effectively manage external stakeholder relationships and ensure that the agency communicates directly with members of the public; and (2) a management program analyst who will support OPA managers and staff by performing a variety of administrative tasks that require a higher level of analysis and analytical skills so that staff can focus on strategic execution of their duties.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	20	23	25
<b>Cost:</b>			
Salaries and Benefits	\$ 5,054	\$ 5,787	\$ 6,874
Non-Personnel Expenses	2,127	1,960	2,112
<b>Total Costs</b>	<b>\$ 7,181</b>	<b>\$ 7,747</b>	<b>\$ 8,985</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
News Releases and Chair Speeches and Statements	337	400	400
Email and Mobile Bulletins	5,548	5,000	5,000
Social Media Posts	1,099	1,100	1,100
Number of SharePoint Top-Level Sites or Applications Created and/or Administered <sup>1</sup>	11	12	12
Number of Internal Communications Artifacts, including Articles, Reminders, and Daily Emails Distributed	2,902	3,200	3,200
SEC.gov Website Content Updates	19,675	20,000	20,000
The Exchange Intranet Content Updates	2,554	2,500	2,500
Number of Digital Signage Slides, Posters, Kiosk, and Social Media Graphics	384	610	610
Reports and Publications Production	21	21	21
Video and Other Media Productions	66	100	100
Public Engagements/Event Production	173	400	400

<sup>1</sup> Number only represents the top-level (i.e., first level/parent) sites. Nearly 500 subsites, pages, document libraries, and/or workflows comprise these sites.

# OFFICE OF THE SECRETARY

The Office of the Secretary (OS) is critical in ensuring the effective processing of all Commission business. OS reviews for legal and factual sufficiency orders and releases issued by the Commission; schedules and coordinates Commission meetings; prepares and maintains records of Commission actions; receives and tracks filings in administrative proceedings; and advises the Commission and staff about practice and procedure. OS is responsible for the public dissemination of Commission documents such as notices, orders, and rulemakings and oversees the comment letter intake process.

Because all Commission enforcement and regulatory actions flow through OS, the agency's rulemaking agenda and enforcement program will continue to have a significant impact on OS workload in FY 2023. In recent years, OS has generally experienced significantly increased workload levels. The higher workload OS has taken on is consistent with the agency's increased enforcement actions and rulemaking activity. In addition, OS will continue to improve business operations and further enhance its current IT systems. OS intends to focus resources on enhancing its internal and outward-facing processes to allow for expedited and efficient access by all customers, including the public.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	21	23	25
<b>Cost:</b>			
Salaries and Benefits	\$ 5,319	\$ 5,910	\$ 6,821
Non-Personnel Expenses	2,266	2,063	2,222
<b>Total Costs</b>	<b>\$ 7,585</b>	<b>\$ 7,973</b>	<b>\$ 9,043</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Releases and Orders Processed</b>			
Enforcement	1,274	2,492	2,616
Regulatory	1,932	2,251	2,364
Other	106	111	117
<b>Federal Register Submissions</b>			
Self-Regulatory	1,526	1,680	1,764
Rulemaking/Other	557	320	336
Public Comment Letters Processed	24,215	25,000	25,000
Documents Posted on SEC.gov	5,022	5,300	5,300
Administrative Proceedings Items Processed	1,724	3,385	3,453
Service of Process — Administrative Proceedings	3,314	2,172	2,215

# OFFICE OF THE CHIEF OPERATING OFFICER

The Office of the Chief Operating Officer (OCOO) provides strategic leadership and operational oversight of the SEC's core mission-support activities and compliance with administrative requirements from Congress and the Executive Branch.

There are seven offices within OCOO:

- Office of the Chief Operating Officer's Front Office
- Office of Financial Management
- Office of Information Technology
- Office of Human Resources
- Office of Acquisitions
- Office of Support Operations
- EDGAR Business Office

# OFFICE OF THE CHIEF OPERATING OFFICER (FRONT OFFICE)

The front office of the Office of the Chief Operating Officer (OCOO) oversees and coordinates the activities of the six other component offices. In addition, the front office manages several key functions, as detailed below.

## Chief Data Officer

The Office of the Chief Data Officer (OCDO) is committed to enabling the secure, effective, and efficient use of data in service of the agency's mission. As required by the Foundations for Evidence-Based Policymaking Act of 2018 and the Federal Data Strategy, OCDO will coordinate the ongoing refinement and execution of the SEC Data Strategy; lead the design and collaborate on the implementation of the Commission's data architecture, including supporting the areas of identity and access management and zero trust; develop and deploy enterprise data standards governing data definition, ingestion, and migration; lead additional agency initiatives related to data (e.g., Controlled Unclassified Information program); categorize and maintain its inventory of data assets, including metadata, via continued development of the SEC Data Catalog; develop, implement, and monitor compliance with organization-wide data policies and standards governing access, use, and sharing, as well as licensing and terms of use; and coordinate implementation of open data requirements governing rulemaking and information dissemination, as required by the OPEN Government Data Act. OCDO will also continue to promote effective management of the agency's library and third-party research and data resources via the Library and Information Services function.

## Chief Risk Officer

The Office of the Chief Risk Officer (OCRO) strives to provide reliable, timely, and current information on agency risks, to enable SEC leadership to make risk-informed decisions on strategy, as well as mission and operational objectives. OCRO will continue to strengthen the SEC's Enterprise Risk Management (ERM) governance and procedures to better capture and analyze risk information. OCRO will also broaden ERM engagement within the SEC to improve information flows and collaboration among divisions and offices. Finally, OCRO will strengthen operational capabilities of its tracking tool and better leverage it to improve SEC's risk management processes, internal controls, and audit management.

## Managing Executive Support for Small Offices

The Office of the Managing Executive for Small Offices (MESO) provides vital business operations planning and management services to support 13 small offices throughout the agency. In particular, MESO works collaboratively with small offices' senior leadership to manage their offices' financial and human resources and IT initiatives to achieve organizational goals and objectives. MESO is committed to expanding IT technical support and project liaison services to ensure the technological capabilities available to the small offices effectively support their operations.

## Strategic Planning and Program Management

The Office of Strategic Planning and Program Management (SPPM) promotes effective program and project management throughout the agency, and supports strategic initiatives to improve agency operations. Specifically, SPPM focuses on these distinct cross-agency areas: (1) enterprise program and project management; (2) business process improvement; (3) management of agency performance metrics; (4) enterprise knowledge management; (5) strategic projects and programs; and (6) cross-agency processes such as supporting crisis management, tracking agency requirements under new laws and regulations, and coordinating personnel exits.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	30	35	38
<b>Cost:</b>			
Salaries and Benefits	\$ 7,656	\$ 9,436	\$ 11,189
Non-Personnel Expenses	2,149	2,979	3,209
<b>Total Costs</b>	<b>\$ 9,804</b>	<b>\$ 12,415</b>	<b>\$ 14,398</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
Auditor Engagements Facilitated	56	55	55
New Laws and Regulations Tracked by OCOO	31	45	55
SEC Policies Created or Revised	27	32	35
Projects to Improve Agency Business Processes	27	28	30
Small Offices Supported	13	13	13
<b>OCDO Data Management</b>			
Data-Related System Development Sprints Completed	52	69	72
Data Insights/Visualizations Developed and Deployed	23	28	30
<b>Information Services</b>			
Library Subscription Management — Account Actions Taken	7,391	6,500	6,500
Library Acquisitions — Contracts Managed	118	120	120
Library Acquisitions — Invoices Reviewed/Paid	697	650	650
Library Reference — In-Depth Research Requests	380	350	350
Library Reference — Quick Reference Requests	1,495	1,500	1,500

# OFFICE OF FINANCIAL MANAGEMENT

The Office of Financial Management (OFM) administers the financial management and budget functions of the SEC. The office assists the Chief Operating Officer in formulating budget and authorization requests; monitors the utilization of agency resources; and develops, oversees, and maintains SEC financial systems, statements, and reports. These activities include cash management, accounting, fee collections, travel policy development, and oversight of budget justification and execution.

OFM is focused on strengthening financial management within the agency through a coordinated effort involving the modernization and integration of financial systems, the improvement of financial reporting and accountability, and the enhancement of efficient and effective internal controls. Specific initiatives will seek to generate efficiencies with financial data, automate key reports, and evaluate current processes to reduce costs and strengthen the integrity of SEC financial systems and processes. Additionally, OFM supports ongoing efforts to further automate and streamline registration fee data. Finally, OFM will take steps to implement the recently enacted budget transparency reporting requirements.

## FY 2023 Request

OFM requests two additional positions in FY 2023. One position is for budget formulation and will bolster capabilities in the areas of planning and ongoing analysis. This position will also assist with implementation of the recently enacted budget transparency reporting requirements. The second position is for internal controls over financial reporting to enhance the testing function of system controls within the financial management office.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	88	85	87
<b>Cost:</b>			
Salaries and Benefits	\$ 22,346	\$ 21,922	\$ 24,404
Non-Personnel Expenses	9,529	8,667	9,336
<b>Total Costs</b>	<b>\$ 31,875</b>	<b>\$ 30,589</b>	<b>\$ 33,740</b>

*Totals may not appear to sum from detail lines due to rounding of actual values*

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Accounting and Finance</b>			
Quarterly/Annual Financial Statements Issued	36	36	36
Financial Transactions Analyzed	7,694,699	7,900,000	8,100,000
Analysis and Reconciliation Reports Prepared	6,988	7,058	7,129
<b>Planning and Budget</b>			
Number of Conference Requests Submitted in the Automated Event Request System	13	57	85
Percentage of Reserve Fund Letters Delivered to Congress On Time	100%	100%	100%

# OFFICE OF INFORMATION TECHNOLOGY

IT plays a critical role in the mission of the SEC and its ability to digitally receive data from registrants, analyze and derive insights, and share data with its government partners and the public while also maintaining the security of the agency's systems and the privacy of sensitive information entrusted to the Commission. The increasing size and complexity of U.S. markets requires that the SEC continue leveraging technology to keep pace with the increases in data volumes and variety it receives, processes, analyzes, and makes available to the investing public.

The Office of Information Technology (OIT) is focused on enhancing and modernizing technology systems, migrating applications to the cloud, continuing to strengthen the cybersecurity of SEC systems, and accelerating the deployment of data analytics tools across the Commission.

OIT supports the Commission and staff of the SEC in all aspects of IT. The office has overall management responsibility for the Commission's IT program including application development, data engineering and management, infrastructure operations and engineering, user support, IT program management, capital planning, security, privacy, and enterprise architecture. OIT operates the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system, which electronically receives, processes, and disseminates more than 500,000 financial statements every year. The office also maintains a dynamic and robust website that contains a wealth of information about the Commission and the securities industry, and hosts the EDGAR database for free public access.

Efficient, effective, and responsible use of data and IT is a crucial focus of the SEC. The agency continues to make progress in key areas such as cybersecurity, secure cloud infrastructure, and data management.

## FY 2023 Request

OIT requests an additional \$20 million above the FY 2022 request and 11 new technology staff positions to provide expertise in cloud computing, data engineering, and enabling data analysis and management. This budget request will enable the SEC to continue implementing high-priority initiatives, including: (1) the modernization of key legacy systems; (2) the migration of applications to the cloud; (3) the improvement of information security and identity management practices, including to comply with new cybersecurity requirements; and (4) the enhancement of the resiliency of the SEC network and infrastructure. Of the 11 new positions, 6 will design and support mission-critical cloud architectures, evaluate cloud technology improvements, and monitor cloud privacy requirements and standards. Three positions will be dedicated to data engineering and two positions will support agile development of key agency systems, helping make sure IT investments yield promised value and benefits for agency programs.

Furthermore, with the additional resources, OIT will strengthen security controls, policies, and procedures, as well as comply with requirements mandated in the recent Cybersecurity Executive Order 14028, *Improving the Nation's Cybersecurity* (May 12, 2021) and associated Office of Management and Budget Memorandums.

## Reserve Fund

In FY 2023, the SEC intends to continue using its Reserve Fund to fund mission-critical technology modernization and enhancement projects that enhance the agency's security posture, expand the use of risk and data analytics, and reduce cost by migrating legacy applications to modern enterprise solutions. This funding supports long-term IT initiatives that would otherwise be more difficult to sustain due to year-over-year budget challenges.

The SEC plans to use the Reserve Fund for the following programs:

- Cybersecurity
- Data Analytics
- EDGAR Security Uplift and Modernization
- Enforcement Investigation and Litigation Support
- Examination Management
- Business Process Improvements

These key priorities will enhance the SEC's ability to improve service to registrants and the public, integrate and analyze large amounts of data, and improve SEC business and operational processes.

The multi-year effort of modernizing EDGAR will continue, aimed towards, among other things, modernizing the core technologies underlying the EDGAR system, making it easier for registrants to file through the system, improving system security, and enhancing the usability of EDGAR data by the public through [SEC.gov](https://www.sec.gov).

The Consolidated Audit Trail (CAT) continues to roll out functionality as the phased launch of broker-dealer reporting and regulator functionality progresses. Reporting of transactional data is expected to be completed in FY 2022, and the full implementation of CAT National Market System (NMS) Plan Requirements is scheduled for FY 2023. The SEC is working to establish an environment and applications to use CAT data as it becomes available while maintaining the appropriate security controls.

In addition, building foundational capabilities in the SEC's cloud environment will unlock future opportunities for cost optimization, technology stability and resiliency, application consolidation, and security enhancements. The Commission will continue to set and maintain technology standards for development and operations in the cloud, and will continue investing

in automation to implement inherited security controls and improve delivery time. It will also establish disaster recovery and continuity of operations capabilities in the agency's cloud environment to support the migration of mission-critical applications. These efforts will allow the SEC to retire outdated legacy applications that are more expensive to secure and maintain.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	189	206	220
<b>Cost:</b>			
Salaries and Benefits	\$ 52,162	\$ 57,664	\$ 66,353
Non-Personnel Expenses	21,726	20,235	21,798
<b>Total Costs</b>	<b>\$ 73,888</b>	<b>\$ 77,899</b>	<b>\$ 88,151</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Internal Process Improvements and Employee Productivity</b>			
User Requests for Helpdesk Assistance <sup>1</sup>	98,000	140,000	147,000
Amount of Network-Based Storage (terabytes)	23,160	24,000	24,000
Network Users	6,696	6,700	6,700
<b>Information Security and Disaster Recovery</b>			
Percentage of Major Systems Certified and Accredited	100%	100%	100%

<sup>1</sup> The anticipated increase for FY 2022 Estimate is due to the expected return to the building in 2022.

# OFFICE OF HUMAN RESOURCES

The Office of Human Resources (OHR) is responsible for the strategic management of the SEC’s human capital. OHR consults with management, establishes and administers human capital programs and policies, and ensures compliance with federal regulations and negotiated agreements.

Programs and policies under OHR’s purview include those listed below.

- Recruitment, Staffing, and Retention
- Position Management and Classification
- Compensation Administration
- Benefits Counseling and Processing
- Leave Programs
- Leadership and Employee Development
- Performance Management and Awards
- Labor Relations
- Disability Program
- Work-Life Programs
- Telework
- Employee Records Processing and Maintenance

## FY 2023 Request

OHR requests four additional positions for FY 2023 to support increased demand for staffing services; create and administer a new paid internship program and other recruitment and hiring initiatives (consistent with the requirements of Executive Order 14035, *Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce*); and further the strategic management of the SEC’s human capital through programs that support the development, engagement, and retention of a diverse and talented workforce with the right mix of skills and expertise.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	107	110	113
<b>Cost:</b>			
Salaries and Benefits	\$ 25,914	\$ 26,725	\$ 35,754
Non-Personnel Expenses	10,815	10,053	10,829
<b>Total Costs</b>	<b>\$ 36,729</b>	<b>\$ 36,778</b>	<b>\$ 46,583</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
AskHR Inquiries <sup>1</sup>	20,143	21,000	21,000
Personnel Actions Processed	18,146	19,486	19,676
Recruitment Actions	520	1,174	1,364
Training Sessions Held	1,646	1,450	1,450
Training Session Attendees	32,704	30,000	30,000
Studies, Reviews, and Policies Issued	702	830	837
Classification Assessments and Federal Staffing Policy Reviews <sup>2</sup>	48	50	52
Applications Processed for Students and Special Programs <sup>3</sup>	5,586	2,746	2,746
On-Boards for Students and Special Programs <sup>4</sup>	625	660	660

1 Actual figures will be highly dependent on the appropriations enacted by Congress. They also account for personnel actions' processing for regular and recurring actions associated with current employees, e.g., career ladder promotions, career tenure changes, and awards.

2 This metric captures workload related to classification studies, desk audits, office re-organizations, and the review and update of SEC Administrative Regulations and Operating Procedures related to federal staffing.

3 This metric captures the number of applications submitted and processed by OHR for the Student Honors Program, Upward Mobility Program, and Chair's Attorney Honors Program. The Student Honors Program will be replaced by the SEC Scholars Program in FY 2022.

4 This metric captures the number of applications that are further evaluated and result in a selection and on-board for the Student Honors Program, Upward Mobility Program, and Chair's Attorney Honors Program. This metric also includes on-boarding for the Intergovernmental Personnel Act Mobility Program and intra-agency details. The Student Honors Program will be replaced by the SEC Scholars Program in FY 2022.

# OFFICE OF ACQUISITIONS

The Office of Acquisitions (OA) develops and executes programs for the SEC's acquisitions policy; procurement and contract administration; acquisitions workforce training and certification; and government purchase cards (GPC).

OA is responsible for procuring all goods and services—except real property—for the SEC. OA provides oversight of the GPC program and certification programs for OA staff, Contracting Officer's Representatives (COR), and program/project managers. OA is responsible for maintaining the on-site/off-site contractor database; managing contracts and contractors; ensuring performance is monitored; adjusting contracts as needed; closing out contracts; and implementing and enforcing specific Congressional legislation, executive mandates, and other directives relating to procurement.

OA reports detailed information on expenditures and assures contract-related data is properly reported to federal systems and SEC financial systems. OA tracks and reports a broad range of information, in addition to financial data, required by the SEC for its financial reporting. Examples include Buy American Act information; awards by Congressional district, state, vendor, business type, and competition information; and small business and other data necessary to ensure transparency and accountability for federal programs.

Procurement budgets increased to their highest levels in FY 2021 and are anticipated to continue growing over time. OA has committed to improvements in contract management affecting not only OA but also the hundreds of CORs located throughout the SEC. OA will continue to develop and improve upon its mechanisms for contract oversight and vendor risk management. OA will also continue to support diversity in the SEC's business contracting activities, collaborating with the SEC's Office of Minority and Women Inclusion to review equity barriers in FY 2022 and continuing to promote access to contracting and subcontracting opportunities through outreach activities.

## FY 2023 Request

OA requests two additional positions to support operational workload increases and meet a growing obligation while also focusing attention on contract management risks. Specific areas of risk include cyber and IT security, supply chain management, vendor management, and oversight/compliance to improve quality and management. This request will also provide support for workload increases to review and expand diversity, equity, and inclusion efforts in contracting opportunities.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	55	55	55
<b>Cost:</b>			
Salaries and Benefits	\$ 13,017	\$ 13,301	\$ 14,516
Non-Personnel Expenses	5,462	5,049	5,439
<b>Total Costs</b>	<b>\$ 18,479</b>	<b>\$ 18,350</b>	<b>\$ 19,955</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
Procurement Actions (contracts and purchase orders)	1,517	1,487	1,473
Total Dollars Obligated of Contracts with Business Funded by SEC	\$ 580,100,000	\$ 614,906,000	\$ 651,800,360
Additional Value of Interagency Agreements Obligated (in dollars)	\$ 23,862,387	\$ 24,339,634	\$ 24,826,426
GPC Cardholder Statements Audited	108	111	112
Closeout Actions Processed <sup>1</sup>	227	215	205
Dollars Recovered for Reuse (closeouts and unliquidated obligation de-obligations)	\$ 30,200,000	\$ 25,000,000	\$ 25,000,000
CORs in Acquisition Workforce	457	462	467
Small Business Actions Processed	988	969	950
Dollars Spent with Small Business	\$ 299,270,844	\$ 317,227,095	\$ 336,260,721
Percentage of Small Business Dollars (23% federal-wide minimum goal)	54%	53%	53%
Multi-Agency Collaborative Actions	322	320	320
Multi-Agency Contract Value Awarded (in dollars)	\$ 86,192,979	\$ 81,883,331	\$ 77,789,165

<sup>1</sup> Transaction count does not include \$0 closeout actions executed with no contract modification.

# OFFICE OF SUPPORT OPERATIONS

The Office of Support Operations (OSO) implements a variety of programs to manage the agency's facilities and assets. OSO is responsible for processing requests made under the Freedom of Information Act (FOIA) and Privacy Act (PA), the management of all agency records in accordance with the Federal Records Act, maintaining the security and safety of SEC facilities, and managing property, equipment, and overall building operations.

**Office of FOIA Services (OFS)** is responsible for receiving and responding to requests for non-public records under FOIA (5 U.S.C. § 552) and PA (5 U.S.C. § 552a). The office's primary objective is to foster openness and transparency in government. FOIA is constantly growing, as Congressional interest in the Commission's mission and activities remains high and public demand for SEC records continues to increase. Therefore, OFS estimates that the number of FOIA requests received will steadily increase each of the next two fiscal years.

**Office of Records Management Services (ORMS)** maintains SEC records schedules and develops policies and procedures under the Federal Records Act and other records requirements. The office also coordinates the retrieval of non-active records from records storage facilities and handles requests for certified copies of agency records. The Office of Management and Budget's *Transition to Electronic Records Directive* (M-19-21) drives the increased demands on the program. ORMS employed the Capstone methodology to implement electronic management of both permanent and temporary email records. ORMS is leading the agency's modernization of records management business practices, by automating the processes by which electronic information is maintained, managed, and safeguarded.

**Office of Security Services (OSS)** is responsible for physical and personnel security, emergency management, and safety of SEC personnel and facilities. OSS develops policies and procedures to implement federal security-related statutes and regulations. OSS also manages the Homeland Security Presidential Directive (HSPD)-12 and National Security programs for the SEC in accordance with federal mandates. OSS oversees the SEC Insider Threat Program and operates the Sensitive Compartmented Information Facility with secure communication capabilities.

**Office of Building Operations (OBO)** provides a wide range of services. The office supports the SEC's headquarters and 11 regional office locations, and oversees property and facilities management, office lease acquisitions and administration, space renovation, transportation, and printing and mail operations.

**Business Management Office (BMO)** is responsible for the oversight and management of all business functions of the OSO organization, ensuring that the most efficient and effective business practices are followed. BMO serves as the conduit for OSO offices to plan, manage, and execute mission requirements, and also provides essential organizational management support. BMO serves the SEC by providing Continuity of Operations Planning (COOP). The COOP Branch manages an extensive range of programs directly related to ensuring the continuity of SEC’s operations and essential functions across a spectrum of emergencies.

## FY 2023 Request

OSO requests one position to oversee and develop the SEC’s climate-related reporting and disclosures, including creating new reporting metrics and formulating recommendations that help develop and improve a climate reporting program. This position will also serve as the subject matter expert and liaison between management, technical users, and system architects for sustainability-related projects.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	87	88	91
<b>Cost:</b>			
Salaries and Benefits	\$ 19,713	\$ 20,270	\$ 22,878
Non-Personnel Expenses	8,498	7,645	8,235
<b>Total Costs</b>	<b>\$ 28,211</b>	<b>\$ 27,915</b>	<b>\$ 31,113</b>

*Totals may not appear to sum from detail lines due to rounding of actual values*

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>FOIA</b>			
FOIA Requests Carried Forward from Prior FYs	833	1,025	1,125
New FOIA/PA Requests Received	12,363	12,750	13,000
FOIA/PA Requests Completed	12,171	12,650	12,950
<b>Records Management</b>			
Official Certificates	3,611	3,700	3,700
Document Requests	261	280	280
<b>Security Services</b>			
Interim Suitability Determinations Made	2,730	2,900	3,100
HSPD-12 Credentials Issued	613	6,000	2,500
HSPD-12 Credential Certificates Updated	396	1,500	750
<b>Building Operations</b>			
Print Production (millions of pages)	0.49	1.13	1.77

# EDGAR BUSINESS OFFICE

The EDGAR Business Office (EBO) provides central and effective management of all aspects of the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system. Among other things, EBO governs strategic improvements to EDGAR; oversees EDGAR development for SEC rulemakings and other matters; provides Filer Support; maintains responsibility for rulemaking related to the administration of EDGAR; and communicates with the public and SEC staff about EDGAR matters.

EBO will continue to manage development in EDGAR, including ensuring agency rulemaking is implemented effectively in EDGAR, to allow regulated entities and individuals to meet agency filing and disclosure obligations. In addition, EBO plans to expand the use of its EDGAR Beta environment to allow filers to test planned regulatory filing requirements before compliance dates.

The office will also continue to enhance the security of EDGAR. EBO anticipates that the Commission may consider EDGAR Next improvements to EDGAR filer access and account management in FY 2023. EDGAR Next potentially would:

- add individual user accounts and multi-factor authentication to the access process;
- enhance the ability of filers to securely maintain access to their EDGAR accounts;
- facilitate responsible filer management of EDGAR credentials; and
- simplify procedures for accessing EDGAR.

Furthermore, EBO will seek to add more Application Programming Interfaces to EDGAR. EBO strives to improve and simplify the filer experience to facilitate the ability of companies and individuals to meet filing and disclosure requirements while also empowering investors with accurate, consolidated, and user-friendly data and information to make informed investment decisions.

## FY 2023 Request

EBO requests three new positions that will focus on: (1) addressing EBO's expanding legal demands to review and provide legal advice on filer issues; (2) executing EBO's communications strategies and coordinating communications related to EDGAR; and (3) supporting the agency's need for structured data expertise in the areas of XML, JSON, XBRL, and iXBRL.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	31	33	34
<b>Cost:</b>			
Salaries and Benefits	\$ 7,636	\$ 8,299	\$ 9,322
Non-Personnel Expenses	3,462	2,960	3,188
<b>Total Costs</b>	<b>\$ 11,099</b>	<b>\$ 11,259</b>	<b>\$ 12,510</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>EDGAR Filings, Disclosure, and Review</b>			
Online Searches for EDGAR Filings (in millions)	40,258	41,466	42,710
Number of Electronic Filings Received (in millions)	2.38	2.45	2.52
<b>EDGAR Development</b>			
EDGAR Agile Development Releases	12	12	12
Division/Office Rulemaking Implementation to EDGAR	12	12	12
EBO Rulemaking Activities	6	5	5
<b>EDGAR Filer Support</b>			
Filer Support — Internet and Email Inquiries	3,390	3,729	4,102
Assistance, Escalations, and Technical Support — Telephone Inquiries	102,121	112,333	123,566
EDGAR Form IDs Processed	109,357	125,761	144,625
EDGAR Internal System Access Requests Processed	1,783	1,961	2,157
Rule 15 Actions Processed <sup>1</sup>	105	158	163

<sup>1</sup> This number reflects data from February 2021 to the end of FY 2021 because new Rule 15 under Regulation S-T, adopted in December 2020, became effective in February 2021.

# OFFICE OF THE ETHICS COUNSEL

The Office of the Ethics Counsel (OEC) is responsible for administering the Commission’s Ethics Program and for interpreting the SEC’s Supplemental Ethics Rules as well as federal government-wide ethics laws, rules and regulations. OEC provides independent legal analysis and advice to the Chair, Commissioners, and divisions and offices on ethics issues. In addition, the OEC Compliance team manages personal trading requests for staff Commission-wide in compliance with the SEC’s Supplemental Ethics Rules and provides training and counseling on personal trading questions. OEC is also the SEC’s liaison with the U.S. Office of Government Ethics. OEC expects its workload and responsibilities to increase as the overall workforce of the SEC increases, as the office manages the development and implementation of multiple significant IT systems, and as the number of enforcement matters increases in FY 2023.

In FY 2023, OEC will continue to advise and counsel all Commission employees and members on personal and financial conflicts of interest; post-employment restrictions; securities holdings and transactions of Commission employees and their immediate families; gifts; seeking and negotiating other employment; outside activities; and financial disclosure. Additionally, OEC will continue to review Commission memoranda for potential conflicts of employees with financial holdings. Further, the office will continue to develop and enhance IT systems for employee trading and financial disclosure.

## FY 2023 Request

OEC requests one additional position for FY 2023 to support the compliance program. This position will support the numerous new and overlapping IT developments and critical program enhancements.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	19	19	19
<b>Cost:</b>			
Salaries and Benefits	\$ 4,950	\$ 5,152	\$ 5,587
Non-Personnel Expenses	2,077	1,920	2,069
<b>Total Costs</b>	<b>\$ 7,027</b>	<b>\$ 7,073</b>	<b>\$ 7,656</b>

*Totals may not appear to sum from detail lines due to rounding of actual values*

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
Ethics Counseling Inquiries	10,000	10,000	10,000
Review of Public Financial Disclosure Forms	392	404	416
Commission Memoranda Review	1,013	1,043	1,074
Review of Confidential Financial Disclosure Forms	4,129	4,253	4,381
Clearance of 8B Requests	136	140	144
Pre-clearance of Requests for Trading	61,936	63,794	65,707
Employees Trained in Ethics	4,596	4,734	4,876
Review of SEC Forms 682 Financial Disclosure Forms	333	343	353
Testing of Employee Compliance Data	400	400	400

# OFFICE OF MINORITY AND WOMEN INCLUSION

The Office of Minority and Women Inclusion (OMWI) provides leadership and guidance for the SEC's efforts to leverage diversity and inclusion throughout the agency to enhance mission performance and impact. OMWI's efforts include building and maintaining a diverse workforce and cultivating an inclusive work environment; promoting business diversity with the SEC's regulated entities and stakeholders; and fostering diversity in the agency's network of suppliers, including promoting diversity and inclusion with those suppliers.

OMWI actively supports the SEC's *Diversity and Inclusion Strategic Plan (2020 – 2022)*, which includes developing and implementing initiatives that support the goals set forth within it. Accordingly, OMWI continues to guide and assist the SEC in its focus on attracting, hiring, developing, and retaining highly quality, diverse talent for all levels of the workforce. Under OMWI's guidance and leadership, the SEC pursues several programs and initiatives to promote workforce diversity and foster workplace inclusion.

OMWI will continue its outreach activities with women and other minority-serving high schools, colleges, and universities through career fairs, networking events, and recruiting opportunities. OMWI's workforce activity will be increasingly geared toward building sustainable and impactful relationships with such educational institutions through strategic interactions with these institutions' leadership; engagement with multicultural and career services offices; and financial literacy programs.

OMWI will be increasingly focused on fully integrating diversity and inclusion in the strategic decision-making of the agency and promoting business diversity with the SEC's regulated entities and stakeholders. This will include a variety of external initiatives designed to further the principles of diversity and inclusion in the financial services industry and U.S. markets, including in the areas of asset management, access to capital, and investor access. OMWI's SEC mission-related activities will focus on working with SEC advisory committees for mission effectiveness by promoting diverse participation, expanding partnerships with professional organizations with minority constituencies, and promoting diversity and inclusion efforts with the SEC's regulated entities.

Internally, in addition to providing diversity and inclusion training and professional development programs, OMWI's efforts will focus on providing customized consultations to individual SEC divisions and offices and share recommendations and guidance on enhancing diversity, equity, inclusion, and accessibility. OMWI will increase focus on building new opportunities for diverse candidates to join the SEC through early-career programs, including paid internship opportunities.

To support diversity in the SEC’s business activities, OMWI works to introduce minority-owned and women-owned businesses (MWOB) to opportunities at the SEC and will continue to collaborate with the Office of Acquisitions to promote access to contracting and sub-contracting opportunities through extensive outreach activities. In particular, OMWI expects to promote awareness of, and access to, contract vehicles focused on the SEC’s IT needs. OMWI will continue to present at business conferences focused on MWOBs and meet one-on-one with potential contractors at Vendor Outreach Days.

## FY 2023 Request

OMWI requests one additional position to support the SEC’s staff and internal operations while helping the agency more effectively engage with the diverse public it serves.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	9	12	13
<b>Cost:</b>			
Salaries and Benefits	\$ 2,478	\$ 4,230	\$ 4,893
Non-Personnel Expenses	996	962	1,036
<b>Total Costs</b>	<b>\$ 3,474</b>	<b>\$ 5,192</b>	<b>\$ 5,928</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Workplace Diversity and Inclusion</b>			
Diversity and Inclusion Trainings, Events, and Initiatives	57	60	63
Diversity, Equity, Inclusion, and Accessibility Consultations	4	12	20
<b>Diversity and Inclusion Outreach</b>			
Mission-Related Activities and Targeted Outreach	35	37	40
Targeted Employment Advertisements	175	184	200
<b>Supplier Diversity and Business Engagement</b>			
Good Faith Effort Contract Reviews	53	55	55
Vendor Matchmaking and Outreach Events	93	98	103
Diversity (Biennial) Assessment of Regulated Entities	—	90	—

# OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

The Office of Equal Employment Opportunity (OEEO) strives to apply best practices to achieve equal employment opportunity (EEO) and to support compliance with anti-discrimination laws so that the SEC serves as an employer-of-choice, fostering an equitable workplace dedicated to the SEC's mission. SEC employees are entitled to a workplace where employment decisions are made without regard to race, color, sex (including pregnancy, gender identity, sexual orientation, and transgender status), age, religion, national origin, genetic information, parental status, marital status, political affiliation, uniformed service, union activities, and protected EEO activity. Like these demographic groups, the law protects individuals with disabilities from discrimination and also allows them to lawfully receive affirmative action. To maintain the impartiality necessary to fulfill its responsibilities under 29 C.F.R. Part 1614 and related guidance, OEEO is independent of other SEC offices that may have different institutional interests, with the OEEO Director reporting directly to the SEC Chair.

OEEO is organized in two main analytical functions: Compliance and Resolutions, and Barrier Analysis. These functions support the overall success of the SEC by cultivating a workplace that is free of unlawful discrimination, resolves conflict early, and incorporates best practices into the SEC's everyday business, thus advancing productivity and efficiency of the SEC's work.

The **Compliance and Resolutions function** applies legal principles to the processing and adjudication of complaints of discrimination under applicable anti-discrimination laws and Executive Orders (EO). This function also provides opportunities to quickly resolve through an alternative dispute resolution program.

The **Barrier Analysis function** collects and analyzes quantitative and qualitative data to determine whether a policy, practice, or procedure impedes equal access to employment opportunities for members of a protected demographic group. When an impediment is identified, OEEO collaborates with stakeholders to identify concrete action opportunities to eliminate the potential barrier in the employment lifecycle, starting with recruitment and ending with separation.

OEEO also supports the SEC's harassment prevention efforts through intake and education, offers mandatory training, files required annual reports with external stakeholders, and shares information on SEC EEO-related trends, areas of opportunity, best practices, and promising practices. OEEO engages frequently with internal and external stakeholders to perform these functions.

## FY 2023 Request

OEE0 requests one additional position to support the legal and regulatory mandates, and to ensure the agency’s strategic goals are met. OEE0 will continue to assess operations during its ongoing period of internal change, and seek new or different resources as necessary in subsequent requests.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	12	11	13
<b>Cost:</b>			
Salaries and Benefits	\$ 3,655	\$ 3,351	\$ 4,222
Non-Personnel Expenses	1,598	1,417	1,527
<b>Total Costs</b>	<b>\$ 5,253</b>	<b>\$ 4,769</b>	<b>\$ 5,749</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Equal Employment Complaint Program (29 CFR 1614)</b>			
Contacts to Office	41	47	54
Informal Complaints	22	25	29
Formal Complaints	15	17	21
Final Agency Decisions/Final Agency Orders	12	14	18
<b>Harassment Prevention Program</b>			
Inquiries and Program Contacts	42	82	94
<b>Affirmative Employment Program</b>			
Affirmative Employment/Barrier Research Studies	—	3	5
Research Studies	6	8	12
Formal Consultation on Programs, Policies, and Practices	4	6	10
Analytic Briefings	6	6	12
<b>Workforce Training, Outreach, and Education</b>			
Harassment Prevention	5	10	15
New Employee Orientation	26	26	26
Supervisory Outreach and Coaching Services	26	50	140
Workforce Events and Educational Outreach	—	8	12
Web-Based Training	1	1	2
<b>Mandatory External Reporting</b>			
No FEAR Act (Quarterly + Annual)	5	5	5
Management Directive 715 Benchmark Assessment	1	1	1
Agency Statistical Report on Complaint Activity (Form 462)	1	1	1

# OFFICE OF INSPECTOR GENERAL

The Office of Inspector General (OIG) is an independent office that conducts audits of programs and operations of the SEC and investigations into allegations of misconduct involving the SEC's programs and operations. The mission of the OIG is to detect fraud, waste, and abuse and to promote integrity, economy, efficiency, and effectiveness in the SEC's programs and operations. The rapid pace of significant internal and external changes impacting the work of the SEC drives the work of the OIG. The OIG supports the efforts of Congress and the SEC to fulfill their responsibilities and achieve their goals and objectives with respect to oversight of the securities industry and investor protection.

In FY 2023, the OIG will continue to focus on improving agency programs and operations through audits, evaluations, and reviews. The OIG will conduct audits and evaluations pursuant to the audit plan it will develop for FY 2023. The OIG will also enhance staff and agency integrity by investigating allegations of employee and contractor misconduct, as well as allegations of fraud, waste, and abuse in agency programs and operations. The OIG's audit and investigative workload remains high because of a variety of factors, including continued Congressional oversight of the SEC and the number of tips and complaints received by the OIG. The office expects workload levels to remain high through FY 2023.

The OIG will continue the oversight responsibilities established by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which was enacted on July 21, 2010. In particular, Section 966 of the Dodd-Frank Act required the OIG to establish an OIG SEC Employee Suggestion Program (ESP). Under that program, SEC employees may submit to the OIG suggestions for improving the SEC's work efficiency, effectiveness, and productivity, as well as the SEC's use of its resources. SEC employees may also submit through the ESP allegations of waste, abuse, misconduct, or mismanagement within the Commission. During FY 2023, the OIG will continue to monitor, track, and analyze information received through the ESP and will increase efforts to promote the program to solicit suggestions that will improve the SEC's effectiveness in overseeing the securities markets and protecting investors. The OIG will also produce the required annual report to Congress on the ESP. In addition, the OIG will operate a program for recognizing employees who make suggestions, through the ESP, that increase the work efficiency, effectiveness, or productivity of the SEC, or reduce waste, abuse, misconduct, or mismanagement, as provided for by the Dodd-Frank Act.

In addition, there has been an increase in the coordination of IG activities to strengthen the oversight of the federal financial regulatory structure. For example, the SEC IG currently serves on the Council of Inspectors General on Financial Oversight (CIGFO), which was established by Section 989E of the Dodd-Frank Act. The OIG's participation on CIGFO requires additional resources to provide effective oversight. In particular, the OIG will be required to prepare a section of CIGFO's annual report to Congress in FY 2023. That section of the report will highlight the concerns and recommendations in the OIG's ongoing and completed work, focusing on issues that might apply to the broader financial sector. CIGFO may also task the SEC OIG to conduct other audit or review activities on CIGFO's behalf.

Increased coordination and initiatives undertaken by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) has increased demands on OIG resources. To implement measures included in legislation to promote coordination of and transparency into the work of OIGs, the OIG has had to devote added resources to these initiatives such as the IG Enhancement Act and the Whistleblower Protection Coordination Act. Similar legislation has been proposed that would increase OIG coordination and reporting with OIGs throughout the federal government. Additionally, the emphasis on cybersecurity enhancements and investigations as the government increasingly moves to IT-based services and solutions increases the need for technical solutions and skills in providing oversight. The increase in IG activities will result in the need for more OIG resources.

### FY 2023 Request

OIG requests 3 additional positions, bringing the total OIG authorized positions to 61. The requested positions consist of an auditor, a special agent, and an IT specialist. The additional auditor will help the OIG's Office of Audits to respond to mandatory requirements, including external peer reviews and statutorily mandated engagements, as well as working on oversight and review matters. The additional special agent will aid the OIG's Office of Investigations' efforts to conduct complex criminal, civil, and administrative investigations. Adding an IT specialist will enhance the OIG's Office of Operations and Management's ability to conduct innovative research and analysis for data analytics support for OIG investigations and audits. The addition of these audit, special agent, and IT specialist positions are requested to accomplish the core mission of the OIG.

## Regulatory Requirement

The Inspector General Act of 1978 (as amended) requires that each Inspector General (IG) submit a budget estimate and request each fiscal year to the head of the agency to which the IG reports. The Act requires that the request include:

- The aggregate amount of funds requested for the operations of the Office of Inspector General (OIG);
- The portion of that amount requested for OIG training, including a certification from the IG that the amount requested satisfies all OIG training requirements for that fiscal year; and
- The portion of that amount necessary to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

As required by the Act, the IG of the U.S. Securities and Exchange Commission (SEC) submits the following information for the OIG’s budget estimate and request for FY 2023.

- The aggregate budget request for the operations of the OIG is \$18,978,165.96.
- The OIG budget request incorporates a sufficient aggregate amount of funds for the operations of the OIG. The OIG training needs have traditionally been partially funded out of the agency’s training budget (i.e., approximately \$1,000 per full-time equivalent for general training needs). The estimate for OIG specialized training costs for FY 2023 is \$122,000. The IG certifies that the aggregate amount of the request satisfies all training requirements for the OIG for FY 2023 and also any assessment required to support CIGIE.
- The estimated amount of the SEC OIG’s contribution to CIGIE is 0.33 percent of the budget request, or \$62,422.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
<b>Full-Time Equivalents</b>	50	52	55
<b>Cost:</b>			
Salaries and Benefits	\$ 14,059	\$ 14,734	\$ 17,151
Non-Personnel Expenses	6,770	6,825	7,487
<b>Total Costs</b>	<b>\$ 20,829</b>	<b>\$ 21,559</b>	<b>\$ 24,638</b>

Totals may not appear to sum from detail lines due to rounding of actual values

## Workload Data

Activity	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
<b>Audits/Evaluations</b>			
Pending Beginning of Year	5	6	5
Opened	10	12	12
Completed	9	13	12
Pending End of Year	6	5	5

This page intentionally left blank

# Other Information

Risks, Internal Controls, and Management Challenges.....	98
Cross-Agency Collaboration .....	103
Evidence Building.....	109
Links to Additional Information and Resources .....	112

# RISKS, INTERNAL CONTROLS, AND MANAGEMENT CHALLENGES

The SEC’s mission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. The increasingly complex ecosystem of capital markets, public companies, and investors makes accomplishing that mission continually more challenging. To maximize the impact of the resources provided to the SEC to accomplish its mission, the agency continually evaluates its operations to identify emerging risks and ensure its resources are deployed in a manner that efficiently and effectively meets agency priorities.

## Enterprise Risk Management

The SEC’s Office of the Chief Risk Officer (OCRO), within the Office of the Chief Operating Officer, is responsible for leading the agency’s enterprise risk management (ERM) program and functions, as required under the Office of Management and Budget (OMB) Circular A-123, *Management’s Responsibility of Enterprise Risk Management and Internal Control*. The ERM program assists the agency in achieving its strategic and operational objectives by providing an enterprise-wide approach for managing risk. With input from the Office of the Chair, the Risk Management Oversight Committee (RMOC), and other SEC committees, the ERM program coordinates the development and implementation of risk management frameworks and methodologies, and produces and maintains the agency’s risk profile. With oversight and input from the RMOC, the program collaborates with risk owners to help ensure risks are sufficiently and consistently managed, and senior management is supported in making risk-informed decisions.

## Management Assessments of Internal Control

The SEC remains committed to maintaining a strong system of internal control, which is integral to effective agency management and obtaining reasonable assurance that the SEC’s operational, reporting, and compliance objectives will be achieved. The Federal Managers’ Financial Integrity Act of 1982 (FMFIA), along with its implementing guidance in OMB Circular A-123, establishes management’s responsibility to establish, maintain, assess, and report on internal accounting and administrative controls. Such controls include program, operational, and administrative areas as well as accounting and financial management. The FMFIA also requires agencies to annually assess whether financial management systems conform to related requirements. Finally, the FMFIA requires that the head of each Executive Agency annually submit to the President and Congress: (1) a statement on whether there is reasonable assurance that the agency’s controls are achieving their intended objectives; and (2) a report on material weaknesses in the agency’s controls.

In support of this statement by the Chair, OCRO executes the SEC's Management Assurance program to gain insights on the state of the SEC's internal controls. This program is executed at multiple levels within the SEC and includes:

- An entity-level control evaluation;
- Internal management reviews, self-assessments, and tests of internal controls;
- Assurance statements from each division director and office head on the effectiveness of their controls;
- Management's personal knowledge gained from daily operations;
- Review and analysis of reports and recommendations from the Government Accountability Office (GAO) and the Office of Inspector General (OIG);
- Reviews of financial management systems under OMB Circular A-123 Appendix D, *Compliance with the Federal Financial Management Improvement Act of 1996*;
- Reports pursuant to the Federal Information Security Management Act (FISMA) and OMB Circular A-130, *Management of Federal Information Resources*;
- Reviews on improper payments;
- Reviews that support compliance with the Digital Accountability and Transparency Act of 2014; and
- Reports and other information from Congress or agencies such as OMB, the Office of Personnel Management (OPM), or the General Services Administration reflecting the adequacy of internal controls.

The SEC's annual assessment of internal controls and assurance statements based on these sources and assessments is discussed in the SEC's Agency Financial Report (AFR), which can be found at [SEC.gov](https://www.sec.gov).

### Management Challenges Identified by the Office of Inspector General

The SEC's FY 2021 AFR provides a summary of the most significant management and performance challenges facing the SEC, as identified by the OIG, in the *Other Information* section. The AFR also details the actions being taken to address these challenges. The table on the next page describes how the resources requested for FY 2023 will help address the challenges identified by the Inspector General.

Management Challenge Identified by the Inspector General	How the FY 2023 Budget Addresses the Challenge
<p><b>Meeting Regulatory Oversight Responsibilities</b></p>	<p>The SEC must continue to find ways to use its limited resources to keep pace with the changes in the size and complexity of the securities markets, products, and the market participants regulated by the SEC. For example, the population of registered investment advisers has grown over 20 percent in the last five years, with a more than 65 percent increase in assets managed by these firms. Also, in FY 2021, the agency received over 80 percent more tips, complaints, and referrals (TCR) than in FY 2020.</p> <p>Given this challenge and others identified by the OIG, the Division of Examinations' (EXAMS) and Division of Enforcement's (ENF) budget requests for FY 2023 included requests for a significant number of new positions. EXAMS will use these positions to: (1) address the challenges identified with overseeing and examining newly-registered swap market participants; (2) increase oversight and examinations of broker-dealers with a focus on the implementation of Regulation Best Interest and other risks such as those associated with the rise of financial technology and information security; (3) increase oversight and examinations of entities responsible for critical market infrastructure with a focus on examining entities for compliance with Regulation SCI and cybersecurity preparedness; and (4) increase the capacity of the program to examine and keep pace with the growing number of registered investment advisers, including those that advise private equity funds.</p> <p>For ENF, these new positions will allow the division to: (1) increase its capacity to investigate misconduct and accelerate enforcement actions; (2) bolster the capabilities of its Cyber Unit; (3) strengthen litigation and operational support; and (4) improve data management.</p> <p>In addition, the FY 2023 request will provide the resources necessary for the SEC to continue its efforts to, among other things, further leverage technology and data analytics to refine the risk-based examination approach; develop tools and data to more efficiently and effectively handle the significant increase in TCR volume; and further increase the Consolidated Audit Trail functionality to enhance regulatory oversight. The SEC will also continue its efforts to improve the Enterprise Architecture program to better support SEC mission activities and efficiently utilize information technology resources. Finally, the SEC will continue its efforts to meet this challenge by improving its investor assistance and education efforts and formalizing communication and collaboration efforts between SEC divisions and offices.</p>

*continued on next page*

Management Challenge Identified by the Inspector General	How the FY 2023 Budget Addresses the Challenge
--	--

**Protecting Systems and Data**

Protecting information systems and data is a top priority effort that must meet the challenges introduced by new technology, new threats, and new business drivers. SEC management remains mindful that governmental agencies, financial market participants, and private sector entities must remain vigilant because they are subject to frequent attempts by unauthorized actors to disrupt public-facing systems, access data, or otherwise damage technology infrastructure.

In FY 2021, the Office of Information Technology (OIT) worked to make enhancements in a number of areas and continues to make it a priority to address and mitigate the cybersecurity risks identified by the OIG and GAO. During FY 2021, the OIG closed 26 information technology-related audit recommendations, and GAO closed 5 cybersecurity-related audit recommendations. In FY 2022, OIT will continue to allocate significant resources to addressing outstanding OIG recommendations.

OIT is also focused on implementing new guidance from Executive Order 14028, *Improving the Nation's Cybersecurity* (May 12, 2021). With its FY 2023 budget request, OIT will increase its efforts to:

- support the implementation of security services within agency-selected cloud capabilities;
- enhance identity, access, and privilege management protocols and operations across platforms;
- modernize security operations capabilities focusing on automation, integration of shared services and experts through managed services, and proactive capabilities to identify threats; and
- continue the implementation of a secure application development structure across all agency development teams and projects.

**Improving Contract Management**

The SEC relies substantially on contractor support to accomplish its mission, and the management and oversight of this support remains a priority for management. As noted in the OIG's statement, although the SEC's Office of Acquisitions (OA) is responsible for procuring all goods and services—except real property—for the agency, the management and oversight of these contracts is an agency-wide effort, with staff from nearly all SEC offices and divisions playing key roles. The budget request for FY 2023 will allow OA to continue the Contract Management Excellence Initiative to further promote effective contract management throughout the agency. Continuation of this initiative will further improve contract management by: (1) maturing coordination efforts between OA and the Commission's Contracting Officer's Representatives to ensure effective administration of SEC contracts and proper vendor oversight; (2) continuing OA's compliance and oversight functions in reviewing contract actions and files; and (3) bolstering reporting and automation capabilities for improved tracking and transparency of workload, and documentation and workflow of procurement actions.

*continued on next page*

Management Challenge Identified by the Inspector General	How the FY 2023 Budget Addresses the Challenge
<p><b>Ensuring Effective Human Capital Management</b></p>	<p>The success of the SEC depends on an effective, highly-skilled workforce. As noted in the OIG's statement, the SEC continued to take actions to gain insights about the effectiveness of its two-tier rating performance management program for SK employees. This included engaging with OPM to administer a survey and conduct focus groups to gather employee feedback regarding their experiences with the performance management program. This feedback will help the SEC validate and inform possible improvements to the overall performance management program and help ensure that the agency is effectively addressing overall employee concerns consistent with GAO's recommendation.</p> <p>In addition to further maturing its two-tier rating performance management program, the FY 2023 budget request will allow the SEC and its Office of Human Resources to continue to address the challenge of ensuring effective human capital management. This includes efforts to increase its focus on attracting and retaining a diverse and talented workforce that is representative of all segments of American society with the right mix of skills and expertise, as well as administering programs to enhance employee engagement, performance management, and leadership development.</p>

# CROSS-AGENCY COLLABORATION

The SEC values its many partnerships with other federal agencies, financial regulators, and foreign governments. Collaborating across regulatory boundaries, market segments, and national borders furthers the SEC's ability to achieve its mission. The securities markets are large and dynamic, and the SEC understands that cooperation is essential to meet its strategic goals. Some examples of cross-agency collaboration efforts during FY 2021 – FY 2023 are highlighted below.

## Strategic Goal 1

Focus on the long-term interests of our Main Street investors.

---

The SEC frequently works with other entities to facilitate access to the information investors need to make informed investment decisions. Led by the Office of Investor Education and Advocacy (OIEA), the SEC participates in numerous collaboration activities with other regulators, federal agencies, and committees to make information accessible to investors. For example, OIEA issues joint investor alerts on recent investment frauds and scams with the Commodity Futures Trading Commission (CFTC), the Financial Industry Regulatory Authority (FINRA), and the North American Securities Administrators Association (NASAA).

The SEC's Division of Enforcement (ENF) continues to prioritize effective coordination with criminal authorities in bringing parallel enforcement actions seeking to hold wrongdoers accountable and remove bad actors from our markets. In more than 425 SEC enforcement investigations in FY 2021, other regulators and law enforcement offices requested and obtained access to materials contained in the SEC's investigative files. In many of these cases, the SEC and its criminal law enforcement counterparts employed complementary tools to further a shared goal of investor protection. Frequently, this entailed collaboration with overseas regulatory and law enforcement counterparts.

The SEC's Division of Examinations (EXAMS) frequently collaborates with other regulators, both domestically and abroad, to ensure that critical issues and risks impacting investors are addressed in an efficient and effective manner. These cooperation efforts include coordinated examinations, information sharing, periodic meetings, and other strategic efforts with domestic regulators such as FINRA, CFTC, the National Futures Association, the Financial Crimes Enforcement Network (FinCEN), the U.S. Department of Labor, and the Federal Reserve. Further, given the increasingly global marketplace, EXAMS continues to work with the SEC's Office of International Affairs (OIA) to protect investors through frequent discussions and collaboration with foreign financial regulatory authorities from around the globe. These efforts have proven to be an effective method of overseeing entities and issues that impact retail investors and cross jurisdictional lines.

The SEC and CFTC work closely and collaboratively on a wide range of crypto-asset related issues. Both agencies have dedicated offices responsible for staying abreast of developments in the crypto-asset space, and our respective staff communicate frequently about developments in crypto-asset markets.

The SEC also collaborates with external partners to protect the financial well-being of American seniors. The SEC works closely with the Elder Justice Interagency Working Group (EJWG) and the Elder Justice Coordinating Council (EJCC) to safeguard their interests. The EJWG is responsible for carrying out elder justice activities, including elder abuse prevention; research, grant, and program funding; and prosecution. The EJCC is a federal entity charged with identifying and proposing solutions to the problems surrounding elder abuse, neglect, and financial exploitation. Among other roles, OIEA helps inform these working groups about the SEC's initiatives to protect older Americans from investment fraud and abusive sales practices.

OIEA also represents the SEC on the Financial Literacy and Education Commission (FLEC), which was established under the Fair and Accurate Credit Transactions Act of 2003. FLEC is chaired by the Secretary of the Treasury and made-up of the heads of more than 20 additional federal agencies. The Commission was tasked with developing a national financial education website ([MyMoney.gov](https://www.mymoney.gov)) and a national strategy on financial education. In addition, OIEA is a national partner of Jump\$tart and OIEA's director, Lori Schock, serves on Jump\$tart's board of directors (ex officio). Jump\$tart is a coalition of diverse education stakeholders, including federal agencies, non-profits, and financial firms, that work together to educate and prepare young Americans for life-long financial success.

## Strategic Goal 2

Recognize significant developments and trends in our evolving capital markets and adjust our efforts to ensure we are effectively allocating our resources.

---

The SEC is a member of the Financial Stability Board (FSB), which promotes international financial stability by coordinating national financial authorities and international standard-setting bodies as they work toward developing strong regulatory, supervisory, and other financial sector policies. FSB fosters a level playing field by encouraging coherent implementation of these policies across sectors and jurisdictions. In addition to its monitoring functions, the Division of Trading and Markets (TM) assists the Commission with its work in various domestic and international regulatory groups, including FSB, the Financial Stability Oversight Council (FSOC), the International Organization of Securities Commissions (IOSCO), and the Senior Supervisors Group, by providing technical expertise on market and risk management developments and

emerging financial issues. TM cooperates and collaborates with CFTC, the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Banks, the Bank of England, the Financial Conduct Authority, the Japanese Financial Services Agency, Canadian securities regulators, and other regulators. This collaboration spans several areas including operations and risk management practices of financial market infrastructures, and the capital, liquidity, internal controls, funding sources, and financial condition of firms and their holding companies that are supervised by the SEC. It also includes regulatory and supervisory areas of mutual interest. In addition, SEC staff continued to work with other U.S. and foreign regulators on significant issues related to the cessation of LIBOR (London Interbank Offered Rate) at the end of 2021.

The Division of Investment Management (IM) participates in various work streams related to FSOC, including monthly meetings of the FSOC Systemic Risk Committee. On occasion IM makes presentations on matters relating to the securities markets, including issues or concerns with potential implications for systemic risk before FSOC or its committees, or otherwise provides input or advice. In addition, IM staff coordinates with other U.S. and foreign regulators on analysis and monitoring of activity in the money market fund industry and the markets in which money market funds participate. The Commission recently proposed rules relating to the regulation of money market funds. IM expects to continue to coordinate with the Federal Reserve, Federal Reserve Banks, the U.S. Department of the Treasury's (Treasury) Office of Financial Research, and the Consumer Financial Protection Bureau (CFPB) on the proposed amendments.

SEC staff worked with domestic and foreign regulators that provided particular focus on the impact of COVID-19 pandemic-related market volatility and work-from-home restrictions on market infrastructure and financial intermediaries. The pandemic contributed to significant increases in trading volumes and message traffic across products, resulting in operational challenges. While market infrastructure and financial intermediaries performed well overall, TM continues to identify and evaluate potential areas where further policy work may be warranted in collaboration with other regulatory agencies. In late 2021, Commission staff participated in the preparation and publication of the report by the staff of the Inter-Agency Working Group (IAWG) for Treasury Market Surveillance entitled *Recent Disruptions and Potential Reforms in the U.S. Treasury Market: A Staff Progress Report* (IAWG Report). The IAWG Report presents the views of the IAWG, which consists of staff from CFTC, Treasury, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, and the Commission. The purpose of the IAWG Report is to highlight several broad principles for guiding public policy in the Treasury market in light of market disruptions related to the onset of the COVID-19 pandemic. IAWG staff collaborated over months to draft the report.

The SEC's oversight of broker-dealers is, in many ways, a coordinated effort with FINRA. The SEC and FINRA have regular contact to discuss strategic initiatives, examination coordination, risk assessment efforts, rulemaking issues (including the implementation of Regulation Best Interest), and evolving industry risks. This coordination ultimately intends to make oversight of broker-dealers more effective and efficient and improve compliance within the industry. As an example, the two agencies coordinate to formally present Compliance Outreach Seminars to representatives of the firms they oversee.

The Division of Corporation Finance worked closely with OIA and the Chair's Office to support Treasury in its engagements on climate-related financial activities with the G-7, G-20, and COP26. These efforts ensured that the messages delivered by Treasury in these forums were consistent with the SEC's messages and the Chair's direction with regard to addressing climate-related financial risks relevant to investors in securities. The division's engagement was also designed to ensure consistency with the Commission's messaging in the context of its engagement with IOSCO and the International Financial Reporting Standards Foundation on climate-related risks and public company reporting relevant to investors.

The SEC coordinated extensively in the last year with CFTC and other banking regulators, including FRB, OCC, FDIC, the Financial Conduct Authority, and the Federal Housing Finance Agency (FHFA), to complete the necessary rulemakings and related implementation efforts to stand-up the Title VII regime for security-based swap dealers and major security-based participants. The SEC has also been actively engaged with counterparts at CFTC to find ways to further harmonize the Commission's respective rules with those of CFTC, where appropriate, to increase effectiveness as well as reduce complexity and costs. The agency remains committed to consulting and coordinating to the benefit of both agencies, as well as the markets and market participants they oversee.

SEC staff regularly coordinates with Treasury and other Financial and Banking Information Infrastructure Committee agencies to enhance the protection of our critical market infrastructure from physical and cyber threats and to implement protocols to address such threats or incidents. TM also coordinates and monitors joint self-regulatory organization efforts to improve the resilience of critical market infrastructure and single points of failure, as well as explore greater harmonization of risk mitigation functionality and rules to address trading issues after they occur (e.g., trade halts and trade breaks).

The SEC's Strategic Hub for Innovation and Financial Technology (FinHub) coordinates the agency's oversight and response regarding emerging technologies in financial, regulatory, and supervisory systems, including in the areas of distributed ledger technology (including crypto-asset markets), automated investment advice, digital marketplace financing, and artificial intelligence/machine learning. FinHub staff partners with sibling regulators, including through participation in the President's Working Group on Financial Markets. FinHub staff serves as the SEC's liaison to other regulators in the fintech space, including OCC, CFTC, FinCEN, FDIC, FRB, CFPB, Treasury, the Department of Justice, and the Internal Revenue Service. FinHub staff also collaborates with international partners through, for example, IOSCO, FSB, the Financial Action Task Force, the European Securities and Markets Authority, the Organization for Economic Cooperation and Development, and the Global Financial Innovation Network.

Also, to enhance credit rating agency oversight and foster more effective supervision, the SEC's Office of Credit Ratings meets quarterly with international regulators in the Supervisory Colleges for Credit Rating Agencies to share information related to internationally active credit rating agencies. The office also meets regularly with certain international regulators to share information regarding credit rating agency activities.

### Strategic Goal 3

Elevate the SEC's performance by enhancing our analytical capabilities and human capital development.

---

The Office of Human Resources (OHR) participates in quarterly discussions with FDIC, CFTC, OCC, FHFA, the National Credit Union Association, and the Farm Credit Administration to benchmark benefits and work-life program offerings among the federal financial regulatory agencies. The goal is to benchmark program areas, share information about human capital management practices, and explore best practices. OHR and the aforementioned organizations collectively participate in a biannual survey to benchmark compensation and benefits programs. The survey is conducted by a third party, with the SEC OHR compensation team managing the contract and interagency agreements. OHR also participates in the Enterprise Data & Analytics Community of Practice, a collaboration effort sponsored by the SEC, NASAA, OCC, the General Services Administration (GSA), and the U.S. Department of Veterans Affairs to share human capital analytics and data visualization best practices.

In addition, OHR participates in a Financial Agency Rotation (FAR) program with Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) agencies. FAR is an intra-agency detail program specifically for mid-level employees who directly work on financial regulatory and policy issues that aim to encourage employee development and improve inter-agency cooperation among financial regulators and policymakers.

The Office of the General Counsel (OGC) meets quarterly with labor law attorneys and labor relations specialists from the FIRREA agencies to discuss labor law issues. OGC also participates in a community practice group of attorneys representing federal agencies in employment law matters. Participants regularly schedule speakers from across the federal government to present on new developments in federal employment law. Members also participate in an active listserv to address issues of common concern.

The Office of Information Technology works with the Cybersecurity and Infrastructure Security Agency (CISA) on enhancing the security posture of agency information systems. For example, the SEC participates in CISA's Continuous Diagnostics and Mitigation program and works closely with the Federal High Value Asset Program Management Office to assess and improve its enterprise cybersecurity risk posture.

The Office of the Chief Data Officer (OCDO) helps the SEC advance its capabilities and gain efficiencies by participating in regular meetings with other chief data officers from across the federal government to share best practices and discuss government-wide data issues and priorities. OCDO also actively promotes cross-agency collaboration by participating in data-related information sharing sessions and demos with other federal agencies.

The Office of Support Operations (OSO) works closely with GSA to conduct lease procurements and manage most SEC facilities. Since 2011, OSO has collaborated with GSA to achieve annual rent savings estimated at \$8.5 million via rightsizing existing leases upon expiration. OSO is currently coordinating with GSA on three prospectus lease procurement actions that are underway: SEC headquarters, the New York Regional Office, and the San Francisco Regional Office. OSO is also currently working with GSA on two non-prospectus lease procurement actions for the Fort Worth Regional Office and the Philadelphia Regional Office.

## EVIDENCE BUILDING

Internal and external evaluations play a significant role in monitoring and improving SEC program performance. Through objective measurement and analysis, agency managers determine the extent to which programs are achieving mission objectives, allowing them to direct SEC resources accordingly. In FY 2021, there were 6 Government Accountability Office reports and 10 Office of Inspector General reports or management letters issued related to agency operations. Beyond this, examples of reviews and evaluations the agency initiated and plans to continue are listed below.

The SEC conducted investor research to better understand how investors interact with markets, including 12 quantitative surveys supported by qualitative research involving focus groups and one-on-one interviews. In addition, the agency conducted surveys focused on improving the experience and satisfaction of investors using the agency's online resources and tools. The Office of Investor Education and Advocacy and the Office of the Investor Advocate will continue to gather information regarding the behavior of Main Street investors, the type of information they need and use when making investment decisions, and the usefulness of the SEC's investor education efforts and related programs.

The SEC created the Asset Management Advisory Committee (AMAC) to provide the Commission with diverse perspectives on asset management and related advice and recommendations. The AMAC charter provided for a two-year existence, expiring November 4, 2021. AMAC held five meetings in 2021 and during its pendency, adopted seven sets of recommendations that covered topics relating to COVID-19; environmental, social, and governance; diversity and inclusion in the asset management industry; private investments; small advisers and small funds; and the evolution of advice.

On October 18, 2021, Commission staff published a report primarily examining the January 2021 trading activity in GameStop Corp. (GME), the most well-known meme stock, against the backdrop of contemporaneous trading activity in other meme stocks. A meme stock is a stock that has seen an increase in retail investor attention not because of how well the company performs, but rather because of discussions on social media and online forums. In the report, staff raised a number of issues for additional consideration, including:

- Events that may cause a brokerage to restrict trading, as well as matters related to clearing and settling;
- The use of digital engagement practices, including predictive data analytics, differential marketing, and behavioral prompts;
- Equity market structure and incentives, as well as the role of dark pools and wholesalers; and
- The transparency and related market dynamics of short selling.

The report detailed how these meme stocks—including, but not limited to, GME—exhibited significant price volatility, trading volume, and attention in the markets in January 2021. The report also provided staff with an opportunity to consider how to further efforts aimed toward making the equity markets as fair, orderly, and efficient as possible.

In late 2021, Commission staff participated in the preparation and publication of the report by the staff of the Inter-Agency Working Group (IAWG) for Treasury Market Surveillance, entitled *Recent Disruptions and Potential Reforms in the U.S. Treasury Market: A Staff Progress Report* (IAWG Report). The IAWG Report presents the views of the IAWG, which consists of staff from the U.S. Department of the Treasury, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, the SEC, and the Commodity Futures Trading Commission. The purpose of the IAWG Report is to highlight several broad principles for guiding public policy in the Treasury market in light of market disruptions related to the onset of the COVID-19 pandemic. IAWG staff collaborated over several months to draft the report.

On a quarterly basis, SEC staff queries and analyzes market data to develop market metrics for publication on the Commission’s Market Structure Analytics web page. This data and analysis are used by public and private sectors, including the Commission, to monitor markets and develop a deeper and more comprehensive view of market trends and dynamics, which helps to maintain market integrity and inform policy.

With respect to rulemaking, the SEC continues to leverage its robust processes for obtaining public input and performing rigorous economic analyses of the agency’s rules at both the proposal and adoption stages. These efforts are critical to identifying the benefits and costs of regulatory actions, including situations in which a rule’s effects may not be consistent with expectations. For example, the Division of Investment Management (IM) pioneered the development of new and simplified ways for retail investors to provide feedback on proposals that directly affect them. These include a “feedback flyer” that allows retail investors to submit comments without needing to review the entire rulemaking proposal or write a letter, and the “Tell Us” website, which provides a portal for this feedback. The Commission also reviews its rules retrospectively by listening to investors and others about how rules are—or are not—functioning as intended.

As part of the SEC's ongoing response to capital markets developments during the economic recovery from the COVID-19 pandemic—including growth and volatility in novel and complex corners of capital markets such as cross-border issuances, crypto-assets, and special purpose acquisition companies, as well as growth in more traditional areas such as initial public offerings—IM has monitored company compliance with disclosure, reporting, and other obligations under the federal securities laws. The division has also taken a number of actions designed to improve compliance, ensure that investors receive material information to make informed investment decisions about complex investments, and promote capital formation and market efficiency.

One example of an area in which the SEC has taken action is with respect to the Holding Foreign Companies Accountable Act (HFCAA), which became a law in December 2020. In March 2021, the SEC promulgated an interim final rule that implemented the disclosure and submission requirements of the statute. Division staff worked on this rulemaking and reviewed securities filings by issuers that may be subject to HFCAA. These actions ensure compliance with the Act and help protect investors in companies that may not be subject to the reach of U.S. securities laws that govern the oversight of audit firms.

The SEC reviews performance goal data on a quarterly basis. Each quarter, the Office of the Chief Operating Officer reviews the status of performance goals and indicators to determine whether the agency is on target for achieving these goals for the fiscal year. The report includes the quarterly result for each performance goal or indicator and the progress achieved toward meeting the target for the fiscal year. This review process is in line with the Office of Management and Budget and the Performance Improvement Council recommendations for frequent data-driven reviews.

# LINKS TO ADDITIONAL INFORMATION AND RESOURCES

Reference	URL
Strategic Plans, Agency Financial Reports, and Congressional Budget Justifications	<a href="https://www.sec.gov/about/offices/ofm/ofm-documents.htm">SEC.gov/about/offices/ofm/ofm-documents.htm</a>
Investor.gov	<a href="https://www.investor.gov">Investor.gov</a>
Office of the Whistleblower	<a href="https://www.sec.gov/whistleblower">SEC.gov/whistleblower</a>
Enforcement Actions, Commission Opinions, SEC Staff Briefs, Trading Suspensions, and Notices Concerning the Creation of Investor Claims' Funds in Specific Cases	<a href="https://www.sec.gov/page/litigation">SEC.gov/page/litigation</a>
Laws that Govern the Securities Industry	<a href="https://www.sec.gov/about/laws.shtml">SEC.gov/about/laws.shtml</a>
Glossary of Terms and Acronyms	<a href="https://www.sec.gov/fast-answers">SEC.gov/fast-answers</a>

# FY 2021 Annual Performance Report (APR) and FY 2023 Annual Performance Plan (APP)

A Reader's Guide to SEC Performance Information.....	114
FY 2021 APR and FY 2023 APP Summary.....	114
Performance Summary by Strategic Goal.....	115
Strategic Goal 1: Focus on the long-term interests of our Main Street investors.....	115
Strategic Goal 2: Recognize significant developments and trends in our evolving capital markets and adjust our efforts to ensure we are effectively allocating our resources .....	123
Strategic Goal 3: Elevate the SEC's performance by enhancing our analytical capabilities and human capital development .....	127

# A READER'S GUIDE TO SEC PERFORMANCE INFORMATION

The SEC is currently developing a Strategic Plan to detail the agency's vision for the next four years that will be published in 2022 for public comment.

The SEC's strategic and performance planning framework is based on the FY 2018 – FY 2022 Strategic Plan, which is available at [SEC.gov/strategic-plan](https://www.sec.gov/strategic-plan). The Strategic Plan outlines the agency's mission, vision, values, strategic goals, and strategic initiatives. The SEC's work is structured around 3 strategic goals that also serve as its strategic objectives, as well as 14 strategic initiatives the agency plans to achieve in support of those goals and objectives.

This section comprises the agency's FY 2021 APR and FY 2023 APP, which explain how the SEC uses resources to achieve each of its three strategic goals. For each strategic goal, this section presents the following information:

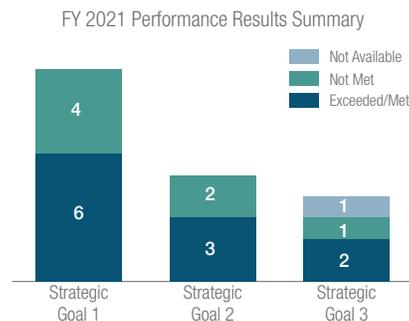
**A Strategic Goal Summary:** Reviews the purpose of each strategic goal and provides additional information to identify the resources allocated toward achieving the goal.

**Performance Goals and Indicators:** Presents the performance goals and performance indicators by strategic goal, comparing planned and actual performance levels for FY 2020. Five years of historical data is provided for performance goals and performance indicators where available.

## FY 2021 APR AND FY 2023 APP SUMMARY

The SEC dedicates its resources to: (1) focusing on the long-term interests of our Main Street investors; (2) recognizing significant developments and trends in our evolving capital markets and adjusting our efforts to ensure we are effectively allocating our resources; and (3) elevating the SEC's performance by enhancing our analytical capabilities and human capital development. In FY 2021, total SEC obligations were \$1.952 billion in support of 4,459 total full-time equivalents (FTE). Of 19 total performance targets, the agency met or exceeded 11; did not meet 7; and data was not available for 1.

The budget request for FY 2023 totals \$2.149 billion, an increase of about \$197 million relative to the agency's FY 2021 obligations of \$1.952 billion. The FY 2023 budget request funds 4,808 FTEs, an increase of about 349 FTEs and 464 positions compared to the FY 2021 level.



# PERFORMANCE SUMMARY BY STRATEGIC GOAL

## Strategic Goal 1

Focus on the long-term interests of our Main Street investors.

---

- 1.1 Enhance our understanding of the channels retail and institutional investors use to access our capital markets to more effectively tailor our policy initiatives.
- 1.2 Enhance our outreach, education, and consultation efforts, including in ways that are reflective of the diversity of investors and businesses.
- 1.3 Pursue enforcement and examination initiatives focused on identifying and addressing misconduct that impacts retail investors.
- 1.4 Modernize design, delivery, and content of disclosure so investors, including in particular retail investors, can access readable, useful, and timely information to make informed investment decisions.
- 1.5 Identify ways to increase the number and range of long-term, cost-effective investment options available to retail investors, including by expanding the number of companies that are SEC-registered and exchange-listed.

In FY 2021, the SEC continued its mission to protect millions of investors and instill confidence in the integrity of our markets by deterring misconduct and punishing wrongdoers. The Division of Enforcement brought hundreds of civil enforcement actions against individuals and companies for violation of securities laws such as insider trading, accounting fraud, market manipulation, and providing false or misleading information about securities and/or the issuing companies. The Division of Examinations (EXAMS) conducted examinations that covered 16 percent of all registered investment advisers and, together with broker-dealer self-regulatory organizations, 47 percent of all registered broker-dealers. Moreover, EXAMS prioritized reviews of certain practices, products, and services that present heightened risks to retail investors, and focused on compliance with new standards of conduct rules including Regulation Best Interest and Form CRS. EXAMS also continued its efforts to inform investors and promote stronger industry compliance program by publishing Risk Alerts and other educational materials ([SEC.gov/exams](https://www.sec.gov/exams)) to raise awareness of critical compliance and industry risks. In FY 2021, approximately \$1.297 billion and 2,962 FTEs were directed at achieving results in Strategic Goal 1. Of the 10 performance targets, the agency met or exceeded 6 and did not meet 4.

In FY 2023, the SEC will continue to promote informed investment decision-making through education initiatives that aim to provide retail investors with a better understanding of our capital markets and the opportunities and risks associated with the array of investment choices presented to them. The Office of Investor Education and Advocacy (OIEA) will continue to educate investors on the benefits of investing and encourage them to use the free financial planning tools and information on [Investor.gov](https://www.investor.gov). OIEA is focused on reaching new investors, particularly those who are traditionally underserved, to ensure they are aware of the free resources available to help them make informed financial and investment decisions. The SEC will continue to conduct investor outreach to serve different segments of the population, including military and veteran communities, seniors, minority and Native American communities, women, teachers, students and young adults, and rural communities. For FY 2023, the agency is requesting a total of \$1.444 billion and 3,194 FTEs toward achieving results that focus on the long-term interests of our Main Street investors.

**Goal Leader(s):** Director, Office of the Investor Advocate; Director, Office of Investor Education and Advocacy; Director, Division of Corporation Finance; Director, Division of Investment Management; Director, Division of Trading and Markets; Director, Division of Enforcement; Director, Division of Economic and Risk Analysis; Director, Division of Examinations

PERFORMANCE GOAL 1									
Investor research on the readability/usefulness of disclosures									
<b>Description:</b> This metric indicates the number of times the Commission has collected data directly from investors through research projects such as surveys, focus groups, and one-on-one interviews in order to understand how investors process information to make investment decisions, and to evaluate potential methods for enhancing the readability or usefulness of disclosures.									
Fiscal Year	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 Plan	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Research Projects	Prior-year data not available	4	16	2	15	6	13	6	6
<b>Target:</b> Exceeded									
<b>Analysis:</b> In FY 2021, the Office of the Investor Advocate exceeded its target by leveraging materials that had been developed in prior fiscal years, leading to a more efficient process for conducting research.									
<b>Responsible Division/Office:</b> Office of the Investor Advocate									
<b>Data Source:</b> Internal Tracking Log									

**PERFORMANCE GOAL 2**  
**Number of outreach events, roundtables, educational, and information sessions for different types of investors/market participants**

**Description:** This metric indicates the number of two types of activities: (1) educational events that are designed primarily to provide individual investors and the general public with information about investing and the securities markets; and (2) outreach events that are designed primarily to engage with investors (including small business investors) and receive feedback about policy questions. Outreach events could include public events, meetings with groups of investors, or a coordinated series of one-on-one meetings (not routine meetings with advocacy groups).

Fiscal Year	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 Plan	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Educational Events	Prior-year data not available		N/A	510	403	400	359	425	450
Outreach Events	Prior-year data not available		19	40	51	29	112	35	50

**Target:** Educational Events – Not Met; Outreach Events – Exceeded

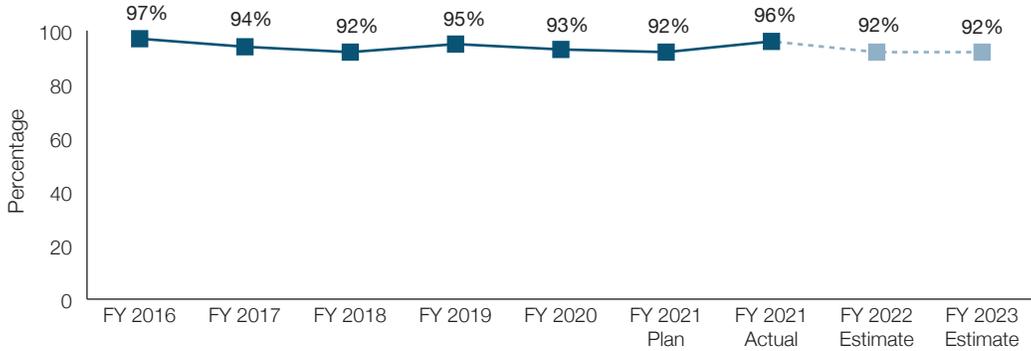
**Analysis:** In FY 2021, the SEC continued to educate retail investors by participating in investor education events serving different segments of the population, including military and veteran communities; seniors; minority and Native American communities; women; teachers; students and young adults; and rural communities. Despite scheduling challenges and numerous cancellations due the COVID-19 pandemic, the Office of Investor Education and Advocacy (OIEA) worked at more than 350 investor education events, nearly meeting its performance target. The Office of the Investor Advocate continued to use a virtual engagement model to conduct 112 outreach events.

**Plan for Improving Program Performance:** Increasing the number of active partnerships focused on underserved communities will be a continued focus for OIEA during FY 2022 and FY 2023. By leveraging these partnerships, OIEA expects to increase the number of opportunities for in-person and virtual educational events serving individual investors.

**Responsible Division/Office:** Office of Investor Education and Advocacy; Office of the Investor Advocate

**Data Source:** Internal Tracking Logs

**PERFORMANCE GOAL 3**  
**Percentage of enforcement actions in which the Commission obtained relief on one or more claims**



**Description:** 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.

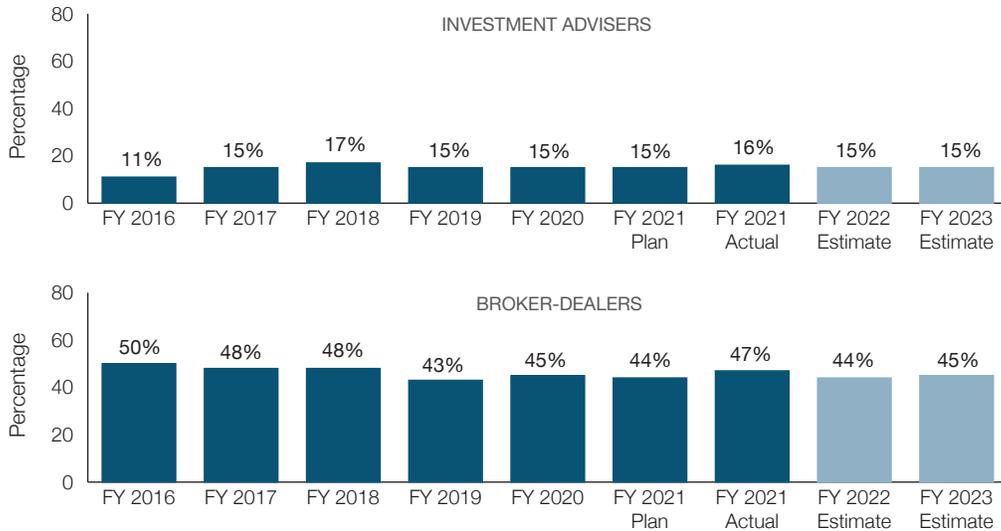
**Target:** Exceeded

**Analysis:** In addition to securing victories in specific cases, the SEC’s litigation efforts also help the agency obtain appropriate settlements in other cases by demonstrating that it will pursue litigation and trial, if necessary, to obtain appropriate relief. The SEC endeavors to resolve actions quickly and on a favorable basis where practicable, while at the same time filing contested matters where favorable settlements are unavailable before filing. The agency seeks to direct its limited resources toward cases that are likely to have the greatest impact in furthering the SEC’s mission.

**Responsible Division/Office:** Division of Enforcement

**Data Source:** Case Tracking System for the Division of Enforcement

**PERFORMANCE GOAL 4**  
**Percentage of investment advisers and broker-dealers examined during the year**



**Description:** Investment advisers and broker-dealers are critical market participants in terms of their interactions with retail investors. This metric indicates the volume of advisers and broker-dealers examined by the SEC or a self-regulatory organization (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, and oversight examinations of broker-dealers to test compliance and the quality of examination by the Financial Industry Regulatory Authority (FINRA).

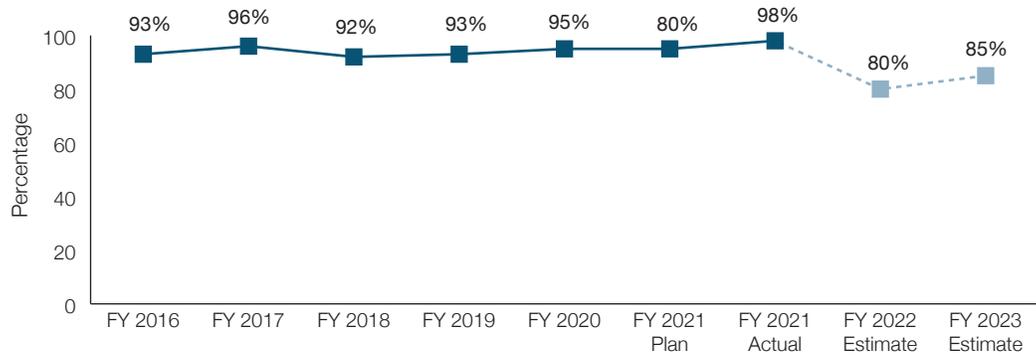
**Target:** Investment Advisers – Exceeded; Broker-Dealers – Exceeded

**Analysis:** FY 2021 examination priorities focused on both investment advisers and broker-dealers in an effort to protect investors and address critical risks in the marketplace. Examinations of these firms focused on key issues, including cyber and information security and compliance with recently adopted rules related to standards of care (including Regulation Best Interest), as well as additional practices that represent significant risks to retail investors such as deceptive sales practices, conflicts of interest, and elder abuse. Overall, coverage rates in FY 2021 by the Division of Examinations (EXAMS) and broker-dealer self-regulatory organizations exceeded expectations and reflected the continued emphasis on these important market participants. These significant results were achieved despite operational and market challenges created by the ongoing global pandemic. In addition to its examination efforts, EXAMS also engaged extensively during the year in critical, non-examination regulatory outreach to registrants in response to various market events and challenges. Going forward, EXAMS will continue to prioritize outreach and examinations of investment advisers and broker-dealers as more and more individuals rely on these financial intermediaries to gain access to the financial markets.

**Responsible Division/Office:** Division of Examinations

**Data Source:** Tracking and Reporting Exam National Documentation System (TRENDS) (IA and BD SEC Data) and SRO Databases (BD SRO Data)

**PERFORMANCE GOAL 5**  
**Percentage of Fair Fund and disgorgement fund plans that have distributed 80 percent of the available funds for distribution within 24 months of the approval of the distribution plan**



**Description:** 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 in law, 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 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.

**Target:** Exceeded

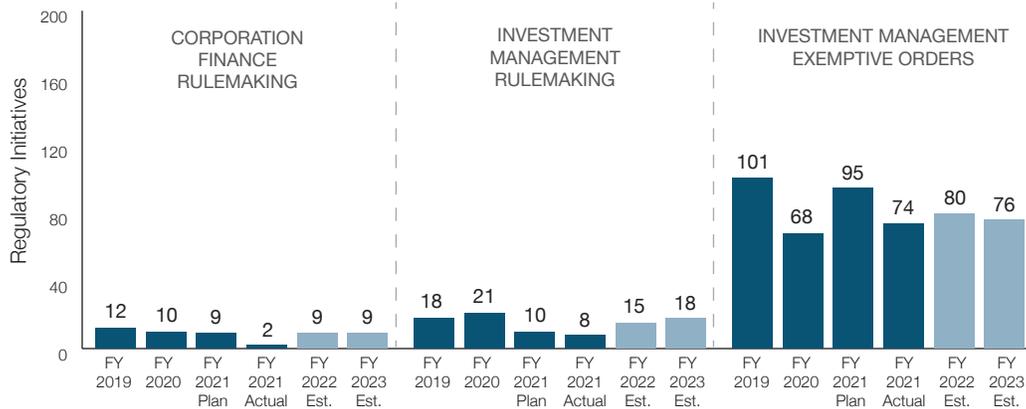
**Analysis:** In FY 2021, the Division of Enforcement exceeded the target by 18 percentage points. Going forward, the division will continue its efforts to prioritize the timeliness and efficiency of distributing funds, which have been enhanced through such efforts as centralizing certain functions and implementing various process improvements.

**Responsible Division/Office:** Division of Enforcement

**Data Source:** Case Tracking System for the Division of Enforcement

### PERFORMANCE GOAL 6

Number of regulatory initiatives (i.e., concept, proposing, and adopting releases and exemptive orders) that could impact a company’s ability to become and remain a public company, or that are designed to expand the number or range of cost-effective investment options available to retail investors



Note: Data for FY 2016 – FY 2018 is not available.

**Description:** The SEC staff provides policy recommendations to the Commission that are designed to promote capital formation while maintaining investor protection and to help improve the retail investor experience. This includes recommending proposed rules, final rules, public requests for comment, issuance of exemptive orders, and other initiatives that seek to facilitate investment product innovation, reduce regulatory burdens, and/or help retail investors have the tools and information they need to access and understand the investment options available to them.

**Target:** Corporation Finance Rulemaking – Not Met; Investment Management Rulemaking – Not Met; Investment Management Exemptive Orders – Not Met

**Analysis:** In FY 2021, the Divisions of Corporation Finance and Investment Management worked on 10 proposed rules, final rules, concept releases, and guidance releases. The SEC did not meet the rulemaking targets for FY 2021 because the length of time required for the Commission to complete a rulemaking project is inherently unpredictable. Competing priorities in the Commission, as well as the time needed to develop policy and related rulemaking documents, were factors that contributed to the divisions not achieving their FY 2021 target. The Division of Investment Management led rulemaking initiatives that were completed in FY 2021, including proposed rule amendments that are designed to improve the resiliency and transparency of money market funds. These also included proposed rule amendments designed to enhance the information that mutual funds, exchange-traded funds, and certain other funds currently report annually about their proxy votes, and to make that information easier to analyze.

**Plan for Improving Program Performance:** The SEC has assembled project teams that are actively working on the rule proposals and final rules that the FY 2022 and FY 2023 estimates contemplate. For exemptive orders, it is important to note that exemptive applications are submitted voluntarily and not required by the Commission, thus the actual figures may vary greatly from year-to-year depending on market developments and trends.

**Responsible Division/Office:** Division of Corporation Finance; Division of Investment Management

**Data Source:** Internal Databases

**PERFORMANCE INDICATOR 1**  
**Number of companies that are SEC-registered and exchange-listed**

**Description:** The estimated number of companies that are both SEC-registered (by annual filings 10-K, 20-F, and 40-F) and are listed on major U.S. exchanges.

Fiscal Year	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 Actual
Number of Companies	4,245	4,228	4,317	4,278	4,381	5,248

**Responsible Division/Office:** Division of Economic and Risk Analysis

**Data Source:** The Center for Research in Securities Prices (CRSP)

## Strategic Goal 2

Recognize significant developments and trends in our evolving capital markets and adjust our efforts to ensure we are effectively allocating our resources

---

- 2.1 Expand market knowledge and oversight capabilities to identify, understand, analyze, and respond effectively to market developments and risks.
- 2.2 Identify, and take steps to address, existing SEC rules and approaches that are outdated.
- 2.3 Examine strategies to address cyber and other system and infrastructure risks faced by our capital markets and our market participants.
- 2.4 Promote agency preparedness and emergency response capabilities.

The capital markets are evolving rapidly, mainly as a result of technology and broad, global macroeconomic factors. Staying up-to-date with market trends and developments is critical to the SEC's ability to remain an effective regulator. The agency regulates the major securities market participants, including broker-dealers, transfer agents, securities information processors, securities exchanges, clearing agencies, and other self-regulatory organizations such as the Financial Industry Regulatory Authority. In FY 2021, the SEC continued to be responsive and innovative in the face of significant market developments and trends. For example, the agency conducted 320 examinations specifically requesting information related to an entity's information security, the results of which helped to evaluate whether market participants are actively engaged in monitoring and addressing critical cybersecurity risks. In addition to the examinations, there were hundreds of outreach efforts to market participants discussing information security, many in response to cyber-related events. These examinations and outreach efforts help the SEC monitor industry developments and ensure future oversight efforts can be appropriately planned and executed. In FY 2021, approximately \$262.6 million and 600 FTEs were directed at achieving results in Strategic Goal 2. Of five performance targets, the agency met or exceeded three and did not meet two.

Rulemaking does not stop at rule adoption. In FY 2023, the SEC will continue to identify outdated Commission rules that may not be functioning as intended in today's markets. To support these efforts, the SEC continues to leverage its robust processes for obtaining public input and performing rigorous economic analyses of rules at both the proposing and adopting stages to provide greater depth in economic analysis and policymaking support. The SEC will continue identifying the benefits and costs of regulatory actions, including situations in which a rule's effects may not be consistent with expectations. For FY 2023, the agency is requesting a total of \$292.6 million and 647 FTEs to direct toward achieving results in recognizing significant developments and trends in the evolving capital markets.

**Goal Leader(s):** General Counsel; Director, Division of Trading and Markets; Director, Division of Corporation Finance; Director, Division of Investment Management; Director, Division of Economic and Risk Analysis; Director, Division of Examinations; Director, Office of Support Operations; Director, Office of Information Technology

**PERFORMANCE GOAL 7**  
**Respond to 95 percent of written requests for guidance within 90 days, in accordance with timeframes established by SEC policy**

**Description:** 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 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.

Fiscal Year	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 Plan	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Division of Trading and Markets (TM)	Prior-year data not available			98%	99%	95%	100%	95%	95%
Division of Investment Management (IM)	Prior-year data not available			100%	100%	95%	98%	95%	95%
Division of Corporation Finance (CF)	Prior-year data not available			99%	100%	95%	99%	95%	95%

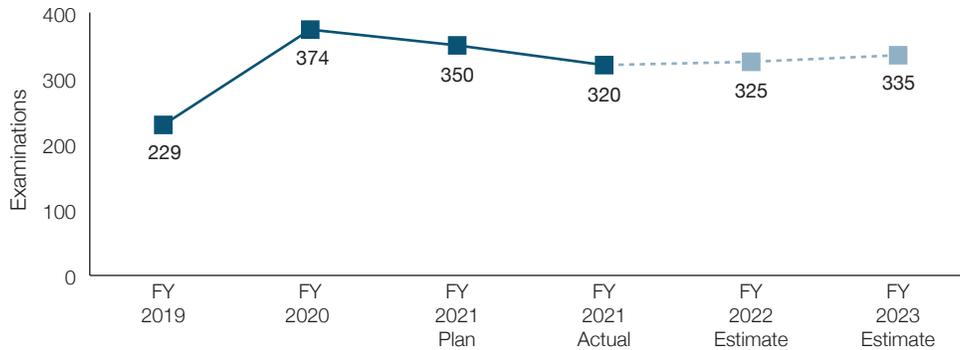
**Target:** TM – Exceeded; IM – Exceeded; CF – Exceeded

**Analysis:** During FY 2021, the SEC continued to exceed its target of issuing initial comments on exemptive applications and guidance letters within 90 days. The Divisions of Corporation Finance, Investment Management, and Trading and Markets were able to achieve this level of success because providing initial comments within the targeted timeframe has been a continuing priority.

**Responsible Division/Office:** Division of Trading and Markets; Division of Investment Management; Division of Corporation Finance

**Data Source:** CCO Project Tracker (IM) and Internal Databases (CF, TM)

**PERFORMANCE GOAL 8**  
**Number of examinations that request information related to an entity's information security**



Note: Data for FY 2016 – FY 2018 is not available.

**Description:** Managing cyber and information risks is critical to the operation of the financial markets. As a result, the SEC's risk-based examination program will ensure that a portion of its exams each year will assess whether regulated entities are monitoring, managing, and appropriately addressing these types of risks. The results of these important reviews will inform the SEC regarding industry developments and future work in this area. Overall, this metric reflects the continued focus of the SEC's examination program in this area by measuring the number of examinations reviewing critical cyber and information risks.

**Target:** Not Met

**Analysis:** The SEC remains focused on ensuring that regulated market participants are actively and effectively engaged in managing cybersecurity risks. The SEC protects and monitors developments in this area through examinations and outreach conducted by the Division of Examinations (EXAMS). During FY 2021, 320 examinations specifically requested information related to an entity's information security, the results of which helped to evaluate whether market participants are actively engaged in monitoring and addressing critical cybersecurity risks. In addition to the examinations, there were hundreds of outreach efforts to market participants discussing information security, many in response to cyber-related events. These examinations and outreach efforts help the SEC monitor industry developments and ensure future oversight efforts can be appropriately planned and executed.

**Plan for Improving Program Performance:** The performance target for this measure was set at an approximate level and the deviation from the target was minimal. Information security will be a continued focus for the Commission and the division during FY 2022 and FY 2023. EXAMS has a number of related examinations currently ongoing and expects to reach these estimated levels going forward.

**Responsible Division/Office:** Division of Examinations

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

**PERFORMANCE GOAL 9**  
**Conduct at least a certain number of disaster recovery, crisis management, or incident response exercises**

**Description:** Emergency preparedness is tested in an annual FEMA-directed exercise (called Eagle Horizon) that focuses on Continuity of Operations (COOP). Additionally, the SEC will also conduct tests through Occupant Emergency Plan (OEP) evacuation and Shelter-In-Place (SIP) exercises, and aims to enhance its computing infrastructure to eliminate down time if systems at one site fail.

Fiscal Year	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 Plan	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Number of Response Exercises	Prior-year data not available			12	6	11	7	11	11

**Target:** Not Met

**Analysis:** The COOP Eagle Horizon exercise was conducted on October 5 – 7, 2021 (FY 2022), resulting in four of five Crisis Management exercises being completed in FY 2021. Additionally, the Office of Support Operations (OSO) typically conducts Incident Response evacuation drills during the spring and summer months. However, these drills were not conducted because most SEC staff continued to telework from home due to COVID-19. In total, OSO completed five of nine planned exercises in FY 2021. The Office of Information Technology (OIT) performed two Disaster Recovery exercises (DRE) during which services, applications, and systems were failed over and failed back between primary and secondary data centers. All applications, services, and systems that participated in these exercises were tested by the system owners and end users for their functionality.

**Plan for Improving Program Performance:** Once the SEC transitions away from the mandatory telework posture, OSO plans to conduct Incident Response evacuation drills and Crisis Management exercises to meet the performance target.

**Responsible Division/Office:** Office of Information Technology; Office of Support Operations

**Data Source:** Data Center Services Branch and Internal Tracking Log

### Strategic Goal 3

Elevate the SEC's performance by enhancing our analytical capabilities and human capital development.

---

- 3.1 Focus on the SEC's workforce to increase our capabilities and leverage our shared commitment to investors, and promote diversity, inclusion, and equality of opportunity among the agency's staff.
- 3.2 Expand the use of risk and data analytics to inform how we set regulatory priorities and focus staff resources, including developing a data management program that treats data as an SEC-wide resource with appropriate data protections, enabling rigorous analysis at reduced cost.
- 3.3 Enhance our analytics of market and industry data to prevent, detect, and prosecute improper behavior.
- 3.4 Enhance the agency's internal control and risk management capabilities, including developing a robust and resilient program for dealing with threats to the security, integrity, and availability of the SEC's systems and sensitive data.
- 3.5 Promote collaboration within and across SEC offices to ensure we are communicating effectively across the agency, including through evaluation of key internal processes that require significant collaboration.

The SEC understands that maintaining a high level of staff engagement, performance, and morale is critical to executing its mission. In FY 2021, the agency remained committed to its employees as they adapted to a long-term, work-from-home posture. The agency sustained work schedule flexibilities and implemented updated COVID-19 leave programs in support of the unpredictable challenges of the pandemic environment. The SEC continued work-life and employee assistance programs to help employees maintain a safe and effective work space at home, and provided training and communications designed to maintain collaboration and support employee engagement in a primarily virtual environment.

As proven by the FY 2020 Federal Employee Viewpoint Survey response and results, the SEC continues to achieve high scores and demonstrate improvement, including with respect to employee engagement and global satisfaction. In addition, the Partnership for Public Service's *Best Places to Work* rankings recognized the SEC as one of the best agencies in the federal government, which further illustrates the commitment of the SEC's talented staff, particularly given the challenges of the past couple of years. In FY 2021, approximately \$392.5 million and 897 FTEs were directed at achieving results in Strategic Goal 3. Of the four performance targets, the agency met or exceeded two and did not meet one. The fourth target, the FY 2021 *Best Places to Work* ranking results, will be released in the summer 2022.

In FY 2023, the SEC will continue to make progress on the initiatives that will enable the Commission to use the increasing volumes and variety of data necessary to execute the agency’s mission. The SEC will work to develop enhancements to the agency’s cloud and enterprise data warehouse capabilities to better enable SEC programs to analyze large and complex data more effectively, with appropriate controls to protect non-public information. For FY 2023, the agency is requesting a total of \$437.2 million and 967 FTEs toward achieving results in elevating SEC performance by enhancing our analytical capabilities and human capital development.

**Goal Leader(s):** Chief Operating Officer; Director, Office of Human Resources; Director, Office of Information Technology; Director, Office of Support Operations



**Description:** The data gathered via the Federal Employee Viewpoint Survey (FEVS) will be used to determine the SEC’s overall success in improving employee morale and cooperation. Specifically, this performance goal will be measured via the Partnership for Public Service’s *Best Places to Work* ranking for mid-size federal agencies, as well as the percentage of positive responses to the cooperative subfactor of the FEVS, which focuses on managerial communication and collaboration.

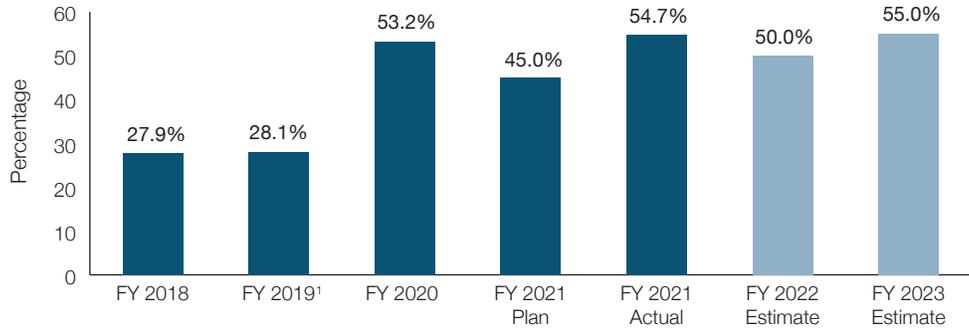
**Target:** *Best Places to Work* Ranking – N/A; Cooperative Subfactor – Met

**Analysis:** These results would not be possible were it not for the efforts of hundreds of managers, frontline staff, and union representatives working together to improve employee satisfaction and engagement. The SEC believes that this year’s results were driven in part by the agency’s continued effective response to the COVID-19 pandemic. The FEVS program within the Office of Human Resources (OHR) focuses on driving a high response rate to the FEVS each year to ensure accurate results, and helping SEC divisions and offices improve their specific results through collaboration, use of various tools, and consulting services led by OHR.

**Responsible Division/Office:** Office of Human Resources

**Data Source:** Annual Partnership for Public Service calculated ranking based on Annual Employee Viewpoint Survey (EVS) administered by the Office of Personnel Management

**PERFORMANCE GOAL 11**  
**Percentage of Plan of Action and Milestones (POA&Ms) closed or mitigated within six months from identification**



*Note: Data for FY 2016 – FY 2017 is not available.*

**Description:** The metric captures the percent of POA&Ms closed or mitigated within six months from identification, as determined by the Enterprise Governance, Risk, and Compliance Capability.

**Target:** Exceeded

**Analysis:** The improved POA&Ms closure performance during FY 2021 was the result of several reporting enhancements implemented by the Office of Information Technology (OIT), including: (1) inclusion of this and several other POA&Ms performance metrics into status reports; (2) tracking POA&Ms submission due date changes and failed POA&M closure attempts to support more proactive identification of challenging POA&Ms; (3) tracking additional information about upcoming POA&Ms due dates; and (4) providing statistics related to common risks identified by POA&Ms to support root cause analysis. OIT presented these expanded POA&Ms reports to the Chief Operating Officer, Chief Information Officer, and other key management stakeholders consistently on a biweekly basis to improve situational awareness and support a risk-based approach to prioritizing mitigation efforts. OIT anticipates even further improved POA&Ms closure performance in future years due to continuation of the actions described, as well as new automated reminder messages and an enhanced extension request approval process.

**Responsible Division/Office:** Office of Information Technology

**Data Source:** Information Securities — Enterprise Governance, Risk, and Compliance Capability

<sup>1</sup> Beginning in FY 2019, the percentage is based on the new calculation methodology. POA&Ms are identified within a 12-month period, where the end of that 12-month period is 6 months prior to the reporting period.

**PERFORMANCE GOAL 12**  
**Percentage of GAO and OIG recommendations closed out within 12 months**

**Description:** Timely completion of audit recommendations is an important SEC priority. This metric measures how well the Commission is doing completing corrective action on GAO and OIG audit recommendations within 12 months.

Fiscal Year	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 Plan	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
GAO and OIG Recommendations	Prior-year data not available		72%	50%	67% <sup>1</sup>	65%	41%	65%	65%

**Target:** Not Met

**Analysis:** The SEC did not meet its FY 2021 target for the timely completion of corrective actions on Government Accountability Office (GAO) and Office of Inspector General (OIG) audit recommendations but made important progress in closing its aged recommendations—those outstanding for over one year. By focusing on these longstanding open recommendations, the SEC achieved a notable drop in the percentage of open recommendations that are aged, from 54 percent to 31 percent, over the course of FY 2021. Also, it is important to note that this metric is highly dependent on the substance of the recommendations received from GAO and OIG. Some recommendations can be addressed more quickly, while others may require sustained efforts that take in excess of 12 months.

**Plan for Improving Program Performance:** The SEC will continue to use data analysis, bolster efforts to increase transparency and accountability, and increase its use of risk assessments to help improve the agency's ability to effectively address audit recommendations in a timely, risk-based manner. Specifically, the Office of the Chief Operating Officer (OCOO) will continue to augment its data analysis of recommendation remediation efforts to better identify specific efforts that may need increased resources or attention. OCOO is also developing additional guidance for the development of corrective action plans and providing senior management with enhanced transparency into the proposed actions.

**Responsible Division/Office:** Office of the Chief Operating Officer

**Data Source:** Audit Management System (Archer)

<sup>1</sup> The FY 2020 percentage is based on the percentage of closed GAO and OIG recommendations submitted to the auditor for closure within 12 months of report issuance. The change was made to more accurately measure the time it takes SEC to complete its corrective actions.

# Appendices

Appendix A: Verification and Validation of Performance Data.....	132
Appendix B: SEC's Responses to Government Accountability Office Reports .....	133
Appendix C: SEC'S Good Accounting Obligation in Government Act (GAO-IG Act) Report .....	136

# APPENDIX A: VERIFICATION AND VALIDATION OF PERFORMANCE DATA

The SEC's programs require accurate data to properly assess program performance and make sound management decisions. To ensure data is correct, a system of data verification and validation is used. Data verification is a systematic process for evaluating a set of data against a set of standards to ascertain its completeness, correctness, and consistency using the methods and criteria defined in the project documentation. Data validation follows the data verification process in an effort to ensure that performance data is free of systematic error or bias, and that what is intended to be measured is actually measured. Together, these processes are used to evaluate whether the information has been generated according to specifications, satisfies acceptance criteria, and is appropriate and consistent with its intended use.

Below is a list of steps taken to ensure the performance data presented in this report is complete, reliable, and accurate.

1. The agency develops performance goals through its strategic planning process.
2. The SEC's divisions and offices provide:
  - The procedures used to obtain assurance as to the accuracy and reliability of the data;
  - The data definitions for reference;
  - Documentation and explanation of the performance goal calculations; and
  - The sources of the underlying data elements.
3. The performance data is approved by the division directors and office heads. This process ensures that the data used in the calculation of performance goals is accurate and reliable, and that internal control is maintained throughout the approval process.

## APPENDIX B: SEC'S RESPONSES TO GOVERNMENT ACCOUNTABILITY OFFICE REPORTS

The following are copies of the SEC's responses sent to the Committees on Appropriations of both Houses of Congress. Substantially similar responses were sent to the Committee on Homeland Security and Governmental Affairs of the Senate, the Committee on Oversight and Government Reform of the House of Representatives, the congressional committees with jurisdiction over the agency program or activity that is the subject of the recommendation, the Office of Management and Budget, and the Government Accountability Office.

GAO Report: "Securities Regulation: SEC Could Take Further Actions to Help Achieve its FINRA Oversight Goals" (GAO-21-576SU, dated July 2021)



OFFICE OF THE CHAIR

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

January 25, 2022

The Honorable Patrick Leahy  
Chairman  
Committee on Appropriations  
United States Senate  
S-128, The Capitol  
Washington, DC 20510

The Honorable Richard Shelby  
Vice Chairman  
Committee on Appropriations  
United States Senate  
S-128, The Capitol  
Washington, DC 20510

Dear Chairman Leahy and Vice Chairman Shelby:

I am pleased to provide you with an update on the progress the U.S. Securities and Exchange Commission has made in implementing the recommendations of the U.S. Government Accountability Office (GAO) in its July 2021 report, *Securities Regulation: SEC Could Take Further Actions to Help Achieve its FINRA Oversight Goals* (GAO-21-576SU). It is the fourth report GAO has issued under Section 964 of the Dodd-Frank Act of 2010, which requires GAO to report triennially on the SEC's oversight of the Financial Industry Regulatory Authority, Inc. (FINRA).

In its report, GAO notes that the Division of Examinations' FINRA and Securities Industry Oversight ("FSIO") program conducted inspections and examinations of FINRA that included the areas specified in Section 964 of the Dodd-Frank Act. The report also made three recommendations to the SEC, on which FSIO continues to make progress. First, FSIO is working toward updating existing performance measures to reflect leading practices. The program also is developing policies and procedures for tracking identified deficiencies and associated FINRA corrective actions. Finally, FSIO is in the process of creating policies and procedures to identify and communicate the significance of its examination findings.

If you have any questions or would like to discuss this response in more detail, please contact me at (202) 551-2100, or have a member of your staff contact Kevin Burris, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. Gensler".

Gary Gensler  
Chair

GAO Report: "Securities Regulation: SEC Could Take Further Actions to Help Achieve its FINRA Oversight Goals" (GAO-21-576SU, dated July 2021)



OFFICE OF THE CHAIR

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

January 25, 2022

The Honorable Rosa L. DeLauro  
Chair  
Committee on Appropriations  
U.S. House of Representatives  
H-307, The Capitol  
Washington, DC 20515

The Honorable Kay Granger  
Ranking Member  
Committee on Appropriations  
U.S. House of Representatives  
1036 Longworth House Office Building  
Washington, DC 20515

Dear Chair DeLauro and Ranking Member Granger:

I am pleased to provide you with an update on the progress the U.S. Securities and Exchange Commission has made in implementing the recommendations of the U.S. Government Accountability Office (GAO) in its July 2021 report, *Securities Regulation: SEC Could Take Further Actions to Help Achieve its FINRA Oversight Goals* (GAO-21-576SU). It is the fourth report GAO has issued under Section 964 of the Dodd-Frank Act of 2010, which requires GAO to report triennially on the SEC's oversight of the Financial Industry Regulatory Authority, Inc. (FINRA).

In its report, GAO notes that the Division of Examinations' FINRA and Securities Industry Oversight ("FSIO") program conducted inspections and examinations of FINRA that included the areas specified in Section 964 of the Dodd-Frank Act. The report also made three recommendations to the SEC, on which FSIO continues to make progress. First, FSIO is working toward updating existing performance measures to reflect leading practices. The program also is developing policies and procedures for tracking identified deficiencies and associated FINRA corrective actions. Finally, FSIO is in the process of creating policies and procedures to identify and communicate the significance of its examination findings.

If you have any questions or would like to discuss this response in more detail, please contact me at (202) 551-2100, or have a member of your staff contact Kevin Burris, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. Gensler".

Gary Gensler  
Chair

# APPENDIX C: SEC'S GOOD ACCOUNTING OBLIGATION IN GOVERNMENT ACT (GAO-IG ACT) REPORT

The following information is provided pursuant to Section 2(b) of the GAO-IG Act relating to U.S. Government Accountability Office (GAO) and SEC Office of Inspector General (OIG) audit recommendations outstanding for longer than one year. Specifically, the following information is being submitted within the SEC's annual budget justification submitted to Congress:

- Status of public GAO recommendations outstanding for longer than one year, along with whether they have a clear budget implication and the estimated completion date (Section 1);
- Status of public OIG recommendations outstanding for longer than one year, status of corrective actions being taken, and the estimated completion date (Section 2);
- A reconciliation of the GAO recommendations listed in this report with the recommendations identified on the GAO website (Section 3);
- A reconciliation of the OIG recommendations listed in this report compared with the recommendations shown in the latest OIG Semiannual Report (Section 4); and
- A statement by the agency regarding corrective actions on audit recommendations outstanding for less than one year (Section 5).

Section 1: Status of public GAO recommendations outstanding for longer than one year that are designated by GAO as “open” or “closed, unimplemented” recommendation status, and the estimated timeframe for completion<sup>1</sup>

Neither of the two open recommendations listed in the below table have clear budget implications, and the SEC is taking corrective actions on both recommendations.

SECTION 1 Status of Public GAO “Open” Recommendations		
Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<b>GAO-13-621</b> Securities and Exchange Commission: Improving Personnel Management Is Critical for Agency's Effectiveness (dated 7/18/2013)	The Chairman of Securities and Exchange Commission should direct the Chief Operating Officer and Chief Human Capital Officer to conduct periodic validations (with staff input) of the performance management system and make changes, as appropriate, based on these validations.	Corrective actions in progress (Q3 FY 2022)
<b>GAO-18-256</b> Financial Services Regulation: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced (dated 1/30/2018)	SEC should publicly disclose its section 610 reviews, or summaries of the reviews, with the basis for any conclusions. Such disclosure could include publishing results in the Federal Register or on the agency's website.	Corrective actions in progress (Q4 FY 2022)

<sup>1</sup> The SEC is not reporting on closed recommendations that are greater than five years old. The SEC does not have any recommendations designated by GAO as "closed, unimplemented" that are less than five years old.

Section 2: Status of public OIG recommendations outstanding for longer than one year, recommendation status, and estimated timeframe for completion

There are 23 OIG recommendations in this category.

SECTION 2 Status of Public OIG Recommendations with No Final Action Taken		
Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<b>546</b> Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (dated 3/30/2018)	Develop, review, and approve secure baselines for all systems included [redacted].	Corrective actions in progress (Q3 FY 2022)
	Define and implement a process, including roles and responsibilities, to routinely: (a) [redacted]; (b) perform [redacted] of all devices within the agency's network; and (c) document, track, and address the [redacted], including those issues and vulnerabilities identified as unmitigated at the time of our audit.	Closure request submitted to OIG. Actions completed pending confirmation by OIG.
	[redacted]	Corrective actions in progress (Q4 FY 2022)
<b>549</b> The SEC Made Progress But Work Remains To Address Human Capital Management Challenges and Align With the Human Capital Framework (dated 9/11/2018)	Finalize standard operating procedures for the agency's performance management program.	Corrective actions in progress (Q3 FY 2022)

*continued on next page*

**SECTION 2**  
**Status of Public OIG Recommendations with No Final Action Taken**

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<b>552</b> Fiscal Year 2018 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/17/2018)	Update configuration management procedures to require that [redacted] are approved.	Corrective actions in progress (Q3 FY 2022)
	Complete initiatives to implement [redacted].	Corrective actions in progress (Q2 FY 2023)
<b>558</b> Fiscal Year 2019 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/18/2019)	Complete all relevant components of the [redacted], including [redacted] expiration and review date, according to [redacted].	Corrective actions in progress (Q3 FY 2022)
	Develop and document a [redacted].	Corrective actions in progress (Q3 FY 2022)
	Develop and document a formal process to either prevent or detect [redacted], as well as perform a formal review for [redacted] in accordance with U.S. Securities and Exchange Commission [redacted].	Closure request submitted to OIG. Actions completed pending confirmation by OIG.
<b>559</b> The SEC's Office of Broker-Dealer Finances Provides Effective Oversight, But Opportunities To Improve Efficiency Exist (dated 2/26/2020)	Finalize steps deemed feasible and prudent and, as necessary, (a) require broker-dealers to electronically file with the Commission annual reports and risk assessment reports, and (b) raise the capital threshold for reporting under the 17-H rules.	Corrective actions in progress (Q1 FY 2023)

*continued on next page*

**SECTION 2**  
**Status of Public OIG Recommendations with No Final Action Taken**

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<b>562</b> Opportunities Exist To Improve the SEC's Management of Mobile Devices and Services (dated 9/30/2020)	Establish and implement comprehensive processes and procedures and/or update existing guidance to: (a) Require periodic reviews and reconciliations of mobile device usage reports, rate plan analysis reports, and mobile device management system reports to identify and address key indicators of potential inefficient or unauthorized use including overuse, underuse, or zero use; and (b) Require periodic reviews of wireless service providers' invoices to ensure unusual or additional charges, such as international charges, are accurate, are for authorized purposes, and are adequately supported.	Corrective actions in progress (Q3 FY 2022)
	Update existing guidance to include periodic assessments and re-certifications of the continued need for mobile devices, specify criteria for assigning rate plans to mobile device users, and establish a process for communicating the plans' limits to users.	Corrective actions in progress (Q3 FY 2022)
	Update applicable system security plans to include security controls applicable to mobile devices identified in Federal guidance, and update documentation [redacted].	Corrective actions in progress (Q3 FY 2022)

*continued on next page*

**SECTION 2**  
**Status of Public OIG Recommendations with No Final Action Taken**

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<p><b>562</b>                      Opportunities Exist To Improve the SEC's Management of Mobile Devices and Services (dated 9/30/2020)</p>	<p>Update existing policies and procedures to include additional controls addressing mobile device inventory, provisioning, applications, sanitization, and operating system updates. Specifically, OIT should update existing policies and procedures to:</p> <ul style="list-style-type: none"> <li>(a) Require a periodic reconciliation between [redacted] and the mobile device management system, and clearly define which mobile devices should be enrolled in the mobile device management system;</li> <li>(b) Clearly define the roles, responsibilities, and processes for provisioning devices based on business need;</li> <li>(c) Include processes for [redacted];</li> <li>(d) Include processes to periodically monitor mobile devices for [redacted];</li> <li>(e) Define the roles, responsibilities, and processes (including the timeline) [redacted]; and</li> <li>(f) Include [redacted].</li> </ul>	<p>Corrective actions in progress (Q3 FY 2022)</p>

*continued on next page*

**SECTION 2**  
**Status of Public OIG Recommendations with No Final Action Taken**

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<b>563</b> Fiscal Year 2020 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/21/2020)	Develop and document: (a) Agency requirements for applying security and operating system updates to mobile devices in an organizationally defined timeframe; (b) [redacted]; (c) [redacted]; and (d) [redacted].	Corrective actions in progress (Q3 FY 2022)
	Develop and document processes for performing risk-based reviews [redacted] on an organizationally defined frequency.	Closure request submitted to OIG. Actions completed pending confirmation by OIG.
	Define and implement a process to incorporate results from the assessments of knowledge, skills, and abilities into the security training strategy.	Corrective actions in progress (Q3 FY 2022)
	a) Identify and define the U.S. Securities and Exchange Commission's Information and Communications Technology Supply Chain risks; b) develop and define a supply chain risk management strategy which addresses the agency's Information and Communications Technology Supply Chain risks with respect to contingency planning activities; and c) incorporate the supply chain risk management strategy into contingency planning policies and procedures.	Closure request submitted to OIG. Actions completed pending confirmation by OIG.

*continued on next page*

**SECTION 2**  
**Status of Public OIG Recommendations with No Final Action Taken**

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<b>566</b> SEC Can Further Strengthen the Tips, Complaints, and Referrals Program (dated 2/24/2021)	Develop and implement an oversight process, policies, or controls to ensure that TCRs received by SEC staff are timely entered into the TCR system in accordance with the Commission-wide Policies and Procedures for Handling Tips, Complaints and Referrals.	Closure request submitted to OIG. Actions completed pending confirmation by OIG.
	Develop and implement an oversight process, policies, or controls to ensure divisions and offices adequately and timely describe in TCR notes circumstances preventing timely resolution in accordance with applicable division or office policy.	Closure request submitted to OIG. Actions completed pending confirmation by OIG.
	Assess the need to further communicate with and/ or train SEC employees responsible for entering, triaging, and disposing of TCRs to improve awareness of their individual responsibilities and the Office of Market Intelligence triage process.	Closure request submitted to OIG. Actions completed pending confirmation by OIG.
	Continue efforts to plan for the acquisition of technologies for a new TCR system, ensuring those plans incorporate new system requirements, including end-user recommendations, as appropriate, and lessons learned from the existing system's development history.	Closure request submitted to OIG. Actions completed pending confirmation by OIG.
	Assess whether the future TCR system should include a reporting function for end-users, considering the costs and benefits of the current TCR reporting method and business needs, and, if needed, incorporate a reporting function into the requirements for the new TCR system.	Closure request submitted to OIG. Actions completed pending confirmation by OIG.

### Section 3: GAO.gov Recommendation Database Reconciliation

Section 1 of this report lists two open GAO recommendations. The GAO.gov Recommendation Database lists seven open recommendations as of March 23, 2022. The table below provides more detailed information on the five recommendations currently listed as “open” on GAO.gov but not listed in Section 1. The five are not listed in Section 1 because they have been outstanding for less than one year.

SECTION 3 Analysis of Discrepancies Between Section 1 Table and GAO.gov Recommendation Database		
Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<b>GAO-21-583</b> COVID-19: Selected Agencies Overcame Technology Challenges to Support Telework but Need to Fully Assess Security Controls (dated 9/30/2021)	The Chair of SEC should ensure that the agency documents relevant IT security controls and enhancements in the security plan for the system that provides remote access for telework.	Corrective actions in progress (Q4 FY 2022)
	The Chair of SEC should ensure that the agency assesses and sufficiently documents the assessment of relevant IT security controls and enhancements for the system that provides remote access for telework.	Corrective actions in progress (Q3 FY 2022)
<b>GAO-22-10536</b> Securities Regulation: SEC Could Take Further Actions to Help Achieve Its FINRA Oversight (dated 12/15/2021)	The Director of the Division of Examinations should develop FSIO performance measures that reflect leading practices, including measuring progress in achieving FSIO’s mission, setting targets against which actual performance can be measured, incorporating key elements of FSIO’s oversight activities, and providing information on the outcomes of FSIO program activities related to its stated mission goals and objectives.	Corrective actions in progress (Q4 FY 2022)
	The Director of the Division of Examinations should develop and implement FSIO policies and procedures for tracking identified deficiencies and associated FINRA corrective actions, including establishing when and how to monitor findings and FINRA’s implementation of corrective measures.	Corrective actions in progress (Q4 FY 2022)
	The Director of the Division of Examinations should develop and implement FSIO procedures to identify and communicate the significance of its inspection and examination findings.	Corrective actions in progress (Q4 FY 2022)

## Section 4: OIG Semiannual Report Reconciliation

There are nine discrepancies between Table 4 in the OIG Semiannual Report dated April 1, 2021 – September 30, 2021 (OIG Report) and the table presented in Section 2 of this report. All nine discrepancies exist because the OIG has closed these recommendations since the release of the OIG Report.

SECTION 4 Analysis of Discrepancies Between Section 2 Table and OIG Semiannual Report Recommendations Listed in OIG Semiannual Report		
Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<b>546</b> Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (dated 3/30/2018)	Review and update incident response plans, policies, procedures, and strategies to (a) address all common threat and attack vectors and the characteristics of each particular situation; (b) identify and define performance metrics that will be used to measure and track the effectiveness of the agency's incident response program; (c) develop and implement a process to ensure that incident response personnel obtain data supporting the incident response metrics accurately, consistently, and in a reproducible format; (d) define incident response communication protocols and incident handlers' training requirements; and (e) remove outdated terminology and references.	Closed by auditors on 11/4/2021
<b>552</b> Fiscal Year 2018 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/17/2018)	Complete initiatives to implement [redacted].	Closed by auditors on 1/1/2022

*continued on next page*

**SECTION 4**  
**Analysis of Discrepancies Between Section 2 Table and OIG Semiannual Report**  
**Recommendations Listed in OIG Semiannual Report**

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<b>556</b> The SEC Can More Strategically and Securely Plan, Manage, and Implement Cloud Computing Services (dated 11/7/2019)	Develop a roadmap and implementation plan for cloud migration that provides for evaluating the agency's information technology portfolio; prioritizing systems and services for migration to the cloud, as appropriate, based on potential benefits and risks; and tracking of cloud-related goals.	Closed by auditors on 12/1/2021
	Develop policies and procedures to ensure the following for all new and existing cloud computing services: (a) Applicable cloud system security controls and enhancements are included in the respective SEC cloud-based system security plan. (b) Applicable cloud system security controls and enhancements are assessed and supported by sufficient evidence in the respective SEC cloud-based system security assessment report. (c) The SEC authorizing official is provided with complete and appropriate information necessary to make risk-based decisions on whether to authorize the agency's cloud systems to operate.	Closed by auditors on 1/11/2022
<b>558</b> Fiscal Year 2019 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/18/2019)	a) Develop a methodology to demonstrate the control assignments from National Institute of Standards and Technology Special Publication 800-53, Revision 4, including control tailoring and inheritance; and b) Update the Securities and Exchange Commission's System Security Plan templates to ensure control tailoring justification corresponds to the methodology covered in part a).	Closed by auditors on 12/23/2021
<b>563</b> Fiscal Year 2020 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/21/2020)	Develop and document a process to consistently [redacted].	Closed by auditors on 11/4/2021

*continued on next page*

**SECTION 4**  
**Analysis of Discrepancies Between Section 2 Table and OIG Semiannual Report**  
**Recommendations Listed in OIG Semiannual Report**

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<b>564</b> The SEC's OIEA Could Benefit From Increased Coordination, Additional Performance Metrics, and Formal Strategic Planning (dated 1/13/2021)	Develop and implement methods, including specific performance metrics, to measure the impact and efficacy of its investor education program.	Closed by auditors on 1/19/2022
<b>565</b> The SEC Has Taken Steps to Strengthen Its Monitoring of ISS Contractor's Performance, But Additional Actions Are Needed (dated 2/24/2021)	Evaluate quality assurance surveillance guidance available in the Office of Acquisitions' Contract Administration Guide and incorporate applicable guidance and examples into the agency-wide contract administration policies to ensure oversight personnel understand its applicability and develop timely contract quality assurance surveillance plans.	Closed by auditors on 10/15/2021
	Update the agency's policies and procedures to enhance the timely and quality reporting of past performance information by clarifying Contractor Performance Assessment Reporting System report (1) due dates, and (2) narrative contents to more fully support contractor ratings, in accordance with Federal Acquisition Regulation requirements and government-wide guidance.	Closed by auditors on 10/15/2021

Section 5: Recommendations outstanding for less than one year, for which the agency is determining whether to implement the recommendation

As of March 23, 2022, the SEC has 30 OIG and 5 GAO recommendations outstanding for less than one year. The agency is in agreement with all 35 recommendations and is currently implementing corrective action plans.

The SEC's FY 2023 Congressional Budget Justification/Annual Performance Plan and FY 2021 Annual Performance Report were successfully produced through the efforts of our talented staff. To these individuals, we offer our sincerest appreciation. To comment on this report, please send an email to [OFM\\_budget\\_formulation@sec.gov](mailto:OFM_budget_formulation@sec.gov).



U.S. Securities and Exchange Commission  
Washington, DC 20549  
SEC.gov

