



THE CHAIRMAN

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

MEMORANDUM

From: Elisse B. Walter *Elisse B. Walter*
Chairman, U.S. Securities and Exchange Commission

Subject: U.S. Securities and Exchange Commission's (SEC)
FY 2012 Conference Spending

Date: January 31, 2013

The Office of Management and Budget (OMB) has issued memorandum M-12-12, which requires federal agencies to issue an annual report regarding its conference-related expenditures for the previous year. Accordingly, below is the relevant information about SEC sponsored conference spending for Fiscal Year 2012.

The SEC has put in place policies and procedures governing the approval and use of agency funds for conference expenses to ensure that such spending is legal, reasonable, and in furtherance of the agency's mission. At a high level, the major steps in this process are as follows:

1. All SEC division/office requests to spend money on a conference must be approved by the division/office head. Divisions and offices are required to use SEC facilities for such events wherever possible to minimize space rent and equipment costs. To limit expenses for meals or refreshments, the SEC uses per diem rates established for the federal government as the ceiling for any such costs, except when higher rates are unavoidable or otherwise justified, as approved in advance by the Chief Financial Officer.
2. When a request for conference spending is necessary and has received approval from the division/office head, it is reviewed by staff in the Office of Financial Management to ensure the expenses are permissible and reasonable.
3. In accordance with OMB Memorandum M-12-12, each request must receive final approval from either the Chief Financial Officer (if the estimated cost is up to \$100,000), or the Chief Operating Officer (if the estimated expenses are between \$100,000 and \$500,000). The agency will not pay for a conference costing more than \$500,000, unless a waiver is approved by the Chairman.

For Fiscal Year 2012, the SEC authorized a total of **\$797,120** for expenditures related to 21 conferences (including training conferences) which used Fiscal Year 2012 funding.

Conferences over \$100,000

In Fiscal Year 2012, the SEC authorized two conferences costing over \$100,000, both of which took place at SEC headquarters to minimize costs. The details for these two conferences are shown below:

- A. Chief Enforcement Conference (CEC), SEC headquarters, Washington DC, October 2-5, 2012
- Total Cost incurred: \$199,867
 - Number of attendees: 119 SEC Employees (19 Headquarters and 100 SEC Regional)
 - Expenses incurred were for travel and lodging expenses for 100 SEC Regional staff members
 - No additional costs were incurred for meals, refreshments, space rental, or equipment rental

The Division of Enforcement's mission is to enforce the securities laws, supporting the Commission's mandate to protect investors. This annual conference gathers managers from the nationwide Enforcement program to review and collaborate on organizational priorities. At the CEC, leaders learn from recent work throughout the program and coordinate with other Divisions and offices within the SEC. This allows the Division to maximize shared knowledge that assists the Division in keeping pace with the sophisticated and dynamic capital markets. Highlights of the conference included panel discussions on partnerships with other Federal and State law enforcement entities, lessons learned from recent Enforcement activities, and a rollout of initiatives for Fiscal Year 2013. Additionally, topics specific to management staff were addressed in this forum, enabling consistency of policy, procedure, and communication across the Division.

- B. 2012 National Examination Program (NEP) Leadership Conference, SEC headquarters, Washington DC, June 15, 2012
- Total Cost incurred: \$203,501
 - Number of attendees: 254 SEC Employees (52 Headquarters and 202 SEC Regional)
 - Expenses incurred were \$202,200 for travel and lodging expenses for 202 SEC Regional staff members and \$1,301 for light refreshments.

The Office of Compliance Investigations and Examinations' (OCIE) protects investors through conducting examinations of the nation's registered entities (e.g., broker-dealers, investment advisers, investment companies, self-regulatory organizations). OCIE's mission is to improve compliance, prevent fraud, monitor risk and inform policy. The 2012 NEP Leadership Conference focused attention on initiatives related to increasing our capabilities in these areas, allowing OCIE to maximize shared knowledge and apply it in connection with its examinations. This conference gathered SEC managers from across the NEP to collaborate on strategic planning and organizational priorities. The conference included discussions on governance, structure, process, technology, and compliance related to risk assessment tools and procedures, implementation of Dodd-Frank Act requirements and rulemaking, and collaboration with other Commission offices and divisions.