



U.S. SECURITIES AND  
EXCHANGE COMMISSION

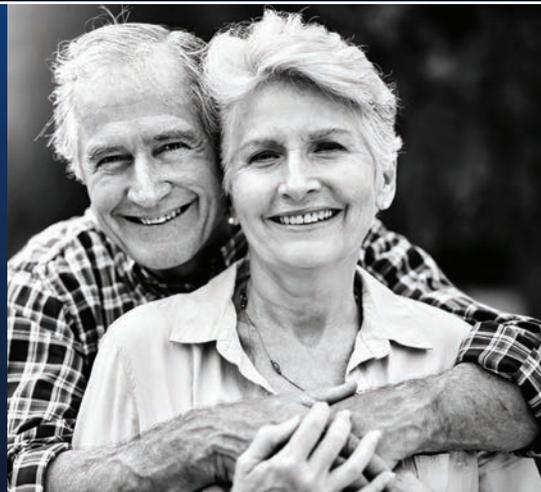
FISCAL YEAR 2020

# Congressional Budget Justification Annual Performance Plan

FISCAL YEAR 2018

# Annual Performance Report

PROTECTING  
INVESTORS



MAINTAINING  
FAIR, ORDERLY,  
AND EFFICIENT  
MARKETS



FACILITATING  
CAPITAL  
FORMATION



# Contents

|   |            |
|---|------------|
| <b>Agency and Mission Information</b> .....                                   | <b>1</b>   |
| Executive Summary .....   | 3          |
| Mission, Vision, Values, and Goals.....                                       | 8          |
| History and Purpose .....   | 10         |
| Organizational Structure.....   | 11         |
| <b>FY 2020 Budget Request Tables</b> .....                                    | <b>13</b>  |
| Positions and Full-Time Equivalents by Program.....                           | 15         |
| Obligations by Object Class.....  | 16         |
| Strategic Goal and Program.....   | 17         |
| Request Summary of Changes .....  | 18         |
| <b>FY 2020 Appropriations Language</b> .....                                  | <b>19</b>  |
| <b>FY 2020 Budget Request by Program</b> .....                                | <b>21</b>  |
| <b>Other Information</b> .....  | <b>81</b>  |
| Risks, Internal Controls, and Management Challenges.....                      | 83         |
| Cross-Agency Collaboration .....  | 88         |
| Evidence Building .....   | 91         |
| Links to Additional Information and Resources .....                           | 93         |
| <b>FY 2020 Annual Performance Plan</b> .....                                  | <b>95</b>  |
| Performance Plan by Strategic Goal.....                                       | 97         |
| <b>FY 2018 Annual Performance Report</b> .....                                | <b>107</b> |
| FY 2018 Annual Performance Report Summary.....                                | 109        |
| Performance by Strategic Goal and Strategic Objective.....                    | 110        |
| <b>Appendices</b> .....   | <b>141</b> |
| Appendix A: Verification and Validation of Performance Data.....              | 143        |
| Appendix B: SEC's Responses to Government Accountability Office Reports ..... | 144        |
| Appendix C: Discontinued Performance Goals and Indicators.....                | 168        |
| Appendix D: Information Technology Resource Statement.....                    | 171        |

## 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) 2020 and the Annual Performance Report (APR) for FY 2018, 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.

- Government Performance and Results Modernization Act of 2010
- Office of Management and Budget (OMB) Circular A-11, *Preparation, Submission, and Execution of the Budget*
- Government Management Reform Act of 1994
- Reports Consolidation Act of 2000
- OMB Circular A-136, *Financial Reporting Requirements*

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 2020 CBJ and APP and FY 2018 APR, email [OFM\\_budget\\_formulation@sec.gov](mailto:OFM_budget_formulation@sec.gov).

# Agency and Mission Information

|   |    |
|---|----|
| Executive Summary .....                 | 3  |
| Mission, Vision, Values, and Goals..... | 8  |
| History and Purpose .....               | 10 |
| Organizational Structure.....           | 11 |

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# EXECUTIVE SUMMARY

The U.S. Securities and Exchange Commission (SEC) is pleased to submit its budget request for fiscal year (FY) 2020. The SEC is requesting \$1.746 billion in support of 4,694 positions and 4,502 full-time equivalents (FTE) to carry out our statutory mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. These expenses will be offset by matching collections of fees on securities transactions. The request would permit the SEC, in particular, to (1) pursue the initiatives in the SEC's [2018–2022 Strategic Plan](#);<sup>1</sup> (2) modernize key information technology (IT) systems and enhance the security of our systems and data; and (3) fill 34 new positions that will enhance our ability to carry out our mission and execute on our strategic goals.

The SEC's broad mission covers a lot of ground. We oversee over \$97 trillion in securities trading annually on U.S. equity markets and the activities of over 27,000 registered market participants, including investment advisers, mutual funds, exchange-traded funds (ETF), broker-dealers, municipal advisors, and transfer agents. We are responsible for selectively reviewing the disclosures and financial statements of almost 8,000 reporting companies, of which approximately 4,300 are exchange listed. Of the top 100 public companies in the world, 81 fall under the SEC's reporting requirements. 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](#). We provide critical market services through our IT systems. On a typical day, investors and other market participants access disclosure documents through the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system 41 million times. The agency also oversees 22 national securities exchanges, 10 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).

FY 2020 is our first budget request tied to the SEC's new Strategic Plan, which reflects our strong desire to adapt the SEC's operations to meet more effectively the challenges of ever-evolving securities markets while recognizing the importance of being a responsible steward of federal resources. Building on our FY 2019 request, our FY 2020 request would enable the SEC to engage in a number of initiatives that would benefit the long-term interests of our Main Street investors, including promulgating rules to increase access to investment opportunities for investors and access to capital for businesses; enforcing the federal securities laws and punishing bad actors that violate those laws; and strengthening our cybersecurity and IT infrastructure and expertise. The request also would allow the agency to add 34 new

<sup>1</sup> [SEC.gov/strategic-plan](#)

positions that, along with the FY 2019 request, would enable the SEC to restore approximately one-third of the 400 positions lost to attrition over the past two fiscal years. By enabling us to invest in staff with skills and expertise in vital areas such as cybersecurity and market oversight, this request would enable us to shift or expand our focus in certain key areas for the benefit of our Main Street investors and companies, and to adapt to keep pace with changes in the markets we oversee.

The following sections highlight the agency's key priorities for FY 2020 in implementing our new Strategic Plan.

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

Serving the long-term interests of our Main Street investors is a top priority, and the SEC's new Strategic Plan identifies a number of goals to achieve this, including increasing investor access to long-term, cost-effective investment opportunities; enhancing our outreach, education, and consultation efforts; modernizing the design, delivery, and content of disclosures to investors; and pursuing enforcement and examination initiatives focused on identifying and addressing misconduct that impacts retail investors.

The FY 2020 request would enable the SEC to expand the new Office of the Advocate for Small Business Capital Formation (OASB), whose mission is to provide outreach, offer assistance, and give voice at the Commission to small businesses and small business investors. In December 2018, the Commission selected the Advocate, and the FY 2020 request would enable us to bring OASB's total staffing to eight positions. The request would also enable us to support the work of a new Advisory Committee on Small Business Capital Formation designed to solicit ideas from the public about ways to better facilitate small business capital formation.

Further, the FY 2020 request would add one new position to the Division of Corporation Finance to assist with new capital formation policy and rulemaking initiatives. This would include the continuation of efforts to consider a scaled disclosure framework for smaller companies; disclosure modernization and simplification; and anticipated recommendations arising out of our upcoming request for comment on the exemptive offering regulatory framework.

The FY 2020 request also would add six positions to the Division of Enforcement (ENF) to expand our capability to investigate and prosecute alleged misconduct involving actions that affect Main Street investors. These positions will bolster our Retail Strategy Task Force, which develops strategies to identify and combat practices that harm Main Street investors. The FY 2020 request would also enable us to restore funding that is used to provide cost-effective contractor support to ENF investigators and litigators, including specialized expertise and paralegal support.

Our examination program, executed by the Office of Compliance Inspections and Examinations (OCIE), is another key area where our work directly protects the interests of Main Street investors. The SEC in recent years has been leveraging data, advanced risk analytics, and human capital to successfully focus its limited resources where they can have the most benefit. These efforts have resulted in a number of significant improvements, including expanded coverage of investment advisers even as the amount of assets under management by investment professionals continues to increase. To highlight, examination coverage of investment advisers was approximately 17 percent in FY 2018, nearly double the 9 percent coverage we had just five years ago. The FY 2020 request would allow us to restore five positions to OCIE, enabling it to bring on additional industry expertise and continue its risk-based efforts to detect behaviors that harm Main Street investors. The request would also provide cost-effective contractor support to examination staff.

The FY 2020 request would also permit expanded outreach to investors. Through our new “Tell Us” initiative, we have already been encouraging the public to provide us with feedback on current and proposed rules. The FY 2020 request would enable us to continue our outreach efforts to meet the needs of Main Street investors through the work of our Offices of Investor Education and Advocacy and the Office of the Investor Advocate, and to small business owners and investors through OASB. The SEC also plans to conduct additional research to gain deeper insight into how different types of investors participate in our capital markets.

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

Our markets are changing rapidly, principally as a result of technology and broad, global macro-economic factors. Being able to stay current with market trends and developments is essential to the SEC’s ability to remain an effective regulator. The FY 2020 request would add four additional positions to the Division of Trading and Markets, which regulates the major securities market participants such as broker-dealers, transfer agents, securities information processors, securities exchanges, clearing agencies, and other self-regulatory organizations such as FINRA. These positions would be used to add market experts who can expand the agency’s depth of expertise in vital areas such as fixed-income markets, Treasury markets, digital asset markets, and other asset classes, as well as provide additional insight into trading firm operations and potential areas of systemic risk.

The FY 2020 request would also address the critical role the Division of Investment Management (IM) plays in protecting Main Street investors through its regulation of mutual funds, variable insurance products, and ETFs, among other products. Because these products attract the vast majority of Main Street investor assets, expanding our oversight on these products is a key strategic focus. The FY 2020 request would provide four additional positions for IM to provide added depth of expertise in specialty areas including private funds, variable insurance products, and investment advisers. The request also includes one position for the Office of

Municipal Securities to carry out work identified by the Fixed Income Market Structure Advisory Committee (FIMSAC) to address municipal instrument market transparency.

The Strategic Plan also calls for identifying outdated Commission rules that might not be functioning as intended in today's markets. To support these efforts, the FY 2020 request would enable us to hire two additional positions in the Division of Economic and Risk Analysis to provide greater depth in economic analysis and policymaking support throughout the rulemaking lifecycle.

### Evaluate the SEC's performance by enhancing our analytical capabilities and human capital development

Because of the importance of the SEC's mission to our markets, investors, and businesses, it is imperative that we continually adapt our operational focus to meet new challenges and risks. One key strategic initiative, for instance, calls for expanding our internal enterprise risk capabilities. The SEC in February 2019 announced the hiring of a new Chief Risk Officer (CRO) to coordinate our enterprise risk management efforts across the agency, and we plan to add three positions to support the CRO: two later in FY 2019 and one under the FY 2020 request.

Technology is also a crucial focus of the SEC's Strategic Plan, and the FY 2020 request would enable the SEC to continue investments to strengthen the security of our systems and data; retire outdated legacy systems; and develop new IT systems and analytic tools to help us become more efficient in our work. In FY 2018, the SEC began implementing our Technology Strategic Plan to streamline the delivery of technology, strengthen operational resiliency, and improve information available to investors and markets. The agency has made advancements in foundational areas including cybersecurity, secure cloud infrastructure, and data management. FY 2020 will be a critical year for the agency to follow through on strategic technology priorities, which include a number of multi-year initiatives. For FY 2020, the request seeks an increase of \$20 million for IT to ensure that our systems remain relevant to our changing needs.

Continued improvements in our cybersecurity risk profile remains a top use of our IT resources for FY 2020. To date, the agency has undertaken significant efforts to uplift our cybersecurity risk profile by deploying new security capabilities, engaging with outside experts to actively test our security posture, improving our enterprise security controls and practices, reducing the amount of sensitive information contained in SEC systems, and taking better advantage of the cybersecurity tools and services provided by the Department of Homeland Security. The agency also has a comprehensive assessment underway of ways to further reduce our "attack surface." We will be taking additional actions in FY 2020 to further strengthen our cybersecurity posture based on the recommendations from this assessment.

Other priority IT initiatives that the FY 2020 budget request would support include:

- Continuing the development of a modernized, more secure EDGAR filing system;
- Expanding the SEC's use of secure cloud computing to deliver an expanded range of services at lower cost and in a more secure manner;
- Deploying enhancements to critical analytic systems and upgrading the agency's electronic discovery and document management tools;
- Retiring legacy SEC systems and applications in favor of modernized, more secure replacements; and
- Digitizing business processes to improve efficiency.

To further these initiatives, the FY 2020 request seeks the resources to hire three additional staff positions to the Office of Information Technology (OIT). These positions would be used to deepen OIT's expertise in new technologies such as cloud computing, and to expand our proactive monitoring of network and systems for malicious activity by cyber threat actors.

The FY 2020 budget request also assumes the SEC will have continued access to the Commission's Reserve Fund to provide resources for IT improvements, including cybersecurity and multi-year improvements. The Reserve Fund allows the SEC to commit to important, long-term technology initiatives that otherwise would be more difficult to execute due to year-to-year funding uncertainties.

### Real Property Leasing

A final component of the SEC's FY 2020 request relates to the SEC's ongoing efforts, in partnership with the General Services Administration (GSA), to conduct competitive procurements for replacement leases for the agency's Washington, DC, headquarters and New York Regional Office (NYRO). With respect to the SEC's Washington, DC, headquarters, a competitive acquisition is underway, and GSA anticipates the announcement of a contract award before the end of FY 2019. The agency's FY 2020 request includes funding to extend the current headquarters lease to align with the anticipated 2024 start of the agency's new headquarters lease and, should a move be necessary, to begin planning for any move of personnel, equipment, and technology. With respect to the NYRO lease, GSA anticipates a contract award early in FY 2020. Because the outcome of the competitive acquisition may require moving to a new space, the FY 2020 request includes \$10.5 million to fund the planning and execution of the movement of files, equipment, and personnel from the SEC's current office in New York. These funding requirements are contingent on the outcome of the competitive acquisitions, and we plan to reevaluate these needs, in coordination with GSA, as the outcomes of these acquisitions are known.

## 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> (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.



We have sought to put forward the rule of fair play in finance and industry.

—Former President Franklin D. Roosevelt during a speech to Congress two days after signing the Securities Exchange Act of 1934

## 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 the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB), and the Public Company Accounting Oversight Board (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)

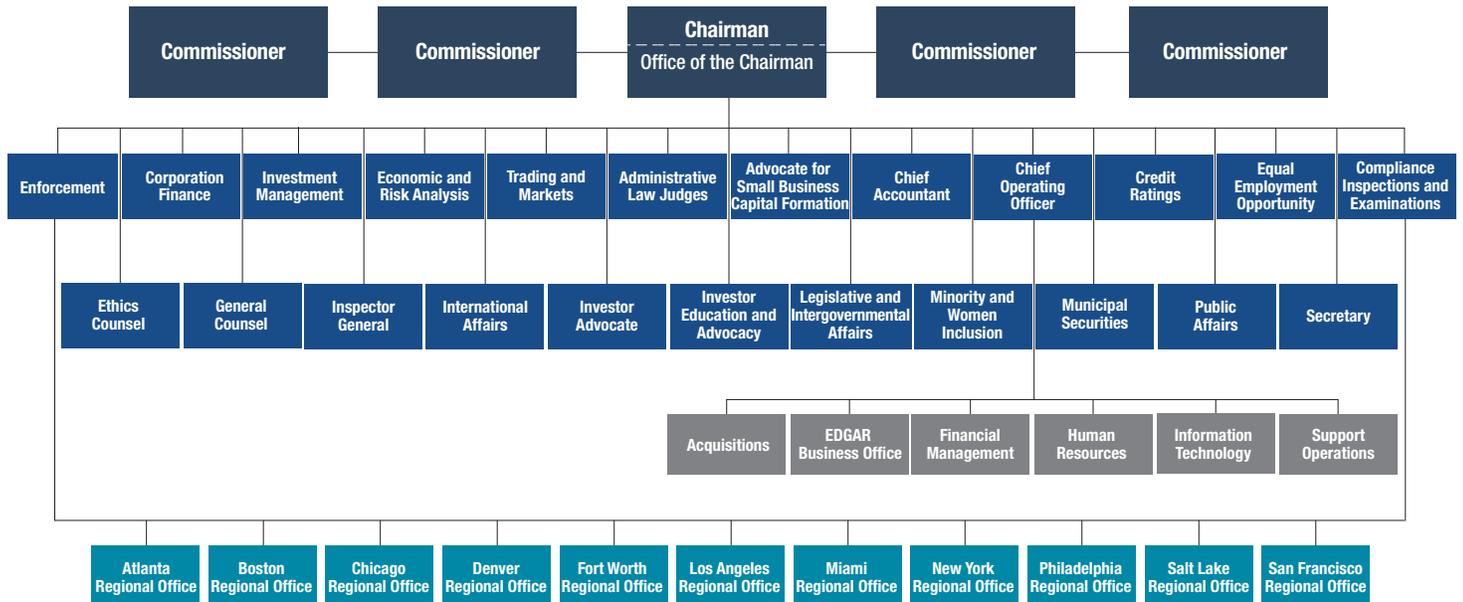
<sup>2</sup> More information about the Securities Exchange Act of 1934 can be found at [SEC.gov/about/laws/sea34.pdf](https://www.sec.gov/about/laws/sea34.pdf)

<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

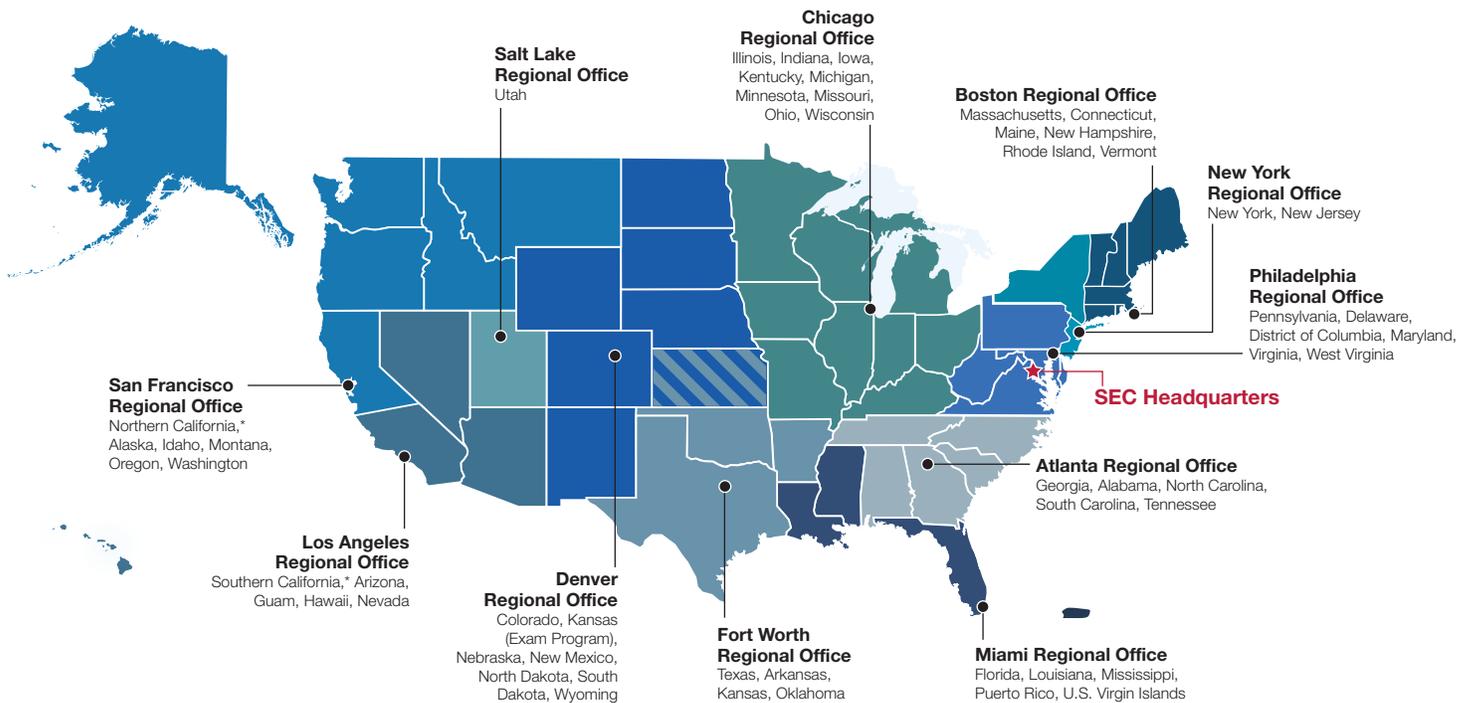
The SEC is an independent federal agency, established pursuant to the Securities Exchange Act of 1934, headed by a bipartisan, five-member Commission. The Commissioners are appointed by the President and confirmed by the Senate. The President designates one of the Commissioners as the Chairman. The five Commission members act jointly to set and enforce the rules that govern the securities markets and its participants. The Chairman is responsible for overseeing the executive and administrative functions of the agency and its approximately 4,500 staff members, who are organized into 5 divisions and 25 offices.

The organization chart below is accurate as of March 2019.



## 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

# FY 2020 Budget Request Tables

|   |    |
|---|----|
| Positions and Full-Time Equivalents by Program..... | 15 |
| Obligations by Object Class .....                   | 16 |
| Strategic Goal and Program.....                     | 17 |
| Request Summary of Changes.....                     | 18 |

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

|  | FY 2018 Actuals     |              | FY 2019<br>Continuing Resolution<br>(Annualized) |              | FY 2020 Request        |              |
|--|---------------------|--------------|--|--------------|------------------------|--------------|
|  | Actual<br>Positions | FTE          | Estimated<br>Positions                           | FTE          | Estimated<br>Positions | FTE          |
| <b>Enforcement</b>                                 | 1,337               | 1,385        | 1,356  | 1,353        | 1,362                  | 1,366        |
| <b>Compliance Inspections and<br/>Examinations</b> | 1,078               | 1,024        | 1,102  | 1,009        | 1,107                  | 1,024        |
| <b>Corporation Finance</b>                         | 424                 | 423          | 428  | 410          | 429                    | 412          |
| <b>Trading and Markets</b>                         | 248                 | 246          | 267  | 243          | 271                    | 255          |
| <b>Investment Management</b>                       | 178                 | 174          | 185  | 173          | 189                    | 178          |
| <b>Economic and Risk Analysis</b>                  | 146                 | 148          | 151  | 141          | 153                    | 144          |
| <b>General Counsel</b>                             | 137                 | 134          | 139  | 131          | 140                    | 132          |
| <b>Other Program Offices</b>                       |                     |              |  |              |                        |              |
| Chief Accountant                                   | 48                  | 47           | 49   | 45           | 50                     | 46           |
| Investor Education and<br>Advocacy                 | 44                  | 43           | 45   | 42           | 45                     | 43           |
| International Affairs                              | 51                  | 52           | 52   | 51           | 52                     | 52           |
| Administrative Law Judges                          | 14                  | 12           | 14   | 11           | 14                     | 11           |
| Investor Advocate                                  | 11                  | 11           | 12   | 11           | 12                     | 12           |
| Credit Ratings                                     | 42                  | 41           | 44   | 40           | 44                     | 41           |
| Municipal Securities                               | 9                   | 9            | 10   | 9            | 11                     | 10           |
| Advocate for Small Business<br>Capital Formation   | —                   | —            | 5  | 2            | 8                      | 6            |
| <b>Subtotal</b>                                    | <b>219</b>          | <b>215</b>   | <b>231</b>                                       | <b>211</b>   | <b>236</b>             | <b>221</b>   |
| <b>Agency Direction and Administrative Support</b> |                     |              |  |              |                        |              |
| Executive Staff                                    | 48                  | 37           | 50   | 46           | 50                     | 47           |
| Public Affairs                                     | 20                  | 21           | 21   | 19           | 21                     | 20           |
| Secretary  | 24                  | 24           | 24   | 21           | 24                     | 21           |
| Chief Operating Officer                            | 13                  | 10           | 15   | 13           | 16                     | 14           |
| Financial Management                               | 92                  | 92           | 93   | 87           | 93                     | 88           |
| Information Technology                             | 180                 | 174          | 200  | 182          | 203                    | 195          |
| Human Resources                                    | 105                 | 107          | 110  | 104          | 111                    | 107          |
| Acquisitions                                       | 56                  | 57           | 57   | 54           | 57                     | 55           |
| Support Operations                                 | 96                  | 93           | 96   | 89           | 96                     | 89           |
| EDGAR Business Office <sup>1</sup>                 | 35                  | 29           | 38   | 37           | 38                     | 39           |
| Ethics Counsel                                     | 19                  | 18           | 19   | 19           | 19                     | 19           |
| Minority and Women Inclusion                       | 9                   | 9            | 10   | 9            | 10                     | 10           |
| Equal Employment Opportunity                       | 15                  | 14           | 15   | 14           | 15                     | 14           |
| <b>Subtotal</b>                                    | <b>712</b>          | <b>685</b>   | <b>748</b>                                       | <b>694</b>   | <b>753</b>             | <b>718</b>   |
| <b>Inspector General</b>                           | 52                  | 49           | 53   | 50           | 54                     | 52           |
| <b>Total Positions and FTE</b>                     | <b>4,531</b>        | <b>4,483</b> | <b>4,660</b>                                     | <b>4,415</b> | <b>4,694</b>           | <b>4,502</b> |

<sup>1</sup> Previously known as the Office of Strategic Initiatives.

## OBLIGATIONS BY OBJECT CLASS

| <i>(DOLLARS IN THOUSANDS)</i>  | FY 2018<br>Actual <sup>1</sup> | FY 2019<br>Continuing Resolution<br>(Annualized) <sup>2</sup> | FY 2020<br>Request  |
|--|--------------------------------|---|---------------------|
| <b>Personnel Compensation and Benefits</b>   |                                |   |                     |
| Total Personnel Compensation (11.0)  | \$ 873,737                     | \$ 862,843  | \$ 910,732          |
| Civilian Personnel Benefits (12.0)   | 284,715                        | 284,844   | 293,984             |
| <b>Subtotal Cost of Compensation</b>   | <b>\$ 1,158,452</b>            | <b>\$ 1,147,687</b>   | <b>\$ 1,204,716</b> |
| <b>Other Expenses</b>  |                                |   |                     |
| Benefits for Former Personnel (13.0)   | 690                            | 30  | 1,031               |
| Travel and Transportation of Persons (21.0)  | 9,041                          | 10,928  | 11,313              |
| Transportation of Things (22.0)  | 110                            | 675   | 692                 |
| Rent, Communications, and Utilities (23.0)   | 47,782                         | 70,010  | 96,051              |
| Printing and Reproduction (24.0)   | 5,005                          | 2,751   | 2,823               |
| Other Contractual Services (25.0)  | 366,624                        | 373,409   | 396,298             |
| Supplies and Materials (26.0)  | 1,088                          | 1,797   | 1,861               |
| Equipment (31.0)   | 25,391                         | 27,584  | 42,516              |
| Building Alterations (32.0)  | 1,921                          | 1,267   | 2,338               |
| Claims and Indemnities (42.0)  | 372                            | 820   | 836                 |
| <b>Subtotal Cost of Other Expenses</b>   | <b>458,024</b>                 | <b>489,271</b>  | <b>555,758</b>      |
| <b>Subtotal, Obligations</b>   | <b>\$ 1,616,476</b>            | <b>\$ 1,636,958</b>   | <b>\$ 1,760,475</b> |
| Budget Authority used to Liquidate Prior Obligations<br>for Deficient Leases, per an October 3, 2011,<br>Report from the Comptroller General | 70,915                         | 40,042  | 25,480              |
| <b>Total Budget Authority</b>  | <b>\$ 1,687,390</b>            | <b>\$ 1,677,000</b>   | <b>\$ 1,785,954</b> |
| Less: Anticipated Carryover of Prior<br>Budget Year Obligations  |                                | (12,000)  | (10,000)            |
| Less: Anticipated Recoveries of Prior<br>Budget Years Obligations  |                                | (23,000)  | (30,000)            |
| <b>Request for SEC Operations</b>  |                                | <b>\$ 1,642,000</b>   | <b>\$ 1,745,954</b> |
| GSA Estimate of Potential Buildout Costs<br>Associated with New Headquarters<br>Lease Replacement  |                                | \$ 244,507  |                     |
| New York Regional Office Potential<br>Move-Related Costs   |                                |   | \$ 10,525           |

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 2019 Continuing Resolution (Annualized) column includes the FY 2018 request for funds to support the potential buildout costs for a new headquarters lease, but does not include the amount requested in the FY 2019 Congressional Justification for potential buildout costs associated with the New York Regional Office lease replacement.

# STRATEGIC GOAL AND PROGRAM

(DOLLARS IN THOUSANDS)

| SEC Program  | FY 2018 Actual <sup>1</sup> | FY 2019 Continuing Resolution (Annualized) <sup>2</sup> | FY 2020 Request     |                   |                    |                     |
|--|-----------------------------|---|---------------------|-------------------|--------------------|---------------------|
|  |                             |   | Goal 1 Investors    | Goal 2 Innovation | Goal 3 Performance | FY 2020 Request     |
| Enforcement  | \$ 524,489                  | \$ 534,287  | \$ 524,583          | \$ 17,106         | \$ 28,510          | \$ 570,199          |
| Compliance Inspections and Examinations  | 353,779                     | 355,813   | 345,324             | 19,185            | 19,185             | 383,693             |
| Corporation Finance  | 145,755                     | 145,840   | 108,557             | 32,567            | 13,957             | 155,082             |
| Trading and Markets  | 84,188                      | 85,353  | 9,302               | 65,112            | 18,603             | 93,016              |
| Investment Management  | 59,354                      | 58,855  | 36,866              | 17,162            | 9,534              | 63,561              |
| Economic and Risk Analysis   | 70,934                      | 69,386  | 40,542              | 12,531            | 20,640             | 73,713              |
| General Counsel  | 48,382                      | 46,730  | 26,732              | 7,426             | 15,346             | 49,504              |
| Other Program Offices  | 76,203                      | 78,447  | 55,257              | 20,465            | 10,672             | 86,395              |
| Agency Direction and Administrative Support  | 237,245                     | 244,792   | 17,862              | 19,614            | 229,013            | 266,490             |
| Inspector General  | 16,147                      | 17,454  | 5,646               | 5,646             | 7,528              | 18,821              |
| <b>Subtotal</b>  | <b>\$ 1,616,476</b>         | <b>\$ 1,636,958</b>                                     | <b>\$ 1,170,672</b> | <b>\$ 216,813</b> | <b>\$ 372,989</b>  | <b>\$ 1,760,475</b> |
| Budget Authority used to Liquidate Prior Obligations for Deficient Leases, per an October 3, 2011, Report from the Comptroller General | 70,915                      | 40,042  |                     |                   |                    | 25,480              |
| <b>FY 2020 Budget Authority</b>  | <b>\$ 1,687,390</b>         | <b>\$ 1,677,000</b>                                     |                     |                   |                    | <b>\$ 1,785,954</b> |
| Less: Anticipated Carryover of Prior Year Obligations  |                             | (12,000)  |                     |                   |                    | (10,000)            |
| Less: Anticipated Recoveries of Prior Years Obligations  |                             | (23,000)  |                     |                   |                    | (30,000)            |
| <b>FY 2020 Appropriation Request for SEC Operations</b>  |                             | <b>\$ 1,642,000</b>                                     |                     |                   |                    | <b>\$ 1,745,954</b> |
| GSA Estimate of Potential Buildout Costs Associated with New Headquarters Lease Replacement  |                             | \$ 244,507  |                     |                   |                    |                     |
| New York Regional Office Potential Move-Related Costs  |                             |   |                     |                   |                    | \$ 10,525           |

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 2019 Continuing Resolution (Annualized) column includes the FY 2018 request for funds to support the potential build-out costs for a new headquarters lease, but does not include the amount requested in the FY 2019 Congressional Justification for potential buildout costs associated with the New York Regional Office lease replacement.

# REQUEST SUMMARY OF CHANGES<sup>1</sup>

| <i>(DOLLARS IN THOUSANDS)</i>   | Positions    | FTE          | Amount              |
|---|--------------|--------------|---------------------|
| <b>FY 2019 Estimated Continuing Resolution (Annualized)<sup>2</sup></b> | <b>4,660</b> | <b>4,415</b> | <b>\$ 1,677,000</b> |
| <b>FY 2020 Base Changes</b>   |              |              |                     |
| Net Changes in Compensation Expenses                                    |              | 79           | 54,962              |
| Net Changes in Real Property Facilities Costs                           |              |              | 12,189              |
| Net Changes in Non-Compensation Costs                                   |              |              | 12,944              |
| <b>Subtotal, Base Changes</b>   | <b>—</b>     | <b>79</b>    | <b>80,096</b>       |
| <b>FY 2020 Current Services Level</b>                                   | <b>4,660</b> | <b>4,494</b> | <b>\$ 1,757,096</b> |
| <b>FY 2020 Program Increases</b>  |              |              |                     |
| Restoration of 34 Positions (8 FTE)                                     |              |              |                     |
| Enforcement   | 6            | 2            |                     |
| Compliance Inspections and Examinations                                 | 5            | 1            |                     |
| Corporation Finance   | 1            | —            |                     |
| Trading and Markets   | 4            | 1            |                     |
| Investment Management   | 4            | 1            |                     |
| Economic and Risk Analysis  | 2            | —            |                     |
| General Counsel   | 1            | —            |                     |
| Other Program Offices   | 5            | 1            |                     |
| Agency Direction and Administrative Support                             | 5            | 1            |                     |
| Inspector General   | 1            | 1            |                     |
| <b>Subtotal, Staffing Increases</b>                                     | <b>34</b>    | <b>8</b>     | <b>2,859</b>        |
| Increase for Technology   |              |              | 20,000              |
| Restore Contract Funding  |              |              | 6,000               |
| <b>Subtotal, Program Increases</b>                                      | <b>34</b>    | <b>8</b>     | <b>\$ 28,859</b>    |
| <b>FY 2020 Operational Budget Request</b>                               | <b>4,694</b> | <b>4,502</b> | <b>\$ 1,785,954</b> |
| Less: Anticipated Carryover of Prior Fiscal Year Obligations            |              |              | (10,000)            |
| Less: Anticipated Recovery of Prior Fiscal Years Obligations            |              |              | (30,000)            |
| <b>FY 2020 Request for SEC Operations</b>                               | <b>4,694</b> | <b>4,502</b> | <b>\$ 1,745,954</b> |
| New York Regional Office Potential Move-Related Costs                   |              |              | \$ 10,525           |

<sup>1</sup> These figures include amounts in FY 2019 and FY 2020 necessary to liquidate prior obligations on deficient leases.

<sup>2</sup> FY 2019 Continuing Resolution (Annualized) does not include potential buildout costs associated with the New York Regional Office lease replacement.

# FY 2020 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 office reception and representation expenses, \$1,745,954,305, to remain available until expended; of which not less than \$15,662,339 shall be for the Office of Inspector General; of which not to exceed \$75,000 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 office 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 New York Regional Office facilities, not to exceed \$10,524,799, 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 2020, all amounts appropriated under this heading shall be deemed to be the regular appropriation to the Commission for fiscal year 2020.

*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 \$1,745,954,305 of such offsetting collections shall be available until expended for necessary expenses of this account and not to exceed \$10,524,799 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 New York Regional Office facilities: *Provided further*, That the total amount appropriated under this heading from the general fund for fiscal year 2020 shall be reduced as such offsetting fees are received so as to result in a final total fiscal year 2020 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 New York Regional Office 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 2020.

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# FY 2020 Budget Request by Program

|  |    |
|--|----|
| Division of Enforcement.....                                     | 23 |
| Office of Compliance Inspections and Examinations.....           | 26 |
| Division of Corporation Finance .....                            | 29 |
| Division of Trading and Markets .....                            | 31 |
| Division of Investment Management.....                           | 34 |
| Division of Economic and Risk Analysis.....                      | 36 |
| Office of the General Counsel.....                               | 38 |
| Other Program Offices.....                                       | 40 |
| Office of the Chief Accountant.....                              | 41 |
| Office of Investor Education and Advocacy.....                   | 43 |
| Office of International Affairs.....                             | 44 |
| Office of Administrative Law Judges.....                         | 46 |
| Office of the Investor Advocate.....                             | 48 |
| Office of Credit Ratings .....                                   | 50 |
| Office of Municipal Securities .....                             | 51 |
| Office of the Advocate for Small Business Capital Formation..... | 53 |
| Agency Direction and Administrative Support .....                | 55 |
| Agency Direction.....  | 56 |
| Office of the Chief Operating Officer.....                       | 60 |
| Office of the Ethics Counsel.....                                | 73 |
| Office of Minority and Women Inclusion .....                     | 74 |
| Office of Equal Employment Opportunity.....                      | 76 |
| Office of Inspector General.....                                 | 78 |

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## 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 deter misconduct 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, ENF brings hundreds of civil and administrative enforcement actions against individuals and entities for fraud, financial and accounting irregularities and misstatements, and other misconduct. The substantial remedies that ENF obtains are meaningful and impactful. They deter future wrongdoing, and when we obtain disgorgement of ill-gotten gains, the Commission is often able to return fraudulently obtained 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 has a broad mandate with responsibility for covering the country's vast capital markets; however, at the most basic level, ENF's area of greatest focus—protection of retail investors—remains constant. Today, this priority is driving ENF's allocation of resources to 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; 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 retail investors and market integrity.

FY 2018 was a successful and impactful year for ENF. Acting on recommendations by ENF, the Commission authorized a diverse mix of 821 enforcement actions, of which:

- 490 were “standalone” actions brought in federal court or as administrative proceedings;
- 210 were “follow-on” proceedings seeking bars based on the outcome of Commission actions or actions by criminal authorities or other regulators; and
- 121 were proceedings to deregister public companies—typically microcap—that were delinquent in their Commission filings.

The SEC also obtained judgments and orders for over \$3.9 billion in penalties and disgorgement, returned \$794 million to harmed investors, ordered approximately \$168 million in payments to whistleblowers, suspended trading in the securities of 280 issuers to combat market manipulation and microcap fraud, and barred or suspended nearly 550 individuals. The SEC's enforcement actions during the year spanned the entire spectrum of the securities industry, and ENF's workload is not slowing down. At the close of FY 2018, ENF had 1,604 ongoing investigations. These achievements are a credit to the dedication and professionalism of the staff in ENF and throughout the SEC.

## FY 2020 Request

To enable ENF to meet these challenges and maintain an effective investigative capacity and deterrent presence, ENF must be adequately staffed to address increasingly complex financial products and transactions, handle the increasing size and complexity of the securities markets, identify emerging threats, take prompt action to halt violations, and recover funds for the benefit of harmed investors. The volume of potential securities violations continues to rise, yet ENF presently employs approximately 1,300 professionals to police the markets for wrongdoing.

For FY 2020, ENF is requesting six restored positions to be focused on retail investor fraud. Protecting retail investors is a key priority of the division, and ensuring that appropriate resources are devoted to retail investor matters is critical to the SEC's investor protection efforts. To execute and meet these priorities, in FY 2018, the Retail Strategy Task Force published investor education materials and focused on a wide range of matters that affect retail investors. The Retail Strategy Task Force will continue to develop effective strategies and methods to identify potential harm to retail investors. In particular, the Task Force will focus on harnessing the Commission's ability to use technology and data analytics to identify large-scale wrongdoing.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 1,385             | 1,353                    | 1,366              |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 364,388        | \$ 356,653               | \$ 370,805         |
| Non-Personnel Expenses        | 160,101           | 177,634                  | 199,394            |
| <b>Total Costs</b>            | <b>\$ 524,489</b> | <b>\$ 534,287</b>        | <b>\$ 570,199</b>  |

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

## Workload Data

| Activity                            | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|-------------------------------------|-------------------|---------------------|--------------------|
| <b>Intelligence Analysis</b>        |                   |                     |                    |
| Investor Tips and Complaints        | 19,000            | 19,000              | 20,000             |
| Matters Under Inquiry (MU) Opened   | 844               | 845                 | 845                |
| <b>Investigations</b>               |                   |                     |                    |
| Opened                              | 869               | 870                 | 870                |
| Ongoing at End of Year <sup>1</sup> | 1,604             | 1,600               | 1,600              |
| <b>Proceedings</b>                  |                   |                     |                    |
| Administrative                      |                   |                     |                    |
| Opened                              | 578               | 580                 | 580                |
| Pending at End of Year <sup>2</sup> | 984               | 985                 | 985                |
| Civil Litigation                    |                   |                     |                    |
| Opened                              | 243               | 245                 | 245                |
| Pending at End of Year              | 1,777             | 1,780               | 1,780              |

1 "Ongoing" investigations define those in which the investigation remains active. It excludes those that are open solely because they are in litigation; those in which the SEC is seeking to collect assets and funds to satisfy outstanding judgments and debts owed to the SEC; those in which the SEC is distributing funds to harmed investors; and those that are in some other post-litigation activity. "Ongoing" investigations also exclude those that are in the process of being closed.

2 These estimates may be impacted by a number of factors beyond the division's control, including, but not limited to, increases in the complexity of proceedings; higher than anticipated attrition rates; and the timing and amounts of the resources made available. Further, given the time required to bring on board new staff after hiring levels are approved, the full effect of FY 2019 and/or FY 2020 positions will not be realized until later years.

## OFFICE OF COMPLIANCE INSPECTIONS AND EXAMINATIONS

The mission of the Office of Compliance Inspections and Examinations (OCIE) is to protect investors, ensure market integrity, and support responsible capital formation through risk-focused strategies that: (1) improve compliance; (2) prevent fraud; (3) monitor risk; and (4) inform regulatory policy. OCIE maintains a critical presence among market participants by conducting thousands of exams annually, which provide timely, accurate, and reliable information to assist the program and SEC in fulfilling its mission.

OCIE's risk-based program is designed to focus its limited resources on those firms, market participants, and practices that pose the greatest potential risk of securities law violations that can harm investors and the markets. In FY 2020, OCIE requests five additional positions that will assist efforts to: (1) protect Main Street investors and those saving for retirement; (2) address critical risks impacting market participants, including issues relating to cybersecurity, digital assets, and anti-money laundering; (3) further address the disparity between the number of exam staff and the growing number, size, and complexity of registered firms; and (4) enhance and expand quantitative and data analytic efforts throughout OCIE.

The resources being requested are necessary for OCIE to meet its objectives and fulfill the agency's mission. While OCIE completed more examinations in FY 2018 than at any point in the last decade, the program continues to face a number of challenges and issues that are having a significant impact on its limited resources.

Most importantly, the size of the SEC-regulated community continues to grow in volume and complexity, and significantly exceeds existing resource levels. OCIE anticipates that at the beginning of FY 2020, it will oversee more than 25,000 market participants, including over 13,000 investment advisers with more than \$85 trillion in assets under management; nearly 800 investment company complexes managing over 10,000 mutual funds and exchange-traded funds; approximately 3,800 broker-dealers with more than 150,000 branch offices; nearly 600 municipal advisors; 22 national securities exchanges; and over 300 transfer agents. OCIE will also oversee at least nine entities that provide clearing agency functions, four of which have been deemed systemically important, as well as funding portals, the PCAOB, MSRB, SIPC, and FINRA. Additionally, several new registrant categories, including security-based swap execution facilities, security-based swap data repositories, and security-based swap dealers may be subject to OCIE examinations and will require resources.

Further, the securities markets continue to grow increasingly complex, with a proliferation of new and sophisticated products and services, tools, and trading strategies. Innovations in technology have also changed the way entities conduct business and investors access securities markets. Recently, developments and advancements in distributed ledger technology, automated investment advice, complex algorithmic trading, and digital marketplace financing has drawn interest from both investors and financial services firms. However, with these advancements, new risks have been introduced and existing risks have been magnified in some instances. For example, cybersecurity threats to this complex financial marketplace are continuing to grow in both frequency and sophistication. These types of industry developments and financial innovation will continue to present challenges to the staff, requiring additional staff expertise, resources, and a program that is agile, responsive, and continuously improving.

### FY 2020 Request

OCIE is requesting five positions in FY 2020 to bring specialized knowledge and expertise to the following areas.

1. **Examinations of Advisers and Broker-Dealers**—Four of the requested positions would be dedicated to focus on examinations of investment advisers, investment companies, and broker-dealers as these entities are critical market participants interacting with Main Street investors. In particular, staff will be examining for indications of inappropriate or inadequately disclosed fees and expenses, undisclosed conflicts of interest, deceptive sales practices, inappropriate investment recommendations, and elder abuse.
2. **Examinations of Entities Responsible for Critical Market Infrastructure**—These entities include clearing agencies, national securities exchanges, transfer agents, and Regulation SCI entities. One position will be allocated to support existing staff with our risk-targeted exams in FY 2020. These exams will focus on significant risk areas, including cybersecurity; credit and liquidity risks; internal controls and compliance systems; and the impact of technological advancements and developments.

In order to maximize its effectiveness given the large scope of its responsibilities, OCIE follows a risk-based approach that continuously evaluates changes in market conditions, industry practices, and investor preferences to assess risks to both investors and the markets. The requested positions will bring specialized knowledge and expertise in the aforementioned critical risk areas and will be dedicated examiners with responsibility for evaluating and examining the various entities under the program's purview.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 1,024             | 1,009                    | 1,024              |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 267,667        | \$ 263,383               | \$ 275,210         |
| Non-Personnel Expenses        | 86,112            | 92,430                   | 108,484            |
| <b>Total Costs</b>            | <b>\$ 353,779</b> | <b>\$ 355,813</b>        | <b>\$ 383,693</b>  |

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

## Workload Data

| Activity  | FY 2018<br>Actual | FY 2019<br>Estimate <sup>1</sup> | FY 2020<br>Request <sup>1</sup> |
|---|-------------------|----------------------------------|---------------------------------|
| Investment Adviser Examinations                           | 2,312             | 1,955                            | 2,300                           |
| Investment Company Examinations (includes administrators) | 138               | 115                              | 135                             |
| Broker-Dealer Examinations                                | 329               | 282                              | 334                             |
| Transfer Agent Examinations                               | 48                | 34                               | 42                              |
| Municipal Advisor Examinations                            | 83                | 56                               | 68                              |
| Market Oversight Inspections <sup>2</sup>                 | 186               | 210                              | 215                             |
| Technology Controls Program Inspections                   | 67                | 70                               | 70                              |
| Clearing Agency Examinations                              | 12                | 10                               | 10                              |

<sup>1</sup> These estimates may be impacted by a number of factors such as size and complexity of firms being examined, industry developments, and other program priorities.

<sup>2</sup> Market Oversight Inspections include inspections of exchanges conducted by OCIE's Broker-Dealer and Exchange Group as well as programmatic inspections and oversight exams of FINRA conducted by OCIE's FINRA and Securities Industry Oversight Group.

## DIVISION OF CORPORATION FINANCE

In support of the SEC'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 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 provides interpretive advice to companies on SEC rules and forms.

### Rulemaking and Interpretive Advice

During FY 2020, CF will continue to assist the Commission with implementing new rules to facilitate capital formation and reduce barriers to capital formation. As part of this effort, CF will consider proposing amendments to modernize certain disclosure requirements in Regulations S-K and S-X and the industry guides as part of its ongoing Disclosure Effectiveness Initiative, and adopting amendments based on recommendations made in the staff's *Report on Modernization and Simplification of Regulation S-K* required by the Fixing America's Surface Transportation (FAST) Act of 2015.

### Digital Assets

The Office of Digital Assets and Innovation was established within CF in FY 2018. The office is responsible for agency-wide efforts in the coordination and application of U.S. securities laws related to emerging digital asset technologies and innovations, including initial coin offerings and cryptocurrencies. The staff engage with the public through meetings, publications, and events, including a public FinTech Forum in 2019. In addition, they are expected to acquire and disseminate current information and knowledge on these emerging areas within the agency, and to liaise with domestic and international regulators.

## FY 2020 Request

With increased rulemaking efforts and the reassignment of existing staff to the Digital Assets team, CF is requesting one attorney position in FY 2020 to meet its goals and to enhance its ongoing efforts to facilitate capital formation. The new position will allow CF to better support the high volume of rulemakings being considered for recommendation, including: (1) amendments to further facilitate capital formation through exempt and registered offerings, including amendments to harmonize several existing private offering exemptions; (2) amendments to Regulation S-K and Regulation S-X to modernize and streamline industry-specific disclosures applicable to real estate companies, including real estate investment trusts (REIT); and (3) proposed amendments to the proxy process. The additional position will increase the number of CF staff members dedicated to rulemaking, and offset the reassigned staff focused on digital asset-related issues.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 423               | 410                      | 412                |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 113,097        | \$ 110,575               | \$ 114,443         |
| Non-Personnel Expenses        | 32,658            | 35,265                   | 40,639             |
| <b>Total Costs</b>            | <b>\$ 145,755</b> | <b>\$ 145,841</b>        | <b>\$ 155,082</b>  |

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

## Workload Data

| Activity                                  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---|-------------------|---------------------|--------------------|
| <b>Review</b>                             |                   |                     |                    |
| Reporting Company Reviews <sup>1</sup>    | 4,100             | 3,750               | 3,500              |
| Number of New Issuer Reviews              |                   |                     |                    |
| IPO 1933 Act                              | 500               | 500                 | 500                |
| New 1934 Act                              | 100               | 100                 | 100                |
| New Issuer Reviews                        | 600               | 600                 | 600                |
| Total Reviews                             | 4,700             | 4,350               | 4,100              |
| <b>Rulemaking and Interpretive</b>        |                   |                     |                    |
| General Advice and Coordination           |                   |                     |                    |
| No-Action Letters/Interpretive Requests   | 100               | 100                 | 100                |
| No-Action Letters (Shareholder Proposals) | 260               | 260                 | 260                |

<sup>1</sup> The number of active reporting companies has been steadily declining in recent years. CF will adjust the number of reporting company reviews to reflect recent trends. CF will continue to fulfill the Sarbanes-Oxley Act's mandate to review the filings of all publicly-traded companies at least once every 3 years.

## DIVISION OF TRADING AND MARKETS

The mission of the Division of Trading and Markets (TM) is to establish and maintain 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, each of which has specific functions and is focused on a specific part 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.

Overall, TM supervises the self-regulatory organizations (SRO) and other major market participants in the U.S. securities markets, including 21 securities exchanges (equities and options), 89 alternative trading systems (ATS), about 3,900 broker-dealers, 7 active clearing agencies, approximately 330 transfer agents, FINRA, and various securities information processors.

### FY 2020 Request

In FY 2020, TM requests four positions to undertake additional market-related responsibilities resulting from ongoing or recently completed rulemakings, and to continue improving the agency's market oversight and supervision. This includes a significantly enhanced focus on fixed-income markets, Treasury markets, digital asset markets, and trading firms, requiring specialized industry expertise.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 246               | 243                      | 255                |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 65,076         | \$ 64,803                | \$ 69,846          |
| Non-Personnel Expenses        | 19,112            | 20,550                   | 23,171             |
| <b>Total Costs</b>            | <b>\$ 84,188</b>  | <b>\$ 85,353</b>         | <b>\$ 93,016</b>   |

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

## Workload Data

| Activity  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---|-------------------|---------------------|--------------------|
| <b>Securities Firm Supervision</b>  |                   |                     |                    |
| SRO Proposed Rule Changes Reviewed <sup>1</sup>   | 24                | 28                  | 28                 |
| SEC Rulemaking, Exemptive Orders, and Interpretive and Other Actions  | 3                 | 5                   | 5                  |
| Interpretive, Exemptive, and No-Action Request Letters Closed <sup>2</sup>  | 17                | 15                  | 15                 |
| Reviews of Potential Enforcement Actions  | 1,116             | 1,300               | 1,300              |
| Notices Filed by SROs Relating to Applications for Admission or Continuance as or with an SRO Member Notwithstanding a Statutory Disqualification | 16                | 25                  | 25                 |
| Provision of Interpretation and Guidance and Responding to General Questions  | 15,485            | 15,500              | 15,500             |
| Tips, Complaints, and Referrals (TCR)   | 392               | 375                 | 350                |
| Risk Assessment of Broker-Dealers Filing Form 17-H  |                   |                     |                    |
| Firms Assessed  | 100               | 100                 | 120                |
| Filings Reviewed  | 300               | 300                 | 320                |
| Risk Supervision of Alternative Net Capital Broker-Dealers  |                   |                     |                    |
| Firms Assessed  | 7                 | 7                   | 7                  |
| Filings Reviewed  | 84                | 84                  | 84                 |
| Risk Supervision of OTC Derivatives Dealers and Security-Based Swap Dealers   |                   |                     |                    |
| Firms Assessed  | 6                 | 8                   | 10                 |
| Filings Reviewed  | 72                | 96                  | 120                |
| Applications Reviewed   | 3                 | 5                   | 5                  |
| Broker-Dealers  |                   |                     |                    |
| Registrants   | 3,813             | 3,950               | 3,850              |
| Registration Applications Filed   | 188               | 180                 | 175                |
| Registration Amendments Filed   | 10,716            | 10,686              | 10,636             |
| Registrations Withdrawn or Cancelled  | 292               | 289                 | 340                |
| Financial Reports Filed   | 5,397             | 5,200               | 5,100              |
| Security-Based Swap Dealers   |                   |                     |                    |
| Registrants   | —                 | —                   | 15                 |
| Registration Applications Filed   | —                 | —                   | 15                 |
| Major Security-Based Swap Participants  |                   |                     |                    |
| Registrants   | —                 | —                   | 2                  |
| Registration Applications Filed   | —                 | —                   | 2                  |
| Funding Portals   | 46                | 60                  | 100                |
| <b>Securities Market and Infrastructure Supervision</b>   |                   |                     |                    |
| SRO Proposed Rule Changes and Advance Notices Reviewed <sup>1</sup>   | 2,624             | 2,761               | 2,728              |
| NMS and SRO Plan Amendments Filed   | 26                | 20                  | 20                 |
| SEC Rulemaking, Exemptive Orders, and Interpretive and Other Actions  | 11                | 10                  | 10                 |

*continued on next page*

<sup>1</sup> This data includes filings, pre-filings, and amendments reviewed.

<sup>2</sup> This data includes requests for which a formal response was not issued—such as items that were withdrawn—but omits routine correspondence such as routine broker-dealer financial responsibility correspondence and foreign control location letters filed under Rule 15c3-3 of the Securities Exchange Act.

## Workload Data (continued)

| Activity   | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|--|-------------------|---------------------|--------------------|
| <b>Securities Market and Infrastructure Supervision (continued)</b>        |                   |                     |                    |
| Interpretive, Exemptive, and No-Action Request Letters Closed <sup>2</sup> | 32                | 30                  | 30                 |
| Securities Exchanges   |                   |                     |                    |
| Registrants  | 21                | 23                  | 24                 |
| Registration Applications Filed  | 1                 | 1                   | 1                  |
| Registration Amendments Filed  | 203               | 210                 | 224                |
| Registrations Withdrawn or Cancelled                                       | —                 | —                   | —                  |
| Alternative Trading Systems (ATS)  |                   |                     |                    |
| Registrants  | 90                | 75                  | 80                 |
| Initial Operations Reports Filed   | 17                | 20                  | 15                 |
| Initial Operations Report Amendments Filed                                 | 165               | 109                 | 115                |
| Cessations   | 4                 | 6                   | 6                  |
| Quarterly Reports  | 339               | 400                 | 410                |
| NMS Stock ATS  |                   |                     |                    |
| NMS Stock ATSs   | —                 | 34                  | 34                 |
| Initial Form ATS-N Filed   | —                 | 34                  | 3                  |
| Form ATS-N Amendments Filed  | —                 | 102                 | 145                |
| Notice of Cessations Filed   | —                 | 1                   | 3                  |
| Form ATS-R Quarterly Reports   | —                 | 136                 | 136                |
| Security-Based Swap Execution Facilities <sup>3</sup>                      |                   |                     |                    |
| Registrants  | —                 | —                   | 5                  |
| Registration Applications Filed  | —                 | —                   | 10                 |
| Proposed Rule Changes Filed  | —                 | —                   | 25                 |
| Clearing Agencies (Active) <sup>4</sup>                                    |                   |                     |                    |
| Registrants  | 7                 | 10                  | 10                 |
| Registration Applications Filed  | 1                 | —                   | —                  |
| Security-Based Swap Data Repositories <sup>5</sup>                         |                   |                     |                    |
| Registrants  | —                 | 2                   | 2                  |
| Registration Applications Filed  | —                 | 2                   | 2                  |
| Transfer Agents <sup>6</sup>   |                   |                     |                    |
| Registrants  | 299               | 299                 | 299                |
| Registration Applications Filed  | 9                 | 12                  | 12                 |
| Registration Amendments Filed  | 168               | 162                 | 162                |
| Registrations Withdrawn or Cancelled                                       | 17                | 17                  | 17                 |
| Annual Reports Filed   | 271               | 280                 | 280                |
| Large Traders  |                   |                     |                    |
| Registrants  | 6,870             | 7,370               | 7,770              |
| Registration Applications Filed <sup>7</sup>                               | 817               | 800                 | 400                |
| Registration Amendments Filed  | 2,811             | 2,911               | 3,011              |
| Terminated or Inactive   | 218               | 218                 | 218                |
| Annual Reports Filed   | 3,248             | 7,370               | 7,770              |

3 The Commission has granted an exemption from the statutory requirement to register as a "security-based swap execution facility" to any facility that trades security-based swaps, pending adoption and implementation of final rules governing security-based swap execution facilities.

4 As of December 31, 2018, it is unclear whether additional clearing agencies will seek registration in 2019.

5 As of December 31, 2018, it is unclear whether additional security-based swap data repositories will seek registration in 2019.

6 This data only includes SEC-registered transfer agents and omits the approximately 80 transfer agents registered with a bank regulatory agency, which the Commission also oversees.

7 This data reflects an expected decrease in the number of these filings.

## 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 developing regulatory policy for open-end management investment companies (commonly known as mutual funds), exchange-traded funds (ETF), closed-end funds, variable insurance products, and other investment companies, as well as for investment advisers.

Investment companies—including mutual funds and ETFs—are the principal means by which Main Street investors participate in the capital markets. Investment companies provide a crucial link between U.S. households seeking an investment return on dollars saved for education or retirement, and U.S. corporations, non-profits, and national, state, and local governments seeking capital from the securities markets to fund projects that provide needed goods, services, and economic growth.

Investment companies supply significant amounts of debt and equity capital to a variety of issuers. In terms of percentage of market value of outstanding securities, they hold:

- 31 percent of U.S. corporate stock
- 20 percent of U.S. and foreign corporate bonds
- 13 percent of U.S. Treasury and government agency securities
- 25 percent of U.S. municipal securities

As of September 2018, there were 13,222 SEC-registered investment advisers reporting almost \$85 trillion in regulatory assets under management. Approximately 53 percent of these advisers provide investment advice to mainstream retail investors. Approximately 36 percent provide investment advice to private funds such as hedge funds and private equity funds with gross assets of about \$13.1 trillion. In addition to registered investment advisers, the SEC also receives reports from approximately 3,844 exempt reporting advisers—those who are exempt from registering with the SEC because they are venture capital fund advisers or mid-sized private fund advisers—who report managing approximately \$3.3 trillion in private funds.

### FY 2020 Request

IM requests a total of four restored positions to implement key policy objectives. Three positions are requested to strengthen our disclosure review actions and ensure adequate review of the increasing number and complexity of investment company filings. Of these three positions, two would engage in general review of mutual funds, ETFs, business development companies (BDC), and other investment companies, and a third would specialize in the review of filings made by sponsors of variable insurance products. The new disclosure reviewers would focus their efforts on these retail-facing products with a view toward enhancing clarity of disclosure, identifying complex transactions, and monitoring for industry trends.

One new position is requested to improve oversight of private funds, their investment advisers, and BDCs. The position would be used to augment capacity to analyze Form PF data, enhance IM's ability to respond to private fund adviser interpretive requests, identify policy issues, recommend regulatory changes, and assist the division and other Commission staff in understanding the investment process used by BDCs.

| (DOLLARS IN THOUSANDS)       | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b> | 174               | 173                      | 178                |
| <b>Cost:</b>                 |                   |                          |                    |
| Salaries and Benefits        | \$ 47,000         | \$ 45,978                | \$ 48,668          |
| Non-Personnel Expenses       | 12,354            | 12,877                   | 14,893             |
| <b>Total Costs</b>           | <b>\$ 59,354</b>  | <b>\$ 58,855</b>         | <b>\$ 63,561</b>   |

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

## Workload Data

| Activity  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---|-------------------|---------------------|--------------------|
| <b>Disclosure</b>   |                   |                     |                    |
| New Portfolios and Insurance Contracts Filed on Registration Statements                       | 2,531             | 2,675               | 2,675              |
| New Portfolio Disclosures and Insurance Contracts Reviewed                                    | 1,577             | 1,670               | 1,670              |
| Existing Portfolios and Insurance Contracts Filed on Post-Effective Amendments <sup>1,2</sup> | 32,958            | 33,900              | 34,100             |
| Existing Portfolio Disclosures and Insurance Contracts Reviewed <sup>2</sup>                  | 3,840             | 4,275               | 4,300              |
| Portfolios and Insurance Contracts Filed on Proxy Statements                                  | 935               | 1,350               | 1,350              |
| Portfolios and Insurance Contracts Filed on Proxy Statements Reviewed                         | 935               | 1,350               | 1,350              |
| Annual and Periodic Reports Filed   | 13,680            | 13,724              | 13,800             |
| Annual and Periodic Reports Partially Reviewed  | 4,588             | 4,575               | 4,600              |
| Total Filings   | 50,104            | 51,649              | 51,925             |
| Total Filings Reviewed  | 10,940            | 11,870              | 11,920             |
| Percent Reviewed  | 22%               | 23%                 | 23%                |
| <b>Interpretive Guidance</b>  |                   |                     |                    |
| Formal and Informal Requests for Guidance   | 1,118             | 1,110               | 1,110              |
| Enforcement-Related Matters Reviewed  | 830               | 810                 | 810                |
| Total Applications Concluded  | 249               | 249                 | 249                |
| Exemptive Applications Concluded  | 140               | 140                 | 140                |
| Deregistration Matters Reviewed   | 109               | 109                 | 109                |

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

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

## DIVISION OF ECONOMIC AND RISK ANALYSIS

The Division of Economic and Risk Analysis (DERA) provides impartial quantitative and qualitative economic analyses; accurate and reliable data; and insights from scientific research in support of the Commission's mission, including the agency's rulemaking, enforcement, and examinations functions.

DERA produces high-quality, data-driven analysis that address the economic issues associated with the regulation of the financial markets and the enforcement of federal securities laws. DERA's support for the SEC primarily falls into four categories.

### Informing Policymaking with Robust Economic Analysis and Cutting-Edge Research

DERA provides economic expertise for policymaking by analyzing the economic effects of regulations and other priority initiatives, and by engaging in novel research regarding the regulation of financial markets. DERA provides theoretical and data-driven economic analyses to support the Commission's broad regulatory agenda. These analyses typically examine the need for regulatory action; consider potential economic effects by collecting and analyzing market data and evaluating pertinent academic literature, among other methods; and evaluate public comments.

### Supporting Enforcement and Inspection Activities

DERA economists directly support the SEC's enforcement and litigation activities by applying economic methods to address agency investigations, negotiations, and distribution of recovered funds to harmed investors. With increasing frequency, DERA is requested to testify as fact and expert witnesses on behalf of the Commission. The fact that this expertise is resident in the division is extremely cost-effective when compared to the cost associated with contracting outside professionals. DERA also supports agency staff with examination planning, which includes providing guidance on the collection and analysis of data to help promote risk-based examination programs.

### Improving Accessibility and Usability of SEC Data

DERA takes innovative approaches to developing solutions that make market information accessible to internal and external audiences. Structured data reporting enhances access for the Commission and other users to key information about registrants, their practices, and their offerings. DERA works closely with agency offices and divisions to design data structuring approaches for required disclosures, and supports the SEC's data collection and usage by designing taxonomies, validation rules, data quality assessments, and dissemination tools to facilitate high-quality data analyses. Once this data is ingested, DERA provides a variety of platforms—and continues to develop new ones—that allow non-technical staff to access and use vast quantities of market data.

## Producing Papers and Studies on Significant Economic Issues

DERA produces papers and studies on significant economic issues that support the Commission's mission. These white papers and memoranda are publicly available on the DERA website and are often cross-referenced in Commission rulemakings or other policy initiatives. These papers showcase DERA staff's academically rigorous research that aims to inform policy as it is being developed.

## FY 2020 Request

The SEC seeks two financial economist positions to address critical staffing needs and the continued demand for economic expertise throughout the rulemaking lifecycle. The first financial economist will enhance the level of economic expertise to focus on policy and rulemaking matters related to financial accounting and disclosure (including PCAOB matters) as well as private funds, registered investment companies, and investment advisers. The second position will enhance the division's financial technology (FinTech) expertise to enable DERA to robustly address matters related to the continued rapid expansion and sophistication of financial services industry-based innovations such as blockchain technology, automated investment advice—or robo-advisers—online marketplace lending, and crowdfunding, and how they may impact investors.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 148               | 141                      | 144                |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 39,242         | \$ 38,574                | \$ 40,537          |
| Non-Personnel Expenses        | 31,692            | 30,812                   | 33,176             |
| <b>Total Costs</b>            | <b>\$ 70,934</b>  | <b>\$ 69,386</b>         | <b>\$ 73,713</b>   |

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

## Workload Data

| Activity  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---|-------------------|---------------------|--------------------|
| Reviews of Commission Rules <sup>1</sup>                      | 78                | 83                  | 83                 |
| Reviews of SRO and PCAOB Filings                              | 56                | 57                  | 59                 |
| Advice on Regulatory, Enforcement, and Risk Assessment Issues | 2,689             | 2,700               | 2,700              |
| Interactive Data Compliance Monitoring                        | 8,515             | 8,313               | 8,116              |
| Interactive Data Programs Supported                           | 13                | 13                  | 14                 |

<sup>1</sup> Includes staff participation in Commission rulemaking at all stages of development, as well as 10-year rule reviews required by the Regulatory Flexibility Act.

## 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 Chairman, 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 2020, 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 and address legal challenges to rulemakings. The staff will continue to respond to emerging cryptocurrency-related securities 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 any challenges to new rulemakings. The staff will also continue to provide assistance and advice in responding to Congressional requests for information and documents.

### FY 2020 Request

OGC requested one additional staff member for FY 2020 to address a critical need to advise the Office of the Whistleblower on complex issues that arise in administering the program and to review all recommendations from the office. In addition, current staff will continue supporting the office's mission to provide legal support and advice to the Commission on all aspects of rulemaking and enforcement actions. OGC will also continue to defend the Commission in appellate matters and *amicus curiae* filings, and represent the Commission and its members at the trial and appellate levels, including matters involving bankruptcy.

| (DOLLARS IN THOUSANDS)      | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-----------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalent</b> | 134               | 131                      | 132                |
| <b>Cost:</b>                |                   |                          |                    |
| Salaries and Benefits       | \$ 37,042         | \$ 35,892                | \$ 37,249          |
| Non-Personnel Expenses      | 11,340            | 10,838                   | 12,255             |
| <b>Total Costs</b>          | <b>\$ 48,382</b>  | <b>\$ 46,730</b>         | <b>\$ 49,504</b>   |

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

## Workload Data

| Activity  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---|-------------------|---------------------|--------------------|
| <b>Appellate Cases</b>                                  |                   |                     |                    |
| Open Matters  | 172               | 180                 | 180                |
| <b>Adjudicatory Matters<sup>1</sup></b>                 |                   |                     |                    |
| Pending Beginning of Year                               | 77                | 186                 | 36                 |
| Received  | 142               | 50                  | 50                 |
| Completed   | 33                | 200                 | 65                 |
| Pending End of Year                                     | 186               | 36                  | 21                 |
| <b>Legislation<sup>2</sup></b>                          |                   |                     |                    |
| Testimony   | 8                 | 10                  | 10                 |
| Correspondence with Congress and Others                 | 124               | 130                 | 130                |
| Legislative Analysis and Technical Assistance           | 292               | 300                 | 300                |
| Other   | 94                | 100                 | 100                |
| <b>Advisory Services</b>                                |                   |                     |                    |
| SEC Statutes  |                   |                     |                    |
| Analysis of Enforcement Memoranda                       | 2,348             | 2,200               | 2,200              |
| Review of Rulemaking and Other Projects                 | 411               | 600                 | 600                |
| Review of Articles and Speeches                         | 329               | 300                 | 300                |
| Non-SEC Statutes  |                   |                     |                    |
| Freedom of Information Act (FOIA) –<br>Internal Appeals | 637               | 640                 | 640                |
| Personnel Matters                                       | 235               | 245                 | 245                |
| Procurement Matters                                     | 760               | 790                 | 800                |
| Labor Matters   | 25                | 25                  | 25                 |
| Attorney Misconduct Investigations                      | 440               | 450                 | 460                |
| Other (Subpoenas)                                       | 49                | 50                  | 50                 |
| <b>Corporate Reorganization</b>                         |                   |                     |                    |
| Petitions Involving Public Investor Interest            | 55                | 60                  | 60                 |
| Chapter 11 Cases: Appearances                           |                   |                     |                    |
| Filed   | 17                | 20                  | 20                 |
| Closed  | 25                | 20                  | 20                 |
| Chapter 11 Cases: Monitored                             |                   |                     |                    |
| Filed   | 38                | 40                  | 40                 |
| Closed  | 27                | 30                  | 30                 |
| Disclosure Statement Reviews                            | 57                | 60                  | 60                 |
| Disclosure Statements Commented On                      | 53                | 55                  | 55                 |

1 *Adjudicatory matters were impacted by the U.S. Supreme Court's recent decision in Lucia v. SEC, 138 S. Ct 2044 (2018), which held that Commission Administrative Law Judges (ALJ) were not appointed properly and shifted some of the ALJs' responsibilities to the Commission to conduct hearings, prepare rulings, and issue decisions.*

2 *These numbers are coordinated with the Office of Legislative and Intergovernmental Affairs.*

## 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

## 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. OCA works to improve the professional performance of public company financial statement preparers and auditors to ensure that financial statements used for investment decisions are presented fairly and have credibility. OCA leads the SEC's efforts to oversee accounting standard-setting by the Financial Accounting Standards Board (FASB), auditor oversight and standard-setting by PCAOB, monitor international accounting standard-setting by the International Accounting Standards Board (IASB), and international audit standard-setting by the International Auditing and Assurance Standards Board (IAASB).

The Accounting Group within OCA will continue to advise on significant ongoing implementation activities with respect to the accounting and disclosure standards developed and issued by the FASB and IASB, in addition to monitoring new standard-setting initiatives.

The Professional Practice Group (PPG) will continue to provide expert advice related to auditing, independence, and internal control over financial reporting (ICFR). PPG also assists the Commission in its oversight of the PCAOB. PPG primarily provides this advice in rulemaking support, overseeing the PCAOB (including PCAOB standard-setting), and consultations. In addition, PPG has been assisting in PCAOB oversight since its formation in the early 2000s. PCAOB has reached a relative steady state, but has grown tremendously during this time, which results in larger oversight activity.

The Office of the Chief Counsel and Enforcement Liaison (OCCEL) will continue to assist ENF on cases involving accounting, auditing, and auditor independence. In addition, rulemaking activities in OCA is expected to increase and OCCEL will continue its involvement with staff speeches, panel discussions, and briefing statements that involve or relate to OCA activity.

The International Group anticipates continuing monitoring work on international accounting and auditing standards. The International Group expects that implementation questions associated with new major standards going into effect will continue to require significant resources across OCA on interpretive activities. With respect to international auditing standard-setting, OCA's role in influencing the standard-setting process will increase when the Chief Accountant assumes the role of Chairman of the Monitoring Group in 2019.

### FY 2020 Request

OCA requests one additional position in FY 2020 to assist the Chief Accountant in a critical period of Monitoring Group reforms. This position will allow the SEC to maintain influence in interactions with other national securities regulators, standard setters, and other international organizations affecting domestic and foreign private issuers.

| (DOLLARS IN THOUSANDS)       | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b> | 47                | 45                       | 46                 |
| <b>Cost:</b>                 |                   |                          |                    |
| Salaries and Benefits        | \$ 14,408         | \$ 14,001                | \$ 14,691          |
| Non-Personnel Expenses       | 3,750             | 4,052                    | 4,599              |
| <b>Total Costs</b>           | <b>\$ 18,158</b>  | <b>\$ 18,054</b>         | <b>\$ 19,289</b>   |

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

## Workload Data

| Activity  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---|-------------------|---------------------|--------------------|
| <b>Development of Commission Accounting and Auditing Rules, etc.</b>                |                   |                     |                    |
| Rule Amendments, Proposed Amendments, and Commission Guidance Developed by OCA      | 1                 | 1                   | 1                  |
| OCA SEC Staff Announcements, Bulletins, and Statements                              | 3                 | 3                   | 3                  |
| Consultation Arising from the Work of Other SEC Divisions and Offices               | 11                | 10                  | 10                 |
| IOSCO Documents Related to Issuer Accounting, Audit, and Disclosure                 | 2                 | 3                   | 3                  |
| <b>Monitoring and Oversight of Standard-Setters</b>                                 |                   |                     |                    |
| SEC Designated U.S. Accounting Standard Setter Trustee and Board Appointments       | 8                 | 5                   | 5                  |
| U.S. Auditing Regulator (PCAOB) Board Appointments                                  | 5                 | 1                   | 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   | 20                | 20                  | 20                 |
| Rules Adopted by the U.S. Auditing Regulator and Approved by the SEC                | 1                 | 4                   | 1                  |
| <b>Interpretation of Accounting and Auditing Standards, Policies, and Positions</b> |                   |                     |                    |
| Resolution of Accounting Issues of SEC Registrants <sup>1</sup>                     | 109               | 115                 | 115                |
| Engagement on Accounting Issues with Non-U.S. Regulators                            | 79                | 68                  | 68                 |
| Engagement on Auditing Issues with Non-U.S. Regulators                              | 36                | 42                  | 42                 |
| External Speaking Engagements   | 91                | 90                  | 90                 |
| <b>Recommendations and Questions Relating to the Qualification of Accountants</b>   |                   |                     |                    |
| Auditor Independence Consultations  | 187               | 225                 | 225                |
| <b>Activities In Support of the Enforcement of the Securities Laws</b>              |                   |                     |                    |
| Consultation on Enforcement Investigations of SEC Registrants                       | 89                | 90                  | 90                 |
| Rule 102(e) Accountant Reinstatement Applications                                   | 6                 | 8                   | 8                  |

<sup>1</sup> This workload includes data previously reported under Assistance with Accounting and Auditing Issues.

# OFFICE OF INVESTOR EDUCATION AND ADVOCACY

The Office of Investor Education and Advocacy (OIEA) seeks to provide Main Street investors with additional information and materials to make sound investment decisions.

OIEA administers two programs to promote this mission: 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 Main Street investors, including with respect to rulemakings, Investor Advisory Committee recommendations, and through IOSCO’s Committee on Retail Investors.

In FY 2020, OIEA plans to continue its “Before You Invest, Investor.gov” public service campaign focused on empowering Main Street investors through information and education, including raising awareness about [Investor.gov](http://Investor.gov) and helping individuals protect themselves from investment fraud. OIEA will also aim to increase the number of background checks on investment professionals that investors can conduct on [Investor.gov](http://Investor.gov).

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 43                | 42                       | 43                 |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 10,877         | \$ 10,985                | \$ 11,571          |
| Non-Personnel Expenses        | 4,013             | 5,438                    | 6,102              |
| <b>Total Costs</b>            | <b>\$ 14,889</b>  | <b>\$ 16,423</b>         | <b>\$ 17,673</b>   |

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

## Workload Data

| Activity   | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|--|-------------------|---------------------|--------------------|
| <b>Investor Assistance</b>                               |                   |                     |                    |
| Total Investor Assistance Matters Closed                 | 18,578            | 18,000              | 18,000             |
| Percentage of Investor Assistance Matters Closed Within: |                   |                     |                    |
| 7 Days   | 53%               | 55%                 | 55%                |
| 30 Days  | 92%               | 90%                 | 90%                |
| <b>Investor Education</b>                                |                   |                     |                    |
| Page Views on OIEA Web Pages                             | 9,900,000         | 10,000,000          | 10,000,000         |
| In-Person Investor Events                                | 166               | 175                 | 175                |
| Number of Investor Alerts and Bulletins Issued           | 34                | 34                  | 34                 |

## 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.

In FY 2020, OIA will continue to serve as the primary coordinator for the SEC on significant international initiatives and developments, including the Financial Sector Assessment Program, which will run from 2019–2020, and the United Kingdom's withdrawal from the European Union (EU).

The Regulatory Policy Group will continue to advise the Chairman, Commissioners, and staff on strategies for advancing the Commission's objectives in international organizations, including the Financial Stability Board (FSB) and the International Organization of Securities Commissions (IOSCO), and to advance and coordinate the Commission's participation in these bodies. The Regulatory Policy Group will also advance the Commission's bilateral relationships with other jurisdictions and work with foreign authorities to address cross-border policy issues that may have an impact on U.S. market participants, e.g., the EU's General Data Privacy Regulation; the Markets in Financial Instruments Directive (MiFID II); and new market developments such as initial coin offerings (ICO). It will also continue to collaborate with other divisions and offices with respect to developing or operationalizing SEC rulemakings or other policy initiatives with cross-border elements.

The International Enforcement Cooperation Group will assist ENF in conducting investigations and enforcement proceedings with international aspects, such as cases where wrongdoers, witnesses, evidence, or the proceeds of fraud are located abroad; or reciprocal investigations by foreign authorities when their investigations and litigation involve perpetrators, witnesses, evidence, or proceeds are located in the United States. The Group also works to advance the Commission's policy objectives for international cooperation such as promoting best practices and overcoming obstacles with respect to cross-border, enforcement-related information sharing. Consistent with the agency's focus on Main Street investors, the Group will continue to advance initiatives to address frauds that affect retail investors such as cross-border pump-and-dump frauds. Finally, the Group will assist ENF to combat cross-border cyber-enabled misconduct, such as ICO-related frauds.

The Supervisory Cooperation Group plans to assist SEC examination staff in the OCIE and the Office of Credits Ratings (OCR) on cross-border supervisory issues; assist foreign regulators with supervisory matters involving globally-active regulated entities; and develop and implement cooperation Memorandums of Understanding and other supervisory cooperation arrangements with foreign regulatory authorities.

The Technical Assistance 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 requests from foreign securities authorities, the Group will provide technical advice and training; review regulatory oversight regimes and suggest improvements; and consult with foreign securities authorities on draft legislation and regulations, and operational processes and procedures.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 52                | 51                       | 52                 |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 13,425         | \$ 13,256                | \$ 13,912          |
| Non-Personnel Expenses        | 3,968             | 4,249                    | 4,820              |
| <b>Total Costs</b>            | <b>\$ 17,393</b>  | <b>\$ 17,504</b>         | <b>\$ 18,732</b>   |

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

## Workload Data

| Activity   | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|--|-------------------|---------------------|--------------------|
| ENF Requests to SEC OIA for International Assistance                     | 1,210             | 1,293               | 1,376              |
| Responses to Foreign Requests for SEC Enforcement Assistance             | 684               | 719                 | 754                |
| Number of International Regulatory and Law Enforcement Officials Trained | 1,614             | 1,650               | 1,700              |
| SEC Requests for Supervisory Cooperation Assistance                      | 156               | 161                 | 166                |
| Responses to Foreign Requests for SEC Supervisory Cooperation Assistance | 200               | 200                 | 200                |
| International Regulatory Initiatives (including regulatory initiatives)  | 158               | 165                 | 170                |

## OFFICE OF ADMINISTRATIVE LAW JUDGES

The Office of Administrative Law Judges (OALJ) supports the SEC's mission by conducting hearings, issuing initial decisions, and adjudicating ancillary matters in administrative proceedings. The Commission initiates an administrative proceeding by issuing an order instituting proceedings, which in most cases contains ENF's allegations against one or more respondents. Where an order instituting proceedings directs that a public hearing be held before an administrative law judge for the purpose of taking evidence, the judge is tasked to determine whether the allegations are true and issue an initial decision within a specific time period.

Administrative law judges serve as independent adjudicators. Under the Administrative Procedure Act and the Commission's Rules of Practice, administrative law judges conduct public hearings in a manner similar to federal bench trials, at locations throughout the United States. They preside at and regulate the course of these hearings, which may include setting filing deadlines, issuing subpoenas, holding prehearing conferences, and ruling on motions. Following the hearing and consideration of the parties' post-hearing submissions, the administrative law judge prepares an initial decision setting forth his or her factual findings and legal conclusions, and determining whether sanctions are warranted.

If a respondent fails to file an answer to the order instituting proceedings, appear at a conference or hearing, respond to a dispositive motion, or otherwise defend the proceeding, the administrative law judge may issue an initial decision finding the respondent in default and accepting the allegations as true. In certain proceedings, summary disposition, as opposed to a live hearing, may be used to resolve all or some of the issues.

The Supreme Court's decision in *Lucia v. SEC*, 138 S. Ct. 2044 (June 21, 2018), significantly impacted OALJ's workload. OALJ received 299 new assignments in FY 2018, but 240 of those proceedings were proceedings on remand, 130 of which ordered a new hearing before an administrative law judge who had not previously participated in the matter, unless the parties expressly agreed to alternative procedures. See *Pending Admin. Proc.*, Securities Act of 1933 Release No. 10536, 2018 SEC LEXIS 2058 (Aug. 22, 2018); *Pending Admin. Proc.*, Securities Act Release No. 10440, 2017 SEC LEXIS 3724 (Nov. 30, 2017). The Commission's order of August 22, 2018, also directed that a new hearing before a different judge be held in all proceedings pending in OALJ.

In FY 2018 and FY 2019, the Commission's administrative law judges have volunteered through the Office of Personnel Management to conduct hearings for other requesting agencies and have been assigned proceedings before the Consumer Product Safety Commission, the Equal Employment Opportunity Commission, and the National Labor Relations Board.

| (DOLLARS IN THOUSANDS)       | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b> | 12                | 11                       | 11                 |
| <b>Cost:</b>                 |                   |                          |                    |
| Salaries and Benefits        | \$ 2,481          | \$ 2,344                 | \$ 2,417           |
| Non-Personnel Expenses       | 610               | 687                      | 783                |
| <b>Total Costs</b>           | <b>\$ 3,091</b>   | <b>\$ 3,031</b>          | <b>\$ 3,200</b>    |

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

## Workload Data

| Activity                              | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---------------------------------------|-------------------|---------------------|--------------------|
| <b>Proceedings Inventory</b>          |                   |                     |                    |
| Pending Disposition Beginning of Year | 101               | 186                 | 71                 |
| Ordered for Hearing                   | 299               | 35                  | 50                 |
| Disposed                              | 214               | 150                 | 80                 |
| Canceled Before Hearing               | 146               | 50                  | 30                 |
| Canceled After Hearing                | —                 | —                   | —                  |
| Initial Decision Issued               | 68                | 100                 | 50                 |
| Pending Disposition End of Year       | 186               | 71                  | 41                 |

## OFFICE OF THE INVESTOR ADVOCATE

The mandate for the Office of the Investor Advocate (OIAD) is set forth in Section 4(g) of the Securities Exchange Act of 1934. OIAD is responsible for, among other things, identifying areas in which investors would benefit from changes to federal laws, SEC regulations, or the rules of SROs, and for providing assistance to investors in resolving significant problems they may have with the SEC or SROs.

### 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. 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. 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. Current research projects

entail surveys coupled with focus groups and one-on-one interviews, and we anticipate that additional research projects will develop in FY 2020 related to the Commission’s rulemaking agenda, which will directly align with the Commission’s strategic goals by strengthening its ability to evaluate retail investor issues.

### Investor Advisory Committee

The Investor Advocate serves as a member of the Investor Advisory Committee, which is authorized by Section 39 of the Securities Exchange Act of 1934. This Committee advises and consults with the SEC on regulatory priorities and protection of investors. OIAD provides support to this Committee to assist it with fulfilling its statutory mission.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 11                | 11                       | 12                 |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 2,827          | \$ 3,267                 | \$ 3,616           |
| Non-Personnel Expenses        | 2,442             | 2,400                    | 2,631              |
| <b>Total Costs</b>            | <b>\$ 5,269</b>   | <b>\$ 5,668</b>          | <b>\$ 6,247</b>    |

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

### Workload Data

| Activity   | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|--|-------------------|---------------------|--------------------|
| <b>Ombudsman</b>                                 |                   |                     |                    |
| Investor Matters                                 | 449               | 500                 | 550                |
| Investor Contacts                                | 1,494             | 1,600               | 1,700              |
| Outreach Events/Speeches                         | 24                | 28                  | 30                 |
| <b>Investor Advocacy</b>                         |                   |                     |                    |
| SEC Rulemakings Reviewed                         | 25                | 37                  | 30                 |
| SRO Rulemakings Reviewed                         | 286               | 325                 | 346                |
| Policy Recommendations to SEC, SROs, or Congress | 4                 | 6                   | 6                  |
| Outreach Events/Speeches                         | 12                | 12                  | 12                 |
| <b>Investor Advisory Committee Support</b>       |                   |                     |                    |
| In-Person Committee Meetings                     | 5                 | 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. As required under the Dodd-Frank Act, OCR staff includes persons with knowledge of and expertise in corporate, municipal, and structured debt finance.

The examination and monitoring of NRSROs for compliance with the federal securities laws and Commission rules will continue to account for the most significant portion of OCR’s workload in any fiscal year. OCR will further monitor and review registrants’ technological initiatives, cybersecurity governance, and risk assessment processes relating to access rights, data loss prevention, vendor management, training, and incident response. In addition, OCR will continue to evaluate and monitor credit models quantitatively and qualitatively, and will initiate specialized examinations to conduct sweeps and targeted examinations as appropriate.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 41                | 40                       | 41                 |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 10,552         | \$ 10,366                | \$ 10,934          |
| Non-Personnel Expenses        | 4,280             | 4,181                    | 5,648              |
| <b>Total Costs</b>            | <b>\$ 14,832</b>  | <b>\$ 14,548</b>         | <b>\$ 16,583</b>   |

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

### Workload Data

| Activity   | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|--|-------------------|---------------------|--------------------|
| Examinations <sup>1</sup>  | 15                | 10                  | 10                 |
| Rulemaking, Exemptive Orders, and Interpretative and Other Actions                   | 7                 | 7                   | 8                  |
| Reports and Studies  | 2                 | 2                   | 2                  |
| Reviews of Potential Enforcement Actions   | 8                 | 10                  | 10                 |
| Tips, Complaints, and Referrals (TCR)  | 17                | 17                  | 17                 |
| NRSRO Registrations – Filed Applications, Amendments, Withdrawals, and Cancellations | 51                | 51                  | 53                 |

<sup>1</sup> This category represents the number of examinations of NRSROs, including annual, sweep, and targeted examinations.

## OFFICE OF MUNICIPAL SECURITIES

The Office of Municipal Securities (OMS) is responsible for overseeing the \$3.8 trillion municipal securities market and administering the Commission’s rules pertaining to municipal securities brokers and dealers, municipal advisors, investors in municipal securities, and municipal issuers. OMS also coordinates with the MSRB on rulemaking and enforcement actions.

OMS advises the Commission on policy matters relating to the municipal securities market, and is responsible for policy development, coordination, and implementation of Commission initiatives to improve the municipal securities market. OMS provides technical assistance to other SEC offices and divisions, including OCIE and ENF. OMS is responsible for reviewing and processing all MSRB proposed rule changes on behalf of the Commission. OMS also regularly engages in public awareness and outreach activities, and closely monitors current issues in the municipal securities market.

### FY 2020 Request

In FY 2020, OMS seeks one position for an attorney to implement initiatives identified by the FIMSAC to address municipal instrument market transparency.

OMS will continue to coordinate the SEC’s municipal securities activities, administer SEC rules relating to the municipal securities market, oversee MSRB rulemaking, inform the Commission on current market issues, advise the Commission on policy matters relating to the municipal securities market, and provide technical assistance to other SEC offices and divisions. In addition, OMS will continue to lead semiannual meetings with the MSRB and FINRA regarding the municipal securities market, as required by the Dodd-Frank Act; meet with MSRB and FINRA staff regularly to discuss rulemaking, examination, and enforcement activities; meet with Internal Revenue Service staff; and coordinate with other regulators as needed. OMS will also continue to work closely with the municipal securities industry to educate market participants about the federal securities laws applicable to the municipal securities market.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 9                 | 9                        | 10                 |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 2,072          | \$ 2,028                 | \$ 2,348           |
| Non-Personnel Expenses        | 499               | 552                      | 632                |
| <b>Total Costs</b>            | <b>\$ 2,571</b>   | <b>\$ 2,580</b>          | <b>\$ 2,980</b>    |

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

## Workload Data

| Activity  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---|-------------------|---------------------|--------------------|
| SRO Proposed Rule Changes Reviewed <sup>1</sup>   | 8                 | 15                  | 15                 |
| SEC Rulemaking and Interpretive Actions   | 2                 | 4                   | 2                  |
| Interpretive, Exemptive, and No-Action Request Letters Closed                               | 2                 | 2                   | 2                  |
| Reviews of Potential Enforcement Actions  | 24                | 25                  | 25                 |
| Congressional, Governmental, Industry, and Public Correspondence and Inquiries <sup>2</sup> | 581               | 650                 | 650                |
| Public Awareness and Market Outreach  | 27                | 32                  | 32                 |
| <b>Municipal Advisors<sup>3</sup></b>   |                   |                     |                    |
| Registrants <sup>4</sup>  | 587               | 585                 | 590                |
| Registration Applications Filed   | 34                | 38                  | 35                 |
| Registration Amendments Filed   | 600               | 1,170               | 1,180              |
| Registrations Withdrawn or Canceled <sup>5</sup>  | 58                | 40                  | 30                 |

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

2 This data combines correspondence and telephone/internet inquiries.

3 This data reflects the expanded responsibilities assigned to the Commission for oversight of municipal advisors (MA) (firms and sole proprietors) by the Dodd-Frank Act. In addition, there are approximately 3,675 Form MA-Is on file with the Commission in relation to natural persons engaged in municipal advisory activities.

4 These figures reflect all active MA registrations as of September 30 of the applicable fiscal year.

5 These figures reflect the number of registration withdrawals or cancellations effective as of September 30 of the applicable fiscal year.

# OFFICE OF THE ADVOCATE FOR SMALL BUSINESS CAPITAL FORMATION

The Office of the Advocate for Small Business Capital Formation (OASB) advances the interests of small businesses and their investors at the SEC and in capital markets by conducting outreach, providing assistance, analyzing proposed policies, and recommending how policies can be changed to better address expressed needs.

## FY 2020 Request

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 is responsible for advocating for small businesses and their investors by conducting outreach to solicit views on relevant capital formation issues, providing assistance to resolve significant problems, analyzing the potential small business impact of proposed regulations and rules, and recommending changes to mitigate capital formation issues and promote the interests of small businesses and their investors.

The SEC's request for three additional positions in FY 2020 will allow OASB to carry out the mandates set forth in the SEC Small Business Advocate Act, which include the following key activities:

**Small Business Advocacy:** Consistent with the requirements in the SEC Small Business Advocate Act, OASB is responsible for assisting small businesses and their investors in resolving significant problems they may have with the SEC or SROs; identifying areas in which small businesses and their investors would benefit from changes in SEC regulations or SRO rules; identifying problems that small businesses have with securing access to capital (including any unique challenges faced by women-owned small businesses, minority-owned small businesses, and small businesses affected by natural disasters); analyzing the potential impact of proposed SEC regulations and SRO rules on small businesses and their investors; conducting outreach to small businesses and their investors to solicit views on capital formation issues; proposing appropriate regulatory and legislative changes to the SEC and to Congress to mitigate problems identified with small business capital formation and promote the interests of small businesses and their investors; and working collaboratively with other SEC staff, SROs, and government agencies to advance the interests of small businesses and their investors.

**Government-Business Forum on Small Business Capital Formation:** OASB is responsible for planning, organizing, and executing the annual Government-Business Forum on Small Business Capital Formation described in section 503 of the Small Business Investment Incentive Act of 1980 (15 U.S.C. 80c-1). The Forum provides a platform to highlight perceived impediments to capital formation, culminating in recommendations for government and private action to

improve the environment for small businesses that are consistent with other public policy goals, including investor protection.

**Annual Report on Activities:** OASB is responsible for preparing an annual report to Congress summarizing its activities in supporting small businesses and their investors during the preceding fiscal year. The report will provide statistical information and analyses of the issues on which OASB has worked, information on steps that OASB has taken to improve small business services and the responsiveness of the SEC and SROs to such needs, and a summary of the most serious issues encountered by small businesses and their investors, including any unique issues encountered by minority-owned small businesses, women-owned small businesses, and small businesses affected by natural disasters.

**Small Business Capital Formation Advisory Committee:** The SEC Small Business Advocate Act established the Small Business Capital Formation Advisory Committee to provide the SEC with advice on SEC rules, regulations, and policies relating to capital formation across the spectrum of small businesses from emerging, privately-held companies to smaller public companies with less than \$250,000,000 in public market capitalization; trading in the securities of such companies; and public reporting and corporate governance requirements of such companies. The Small Business Advocate serves as a member of the Committee, and OASB provides support and assistance to assist the Committee in fulfilling its statutory mission. The Committee submits recommendations to the Commission, to which the Commission must respond. The Committee is being constituted in FY 2019.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalent</b>   | —                 | 2                        | 6                  |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ —              | \$ 491                   | \$ 1,529           |
| Non-Personnel Expenses        | —                 | 149                      | 162                |
| <b>Total Costs</b>            | <b>\$ —</b>       | <b>\$ 640</b>            | <b>\$ 1,692</b>    |

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

## AGENCY DIRECTION AND ADMINISTRATIVE SUPPORT

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

Agency Direction includes:

- The Chairman and Commissioners' Offices
- Office of the 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

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

The Chairman 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 Chairman 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; overseeing SROs in the securities, accounting, and auditing fields; and coordinating U.S. securities regulation with federal, state, and foreign authorities. The staff in the Chairman'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.

| (DOLLARS IN THOUSANDS)       | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b> | 37                | 46                       | 47                 |
| <b>Cost:</b>                 |                   |                          |                    |
| Salaries and Benefits        | \$ 9,512          | \$ 11,900                | \$ 12,473          |
| Non-Personnel Expenses       | 2,912             | 3,150                    | 3,525              |
| <b>Total Costs</b>           | <b>\$ 12,424</b>  | <b>\$ 15,050</b>         | <b>\$ 15,998</b>   |

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

## Workload Data

| Activity                                    | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---|-------------------|---------------------|--------------------|
| Commission Meetings                         | 79                | 83                  | 87                 |
| Calendar Items                              | 590               | 620                 | 650                |
| Seriatim Actions                            | 510               | 535                 | 560                |
| Congressional Testimonies                   | 8                 | 10                  | 10                 |
| Chairman's and Congressional Correspondence | 124               | 130                 | 130                |

## OFFICE OF PUBLIC AFFAIRS

The Office of Public Affairs (OPA) focuses on making the work of the SEC open to the public, understandable to investors, and accountable to taxpayers. OPA helps all SEC divisions and offices accomplish the agency's mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

OPA leverages technology and multimedia to deliver news, data, and other information to inform the public and facilitate the ability of the public to interact with the SEC. The office maintains the agency's website, [SEC.gov](https://www.sec.gov), which is among the federal government's most-used websites. OPA also manages content on the SEC's social media and other digital platforms using the forms and formats investors prefer and rely on. Additionally, OPA helps enhance SEC workforce efficiency, collaboration, and engagement by executing strategic communication initiatives and facilitating access to knowledge management databases and systems.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 21                | 19                       | 20                 |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 4,672          | \$ 4,447                 | \$ 4,842           |
| Non-Personnel Expenses        | 8,293             | 8,317                    | 9,939              |
| <b>Total Costs</b>            | <b>\$ 12,965</b>  | <b>\$ 12,765</b>         | <b>\$ 14,781</b>   |

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

### Workload Data

| Activity  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request  |
|---|-------------------|---------------------|---------------------|
| News Releases and Statements  | 401               | 425                 | 425                 |
| Email and Mobile Bulletins  | 4,781             | 5,000               | 5,000               |
| Social Media Posts <sup>1</sup>   | 7,948             | 8,000               | 8,000               |
| Number of SharePoint Top-Level Sites, Web Pages, or Applications Created and/or Administered <sup>2</sup> | 18                | 18                  | 18                  |
| Number of Internal Communications Artifacts, including Articles, Reminders, and Daily Emails Distributed  | 3,193             | 3,900 <sup>3</sup>  | 3,900 <sup>3</sup>  |
| SEC.gov Website Content Updates   | 22,436            | 25,000 <sup>4</sup> | 25,000 <sup>4</sup> |
| Number of Digital Signage Slides, Posters, and Kiosk Announcements  | 635               | 700                 | 700                 |

1 Social Media Posts include those done by individual divisions and offices on SEC-official social media accounts (Twitter, Facebook, Flickr, YouTube, Pinterest, and LinkedIn). See [SEC.gov/opa/socialmedia](https://www.sec.gov/opa/socialmedia).

2 Number only represents the top-level (i.e., first level/parent) sites. A total of nearly 490 subsites, pages, and/or workflows comprise these sites.

3 The deployment of the new intranet platform, The Exchange, was delayed but launched in March FY 2019. The new estimate and request reflects the updated projection.

4 Methodology revised to exclude multiple edits to the same content.

## OFFICE OF THE SECRETARY

The Office of the Secretary (OS) reviews all documents issued by the Commission, schedules and coordinates Commission meetings, prepares and maintains records of Commission actions, and advises the Commission and staff about practice and procedure. OS directly supports the Commission staff and receives and tracks filings in administrative proceedings. OS is responsible for the public dissemination of Commission documents such as notices, orders, and rulemakings and, in collaboration with the Office of Public Affairs, managing the web content management system.

Because all enforcement actions, examination reports, and rulemakings flow through OS, the agency's rulemaking agenda and enforcement program will continue to have a significant impact on OS workload in FY 2020. In recent years, OS has generally experienced significantly increased workload levels. The higher workload OS has experienced aligns with the agency's increased enforcement actions and rulemaking activity during that timeframe. In addition, OS has continued to focus resources on improving operational efficiency and effectiveness and the development of new information technology (IT) systems designed to replace legacy systems or improve the services OS provides to the public.

In FY 2020, OS will continue to support Commission operations. OS expects that the workload directly tied to supporting Commission operations will remain steady or slightly above the workload levels OS experienced in the last few years. In FY 2020, OS will also continue to improve business operations and enhance recently implemented IT systems to further improve OS efficiency and effectiveness.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 24                | 21                       | 21                 |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 5,236          | \$ 4,833                 | \$ 4,987           |
| Non-Personnel Expenses        | 6,167             | 6,118                    | 6,878              |
| <b>Total Costs</b>            | <b>\$ 11,403</b>  | <b>\$ 10,951</b>         | <b>\$ 11,865</b>   |

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

### Workload Data

| Activity  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---|-------------------|---------------------|--------------------|
| Releases Processed                              | 4,464             | 4,700               | 4,900              |
| Public Comment Letters Processed                | 14,000            | 14,700              | 15,400             |
| Documents Posted on Website                     | 5,304             | 5,600               | 5,900              |
| Administrative Proceedings Items Processed      | 5,465             | 5,600               | 5,700              |
| Service of Process – Administrative Proceedings | 12,751            | 12,800              | 13,000             |

## OFFICE OF THE CHIEF OPERATING OFFICER

The Office of the Chief Operating Officer (OCOO) develops, coordinates, and 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 six offices within OCOO:

- Office of Financial Management
- Office of Information Technology
- Office of Human Resources
- Office of Acquisitions
- Office of Support Operations
- EDGAR Business Office

OCOO in FY 2018 has also established a new Chief Risk Officer position to coordinate the agency's risk management functions, and a small front office staff who perform specialized activities and functions to support the SEC's mission.

## 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 component offices described in subsequent pages. In addition, the front office manages several key functions, as detailed below.

### Chief Risk Officer, Enterprise Risk and Internal Controls, and Audit Coordination and Follow-up

The OCOO front office is home to the Office of the Chief Risk Officer (CRO), which coordinates the agency's enterprise risk management functions as required under OMB Circular A-123. The CRO also is responsible for the agency's internal controls over operations, and coordinates the annual management assurance statements. Finally, the CRO serves as the liaison between the SEC and audit organizations, and supports the timely completion of corrective action on audit recommendations.

### Strategic Planning and Program Management

Within the OCOO front office, the Office of Strategic Planning and Program Management focuses on four distinct areas, including SEC-wide strategic planning, OCOO strategic planning, program management, and project management.

### Managing Executive Support for Small Office

Through the Office of Managing Executive for Small Offices (MESO), OCOO provides vital business operations and management support to small offices throughout the Commission, which enables senior management in those offices to better focus on their organizational goals and mission. In particular, MESO works collaboratively with office heads to manage their financial and human resources, as well as their information technology initiatives, to achieve their organizational objectives and support the overall agency mission.

### FY 2020 Request

The OCOO requests one position to further support the establishment of the CRO and enhance risk management programs. Specifically, the position would focus on initiatives to expand the management of enterprise-wide risks, such as risks identified by audit organizations, and to enhance the agency's internal control program.

| (DOLLARS IN THOUSANDS)       | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b> | 10                | 13                       | 14                 |
| <b>Cost:</b>                 |                   |                          |                    |
| Salaries and Benefits        | \$ 2,400          | \$ 2,537                 | \$ 2,866           |
| Non-Personnel Expenses       | 1,063             | 1,067                    | 1,222              |
| <b>Total Costs</b>           | <b>\$ 3,463</b>   | <b>\$ 3,604</b>          | <b>\$ 4,088</b>    |

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

## Workload Data

| Activity  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---|-------------------|---------------------|--------------------|
| Number of Auditor Engagements Facilitated               | 31                | 31                  | 31                 |
| Number of Projects and Operational Activities Supported | 80                | 82                  | 82                 |

## OFFICE OF FINANCIAL MANAGEMENT

The Office of Financial Management (OFM) is responsible for the SEC’s financial and budgetary operations. Specifically, OFM oversees the agency’s financial systems; prepares financial statements and reports; maintains the formulation and execution of the SEC’s annual budget; and manages internal controls over financial reporting.

In FY 2020, OFM continues to be committed to strengthening financial management within the Commission through coordinated efforts involving the modernization and integration of financial systems, the improvement of financial reporting and accountability and the enhancement of efficient and effective internal controls. In this regard, staff will be re-examining how to reduce cost, improve accounting and reporting, and realize efficiencies. In addition, OFM will continue to support the necessary rulemaking efforts to tag registration fee data to automate a highly manual review process and will continue to develop a new disgorgement and penalty system to support higher data quality and the tracking and management of financial obligations related to enforcement judgements.

| (DOLLARS IN THOUSANDS)       | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b> | 92                | 87                       | 88                 |
| <b>Cost:</b>                 |                   |                          |                    |
| Salaries and Benefits        | \$ 20,908         | \$ 20,173                | \$ 21,048          |
| Non-Personnel Expenses       | 7,224             | 7,455                    | 8,438              |
| <b>Total Costs</b>           | <b>\$ 28,132</b>  | <b>\$ 27,627</b>         | <b>\$ 29,486</b>   |

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

### Workload Data

| Activity  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---|-------------------|---------------------|--------------------|
| <b>Accounting and Finance</b>                                 |                   |                     |                    |
| Quarterly/Annual Financial Statements Issued <sup>1</sup>     | 36                | 36                  | 36                 |
| Financial Transactions Analyzed <sup>2</sup>                  | 8,495,303         | 10,000,000          | 11,800,000         |
| Analysis and Reconciliation Reports Prepared <sup>3</sup>     | 7,662             | 7,130               | 7,130              |
| <b>Planning and Budget</b>                                    |                   |                     |                    |
| Number of Conference Requests Submitted in AERS               | 101               | 90                  | 90                 |
| Percent of Reserve Fund Letters Delivered to Congress on Time | 100%              | 100%                | 100%               |

1 This workload metric includes the five required financial statements—Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and Statement of Custodial Activity—on a quarterly and annual basis (20 statements total), and the four Investor Protection Fund financial statements required on a quarterly and annual basis (16 statements total). This metric does not include the government-wide financial statements.

2 This workload metric captures all financial transactions processed in the financial system and analyzed by SEC staff.

3 This workload metric accounts for all analysis and reconciliation reports prepared during the review of transactions.

## OFFICE OF INFORMATION TECHNOLOGY

Information technology (IT) plays a critical role in the mission of the SEC and its ability to share information and data both internally and externally. The increasing size and complexity of the U.S. markets require that the SEC continue leveraging technology to streamline operations and increase the effectiveness of the agency's programs, building on the progress made over the past several years in modernizing technology systems. The Office of Information Technology (OIT) is focused on advancing its cybersecurity efforts to prevent threats that pose risks to investors, financial services firms, markets, and the SEC itself.

OIT supports the Commission and staff of the SEC in all aspects of IT. OIT has overall management responsibility for the Commission's IT program including application development, infrastructure operations and engineering, user support, IT program management, capital planning, security, 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. OIT also maintains a dynamic and robust website that contains a wealth of information about the Commission and the securities industry, and also hosts the EDGAR database for free public access.

### FY 2020 Request

The FY 2020 requests an additional \$20 million for information technology to continue efforts to modernize our technology systems. The request would support key enhancements to protect the security of our networks, systems, and sensitive data by expanding cybersecurity protections while effectively retiring legacy systems.

The FY 2020 request also seeks three additional positions in the areas of cybersecurity and cloud computing. OIT intends to expand its cloud and data management capabilities and enhance its cybersecurity posture by continuing to expand the SEC's information security defenses and monitoring capabilities to ensure the appropriate controls, policies, and procedures are in place to safeguard the Commission. The requested positions will allow OIT to continue its focus on service delivery to ensure internal business partners obtain the greatest return from technology investments.

## Reserve Fund

In FY 2020, the SEC intends to continue using its Reserve Fund to fund mission-critical technology 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.

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

- Cybersecurity;
- Data analytics;
- EDGAR enhancements and modernization, including security uplift;
- Enforcement investigation and litigation support;
- Examination management; and
- Business process improvements to include cloud environment automation and foundational enhancements, as well as email and storage migration to secure managed services.

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 overhauling EDGAR will continue to create a new, modernized system that will meet requirements for real-time system updates; reduce filer burden by providing tailored search and filing options based on filer experience; improve data capture by moving to structured formats for various SEC forms that will reduce the burden of producing and consuming the data; and limit the long-term costs of operating and maintaining the system.

Building foundational capabilities in the SEC’s cloud environment will unlock future opportunities for cost savings, application consolidation, and security enhancements. In FY 2020, the SEC will complete a migration of storage and email to secure managed services. The SEC will set technology standards for development in the cloud, and will invest in automation to implement inherited security controls and improve delivery time. The SEC will also establish disaster recovery and security tools required for additional migration of applications. These efforts will allow the SEC to retire outdated legacy applications that are expensive to secure and maintain.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 174               | 182                      | 195                |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 43,321         | \$ 45,823                | \$ 50,515          |
| Non-Personnel Expenses        | 31,231            | 31,208                   | 34,128             |
| <b>Total Costs</b>            | <b>\$ 74,552</b>  | <b>\$ 77,031</b>         | <b>\$ 84,643</b>   |

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

## Workload Data

| Activity   | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|--|-------------------|---------------------|--------------------|
| <b>EDGAR Filings, Disclosure, and Review</b>                   |                   |                     |                    |
| Online Searches for EDGAR Filings (in millions)                | 28,797            | 30,237              | 31,749             |
| Number of Electronic Filings Received (in millions)            | 1.8               | 1.9                 | 2.0                |
| <b>Internal Process Improvements and Employee Productivity</b> |                   |                     |                    |
| User Requests for Helpdesk Assistance                          | 165,879           | 170,000             | 170,000            |
| Amount of Network-Based Storage (terabytes)                    | 21,597            | 24,836              | 25,000             |
| Network Users  | 6,375             | 6,500               | 6,500              |
| <b>Information Security and Disaster Recovery</b>              |                   |                     |                    |
| Percentage of Major Systems Certified and Accredited           | 88%               | 100%                | 100%               |
| Technical Support – Internet and Email Inquiries <sup>1</sup>  | 142               | 175                 | 215                |
| Technical Support – Telephone Inquiries <sup>1</sup>           | 28,336            | 33,000              | 40,590             |

<sup>1</sup> Technical support measures moved to the EDGAR Business Office in 2018.

## OFFICE OF HUMAN RESOURCES

The Office of Human Resources (OHR) provides leadership for the strategic management of the SEC's human capital to enhance the Commission's performance through effective alignment and management of human capital. OHR consults with management, administers programs, establishes policies, and ensures compliance with federal regulations. OHR develops, implements, and evaluates all facets of the Commission's human capital programs and policies.

### FY 2020 Request

The FY 2020 seeks an additional position to assist in the delivery of the human capital services to the SEC workforce.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 107               | 104                      | 107                |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 23,358         | \$ 23,313                | \$ 24,780          |
| Non-Personnel Expenses        | 7,970             | 8,253                    | 9,246              |
| <b>Total Costs</b>            | <b>\$ 31,329</b>  | <b>\$ 31,566</b>         | <b>\$ 34,027</b>   |

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

### Workload Data

| Activity                              | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---------------------------------------|-------------------|---------------------|--------------------|
| AskHR Inquiries                       | 14,417            | 19,000              | 13,000             |
| Personnel Actions Processed           | 23,000            | 23,205              | 23,345             |
| Recruitment Actions                   | 344               | 212                 | 349                |
| Training Sessions Held                | 958               | 800                 | 800                |
| Number of Training Session Attendees  | 25,764            | 25,000              | 25,000             |
| Studies, Reviews, and Policies Issued | 556               | 511                 | 511                |

## OFFICE OF ACQUISITIONS

The Office of Acquisitions (OA) is responsible for procuring all goods and services—except real property and employee training—for the SEC. OA provides oversight of the Government Purchase Card (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, closing out contracts, and the implementation and enforcement of 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 the 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 with respect to numerous federal programs.

In early FY 2019, OA continued to strengthen internal controls over the contractual aspects of financial reporting, and made additional enhancements on the Electronic Contract File (eFile) Project. These efforts resulted in improved contract administration, greater transparency, and improved reporting. In FY 2020, OA plans to continue the Contract Management Excellence (CME) initiative, which was developed in FY 2018 as a long-term theme for the agency to drive improvements in contract management.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 57                | 54                       | 55                 |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 12,084         | \$ 12,081                | \$ 12,699          |
| Non-Personnel Expenses        | 3,207             | 3,377                    | 3,868              |
| <b>Total Costs</b>            | <b>\$ 15,291</b>  | <b>\$ 15,458</b>         | <b>\$ 16,566</b>   |

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

## Workload Data

| Activity  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---|-------------------|---------------------|--------------------|
| Procurement Actions (contracts and purchase orders)               | 1,732             | 2,000               | 2,000              |
| Total Dollars Obligated of Contracts with Business Funded by SEC  | \$ 435,300,000    | \$ 432,000,000      | \$ 484,000,000     |
| Additional Value of Interagency Agreements Obligated (in dollars) | \$ 27,600,000     | \$ 28,000,000       | \$ 30,000,000      |
| GPC Cardholder Statements Audited                                 | 114               | 115                 | 115                |
| Closeout Actions Processed  | 669               | 700                 | 700                |
| Dollars Recovered for Reuse (closeouts and ULO de-obligations)    | \$ 26,000,000     | \$ 25,000,000       | \$ 25,000,000      |
| CORs Managed  | 460               | 465                 | 465                |
| Small Business Actions Processed                                  | 1,325             | 1,500               | 1,500              |
| Dollars Spent with Small Business                                 | \$ 219,573,808    | \$ 210,000,000      | \$ 210,000,000     |
| Percent Small Business Dollars (23% federal-wide minimum goal)    | 52%               | 55%                 | 50%                |
| Multi-Agency Collaborative Actions                                | 597               | 800                 | 800                |
| Multi-Agency Contract Value Awarded (in dollars)                  | \$ 222,000,000    | \$ 250,000,000      | \$ 250,000,000     |

## 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.

OSO will continue to work with the General Services Administration (GSA) to support GSA's procurement of new leases for both the SEC's headquarters and its New York Regional Office.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 93                | 89                       | 89                 |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 18,521         | \$ 18,524                | \$ 19,107          |
| Non-Personnel Expenses        | 5,861             | 6,192                    | 7,245              |
| <b>Total Costs</b>            | <b>\$ 24,382</b>  | <b>\$ 24,716</b>         | <b>\$ 26,352</b>   |

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

### Workload Data

| Activity  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---|-------------------|---------------------|--------------------|
| Records Management – Official Certifications                | 2,026             | 2,200               | 2,420              |
| Records Management – Document Requests                      | 335               | 660                 | 620                |
| FOIA Requests Carried Forward from Prior FYs                | 559               | 540                 | 1,540              |
| New FOIA/PA Requests Received                               | 14,229            | 14,500              | 15,000             |
| FOIA/PA Requests Completed                                  | 14,248            | 13,500              | 13,500             |
| Security Services – Interim Suitability Determinations Made | 2,077             | 2,300               | 2,300              |
| Security Services – HSPD-12 Credentials Issued              | 1,538             | 1,700               | 1,700              |
| Security Services – HSPD-12 Credential Certificates Updated | 502               | 425                 | 450                |
| Print Production (millions of pages)                        | 2.8               | 2.8                 | 2.8                |

## EDGAR BUSINESS OFFICE

In May 2018, the SEC renamed its Office of Strategic Initiatives the EDGAR Business Office (EBO) to reflect the increasingly important role the office plays in the governance, operation, and evolution of the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system.

The responsibilities of EBO include oversight of the EDGAR development budget; providing the agency's publicly-facing EDGAR filer support activities; engaging with stakeholders across the agency to develop business requirements for enhancements to EDGAR; sustaining the agency's rulemaking efforts by evaluating the potential effects on EDGAR in meeting any new or changed filing requirements; and providing management and oversight of the agency's library and third-party research and data resources.

In FY 2020 and beyond, EBO will continue its direct executive-level oversight for the EDGAR system to provide greater control, accountability, and transparency of the system's business operations to include the ongoing EDGAR Redesign Program for the delivery of a new electronic filing environment.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalent</b>   | 29                | 37                       | 39                 |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 6,267          | \$ 7,875                 | \$ 8,599           |
| Non-Personnel Expenses        | 1,605             | 1,702                    | 1,951              |
| <b>Total Costs</b>            | <b>\$ 7,872</b>   | <b>\$ 9,576</b>          | <b>\$ 10,549</b>   |

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

## Workload Data

| Activity   | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|--|-------------------|---------------------|--------------------|
| <b>EDGAR Business Owner/Program Office</b>                             |                   |                     |                    |
| EDGAR Development Releases   | 4                 | 5                   | 4                  |
| EDGAR Infrastructure Releases  | 4                 | 5                   | 5                  |
| EDGAR Filer Manual Seriatim Updates                                    | 4                 | 5                   | 4                  |
| Technical Support – Internet and Email Inquiries <sup>1</sup>          | 279               | 360                 | 360                |
| Assistance and Technical Support –<br>Telephone Inquiries <sup>1</sup> | 68,762            | 79,463              | 81,847             |
| EDGAR Form IDs Processed   | 53,364            | 54,965              | 56,064             |
| <b>Information Services</b>  |                   |                     |                    |
| Public Reference – Visitors  | 500               | 500                 | 500                |
| Library Password Management – Active Passwords                         | 21,697            | 21,000              | 21,000             |
| Library Acquisitions – Contracts Managed                               | 130               | 120                 | 120                |
| Library Acquisitions – Invoices Reviewed/Paid                          | 672               | 700                 | 700                |
| Library Reference – In-Depth Research Requests                         | 346               | 320                 | 320                |
| Library Reference – Quick Reference Requests                           | 1,892             | 2,000               | 2,000              |

<sup>1</sup> The SEC has consolidated its Filer Support functions to the EDGAR Business Office during FY 2018, thus the increase in telephone inquiries.

## 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 Chairman, 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 Supplemental Ethics Rules, and provides training and counseling on personal trading questions. OEC advises and counsels 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. 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 and as the number of enforcement matters increases in FY 2020.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 18                | 19                       | 19                 |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 4,403          | \$ 4,582                 | \$ 4,715           |
| Non-Personnel Expenses        | 2,341             | 2,403                    | 3,084              |
| <b>Total Costs</b>            | <b>\$ 6,744</b>   | <b>\$ 6,985</b>          | <b>\$ 7,799</b>    |

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

### Workload Data

| Activity   | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|--|-------------------|---------------------|--------------------|
| Testing of Employee Compliance Data                | 400               | 474                 | 488                |
| Ethics Counseling Inquiries                        | 9,200             | 9,476               | 9,761              |
| Review of Public Financial Disclosure Forms        | 410               | 422                 | 435                |
| Commission Memoranda Review                        | 1,550             | 1,597               | 1,645              |
| Review of Confidential Financial Disclosure Forms  | 4,600             | 4,738               | 4,880              |
| Clearance of 8B Requests                           | 260               | 268                 | 276                |
| Pre-clearance of Requests for Trading              | 37,400            | 38,522              | 39,678             |
| Employees Trained in Ethics                        | 4,600             | 4,738               | 4,880              |
| Review of SEC Forms 682 Financial Disclosure Forms | 126               | 130                 | 137                |

## OFFICE OF MINORITY AND WOMEN INCLUSION

The Office of Minority and Women Inclusion (OMWI) is responsible for all matters related to diversity in management, employment, and business activities at the SEC. OMWI is tasked with developing standards for equal employment opportunity and the diversity of the SEC's workforce and senior management; increased participation of minority-owned and women-owned businesses in SEC's programs and contracts; and assessing the diversity policies and practices of entities regulated by the SEC. OMWI is also responsible for developing standards for determining whether SEC contractors and subcontractors comply with their contractual obligations to make a good faith effort to include minorities and women in their workforces.

OMWI will continue to promote diversity and inclusion in the workforce and business activities of the SEC, and implement standards for assessing the diversity policies of SEC regulated entities. OMWI's workforce activity will be increasingly focused on supporting those divisions and offices authorized to fill positions in FY 2020. OMWI will work with hiring managers to identify specific recruiting needs and develop outreach strategies to attract diverse professionals. While enhancing diversity in senior management positions continues to be an important focus, OMWI will also increase efforts to recruit diverse students for SEC internship opportunities.

With regard to business activities, OMWI works to introduce minority-owned and women-owned businesses of all sizes 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. OMWI will continue to participate in matchmaking sessions at business conferences and other industry networking events; meet one-on-one with potential contractors at SEC headquarters and via teleconference at Vendor Outreach Days each month; and join with other financial regulatory agencies to host supplier diversity and technical assistance events. OMWI expects to continue outreach to minority-owned and women-owned businesses on opportunities available through SEC strategic, multi-year flexible contract vehicles.

OMWI's activity related to entities regulated by the SEC will focus on implementing the joint standards for assessing diversity policies and practices issued by the SEC and five other financial regulatory agencies. At conferences and other events hosted by industry trade associations, OMWI will continue to encourage regulated entities to conduct self-assessments of their diversity policies and practices using the joint standards, and share information about their diversity self-assessments with the SEC.

In addition, OMWI expects to continue and increase efforts in support of the SEC’s strategic initiatives to enhance outreach, education, and consultation with diverse investors and businesses, likely in collaboration with other SEC divisions and offices, such as the Office of Investor Education and Advocacy.

OMWI expects to continue to leverage diversity and inclusion to support the SEC’s staff and internal operations while helping the agency more effectively engage with diverse businesses and investors.

| <i>(DOLLARS IN THOUSANDS)</i> | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|-------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b>  | 9                 | 9                        | 10                 |
| <b>Cost:</b>                  |                   |                          |                    |
| Salaries and Benefits         | \$ 2,111          | \$ 2,286                 | \$ 2,609           |
| Non-Personnel Expenses        | 1,097             | 1,196                    | 1,295              |
| <b>Total Costs</b>            | <b>\$ 3,208</b>   | <b>\$ 3,482</b>          | <b>\$ 3,905</b>    |

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

## Workload Data

| Activity                                 | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|--|-------------------|---------------------|--------------------|
| Diversity Assessments                    | 23                | 15                  | 15                 |
| Advancing Employee Development           | —                 | 1                   | 1                  |
| Reporting Requirements and Data Analyses | 166               | 110                 | 110                |
| Diversity and Inclusion Programs         | 58                | 60                  | 60                 |
| Diversity and Inclusion Training         | 16                | 15                  | 15                 |
| Roundtable or Public Meetings            | 2                 | 2                   | 2                  |
| Vendor Outreach                          | 63                | 60                  | 60                 |
| Targeted Advertisement Sources           | 145               | 80                  | 80                 |
| Diversity Standards and Policies         | —                 | 1                   | 1                  |
| Good Faith Effort Contract Reviews       | 45                | 45                  | 45                 |

## OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

The Office of Equal Employment Opportunity (OEEO) strives to enhance equal access to employment opportunities for the best and brightest talent, and to foster an equitable work environment in which employees perform the SEC's mission. SEC employees come from diverse backgrounds and are entitled to a workplace where employment decisions are made without regard to race, color, sex, age, religion, national origin, or genetic information. Like other demographic groups protected by statute, the law shields individuals with disabilities from discrimination. However, individuals with disabilities may lawfully receive preferential treatment, e.g., in the hiring process. To maintain the neutrality and impartiality necessary to fulfill its responsibilities, OEEO is required to be independent of any other SEC offices, and the OEEO director reports to the SEC Chairman. OEEO has two primary analytical functions: Compliance and Barrier Analysis.

The Compliance function applies legal principles to the processing and adjudication of complaints of discrimination under Title VII of the Civil Rights Act, the Age Discrimination in Employment Act, the Rehabilitation and Americans with Disabilities Acts, and the Genetic Information Nondiscrimination Act. The Equal Employment Opportunity Commission enforces these laws, adjudicates cases, and regulates equal employment opportunity programs across the federal government.

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

In support of its two analytical functions, OEEO also provides opportunities to quickly resolve disputes, conducts mandatory training, engages in proactive prevention through raising awareness and by providing technical assistance, and files required annual reports with external stakeholders. OEEO engages frequently with internal and external stakeholders to perform its functions.

| (DOLLARS IN THOUSANDS)       | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b> | 14                | 14                       | 14                 |
| <b>Cost:</b>                 |                   |                          |                    |
| Salaries and Benefits        | \$ 3,543          | \$ 3,949                 | \$ 4,057           |
| Non-Personnel Expenses       | 1,939             | 2,033                    | 2,373              |
| <b>Total Costs</b>           | <b>\$ 5,481</b>   | <b>\$ 5,982</b>          | <b>\$ 6,430</b>    |

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

## Workload Data

| Activity         | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|------------------|-------------------|---------------------|--------------------|
| Compliance       | 358               | 350                 | 350                |
| Reporting        | 8                 | 8                   | 8                  |
| Barrier Analysis | 2,086             | 2,000               | 2,000              |
| Mission Support  | 1,345             | 1,300               | 1,300              |

## 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 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 OIG. 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 2020, OIG will continue to focus on improving agency programs and operations through audits, evaluations, and reviews. 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. By conducting audits, evaluations, reviews, inquiries, and investigations, OIG supports the efforts of Congress and the SEC to fulfill the agency's responsibilities and achieve its goals and objectives for oversight of the securities industry and investor protection. 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 OIG. OIG expects workload levels to remain high through FY 2020.

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 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 2020, 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. OIG will also produce the required annual report to Congress on the ESP. In addition, OIG will operate a program for recognizing employees who make suggestions through the ESP that increased work efficiency, effectiveness, or productivity of the SEC, or reduced waste, abuse, misconduct, or mismanagement, as provided for by the Dodd-Frank Act.

In addition, there has been an increase in the coordination Inspector General (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, OIG will be required to prepare a section of CIGFO's annual report to Congress in FY 2020. 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's OIG to conduct other audit or review activities on CIGFO's behalf.

Recent legislation has increased OIG responsibilities. The IG Enhancement Act and the Whistleblower Protection Coordination Act are two examples of legislation that add responsibilities in order to increase transparency into the work conducted by OIGs. Similar legislation has been proposed that would increase OIG coordination and reporting with OIGs throughout the federal government. Additionally, the emphasis upon cybersecurity enhancements and investigations as 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. To continue effective oversight, OIG will need additional personnel to accommodate this increased workload.

OIG currently has 54 positions. For FY 2020, OIG plans to add one position, a special agent for the digital forensic team that will provide technical assistance such as network intrusion detection and computer forensics and data analytics, in support of OIG audits and investigations. This additional technical expertise will aid OIG's efforts to conduct investigations of alleged fraud, waste, abuse, and misconduct in the SEC's programs and operations.

### Regulatory Requirement

The Inspector General Act of 1978 (as amended through Pub. L. 115-254) requires that each IG submit a budget estimate and request each fiscal year to the head of the agency to which the IG reports. Section 6(f)(1) requires that the request include:

- The aggregate amount of funds requested for the operations of 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 FY; 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 SEC submits the following information for OIG's budget estimate and request for FY 2020.

- The aggregate budget request for the operations of the OIG is \$15,662,338.65.
- 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. We estimate OIG specialized training costs of \$110,000, for FY 2020. The IG certifies that the aggregate amount of the request satisfies all training requirements for the OIG for FY 2020 and also any assessment required to support CIGIE.
- The estimated amount of the SEC OIG's contribution to CIGIE is 0.30 percent of the budget request, or \$46,987.

| (DOLLARS IN THOUSANDS)       | FY 2018<br>Actual | FY 2019<br>Annualized CR | FY 2020<br>Request |
|------------------------------|-------------------|--------------------------|--------------------|
| <b>Full-Time Equivalents</b> | 49                | 50                       | 52                 |
| <b>Cost:</b>                 |                   |                          |                    |
| Salaries and Benefits        | \$ 11,962         | \$ 12,769                | \$ 13,644          |
| Non-Personnel Expenses       | 4,186             | 4,686                    | 5,176              |
| <b>Total Costs</b>           | <b>\$ 16,147</b>  | <b>\$ 17,454</b>         | <b>\$ 18,821</b>   |

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

## Workload Data

| Activity                  | FY 2018<br>Actual | FY 2019<br>Estimate | FY 2020<br>Request |
|---------------------------|-------------------|---------------------|--------------------|
| <b>Audits/Evaluations</b> |                   |                     |                    |
| Pending Beginning of Year | 5                 | 4                   | 8                  |
| Opened                    | 11                | 16                  | 12                 |
| Completed                 | 12                | 12                  | 14                 |
| Pending End of Year       | 4                 | 8                   | 6                  |

# Other Information

|  |    |
|--|----|
| Risks, Internal Controls, and Management Challenges..... | 83 |
| Cross-Agency Collaboration .....                         | 88 |
| Evidence Building.....                                   | 91 |
| Links to Additional Information and Resources .....      | 93 |

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# RISKS, INTERNAL CONTROLS, AND MANAGEMENT CHALLENGES

As the markets, products, and participants that the SEC oversees and regulates increase in size and complexity, the agency's mandate to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation becomes more challenging. To maximize the use of the SEC's resources to fulfill this mission, the agency continually strives to allocate its time and funds toward the highest and best uses. The SEC must always reevaluate its operations to identify emerging risks and ensure the agency's resources are deployed to most efficiently address agency priorities.

## Risk Management

The Chief Risk Officer (CRO) responsibilities include coordinating the agency's enterprise risk management functions, as required under OMB Circular A-123. The enterprise risk management program assists the agency in achieving its strategic and operational objectives by providing an enterprise-wide, strategically aligned, systematic, and structured methodology for managing the agency's most significant risks and challenges. The CRO is a key member of the Risk Management Oversight Committee and provides governance and oversight of the SEC's enterprise risk management program. This Committee oversees the development and implementation of strategic and programmatic risk policies, frameworks, and methodologies, and also produces and maintains the agency's risk profile. In FY 2020, the SEC will continue to focus on its enterprise risk management practices and work to integrate enterprise risk management with our strategic goals, performance metrics, and our internal control environment, as well as support risk-informed decision-making.

## Management Assessments of Internal Challenges

The SEC remains committed to maintaining strong internal controls. Internal control is an integral component of effective agency management, providing reasonable assurance that the following objectives are being achieved: effectiveness and efficiency of operations, reliability of reporting, and compliance with laws and regulations. The Federal Managers' Financial Integrity Act of 1982 (FMFIA) establishes management's responsibility to 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 requires federal agencies to establish controls that reasonably ensure obligations and costs are in compliance with applicable law; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for to maintain accountability over the assets. The FMFIA also requires agencies to annually assess whether financial management systems conform to related requirements (FMFIA § 4).

Section 963 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) describes the responsibility of SEC management to establish and maintain adequate internal controls and procedures for financial reporting. This section requires an annual financial controls audit, a Government Accountability Office (GAO) audit of the SEC's assessment of the effectiveness of internal control, and internal controls attestations by the Chairman and the Chief Financial Officer (CFO).

The assurance statements are based on reports from each division director and office head on the effectiveness of their controls. These statements are based on self-assessments and internal reviews supported by control testing, as well as recommendations for improvement from audits, investigations, and reviews conducted internally by the SEC's Office of Inspector General (OIG) and GAO. In evaluating internal controls, the SEC also considers other sources of information, which include, but are not limited to, the following:

- An entity-level control assessment;
- Internal management reviews, self-assessments, and tests of internal controls;
- Management's personal knowledge gained from daily operations;
- Reports from GAO and the OIG;
- Reviews of financial management systems;
- Reports pursuant to the Federal Information Security Management Act (FISMA) and OMB Circular A-130, *Management of Federal Information Resources*;
- Reports and other information from Congress or agencies such as the OMB, the Office of Personnel Management (OPM), or the General Services Administration (GSA) reflecting the adequacy of internal controls; and
- Additional reviews relating to a division or office's operations.

The SEC's annual assessment of internal controls, based on these sources, 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 2018 AFR provides a summary of the most serious management and performance challenges facing the SEC, as identified by the OIG in the *Other Information* section. The AFR also details the actions currently being taken to address these challenges.

The table on the next page describes how the resources requested for FY 2020 will help address the challenges identified by the Inspector General.

**Regulatory Oversight**

The SEC must continue to find ways to use its limited resources to keep pace with changes in the size and complexity of the securities markets and the market participants the SEC oversees and regulates, absent additional funding increases.

The Office of Compliance Inspections and Examinations has worked to increase its examination coverage of investment advisers, including re-allocating staff and enhancing its use of advanced quantitative techniques, and continues to seek new ways to increase its efficiency while strengthening internal controls.

The SEC's new Strategic Plan identifies the need to adjust the agency efforts in response to significant developments and trends in our evolving capital markets as one of our three primary strategic goals for the next four years. The SEC continues to recognize the need to maximize technology to deliver information to the public, better identify risks, uncover frauds, sift through large volumes of data, inform policymaking, and streamline operations. Key information technology (IT) initiatives include the following:

- Continuing the development of advanced analytics solutions for detecting suspicious behavior in high frequency trading and other complex trading areas;
- Improving examinations through risk assessment and surveillance tools;
- Enhancing systems that support the enforcement program;
- Improving storage, processing, security, and management of large volumes of data;
- Modernizing the SEC's infrastructure and computing environment to enhance security, improve performance, and streamline delivery; and
- Improving the SEC's ability to analyze fixed-income data.

**Information Security**

The SEC generates and collects commercially-valuable, market-sensitive, proprietary, and other nonpublic information. To accomplish the SEC's mission, the agency shares sensitive information internally among its divisions and offices and externally with the regulated community and financial regulators. Information security is an area of vital importance to the SEC and our markets. The Office of Information Technology works diligently to build and enhance the agency's information security capabilities. The challenge of doing so is complex and evolving each day with changes in the global cybersecurity landscape, emerging threats, new compliance requirements, and finite resources.

To ensure an effective information security program, the SEC is increasing investments in information security to enhance the ability to monitor and avoid advanced persistent threats, and to improve risk management and monitoring. The SEC has been conducting an ongoing assessment of the agency's cybersecurity risk profile and preparedness, including: (1) the formation of a senior-level cybersecurity working group to coordinate information sharing; (2) risk and threat monitoring; (3) incident response and other cross-divisional and interagency efforts; and (4) an assessment of reporting and escalation procedures. Each of these efforts is moving forward and, as is the nature of matters of this type, will require substantial time and effort to complete.

*continued on next page*

**Management Challenge  
Identified by the  
Inspector General**

**How the FY 2020 Budget Addresses the Challenge *(continued)***

**Information Security**  
*continued*

OIG continues to identify and assess opportunities for improvement in the agency's information security controls. Specifically, in its FY 2017 and FY 2018 FISMA audits, OIG reported opportunities for improvement in each of the eight assessment domains identified by the Department of Homeland Security (DHS). This includes risk management, configuration management, identity and access management, information security training, information security continuous monitoring, incident response, and contingency planning.

In FY 2020, OIG will continue to assess the SEC's information security program, including its cybersecurity program. In particular, OIG will: (1) determine whether the agency has an effective process to acquire, implement, and manage its cloud computing environment; (2) evaluate the SEC's mobile device program and controls for protecting information stored and/or processed on such devices; and (3) assess the agency's implementation of its data loss prevention program. As necessary, OIG will also continue making recommendations for improvement where processes and responsibilities for information security cross organizational lines.

In FY 2020, the SEC is focused on ensuring the security of agency network, other applications, and sensitive data. The SEC's principal efforts to date to improve security are improving IT governance and oversight; implementing new preventive and detective cybersecurity controls; raising awareness across the agency of the sensitivity and risks related to data collection and storage; and modernizing key legacy information systems.

These areas remain information security priorities for FY 2020. In addition, the SEC plans to deploy enhanced security capabilities, engage with third parties to assist with assessments of our enterprise security controls and practices, and implement additional security capabilities provided through the DHS Continuous Diagnostics and Mitigation Program.

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**Acquisition  
Management**

In FY 2020, the Office of Acquisitions (OA) will continue to work on a variety of fronts to further promote effective contract management, including to improve communications between Contracting Officers and Contracting Officer's Representatives (COR), ensuring CORs received proper training and enforced their use of the Electronic Contract File system, conduct annual reviews of contract files to make sure they contain all the appropriate documentation, and improve reporting. In parallel, OA is addressing each of the particular OIG recommendations related to the data center and Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system contracts.

The SEC will continue the COR Improvement Initiative "to create a more comprehensive COR Program that will provide efficient and functional control, transparency, and management of the COR Program across the SEC."

*continued on next page*

**Management Challenge  
Identified by the  
Inspector General**

**How the FY 2020 Budget Addresses the Challenge *(continued)***

**Human Capital  
Management**

The SEC's new, multi-year Strategic Plan establishes that strengthening the agency's human capital management program is key to achieving agency goals. Additionally, the current SEC Strategic Workforce Plan provides an overview of the current workforce; identifies critical workforce competencies for SEC mission-critical occupations; and identifies perceived workforce competency gaps from supervisors/managers. The Office of Human Resources (OHR) will conduct periodic reviews to assess whether the plan aligns with current agency workforce and succession planning efforts.

In FY 2018, the SEC initiated an evaluation that assessed the SEC's implementation of applicable federal internal control standards and plans for aligning the agency's human capital management strategy with key elements of the Office of Personnel Management's Human Capital Framework.

In FY 2020, the Office of Minority and Women Inclusion (OMWI) will continue to work with all divisions and offices, SEC senior leadership, the agency's Diversity Council, the Office of Equal Employment Opportunity, and OHR to promote diversity in the agency's workforce and cultivate an inclusive work environment. The SEC will continue to implement existing initiatives and explore new strategies for improving gender, racial, and ethnic diversity in SEC mission-critical occupations and senior management positions. Further, OMWI will continue to work with OA to build on the agency's success in advancing the agency's supplier diversity goals.

OMWI will also continue to conduct post-award reviews of agency contractors to determine compliance with SEC Contract Standard for Contractor Workforce Inclusion.

# CROSS-AGENCY COLLABORATION

The SEC values its many partnerships with other federal agencies, financial regulators, foreign governments, and SEC divisions and offices. 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 for it to meet its strategic goals. Some examples of collaboration efforts taking place at the SEC during FY 2018–2020 are highlighted below.

## Strategic Goal 1

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

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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. These organizations work together to educate and prepare young Americans for life-long financial success. For example, 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. Jump\$tart partners include, among others, the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board (FRB), the Federal Trade Commission (FTC), the Financial Industry Regulatory Authority (FINRA), the General Services Administration (GSA), the Office of the Comptroller of the Currency (OCC), the North American Securities Administrators Association (NASAA), and the U.S. Department of Agriculture.

The SEC also collaborates with external partners to protect the financial wellbeing 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 the groups of the SEC's initiatives to protect older Americans from investment fraud and abusive sales practices. Furthermore, through the Outsmarting Investing Fraud program, OIEA staff conducts educational programs with the FINRA Investor Education Foundation, state securities regulators, and AARP on how to identify common persuasion techniques used by con artists.

OIEA also participates on behalf of 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 over 20

additional federal agencies. The Commission was tasked to develop a national financial education website ([MyMoney.gov](http://MyMoney.gov)) and a national strategy on financial education.

An attorney in OIEA's Office of Chief Counsel and the assistant director of OIEA's Office of Investor Education have also been coordinating with various special emphasis groups regarding outreach efforts to investors. These groups include the Asian American and Pacific Islander Committee; the Caribbean American Heritage Committee; and the Hispanic and Latino Opportunity, Leadership, and Advocacy Committee.

## 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

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The SEC, the Board of Governors of the Federal Reserve System, OCC, FDIC, and the U.S. Commodity Futures Trading Commission (CFTC) adopted a common rule to implement Section 619 of the Dodd-Frank Act known as the "Volcker Rule." The agencies are coordinating their implementation of the common rules, including collaboration on responses to interpretive questions. This close partnership enables the Commission to fulfill its statutory mandate to issue and implement rules under Section 619 in coordination with the other rulemaking agencies. Interagency coordination also reduces the potential costs to affected firms that could arise from diverging interpretations of the common rule.

The SEC's Strategic Hub for Innovation and Financial Technology (FinHub) staff serves as a liaison to other regulators regarding emerging technologies in financial, regulatory, and supervisory systems, including in the areas of distributed ledger technology (including digital assets), automated investment advice, digital marketplace financing, and artificial intelligence/machine learning. FinHub staff also participates in the Financial Stability Oversight Council (FSOC) Digital Assets and the Distributed Ledger Technology Working Group. For this effort, the SEC works with the CFTC, FTC, FRB, OCC, FDIC, Department of the Treasury, Department of Justice, FinCEN, and the Bureau of Consumer Financial Protection.

The SEC 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, and evolving industry risks. This type of coordination is ultimately intended to make oversight of broker-dealers more effective and efficient and to improve compliance within the industry. As an example, the two agencies coordinate to formally present Compliance Outreach Seminars.

To enhance credit rating agency oversight and to foster more effective supervision, the SEC's Office of Credit Ratings (OCR) meets with international regulators in the Supervisory Colleges for Credit Rating Agencies to share information related to internationally active credit rating agencies.

### Strategic Goal 3

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

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The Office of Human Resources (OHR) participates in quarterly discussions with FDIC, CFTC, Federal Housing Finance Administration, OCC, National Credit Union Association, and Farm Credit Administration to benchmark benefits and work-life program offerings among the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) agencies. The shared goal is to benchmark program areas, share information about their human capital management practices, and explore best practices. OHR and these organizations participate in a biannual survey to benchmark compensation and benefits programs. The survey is conducted by a third party with the SEC compensation team managing the contract and internal agency agreements. OHR also partakes in the Enterprise Data & Analytics Community of Practice, a collaboration effort sponsored by the SEC, GSA, NASAA, OCC, and the U.S. Department of Veterans Affairs to share human capital analytics and data visualization best practices.

The Office of Information Technology works extensively with the Department of Homeland Security (DHS) and OMB on the security of agency systems. As one example, the SEC has been taking advantage of government-wide DHS offerings meant to help assess and bolster agency information security programs.

The EDGAR Business Office helps the SEC gain efficiencies by participating in the Information Services (Library) collaboration effort with an emphasis on fostering relationships with peer FSOC libraries to develop a forum for discussing common issues, including licensing terms, data sharing, and library infrastructure needs. Participants include the Senate, Georgetown University Law Library, Law Library of Congress, Jones Day, Crowell & Moring, Finnegan, and FSOC libraries. By meeting with peer and other external libraries, the SEC is able to discuss best practices and develop benchmarking metrics.

The Office of Support Operations (OSO) works closely with GSA to consolidate SEC's real estate portfolio nationwide. Since 2011, OSO has identified and pursued eight opportunities representing an estimated annual rent savings of up to \$15.9 million by 2021 primarily by exiting leases and rightsizing rentable square feet requirements upon existing lease expirations.

## 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 2018, there were five Government Accountability Office reports and seven Office of Inspector General reports related to agency operations. Beyond this, examples of reviews and evaluations that the agency has initiated and plans to continue are listed below.

- › The SEC continues to focus on the agency’s internal cybersecurity risk profile and approach to cybersecurity from a regulatory and oversight perspective. The agency established a senior-level cybersecurity working group and the creation of a new position, the Chief Risk Officer, to coordinate the SEC’s efforts to identify, monitor, and mitigate risks across divisions and offices. In furtherance of risk mitigation efforts, the Commission has amended forms that either requested, or enabled filers to submit, sensitive personally identifiable information. Moreover, return copies of test filings are no longer stored within the EDGAR system. The staff also continues to explore alternatives to the current approach, including the possibility of implementing a new electronic disclosure solution.
- › With respect to rulemaking, the SEC continues to leverage its robust processes for obtaining public input and performing rigorous economic analyses of our rules at both the proposing and adopting stages. These efforts are critical to identifying the benefits and costs of regulatory actions, including situations where a rule’s effects may not be consistent with expectations. The Commission also reviews its rules retrospectively, listening to investors and others about where rules are, or are not, functioning as intended. The Division of Economic and Risk Analysis (DERA) often plays a critical part in this process. For example, during FY 2018, DERA staff produced papers addressing questions about the effects of changes in trading rules and about information access across markets.
- › The agency will continue to advance broad-based reviews of core agency programs. For example, the Division of Trading and Markets (TM) also continues to work with staff at other applicable regulators to explore ways to improve price transparency and address potential regulatory gaps in the government securities markets. Specifically, TM hosted a roundtable focused on the ability of authorities and market participants to combat retail investor fraud, and whether the regulation of certain products and practices should be enhanced.

- › The SEC conducted investor research and surveys in order to better understand how investors interact with markets. The agency conducted eight surveys and four rounds of qualitative research involving focus groups and one-on-one interviews. The Office of Investor Education and Advocacy and the Office of the Investor Advocate will continue to seek additional information regarding the behavior of individual investors, the type of information they need and use when making investment decisions, and the usefulness of the SEC's investor education programs and materials.
  
- › The SEC created the Fixed Income Market Structure Advisory Committee to provide the Commission with diverse perspectives on the structure and operations of the U.S. fixed-income markets, as well as advice and recommendations on matters related to fixed-income market structure.
  
- › The SEC reviews performance goal data on a quarterly basis. Each quarter, the SEC's performance improvement office 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 OMB and Performance Improvement Council recommendations for frequent data-driven reviews.

## LINKS TO ADDITIONAL INFORMATION AND RESOURCES

| Reference                                      | URL   |
|--|---|
| Strategic Plan for 2018–2022                   | <a href="https://www.sec.gov/strategic-plan">SEC.gov/strategic-plan</a>   |
| FY 2018 Agency Financial Report                | <a href="https://www.sec.gov/files/sec-2018-agency-financial-report.pdf">SEC.gov/files/sec-2018-agency-financial-report.pdf</a> |
| Prior Year Congressional Budget Justifications | <a href="https://www.sec.gov/reports">SEC.gov/reports</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                            | <a href="https://www.sec.gov/spotlight/enf-actions-fc.shtml">SEC.gov/spotlight/enf-actions-fc.shtml</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>   |

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# FY 2020 Annual Performance Plan (APP)

|   |     |
|---|-----|
| Performance Plan by Strategic Goal.....   | 97  |
| Strategic Goal 1: Focus on the long-term interests of our Main Street investors.....  | 97  |
| Strategic Goal 2: Recognize significant developments and trends in our<br>evolving capital markets and adjust our efforts to ensure<br>we are effectively allocating our resources..... | 101 |
| Strategic Goal 3: Elevate the SEC's performance by enhancing our analytical<br>capabilities and human capital development.....  | 104 |

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# PERFORMANCE PLAN BY STRATEGIC GOAL

## Strategic Goal 1

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

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- 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.

To fulfill our responsibility to American investors and markets, it is essential that the SEC maintain an open line of communication with investors and other market participants. In FY 2020, the SEC will continue to increase its engagement with both groups. These interactions will enable us to improve our work and better focus our resources and efforts. The Chairman and staff are hearing from individual investors about their experiences with, and expectations for, financial professionals. These discussions are particularly helpful to inform staff as they continue work on the proposed Regulation Best Interest, which will raise the standard of care investment professionals owe Main Street investors to meet investor expectations.

Accurate, timely, clear, and actionable information is essential to a fair and well-functioning marketplace. This principle—broad access to good information as the linchpin of markets—is confirmed by decades of experience and analysis. The SEC’s mandate embodies this principle, and we have a responsibility to ensure that our market participants—including, in particular, our Main Street investors—have access to the information and advice they need to make decisions that are right for them. In FY 2020, the SEC will continue its ongoing efforts to implement enhancements to the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system to reduce filer burden, maximize data visibility, and minimize valueless complexity.

**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, Office of Compliance Inspections and Examinations

**PERFORMANCE GOAL 1**  
Investor research on the readability/usefulness of disclosures

**Description:** 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 2013                       | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual | FY 2019 Estimate | FY 2020 Estimate |
|-------------------|-------------------------------|---------|---------|---------|---------|--------------|----------------|------------------|------------------|
| Research projects | Prior-year data not available |         |         |         | 4       | N/A          | 16             | 4                | 6                |

**Responsible Division/Office:** Office of the Investor Advocate

**Data Source:** 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 2013                       | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual | FY 2019 Estimate | FY 2020 Estimate |
|--------------------|-------------------------------|---------|---------|---------|---------|--------------|----------------|------------------|------------------|
| Educational events | Prior-year data not available |         |         |         |         | N/A          | N/A            | 350              | 350              |
| Outreach events    | Prior-year data not available |         |         |         |         | N/A          | 19             | 10               | 10               |

**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.

| Fiscal Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual | FY 2019 Estimate | FY 2020 Estimate |
|-------------|---------|---------|---------|---------|---------|--------------|----------------|------------------|------------------|
| Percentage  | 93%     | 94%     | 95%     | 97%     | 94%     | 92%          | 92%            | 92%              | 92%              |

**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 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).

| Fiscal Year         | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual | FY 2019 Estimate | FY 2020 Estimate |
|---------------------|---------|---------|---------|---------|---------|--------------|----------------|------------------|------------------|
| Investment advisers | 9%      | 10%     | 10%     | 11%     | 15%     | 15%          | 17%            | 13%              | 16%              |
| Broker-dealers      | 46%     | 49%     | 51%     | 50%     | 48%     | 48%          | 48%            | 45%              | 47%              |

**Responsible Division/Office:** Office of Compliance Inspections and 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.

| Fiscal Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual | FY 2019 Estimate | FY 2020 Estimate |
|-------------|---------|---------|---------|---------|---------|--------------|----------------|------------------|------------------|
| Percentage  | 73%     | 81%     | 96%     | 93%     | 96%     | 80%          | 92%            | 80%              | 80%              |

**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

**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.

| Fiscal Year                            | FY 2013 | FY 2014                       | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual | FY 2019 Estimate | FY 2020 Estimate |
|--|---------|-------------------------------|---------|---------|---------|--------------|----------------|------------------|------------------|
| Corporation Finance rulemaking         |         | Prior-year data not available |         |         |         | N/A          | N/A            | 9                | 9                |
| Investment Management rulemaking       |         | Prior-year data not available |         |         |         | N/A          | N/A            | 10               | 8                |
| Investment Management exemptive orders |         | Prior-year data not available |         |         |         | N/A          | N/A            | 135              | 135              |

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

**Data Sources:** 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, 40-F) and are listed on major U.S. exchanges.

| Fiscal Year         | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|---------------------|---------|---------|---------|---------|---------|----------------|
| Number of companies | 4,230   | 4,378   | 4,406   | 4,262   | 4,243   | 4,333          |

**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

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- 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.

Our 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 SEC regulates the major securities market participants such as broker-dealers, transfer agents, securities information processors, securities exchanges, clearing agencies, and other self-regulatory organizations such as FINRA. In FY 2020, the SEC will add market experts who can expand the agency's depth of expertise in vital areas such as fixed-income markets, Treasury markets, and other asset classes, as well as provide additional insight into trading firm operations.

The SEC also plays a critical role in protecting Main Street investors through its regulation of mutual funds, variable insurance products, and exchange-traded funds, among other products. Main Street investor assets are impacted by these products and expanding our oversight focus on these products is a key strategic focus. The SEC will enhance its expertise in specialty areas including private funds, variable insurance products, and investment advisers and continue to perform work identified by the Fixed Income Market Structure Advisory Committee (FIMSAC) to address municipal securities market transparency.

Rulemaking does not stop at rule adoption. In FY 2020, the SEC will continue to identify outdated Commission rules that might 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 our 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 where a rule's effects may not be consistent with expectations.

**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, Office of Compliance Inspections and 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 (TM), Investment Management (IM), and Corporation Finance (CF).

| Fiscal Year                            | FY 2013 | FY 2014                       | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual | FY 2019 Estimate | FY 2020 Estimate |     |
|--|---------|-------------------------------|---------|---------|---------|--------------|----------------|------------------|------------------|-----|
| Division of Trading and Markets (TM)   |         | Prior-year data not available |         |         |         |              | N/A            | N/A              | 95%              | 95% |
| Division of Investment Management (IM) |         | Prior-year data not available |         |         |         |              | N/A            | N/A              | 95%              | 95% |
| Division of Corporation Finance (CF)   |         | Prior-year data not available |         |         |         |              | N/A            | N/A              | 95%              | 95% |

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

**Data Sources:** 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**

**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.

| Fiscal Year | FY 2013 | FY 2014                       | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual | FY 2019 Estimate | FY 2020 Estimate |     |
|-------------|---------|-------------------------------|---------|---------|---------|--------------|----------------|------------------|------------------|-----|
| Number      |         | Prior-year data not available |         |         |         |              | N/A            | N/A              | 150              | 300 |

**Responsible Division/Office:** Office of Compliance Inspections and 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 (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 downtime if systems at one site fail.

| Fiscal Year                  | FY 2013                       | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual | FY 2019 Estimate | FY 2020 Estimate |
|------------------------------|-------------------------------|---------|---------|---------|---------|--------------|----------------|------------------|------------------|
| Number of response exercises | Prior-year data not available |         |         |         |         | N/A          | N/A            | 11               | 11               |

**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

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- 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.

None of the accomplishments of the SEC are possible without the dedicated mission-facing attorneys, accountants, examiners, economists, and other staff in the SEC's various divisions and offices. Their work in turn is supported through behind-the-scenes efforts of the agency's administrative and operations personnel. The agency's supervisors and program managers also play a critical role in ensuring effective and efficient operations and activities. The agency continues to focus on building and maintaining a skilled and diverse workforce that is engaged and maximally productive in fulfilling the agency's mission.

In FY 2020, the SEC will continue its work toward cybersecurity uplift, modernize legacy information systems and technology, and develop analytic tools that help us become more efficient in our work. The SEC will streamline the delivery of technology, strengthen operational resiliency, and improve information available to investors and markets. The agency has made advancements in foundational areas including cybersecurity, secure cloud infrastructure, and data management. The SEC will continue its cybersecurity uplift initiative, enhancing security controls and tools, modernizing legacy information systems and technology, and further cultivating a cybersecurity-conscious workforce. Specifically, the SEC will continue:

- Developing a redesigned EDGAR that leverages modern, more secure technology approaches;
- Expanding the SEC’s use of secure cloud computing to deliver an expanded range of services at lower cost and in a more secure manner;
- Deploying enhancements to critical analytic systems and upgrading the agency’s electronic discovery and document management tools;
- Retiring legacy SEC systems and applications in favor of modernized, more secure replacements; and
- Digitizing business processes to improve efficiency.

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

**PERFORMANCE GOAL 10**  
**Results of Federal Employee Viewpoint Survey**

**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.

| Fiscal Year                        | FY 2013    | FY 2014    | FY 2015    | FY 2016   | FY 2017   | FY 2018 Plan | FY 2018 Actual | FY 2019 Estimate | FY 2020 Estimate |
|------------------------------------|------------|------------|------------|-----------|-----------|--------------|----------------|------------------|------------------|
| <i>Best Places to Work</i> ranking | Ranked #15 | Ranked #14 | Ranked #10 | Ranked #6 | Ranked #5 | Ranked #5    | Ranked #3      | Ranked #5        | Ranked #5        |
| Cooperative subfactor              | 51%        | 54%        | 56%        | 62%       | 69%       | 65%          | 71%            | 65%              | 65%              |

**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**

**Description:** This 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.

| Fiscal Year | FY 2013                       | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual | FY 2019 Estimate | FY 2020 Estimate |
|-------------|-------------------------------|---------|---------|---------|---------|--------------|----------------|------------------|------------------|
| Percentage  | Prior-year data not available |         |         |         |         | N/A          | 27.9%          | 35%              | 40%              |

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

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

**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 2013                       | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual | FY 2019 Estimate | FY 2020 Estimate |
|-----------------------------|-------------------------------|---------|---------|---------|---------|--------------|----------------|------------------|------------------|
| GAO and OIG recommendations | Prior-year data not available |         |         |         |         | N/A          | 72%            | 65%              | 65%              |

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

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

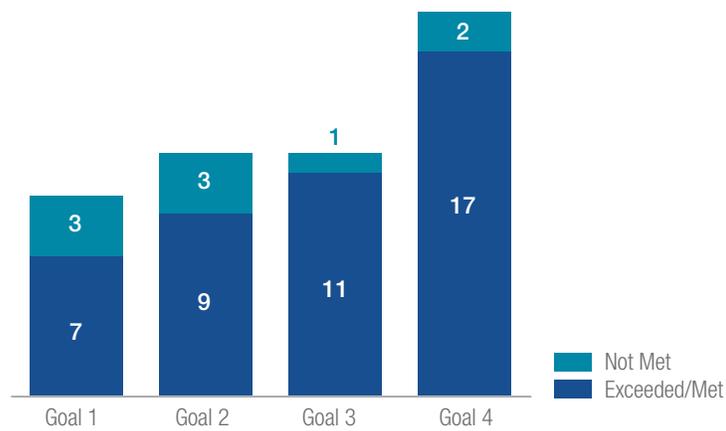


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# FY 2018 ANNUAL PERFORMANCE REPORT (APR) SUMMARY

Under the SEC’s previous Strategic Plan for 2014–2018, the agency’s goals were to: (1) establish and maintain an effective regulatory environment; (2) foster and enforce compliance with the federal securities laws; (3) facilitate access to the information investors need to make informed investment decisions; and (4) enhance the Commission’s performance through effective alignment and management of human, information, and financial capital. In FY 2018, total SEC obligations were \$1.687 billion in support of 4,483 total full-time equivalents (FTE). Of 53 total performance targets, the agency met or exceeded 44 and did not meet 9.

FY 2018 Performance Results Summary Table



# PERFORMANCE BY STRATEGIC GOAL AND STRATEGIC OBJECTIVE

## Strategic Goal 1

Establish and maintain an effective regulatory environment

The SEC believes that its rules and regulations should be drafted to enable market participants to clearly understand their obligations under the federal securities laws and to conduct their activities in compliance with law. The SEC aims to promulgate rules that are clearly written, easily understood, and tailored toward specific ends. In addition, the agency recognizes that regular reviews of our regulations and rulemaking processes are necessary to confirm that intended results are being achieved. When properly crafted, these rules serve to further the agency’s mission and allow for accurate and reliable information to be made available to investors.

In Strategic Goal 1, the agency met or exceeded seven performance targets and did not meet three. The SEC devotes a large share of resources to responding to no-action letters and interpretive and other requests from regulated entities, public companies, and other outside parties.

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

**Goal Leader(s):** Director, Division of Trading and Markets; Director, Division of Corporation Finance; Director, Division of Investment Management

### PERFORMANCE INDICATOR (PROCESS) 1.1.1 Number of investor testing research projects

**Description:** This metric tracks the number of research initiatives used to gather feedback from investors on the usefulness of disclosures and other input on SEC rulemaking.

| Fiscal Year        | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|--------------------|---------|---------|---------|---------|---------|----------------|
| Number of projects | —       | —       | —       | —       | 1       | 12             |

**Responsible Division/Office:** Office of the Investor Advocate

**Data Source:** Microsoft Office Suite Tools

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

**Goal Leader(s):** Director, Division of Trading and Markets; Director, Division of Corporation Finance

**PERFORMANCE GOAL 1.2.1**  
Time to complete SEC review of SRO rules that are subject to SEC approval

**Description:** The SEC reviews SRO rule proposals for consistency with the Exchange Act standards of investor protection, fair, and orderly operation of the markets and market structure, as well as other statutory requirements. This metric gauges the timeliness of those reviews.

| Fiscal Year    | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|----------------|---------|---------|---------|---------|---------|--------------|----------------|
| Within 45 days | 74%     | 75%     | 63%     | 60%     | 64%     | 60%          | 55%            |

**Target:** Not Met

**Analysis:** During FY 2018, the SEC approved or disapproved 183 SRO rule changes filed pursuant to Section 19(b)(2) of the Exchange Act. Although the SEC did not meet the 45-day standard for reviewing all rule filings, it did meet all of the Dodd-Frank Act statutory timeframes 100 percent of the time.

**Plan for Improving Performance:** The adoption of the Dodd-Frank Act in July 2010 required the SEC to approve or disapprove within certain statutory timeframes from the date of publication of a rule change. The staff must publish a rule filing for comment within 15 days from when it is received, or otherwise the publication date reverts to the day the SRO publishes the filing on their website, (i.e., within 2 days of filing with the SEC). Once a rule filing is published for comment, the SEC must complete a review within 45 days; for complex rule filings, the statute provides for longer periods of time. As a result, the SEC believes that the compliance with these Congressionally-mandated times should serve as the appropriate data points going forward. Of the 183 SRO rule changes subject to the standards of the Dodd-Frank Act, 100 percent of the filings were published within 15 days of filing. An additional 101 filings were subsequently approved or disapproved within 45 days of publication of notice in the Federal Register. The remaining 81 filings were approved or disapproved within the other statutory benchmarks 100 percent of the time (i.e., within 90 days, within 180 days, or within 240 days).

**Responsible Division/Office:** Division of Trading and Markets

**Data Source:** SRO Rule Tracking System (SRTS)

**PERFORMANCE INDICATOR (PROCESS) 1.2.1**  
Percentage of SRO rule filings that are submitted for immediate effectiveness

**Description:** This indicator gauges the proportion of SRO rule proposals that can be submitted for immediate effectiveness without Commission approval.

| Fiscal Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|-------------|---------|---------|---------|---------|---------|----------------|
| Percentage  | 78%     | 72%     | 78%     | 77%     | 69%     | 81%            |

**Responsible Division/Office:** Division of Trading and Markets

**Data Source:** SRO Rule Tracking System (SRTS)

**PERFORMANCE INDICATOR (PROCESS) 1.2.2**  
**Percentage of transaction dollars settled on-time each year**

**Description:** This indicator measures the efficiency of the U.S. clearance and settlement system for equity securities.

| Fiscal Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|-------------|---------|---------|---------|---------|---------|----------------|
| Percentage  | 98%     | 99%     | 99%     | 99%     | 99%     | 99%            |

**Responsible Division/Office:** Division of Trading and Markets

**Data Source:** Depository Trust and Clearing Corporation and NYSE Technologies

**PERFORMANCE INDICATOR (PROCESS) 1.2.3**  
**Percentage of market outages at SROs and electronic communications networks (ECN) that are corrected within targeted timeframes<sup>1</sup>**

**Description:** Market outages reflect problems in the systems underlying the securities markets that could have an adverse effect on the markets' ability to function as required. The SEC assesses the reliability and resiliency of these systems to minimize the number and duration of outages. This metric gauges how quickly outages are resolved so that market activity can resume.

| Fiscal Year     | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|-----------------|---------|---------|---------|---------|---------|----------------|
| Within 2 hours  | 80%     | 80%     | 63%     | 41%     | 49%     | 40%            |
| Within 4 hours  | 86%     | 85%     | 77%     | 54%     | 58%     | 63%            |
| Within 24 hours | 98%     | 96%     | 96%     | 71%     | 83%     | 88%            |

**Responsible Division/Office:** Office of Compliance Inspections and Examinations

**Data Source:** Reporting Pursuant to Regulation SCI

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

**Goal Leader(s):** Director, Division of Trading and Markets; Director, Division of Corporation Finance; Director, Division of Investment Management; Director, Division of Economic and Risk Analysis

<sup>1</sup> Performance data reported for this measure from FY 2013–FY 2015 was reported under the agency's voluntary Automation Review Policy program (ARP). During FY 2016, Regulation SCI went into effect, effectively replacing this voluntary program. Under the old ARP program, entities reported on outages, but under Regulation SCI, entities are now being asked to report "disruptions." Disruptions are a broader list of events that may have resulted in longer periods of event duration. In addition, there is a greater breadth of events being reported, as there has been a significant increase in the number of entities now being required to report.

### PERFORMANCE GOAL 1.3.1

#### Length of time to respond to written requests for no-action letters (NAL), exemptive applications, and written interpretive requests

**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 such requests for guidance, when provided, are generally available to the public, 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 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018<br>Plan | FY 2018<br>Actual |
|--|---------|---------|---------|---------|---------|-----------------|-------------------|
| Division of Trading and Markets: No-action letters, exemptive applications, and written interpretive requests<br>(combined figure) |         |         |         |         |         |                 |                   |
| Percentage within required<br>timeframe  | 93.0%   | 83.0%   | 88.0%   | 81.0%   | 86.0%   | 80.0%           | 85.4%             |

**Target:** Exceeded

**Analysis:** TM exceeded the established target for FY 2018. Its target is based on a fixed deadline for responses to written requests for no-action letters, exemptive applications, and written interpretive requests (collectively, "requests"). Some requests are extremely complex and require extensive consideration and consultation both within and outside TM. TM's approach has been to allow these requests the thorough consideration they demand, even when that means the request is not closed within the targeted timeframe, so that nuance and detail can be properly considered.

**Responsible Division/Office:** Division of Trading and Markets

**Data Source:** TM Request Tracking Log

| Division of Investment Management              |      |      |      |      |      |     |      |
|--|------|------|------|------|------|-----|------|
| No-action letters and interpretive<br>requests | 100% | 100% | 100% | 97%  | 97%  | 80% | 100% |
| Exemptive applications                         | 99%  | 99%  | 100% | 100% | 100% | 80% | 100% |

**Target:** No-action letters and interpretive requests – Exceeded; Exemptive applications – Exceeded

**Analysis:** IM continues to exceed its target of issuing initial comments on no-action letters and exemptive applications within 120 days. IM has been 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 Investment Management

**Data Source:** CCO Tracker

| Division of Corporation Finance                |      |      |      |      |      |      |      |
|--|------|------|------|------|------|------|------|
| No-action letters and interpretive<br>requests | 98%  | 97%  | 94%  | 93%  | 98%  | 90%  | 98%  |
| Shareholder proposals                          | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

**Target:** No-action letters and interpretive requests – Exceeded; Shareholder proposals – Met

**Analysis:** CF achieved its target of responding to 100 percent of shareholder proposal requests prior to the company's proxy filing date. CF surpassed its FY 2018 target by providing initial comments on no-action letters within 30 days for 98 percent of requests.

**Responsible Division/Office:** Division of Corporation Finance

**Data Source:** Division No-Action Letter Database and Division Shareholder Proposal Database

**PERFORMANCE GOAL 1.3.2**  
**Timeliness of responses to requests for informal guidance received by the Trading and Markets' dedicated hotline or email box**

**Description:** The Division of Trading and Markets maintains a dedicated phone line and an email account to provide market participants with avenues to request information and informal guidance regarding the Exchange Act and rules thereunder. This metric reflects the timeliness of the staff's responses to these requests.

| Fiscal Year                                  | FY 2013                       | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|--|-------------------------------|---------|---------|---------|---------|--------------|----------------|
| Respond to or refer inquiries within 2 weeks | Prior-year data not available | 99%     | 98%     | 99%     | 98%     | 95%          | 99%            |

**Target:** Exceeded

**Analysis:** TM surpassed its FY 2018 target by responding to or referring 99 percent of inquiries within 2 weeks.

**Responsible Division/Office:** Division of Trading and Markets

**Data Source:** TM's Office of Interpretation and Guidance Log

**PERFORMANCE INDICATOR (CONTEXTUAL) 1.3.1**  
**Number of published economic reports**

**Description:** This indicator gauges the number of economic reports that staff of the Division of Economic and Risk Analysis publishes annually on the SEC's website.

| Fiscal Year       | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|-------------------|---------|---------|---------|---------|---------|----------------|
| Number of reports | 23      | 15      | 29      | 22      | 43      | 28             |

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

**Data Source:** SEC.gov

**PERFORMANCE INDICATOR (PROCESS) 1.3.2**  
**Number of amendments to national securities exchange registrations (Form 1)**

**Description:** This indicator provides information about the volume of material filed with the SEC that involves amendments to exchange registrations.

| Fiscal Year          | FY 2013                       | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|----------------------|-------------------------------|---------|---------|---------|---------|----------------|
| Number of amendments | Prior-year data not available | 117     | 161     | 160     | 165     | 202            |

**Responsible Division/Office:** Division of Trading and Markets

**Data Source:** Form 1 Amendments List

**PERFORMANCE INDICATOR (PROCESS) 1.3.3**  
**Number of Alternative Trading System registrations (Form ATS)**

**Description:** This indicator provides information about the volume of material filed with the SEC that involves filings related to ATS registrations.

| Fiscal Year             | FY 2013                             | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018<br>Actual |
|-------------------------|-------------------------------------|---------|---------|---------|---------|-------------------|
| Number of registrations | Prior-year<br>data not<br>available | 12      | 9       | 6       | 16      | 17                |

**Responsible Division/Office:** Division of Trading and Markets

**Data Source:** ATS Events List

**PERFORMANCE INDICATOR (PROCESS) 1.3.4**  
**Number of new investment product submissions**

**Description:** This indicator provides information about the volume of material filed with the SEC that involves new product submissions pursuant to Rule 19b-4(e) of the Exchange Act.

| Fiscal Year           | FY 2013                             | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018<br>Actual |
|-----------------------|-------------------------------------|---------|---------|---------|---------|-------------------|
| Number of submissions | Prior-year<br>data not<br>available | 2,047   | 2,285   | 4,635   | 4,855   | 5,828             |

**Responsible Division/Office:** Division of Trading and Markets

**Data Source:** 19b-4(e) Log

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

**Goal Leader(s):** Director, Office of International Affairs

**PERFORMANCE GOAL 1.4.1**  
**Supervisory cooperation requests from foreign authorities for SEC assistance and SEC requests for assistance on supervisory cooperation from foreign authorities**

**Description:** The SEC makes requests to foreign authorities for supervisory cooperation assistance and responds to such requests from foreign regulators through both formal mechanisms, such as supervisory memoranda of understanding, and on an ad hoc basis.

| Fiscal Year   | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|---|---------|---------|---------|---------|---------|--------------|----------------|
| Supervisory cooperation requests from foreign authorities                       | 25      | 117     | 113     | 148     | 153     | 158          | 200            |
| SEC requests for assistance on supervisory cooperation from foreign authorities | 118     | 96      | 135     | 135     | 169     | 174          | 156            |

**Target:** Supervisory cooperation requests from foreign authorities – Exceeded; SEC requests for assistance on supervisory cooperation from foreign authorities – Not Met

**Analysis:** The actual SEC results in FY 2018 for supervisory cooperation requests from foreign authorities exceeded the estimate by approximately 27 percent.

**Plan for Improving Program Performance:** The FY 2018 actual results for SEC requests are lower than our estimate largely because there were fewer internal requests from OCIE and OCR staff for foreign assistance. While there have been fewer requests, certain requests for foreign assistance have been quite large and labor intensive.

**Responsible Division/Office:** Office of International Affairs

**Data Source:** International Program Oversight Database and Business Objects Reports

**PERFORMANCE GOAL 1.4.2**  
**Number of non-U.S. regulators trained**

**Description:** This metric shows the reach of the SEC’s technical assistance programs for regulators around the world. The SEC conducts these training sessions to assist countries in developing and maintaining robust protections for investors and promoting cross-border enforcement and supervisory assistance.

| Fiscal Year                   | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-------------------------------|---------|---------|---------|---------|---------|--------------|----------------|
| Number of non-U.S. regulators | 1,716   | 2,382   | 1,666   | 2,145   | 1,837   | 1,850        | 1,614          |

**Target:** Not Met

**Analysis:** The actual results for FY 2018 did not meet the performance target.

**Plan for Improving Program Performance:** The 2018 actual results are lower than our estimate due to a temporary shortage of staff and resources. During the shortage, the program held only two international institutes and declined to participate in a number of foreign programs. The program focused on delivering fewer, albeit more complex and longer term assistance to SEC counterparts.

**Responsible Division/Office:** Office of International Affairs

**Data Source:** International Program Oversight Database and Business Objects Reports

## Strategic Goal 2

### Foster and enforce compliance with federal securities laws

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Fostering compliance with federal securities laws is interwoven through all of the SEC's programs and is central to fulfilling the critical mission of the agency. Through disclosure reviews and examinations of broker-dealers, investment advisers, self-regulatory organizations (SRO), and other market participants, the SEC seeks both to detect violations of the securities laws and rules, and to foster strong compliance and risk management practices within these firms and organizations. The SEC's enforcement program also investigates and prosecutes violations of the law with the aim of holding wrongdoers accountable, returning funds to harmed investors whenever possible, and building deterrence against future violations. In FY 2018, the agency met or exceeded nine and did not meet three performance targets in Strategic Goal 2.

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

**Goal Leader(s):** Director, Office of Compliance Inspections and Examinations

| PERFORMANCE GOAL 2.1.1   |         |         |         |         |         |              |                |
|--|---------|---------|---------|---------|---------|--------------|----------------|
| Number of industry outreach and education programs targeted to areas identified as raising particular compliance risks   |         |         |         |         |         |              |                |
| <b>Description:</b> Targeted communication with industry participants on topics shaping the examination program is intended to enhance compliance practices and prevent violations before they occur. This metric identifies the number of major outreach efforts conducted, including the SEC's national and regional compliance outreach events, published risk alerts, and other educational programs and initiatives.  |         |         |         |         |         |              |                |
| Fiscal Year  | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
| Number of major outreach efforts   | 15      | 63      | 129     | 158     | 128     | 100          | 103            |
| <b>Target:</b> Exceeded  |         |         |         |         |         |              |                |
| <b>Analysis:</b> The SEC seeks to encourage a strong culture of ethical behavior and decision-making at organizations and promote compliance with federal securities laws. As part of its efforts to promote compliance within the industry, OCIE conducted more than 100 outreach and educational program events during the year, including Compliance Outreach seminars, presenting at SEC Speaks, and various other outreach initiatives with registrants, regulators, and industry groups. |         |         |         |         |         |              |                |
| <b>Responsible Division/Office:</b> Office of Compliance Inspections and Examinations  |         |         |         |         |         |              |                |
| <b>Data Source:</b> Internal tracking, although many of the events noted above are referenced on SEC.gov   |         |         |         |         |         |              |                |

**PERFORMANCE GOAL 2.1.2**  
**Percentage of firms receiving deficiency letters that take corrective action in response to all exam findings**

**Description:** At the conclusion of examinations, the staff communicates identified deficiencies to registrants in the form of a deficiency letter. Registrants are then given a chance to respond to staff findings and often take action to remedy any problems and potential risks, including monetary compensation to clients and enhancements to disclosures, policies, and procedures. Most often, registrants respond that they have corrected the deficiencies and implemented measures to prevent recurrence.

| Fiscal Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-------------|---------|---------|---------|---------|---------|--------------|----------------|
| Percentage  | 86%     | 89%     | 90%     | 88%     | 91%     | 90%          | 91%            |

**Target:** Exceeded

**Analysis:** The SEC works to enforce and foster compliance with federal securities laws through its examination program. During examinations in FY 2018, the staff identified a number of areas where firms appeared not to be in compliance with federal securities laws. In response to deficiency letters that were sent to firms by the staff, the vast majority of registrants have continued to assert that they are taking corrective action in response to the staff's findings. This measure continues to show that registrants are using examination results to improve operations and compliance with federal securities laws.

**Responsible Division/Office:** Office of Compliance Inspections and Examinations

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

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

Goal Leader(s): Director, Office of Compliance Inspections and Examinations

**PERFORMANCE GOAL 2.2.1**  
**Percentage of investment advisers, investment companies, and broker-dealers examined during the year**

**Description:** This metric indicates the number of registrants examined by the SEC or an SRO as a percentage of the total number of registrants. This metric includes all types of examinations: risk priority examinations, cause inspections to follow-up on tips and complaints, limited-scope special inspections to probe emerging risk areas, and oversight examinations of broker-dealers to test compliance and the quality of examinations by FINRA.

| Fiscal Year          | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|----------------------|---------|---------|---------|---------|---------|--------------|----------------|
| Investment advisers  | 9%      | 10%     | 10%     | 11%     | 15%     | 15%          | 17%            |
| Investment companies | 11%     | 10%     | 15%     | 17%     | 11%     | 11%          | 15%            |
| Broker-dealers       | 46%     | 49%     | 51%     | 50%     | 48%     | 48%          | 48%            |

**Target:** Investment advisers – Exceeded; Investment companies – Exceeded; Broker-dealers – Met

**Analysis:** Building and maintaining examination coverage of the industry helps the Commission promptly detect violations of federal securities laws and promote compliance with such laws. During FY 2018, the examination program met or exceeded its coverage targets. The program focused particular efforts in the investment adviser space and was able to improve coverage beyond targeted levels. In addition to conducting examinations, the staff continued to exert considerable time and attention during the year on enhancing its risk assessment efforts to ensure that the program is spending its limited time and resources on those activities and firms presenting the highest risk. Further, program resources were also allocated during the past year to other critical activities intended to improve the long-term performance of the program, including industry outreach initiatives, rulemaking projects, and other program improvement efforts.

**Responsible Division/Office:** Office of Compliance Inspections and Examinations

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

**PERFORMANCE GOAL 2.2.2**  
**Percentage of compliance exams that are timely concluded in accordance with the Office of Compliance Inspections and Examinations' (OCIE) statutory deadline**

**Description:** The staff conducts examinations each year of registered entities, including investment advisers, investment company complexes, transfer agents, and broker-dealers. The staff strives to complete its examinations and communicate findings in the most efficient and effective manner and within its statutory deadline. This metric reflects the percentage of examinations concluded within the statutory deadline.

| Fiscal Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-------------|---------|---------|---------|---------|---------|--------------|----------------|
| Percentage  | 100%    | 100%    | 100%    | 100%    | 100%    | 100%         | 100%           |

**Target:** Met

**Analysis:** The staff's goal is to identify and communicate potential issues to firms to ensure that compliance problems and issues are corrected quickly. During FY 2018, 100 percent of completed examinations were done within OCIE's statutory deadline. Overall, this performance goal helps the SEC ensure that deficiencies are promptly resolved by firms.

**Responsible Division/Office:** Office of Compliance Inspections and Examinations

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

**PERFORMANCE GOAL 2.2.3**  
**Number of joint exams, information sharing agreements, and formal meetings with other regulators**

**Description:** The SEC attempts to coordinate and collaborate with other regulators on areas of mutual interest. This helps to ensure that all regulators are informed of ongoing risks and issues related to broad market practices as well as specific entities of mutual interest. This cooperation is critical to the exam program to ensure that certain higher risk firms and activities are addressed in the most efficient and effective manner. This metric tracks critical cooperation activities that are occurring between the SEC's exam program and other regulators.

| Fiscal Year   | FY 2013                       | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|---|-------------------------------|---------|---------|---------|---------|--------------|----------------|
| Number of joint exams, active sharing agreements, and formal meetings | Prior-year data not available | 391     | 442     | 445     | 384     | 350          | 329            |

**Target:** Not Met

**Analysis:** The exam program continued to conduct joint/coordinated exams and held hundreds of meetings with other regulators, which has proven to be an effective method of overseeing entities and issues that cross jurisdictional lines. The program also maintained a number of sharing agreements with these regulators to help ensure that information could be shared in an appropriate and timely manner.

**Plan for Improving Program Performance:** Overall, the performance goal was set at an approximate level and the deviation from the target was not significant. The amount of formal meetings with other regulators in FY 2018 was slightly lower than anticipated as the program's resources were focused significantly on other critical examination efforts, including improving total examination levels by approximately 11 percent. That said, OCIE will continue to focus efforts on improving coordination and collaboration with other regulators on areas of mutual interest. This type of communication helps to ensure that expertise is shared and that areas of risk are addressed in an efficient and effective manner.

**Responsible Division/Office:** Office of Compliance Inspections and Examinations

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

**PERFORMANCE INDICATOR (CONTEXTUAL) 2.2.1**  
**Percentage of exams that identify deficiencies, the percentage that result in a "significant finding," and the percentage referred to the Division of Enforcement**

**Description:** Examiners find a wide range of deficiencies during examinations. Some of the deficiencies are more technical in nature, such as failing to include all information that is required to be in a record. However, other deficiencies may cause harm to customers or clients of a firm, have a high potential to cause harm, or reflect recidivist misconduct. The latter deficiencies are among those categorized as "significant." This indicator identifies the percentage of exams that identified deficiencies, that resulted in significant deficiency findings, and that were referred to the Division of Enforcement.

| Fiscal Year  | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|--|---------|---------|---------|---------|---------|----------------|
| Percentage that identify deficiencies              | 80%     | 76%     | 77%     | 72%     | 72%     | 69%            |
| Percentage that result in a "significant finding"  | 35%     | 30%     | 31%     | 27%     | 20%     | 20%            |
| Percentage referred to the Division of Enforcement | 13%     | 12%     | 11%     | 9%      | 7%      | 6%             |

**Responsible Division/Office:** Office of Compliance Inspections and Examinations

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

**PERFORMANCE INDICATOR (OUTPUT) 2.2.2**  
**Number of cause exams that result from tips, complaints, and referrals**

**Description:** Analysis of a tip can support the request for a cause exam. This indicator identifies the number of SEC cause exams that result from tips collected through outreach efforts.

| Fiscal Year           | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|-----------------------|---------|---------|---------|---------|---------|----------------|
| Number of cause exams | 222     | 149     | 173     | 191     | 177     | 211            |

**Responsible Division/Office:** Office of Compliance Inspections and Examinations

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

**PERFORMANCE INDICATOR (OUTPUT) 2.2.3**  
**Number of rulemaking initiatives assisted by the National Exam Program**

**Description:** The examination program interacts with registrants on a regular basis, and this work provides critical feedback toward ensuring effective and practical rulemaking and policy efforts. This indicator tracks how frequently the examination program assists with rulemaking initiatives.

| Fiscal Year  | FY 2013                       | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|--|-------------------------------|---------|---------|---------|---------|----------------|
| Number of rulemaking initiatives assisted by the NEP | Prior-year data not available | 30      | 26      | 24      | 16      | 19             |

**Responsible Division/Office:** Office of Compliance Inspections and Examinations

**Data Source:** Internal tracking

**PERFORMANCE INDICATOR (OUTPUT) 2.2.4**  
**Number of investigations or inquiries originating from a tip or complaint**

**Description:** Analysis of a tip or complaint can result in the need for further enforcement investigation. The indicator identifies the volume of SEC investigations that result from tips and complaints received by the SEC.

| Fiscal Year              | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|--------------------------|---------|---------|---------|---------|---------|----------------|
| Number of investigations | 289     | 291     | 325     | 336     | 307     | 315            |

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

**Data Source:** HUB case management and tracking system for the Division of Enforcement

### PERFORMANCE INDICATOR (OUTPUT) 2.2.5

#### SEC investigations in which requests for access to information were granted by the SEC to other authorities, such as SROs or other state, federal, and foreign enforcement authorities

**Description:** The SEC works closely with other regulators and authorities. This measure identifies the number of investigations in which the SEC granted one or more authorities access to information concerning an investigation during the fiscal year. This may include requests for access to SEC investigative files concerning investigations that the SEC continues to pursue, as well as those in which the SEC has completed its investigation.

| Fiscal Year              | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|--------------------------|---------|---------|---------|---------|---------|----------------|
| Number of investigations | 504     | 501     | 498     | 496     | 505     | 442            |

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

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

### PERFORMANCE INDICATOR (OUTPUT) 2.2.6

#### Requests from foreign authorities for SEC assistance and SEC requests for assistance from foreign authorities

**Description:** Each year, the SEC makes hundreds of requests for enforcement assistance to foreign regulators, while responding to hundreds of such requests from other nations. To facilitate this type of assistance and encourage other countries to enact laws necessary to allow regulators to cooperate with their foreign counterparts, the SEC has entered into bilateral information sharing arrangements, as well as the Multilateral Memorandum of Understanding, an information sharing arrangement negotiated through the International Organization of Securities Commissions (IOSCO).

| Fiscal Year                                 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|---|---------|---------|---------|---------|---------|----------------|
| Number of requests from foreign authorities | 508     | 541     | 531     | 636     | 599     | 684            |
| Number of SEC requests                      | 717     | 966     | 929     | 1,027   | 1,272   | 1,210          |

**Responsible Division/Office:** Office of International Affairs

**Data Source:** International Program Oversight Database and Business Objects Reports

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

**Goal Leader(s):** Director, Division of Enforcement

**PERFORMANCE GOAL 2.3.1**  
**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.

| Fiscal Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-------------|---------|---------|---------|---------|---------|--------------|----------------|
| Percentage  | 93%     | 94%     | 95%     | 97%     | 94%     | 92%          | 92%            |

**Target:** Met

**Analysis:** In addition to securing victories in specific cases through litigation and trial, the SEC's litigation efforts also help the SEC 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 of the SEC's mission.

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

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

**PERFORMANCE GOAL 2.3.2**  
**Percentage of first enforcement actions filed within two years of the opening of an investigation**

**Description:** This metric concerns the pace of investigations that lead to the filing of enforcement actions. Specifically, this metric captures the rate at which the first enforcement action arising out of an investigation was filed within two years of the opening of the investigation. If the investigation was preceded by a matter under inquiry, the metric draws on the date of the opening of the matter under inquiry. In conducting investigations, the Enforcement program continually strives to balance the need for complete, effective, and fair investigations with the need to file enforcement actions in as timely a manner as possible.

| Fiscal Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-------------|---------|---------|---------|---------|---------|--------------|----------------|
| Percentage  | 58%     | 64%     | 58%     | 53%     | 52%     | 65%          | 49%            |

**Target:** Not Met

**Analysis:** In FY 2018, the percentage of first enforcement actions filed within two years of the opening of the matter under inquiry (MUI) or investigation was 49 percent, which is a decrease compared to the FY 2017 result (52 percent). While timeliness in filing actions can be influenced by a number of factors, it is important because it can enhance the action's deterrent impact.

**Plan for Improving Program Performance:** To address the issue of timeliness in investigations, the division is taking measures that include emphasizing expediency in quarterly case reviews, promoting best practices regarding efficiencies in various phases of the investigative process, leveraging data analytics capabilities, and conducting training on tools that expedite investigations.

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

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

**PERFORMANCE GOAL 2.3.3**  
**Average months between opening a matter under inquiry or an investigation and commencing an enforcement action**

**Description:** This metric captures the average number of months between the opening of an investigation and the filing of the first enforcement action arising out of that investigation. If the investigation was preceded by a matter under inquiry, the metric draws on the date of opening of the matter under inquiry. In conducting investigations, the enforcement program continually strives to balance the need for complete, effective, and fair investigations with the need to file enforcement actions in as timely a manner as possible. While not all investigations result in the filing of enforcement actions, this metric provides information concerning the pace of investigations that do lead to such actions and supplements the previous goal, which measures the percentage of first enforcement actions filed within two years.

| Fiscal Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-------------|---------|---------|---------|---------|---------|--------------|----------------|
| Months      | 21      | 21      | 24      | 24      | 24      | 20           | 25             |

**Target:** Not Met

**Analysis:** In FY 2018, the average number of months between opening a matter under inquiry (MU) or investigation and commencing an enforcement action was 25 months. Timeliness in filing actions is important because it can enhance the action's deterrent impact. At the same time, many of the division's cases are complex and can take extended periods of time to develop successfully.

**Plan for Improving Program Performance:** To address the issue of timeliness in investigations, the division is taking measures that include emphasizing expediency in quarterly case reviews, promoting best practices regarding efficiencies in various phases of the investigative process, leveraging data analytics capabilities, and conducting training on tools that expedite investigations.

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

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

**PERFORMANCE GOAL 2.3.4**  
**Percentage of debts where either a payment has been made or a collection activity has been initiated within 180 days of the due date of the debt**

**Description:** The SEC can seek a wide range of remedies for failure to comply with the securities laws. These remedies include civil monetary penalties and disgorgement. When the remedies are imposed by the SEC or the federal district court, payments must be made by a certain date. This metric identifies the percentage of debts where debtors have made payments, or the SEC has initiated a collection activity within 180 days of the due date. Such collection activities include, among other things, demand letters, negotiation of payment plans, enforcing the payment of the debt through the courts, or other judicial remedies.

| Fiscal Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-------------|---------|---------|---------|---------|---------|--------------|----------------|
| Percentage  | 95%     | 92%     | 95%     | 96%     | 99%     | 92%          | 99%            |

**Target:** Exceeded

**Analysis:** The division has successfully integrated all collections functions within the Office of Collections and as a result, exceeded the target for this performance measure.

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

**Data Source:** DELPHI, HUB Case Management and Tracking System for the Division of Enforcement

### PERFORMANCE GOAL 2.3.5

#### Percentage of Fair Fund and disgorgement fund plans that have distributed 80 percent of the available funds for distribution within twenty-four (24) months of the approval of the distribution plan

**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 twenty-four (24) months of the approval of the distribution plan. The distribution plan includes the timeline and procedures required to return the funds to injured investors. This reflects Commission-wide efforts to implement plans to return money to investors quickly. Any funds not returned to investors are sent to the U.S. Treasury or the Investor Protection Fund established pursuant to Section 21F(g) of the Securities Exchange Act of 1934. Neither disgorgement nor penalties are used for the SEC's own expenses.

| Fiscal Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-------------|---------|---------|---------|---------|---------|--------------|----------------|
| Percentage  | 73%     | 81%     | 96%     | 93%     | 96%     | 80%          | 92%            |

**Target:** Exceeded

**Analysis:** In FY 2018, the division exceeded the target by 12 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 the function and implementing various process improvements.

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

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

### PERFORMANCE INDICATOR (CONTEXTUAL) 2.3.1

#### Percentage of filed enforcement actions reflecting characteristics that present enhanced risk to investors and markets, as measured by the nature of the investigation, conduct, parties, and impact

**Description:** This indicator assesses the quality of the cases filed by the Division of Enforcement. The indicator focuses on cases filed by the SEC that involve factors reflecting enhanced risk to investors and markets. Such cases may involve: (i) those identified through risk analytics and cross-disciplinary initiatives to reveal difficult-to-detect or early stage misconduct, thus minimizing investor loss and preventing the spread of unlawful conduct and practices; (ii) particularly egregious or widespread misconduct and investor harm; (iii) vulnerable victims; (iv) a high degree of scienter; (v) involvement of individuals occupying substantial positions of authority, or having fiduciary obligations or other special responsibilities to investors; (vi) involvement of recidivists; (vii) high amount of investor loss prevented; (viii) misconduct that is difficult to detect due to the complexity of products, transactions, and practices; (ix) use of innovative investigative or analytical techniques; (x) effective coordination with other law enforcement partners; and/or (xi) whether the matter involves markets, transactions, or practices identified as an enforcement priority, or that advances the programmatic priorities of other SEC divisions or offices.

| Fiscal Year | FY 2013                       | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|-------------|-------------------------------|---------|---------|---------|---------|----------------|
| Percentage  | Prior-year data not available | 62%     | 58%     | 57%     | 44%     | N/A            |

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

**Data Source:** Qualitative Index Spreadsheet

*Reporting on this performance measure was discontinued during FY 2018.*

**PERFORMANCE INDICATOR (CONTEXTUAL) 2.3.2**  
**Total amount distributed within the fiscal year, and the number of Fair Funds from which those distributions came**

**Description:** In its enforcement actions, the SEC may seek to return funds to harmed investors through disgorgement of ill-gotten gains or through the Fair Funds provision of the Sarbanes-Oxley Act. This provision permits the SEC to combine amounts paid as penalties with disgorged funds, or to create a Fair Fund from penalties only, to reduce losses to injured parties. This reflects the SEC's efforts to return funds to injured investors. This indicator identifies the total amount distributed within the fiscal year, and the number of Fair Funds from which those distributions came. This indicator may increase or decrease in dollar amount and number of distribution funds based on the number of SEC enforcement actions brought involving distributions, amounts ordered and paid in those actions, and other factors. Due to the variation in reporting timelines established for each individual distribution, reported amounts are based on the agency's best available information. Reported amounts do not include those funds distributed through receiverships. Any funds not returned to investors are sent to the U.S. Treasury or the Investor Protection Fund established pursuant to Section 21F(g) of the Securities Exchange Act of 1934. Neither disgorgement nor penalties are used for the Commission's own expenses.

| Fiscal Year                      | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|----------------------------------|---------|---------|---------|---------|---------|----------------|
| Amount distributed (in millions) | \$251   | \$424   | \$158   | \$140   | \$1,073 | \$794          |
| Number of Fair Funds             | 22      | 28      | 34      | 35      | 32      | 26             |

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

**Data Source:** HUB Case Management and Tracking System for the Division of Enforcement and Distributions Management System

**PERFORMANCE INDICATOR (OUTPUT) 2.3.3**  
**Percent of enforcement actions filed that arose out of national priority investigations**

**Description:** The Division of Enforcement conducts many enforcement actions each year that can be characterized as high impact and of national priority. High impact or national priority investigations include investigations that are significant for one or more of the following reasons. The matter: (i) presents an opportunity to send a particularly strong and effective message of deterrence, including with respect to markets, products, and transactions that are newly developing or that are long established but by their nature present limited opportunities to detect wrongdoing and thus to deter misconduct; (ii) involves particularly egregious or extensive misconduct; (iii) involves potentially widespread and extensive harm to investors; (iv) involves misconduct by persons occupying positions of substantial authority or responsibility, or who owe fiduciary or other enhanced duties and obligations to a broad group of investors or others; (v) involves potential wrongdoing as prohibited under newly-enacted legislation or regulatory rules; (vi) concerns potential misconduct that occurred in connection with products, markets, transactions, or practices that pose particularly significant risks for investors or a systemically important sector of the market; (vii) involves a substantial number of potential victims and/or particularly vulnerable victims; (viii) involves products, markets, transactions, or practices that the Enforcement Division has identified as priority areas; and/or (ix) provides an opportunity to pursue priority interests shared by other law enforcement agencies on a coordinated basis.

| Fiscal Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|-------------|---------|---------|---------|---------|---------|----------------|
| Percentage  | 15%     | 16%     | 25%     | 27%     | 19%     | 23%            |

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

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

**PERFORMANCE INDICATOR (CONTEXTUAL) 2.3.4**  
**Criminal actions related to conduct under investigation by the SEC**

**Description:** In some instances, conduct may involve both civil and criminal violations and may be investigated by both the SEC and the criminal authorities. This indicator identifies the number of criminal actions that are related to conduct under investigation by the SEC.

| Fiscal Year                       | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018<br>Actual |
|-----------------------------------|---------|---------|---------|---------|---------|-------------------|
| Number of criminal investigations | 126     | 127     | 134     | 109     | 128     | 107               |

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

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

**PERFORMANCE INDICATOR (CONTEXTUAL) 2.3.5**  
**Disgorgement and penalties ordered and the amounts collected**

**Description:** In addition to other types of relief, the SEC may seek orders requiring parties to disgorge any money obtained through wrongdoing. The SEC is also empowered to seek civil penalties for violations of the securities laws. In some cases, the SEC will seek to obtain large monetary sanctions, even in instances where the prospect of collecting on a judgment is slight. The rationale for seeking monetary relief in these circumstances is that such relief, even when likely uncollectible, might become collectible in the future based on the defendant's changed circumstances, and also because such relief can serve to deter others from violating the securities laws. Where appropriate, the SEC has sought to return disgorged funds to harmed investors. Funds not returned to investors are sent to the Treasury or the Investor Protection Fund established pursuant to Section 21F(g) of the Securities Exchange Act of 1934. This indicator lists disgorgement and penalties ordered as a result of SEC cases in each fiscal year and the amounts collected in those actions as of the end of FY 2018. The indicator for collected amounts could change over time based on various factors.

| Fiscal Year                     | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018<br>Actual |
|---------------------------------|---------|---------|---------|---------|---------|-------------------|
| Ordered amounts (in millions)   | \$3,424 | \$4,166 | \$4,195 | \$4,082 | \$3,789 | \$3,945           |
| Collected amounts (in millions) | \$2,696 | \$2,625 | \$2,444 | \$2,655 | \$2,194 | \$1,095           |

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

**Data Source:** DELPHI

## Strategic Goal 3

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

A strong economy and a vibrant securities market rely on investor confidence and the widespread availability of relevant information about those securities. The SEC promotes informed investment decisions through two main approaches. The first is to require that investors have accurate, adequate, and timely public access to disclosure materials that are easily understood and analyzed. The second is to implement a variety of investor education initiatives aimed at giving investors a better understanding of the operations of the nation's securities markets. In FY 2018, the agency exceeded 11 performance targets and did not meet 1 for Strategic Goal 3.

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

**Goal Leader(s):** Director, Division of Corporation Finance; Director, Division of Investment Management

| PERFORMANCE GOAL 3.1.1<br>Percentage of public companies and investment companies with disclosures reviewed each year  |         |         |         |         |         |              |                |
|--|---------|---------|---------|---------|---------|--------------|----------------|
| <b>Description:</b> The Sarbanes-Oxley Act requires that the SEC review, at least once every three years, the disclosures of all companies and investment company portfolios reporting under the Exchange Act. These reviews help improve the information available to investors and may identify possible violations of the federal securities laws. This metric gauges the number of public companies and investment companies reviewed each year. |         |         |         |         |         |              |                |
| Fiscal Year  | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
| Division of Corporation Finance  |         |         |         |         |         |              |                |
| Corporations   | 52%     | 52%     | 51%     | 56%     | 56%     | 33%          | 57%            |
| <b>Target:</b> Exceeded  |         |         |         |         |         |              |                |
| <b>Analysis:</b> CF exceeded its planned level of companies reviewed in FY 2018.   |         |         |         |         |         |              |                |
| <b>Responsible Division/Office:</b> Division of Corporation Finance  |         |         |         |         |         |              |                |
| <b>Data Source:</b> Electronic Data Gathering, Analysis, and Retrieval (EDGAR) System and Filing Activity Tracking System (FACTS)  |         |         |         |         |         |              |                |
| Division of Investment Management  |         |         |         |         |         |              |                |
| Investment company portfolios  | 34%     | 35%     | 35%     | 36%     | 35%     | 33%          | 34%            |
| <b>Target:</b> Exceeded  |         |         |         |         |         |              |                |
| <b>Analysis:</b> Consistent with Section 408 of the Sarbanes-Oxley Act of 2002, IM strives to review disclosures made by certain public issuers, including issuers' financial statements, no less frequently than once every three years. The targeted number of annual reviews assumes that IM meets this goal.   |         |         |         |         |         |              |                |
| <b>Responsible Division/Office:</b> Division of Investment Management  |         |         |         |         |         |              |                |
| <b>Data Source:</b> Microsoft Office Suite Tools   |         |         |         |         |         |              |                |

**PERFORMANCE GOAL 3.1.2**  
**Time to issue initial comments on Securities Act filings**

**Description:** The target of 30 days or less has become a de facto industry standard for the maximum time to receive initial comments.

| Fiscal Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-------------|---------|---------|---------|---------|---------|--------------|----------------|
| Days        | 25.6    | 25.8    | 26.0    | 25.5    | 25.4    | <30.0        | 25.5           |

**Target:** Met

**Analysis:** CF achieved its goal of having a response time for initial comments of less than 30 days.

**Responsible Division/Office:** Division of Corporation Finance

**Data Source:** Division of Corporation Finance Management Dashboards

**PERFORMANCE GOAL 3.1.3**  
**Percentage of investment company disclosure reviews for which initial comments are completed within timeliness goals**

**Description:** For initial registration statements, the SEC's goal is to issue initial comments within 30 days after they are filed (60 days for registration statements of insurance product separate accounts and related mutual funds). The SEC also aims to comment on post-effective amendments within 45 days, and on preliminary proxy statements within 10 days after they are filed.

| Fiscal Year                     | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|---------------------------------|---------|---------|---------|---------|---------|--------------|----------------|
| Initial registration statements | 98%     | 98%     | 98%     | 98%     | 100%    | 85%          | 85%            |
| Post-effective amendments       | 99%     | 99%     | 98%     | 100%    | 99%     | 90%          | 90%            |
| Preliminary proxy statements    | 98%     | 99%     | 98%     | 99%     | 100%    | 99%          | 99%            |

**Target:** Initial registration statements – Exceeded; Post-effective amendments – Exceeded; Preliminary proxy statements – Met

**Analysis:** IM strives to review all significant disclosures made by registrants in Commission filings under the Investment Company Act, including initial registration statements and post-effective amendments with material changes. IM may limit the scope of a review, through selective review procedures, to a review of only the disclosure in a filing that has not been previously reviewed. During periods of increased filings, IM is able to handle the increased workload largely through the use of such selective review procedures. IM generally does not set a target for the number of filings that are reviewed in a fiscal year because IM does not dictate the number of filings that registrants make. Instead, other factors, such as registrant business decisions or the implementation of new disclosure requirements, typically drive whether investment companies make filings and the type of filings that they make. IM sets targets for the timeliness of reviews.

**Responsible Division/Office:** Division of Investment Management

**Data Source:** Electronic Data Gathering, Analysis, and Retrieval (EDGAR) System

**PERFORMANCE INDICATOR (CONTEXTUAL) 3.1.1**  
**Total digital audience including website, social media, and mobile media**

**Description:** Digital media has become the dominant channel for investors seeking to access information. These statistics help evaluate the extent to which investors are turning to the SEC, identify the channels they use, and quantify the amount of information they receive.

| Fiscal Year                              | FY 2013 | FY 2014 | FY 2015 | FY 2016   | FY 2017   | FY 2018 Actual |
|--|---------|---------|---------|-----------|-----------|----------------|
| SEC.gov page views (in billions)         | 3.72    | 4.49    | 6.37    | 7.90      | 18.40     | 19.10          |
| Social media followers                   | 258,733 | 308,261 | 382,702 | 399,086   | 434,908   | 491,778        |
| Total email/mobile subscriptions         | 740,318 | 799,055 | 982,817 | 1,051,625 | 1,395,591 | 1,475,341      |
| Total email bulletins sent (in millions) | 40.85   | 47.01   | 56.45   | 57.64     | 43.6      | 59.1           |
| Total text bulletins sent                | 238,815 | 366,032 | 461,753 | 614,325   | 554,548   | 906,032        |

**Responsible Division/Office:** Office of Public Affairs

**Data Source:** Akamai Technologies, Google Analytics, GovDelivery, Hootsuite, and Social Media Channels

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

**Goal Leader(s):** Director, Office of Investor Education and Advocacy

**PERFORMANCE GOAL 3.2.1**  
**Number of page views of online investor education content, and number of in-person events, including those with specifically targeted communities and organizations**

**Description:** The Office of Investor Education and Advocacy (OIEA) initiates investor education campaigns on key strategies for making informed investment decisions, including publicizing online resources for researching investment professionals and investments, understanding fees, and identifying fraud. OIEA staff also participates in in-person events for investors, both general and those targeted toward specific investors, such as seniors, service members, and other affinity groups. This metric tracks page views of SEC online investor education materials and the number of investor events in which OIEA staff participated.

| Fiscal Year                        | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|------------------------------------|---------|---------|---------|---------|---------|--------------|----------------|
| Number of page views (in millions) | 12.1    | 22.2    | 23.6    | 23.7    | 9.1     | 8.0          | 9.9            |
| Number of in-person events         | 52      | 51      | 71      | 112     | 146     | 90           | 166            |

**Target:** Number of page views – Exceeded; Number of in-person events – Exceeded

**Analysis:** The public's use of Investor.gov and investor education materials on SEC.gov exceeded the SEC's performance target, with particular interest in the calculators, tools, and resources for checking the background of investment professionals. OIEA participated in 70 events focused on military personnel and their families as part of the SEC's Military Financial Literacy Campaign, helping it exceed its target for in-person events.

**Responsible Division/Office:** Office of Investor Education and Advocacy

**Data Source:** Google Analytics, Microsoft Office Suite Tools

**PERFORMANCE GOAL 3.2.2**  
Timeliness of responses to investor contacts

**Description:** OIEA serves the tens of thousands of investors each year who contact the SEC with investment-related complaints and questions. The staff aims to close out as many new investor assistance matters as possible within seven to thirty business days.

| Fiscal Year           | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-----------------------|---------|---------|---------|---------|---------|--------------|----------------|
| Closed within 7 days  | 62%     | 62%     | 65%     | 64%     | 65%     | 62%          | 53%            |
| Closed within 30 days | 93%     | 92%     | 93%     | 92%     | 94%     | 90%          | 92%            |

**Target:** Closed within 7 days – Not Met; Closed within 30 days – Exceeded

**Analysis:** OIEA continued to focus its efforts on identifying and referring key investor assistance matters to the agency's Tips, Complaints, and Referrals (TCR) system and exceeded its 30-day target but did not meet its 7-day target for FY 2018.

**Plan for Improving Program Performance:** OIEA's timeliness of responses to investor contacts has been very consistent over time. The FY 2018 decrease in OIEA's 7-day response rate is likely related to staff attrition.

**Responsible Division/Office:** Office of Investor Education and Advocacy

**Data Source:** Internal Log Using IRIS Data

**PERFORMANCE GOAL 3.2.3**  
Customer satisfaction rating of OIEA's online investor education resources

**Description:** This metric gauges the effectiveness, helpfulness, and usability of OIEA's online investor education resources.

| Fiscal Year        | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Estimate                               | FY 2018 Actual |
|--------------------|---------|---------|---------|---------|---------|--|----------------|
| Satisfaction index | 81      | 83      | 84      | 83      | 82      | Benchmark for federal government websites (73) | 82             |

**Target:** Exceeded

**Analysis:** Investor.gov's customer satisfaction score (82) continued to exceed the federal government benchmark (73) due in part to site refinements based on feedback from Investor.gov visitors.

**Responsible Division/Office:** Office of Investor Education and Advocacy

**Data Source:** ForeSee Results Online Portal

**PERFORMANCE GOAL 3.2.4**  
**Number of new investor education materials designed specifically to help investors protect themselves from fraud**

**Description:** Through OIEA—and often in conjunction with other organizations—the staff issues Investor Alerts and other forms of educational materials that inform investors about different permutations of fraud, new investment products, and other topical issues. This metric measures the number of new investor education materials issued by OIEA.

| Fiscal Year                   | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-------------------------------|---------|---------|---------|---------|---------|--------------|----------------|
| Number of education materials | 26      | 28      | 31      | 32      | 34      | 32           | 34             |

**Target:** Exceeded

**Analysis:** In FY 2018, OIEA published 34 Investor Alerts and bulletins to meet its goal, many of which were focused on warning investors about possible fraudulent schemes.

**Responsible Division/Office:** Office of Investor Education and Advocacy

**Data Source:** SEC.gov, Investor.gov

**PERFORMANCE INDICATOR (PROCESS) 3.2.1**  
**Number of investor testing research projects**

**Description:** This metric tracks the number of research initiatives used to gather feedback from investors regarding the usefulness of disclosures and other input on SEC rulemaking.

| Fiscal Year        | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|--------------------|---------|---------|---------|---------|---------|----------------|
| Number of projects | —       | —       | —       | —       | 1       | 12             |

**Responsible Division/Office:** Office of the Investor Advocate

**Data Source:** Microsoft Office Suite Tools

**PERFORMANCE INDICATOR (PROCESS) 3.2.2**  
**Number of sets of recommendations prepared by the Investor Advisory Committee**

**Description:** This indicator tracks the recommendations from the Investor Advisory Committee regarding investors' perspectives and priorities.

| Fiscal Year                       | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Actual |
|-----------------------------------|---------|---------|---------|---------|---------|----------------|
| Number of sets of recommendations | 4       | 4       | 4       | 4       | 4       | 4              |

**Responsible Division/Office:** Office of the Investor Advocate

**Data Source:** SEC.gov

## Strategic Goal 4

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

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The investing public and the securities markets are best served by an efficient, well-managed, and agile SEC. The Office of the Chief Operating Officer (OCOO) and its six operational offices—the Office of Support Operations (OSO), the Office of Financial Management (OFM), the Office of Human Resources (OHR), the EDGAR Business Office (EBO), the Office of Acquisitions (OA), and the Office of Information Technology (OIT)—focus on providing organizational and infrastructure improvements necessary to advance the Commission's mission. The SEC is also extremely mindful of its responsibility to maximize the impact of public funds. In FY 2018, the agency met or exceeded 17 and did not meet 2 performance targets in Strategic Goal 4.

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

**Goal Leader(s):** Director, Office of Human Resources; Director, Office of Minority and Women Inclusion

### PERFORMANCE GOAL 4.1.1 Turnover

**Description:** When employee morale and engagement are high, high-performing employees tend to remain in the organization. Although turnover can fluctuate based on a variety of factors, the SEC aims to keep its turnover rate relatively low, below eight percent per year.

| Fiscal Year         | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017<br>Actual | FY 2018<br>Plan | FY 2018<br>Actual |
|---------------------|---------|---------|---------|---------|-------------------|-----------------|-------------------|
| Percentage turnover | 6.58%   | 5.60%   | 6.20%   | 3.61%   | 4.61%             | <8.00%          | 3.86%             |

**Target:** Met

**Analysis:** The agency's results were within target. The two main sources of attrition in FY 2018 were employees leaving the SEC for private sector employment or retiring.

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

**Data Source:** Interior Business Center

**PERFORMANCE GOAL 4.1.2**  
**Expanding staff expertise**

**Description:** Internal training and hiring programs are designed to help the agency recruit and develop a diverse and qualified staff with the key skills, industry knowledge, and expertise to support the SEC's mission. In particular, there is a need to train examiners, attorneys, economists, and other experts for subject matter expertise relevant to the marketplace and investment and trading practices. This metric tracks whether certain areas requiring significant training are being addressed. The agency will track the number of SEC staff participants in mission-focused training and development programs and will report on specific items through the use of post-course evaluations to assess the impact and results of this training on a five-point scale.

| Fiscal Year   |                               | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|---|-------------------------------|---------|---------|---------|---------|---------|--------------|----------------|
| Mission-focused training attendance                 | Prior-year data not available |         | 16,270  | 17,093  | 17,273  | 26,252  | 16,000       | 25,764         |
| Post-course evaluations of mission-focused training | Prior-year data not available |         | 4.14    | 4.24    | 4.33    | 4.32    | 4.30         | 4.35           |

**Target:** Mission-focused training attendance – Exceeded; Post-course evaluations of mission-focused training – Exceeded

**Analysis:** This metric tracks instructor-led training, for which the agency's results exceeded the target goal for FY 2018. The agency continued to offer more training virtually to enhance the accessibility of real-time training and reduce costs associated with classroom-based training.

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

**Data Source:** Course Attendance Identified in LEAP (Instructor-led courses only) and End of Course Evaluation Report Summary provided by Metrics that Matter

**PERFORMANCE GOAL 4.1.3**  
**Number of diversity-related partnerships/alliances**

**Description:** Increased numbers of diversity-related partnerships or alliances with professional associations and educational organizations provides additional opportunities to educate students about the SEC's work and to recruit career professionals from all segments of society. The SEC will track the number of partnerships and/or alliances with diverse professional associations and educational organizations.

| Fiscal Year                      |  | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|----------------------------------|--|---------|---------|---------|---------|---------|--------------|----------------|
| Number of partnerships/alliances |  | 13      | 18      | 18      | 18      | 20      | 20           | 20             |

**Target:** Met

**Analysis:** In FY 2018, the Office of Minority and Women Inclusion met the performance target of 20. The office intends to maintain 20 partnerships moving forward.

**Responsible Division/Office:** Office of Minority and Women Inclusion

**Data Source:** Office of Minority and Women Inclusion Internal Records and Section 342 of DFA

**PERFORMANCE GOAL 4.1.4**  
**Survey rankings**

**Description:** Annual and other rankings—together with other metrics and indicators of federal government agencies—will be one of the metrics used to determine the SEC’s overall success in improving employee morale and employee engagement.

| Fiscal Year  | FY 2013    | FY 2014    | FY 2015    | FY 2016   | FY 2017   | FY 2018 Plan | FY 2018 Actual |
|--|------------|------------|------------|-----------|-----------|--------------|----------------|
| <i>Best Places to Work</i> ranking                           | Ranked #15 | Ranked #14 | Ranked #10 | Ranked #6 | Ranked #5 | Ranked #5    | Ranked #3      |
| Average of employee engagement and global satisfaction index | 61%        | 66%        | 68%        | 75%       | 77%       | 80%          | 80%            |

**Target:** *Best Places to Work* ranking – Exceeded; Average of satisfaction index – Met

**Analysis:** In FY 2018, the SEC moved up two spots and now ranks third in the mid-size agency category.

**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 OPM and Average of Employee Engagement and Global Satisfaction Index from OPM EVS

**PERFORMANCE GOAL 4.1.5**  
**Bench strength**

**Description:** To maintain mission effectiveness, it is essential that attrition in the leadership ranks is quickly addressed by having a highly-qualified and diverse pool of internal candidates ready to assume those critical roles. This metric is calculated as an average ratio of the number of qualified internal candidates for key leadership positions.

| Fiscal Year | FY 2013                       | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-------------|-------------------------------|---------|---------|---------|---------|--------------|----------------|
| Percentage  | Prior-year data not available | 68%     | 149%    | 266%    | 366%    | 300%         | 560%           |

**Target:** Exceeded

**Analysis:** The agency has recently placed a greater emphasis on focused leadership development cohort programs such as Aspiring Leaders and Leadership Development for SK-14, SK-15, SK-16, and SK-17 employees. This increases bench strength while developing cross-group collaboration.

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

**Data Source:** Course Attendance Identified in LEAP (Instructor-led courses only) and End of Course Evaluation Report Summary provided by Metrics that Matter

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

**Goal Leader(s):** Director, Office of Information Technology

**PERFORMANCE GOAL 4.2.1**  
**Ensure SEC's systems and applications are available**

**Description:** The SEC aims to enhance its computing infrastructure to eliminate downtime if systems at one site fail, among other objectives. This metric captures the percentage of systems and applications that can fail over within 8 hours.

| Fiscal Year                         | FY 2013                       | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-------------------------------------|-------------------------------|---------|---------|---------|---------|--------------|----------------|
| Percentage of servers virtualized   | 93%                           | 95%     | 95%     | 95%     | 91%     | 95%          | 95%            |
| Percentage fail over within 8 hours | Prior-year data not available | 100%    | 100%    | 100%    | 100%    | 100%         | 100%           |

**Target:** Percentage of servers virtualized – Met; Percentage fail over within 8 hours – Met

**Analysis:** OIT continued to leverage virtualization technologies for the SEC's computing infrastructure. Virtual servers are considered the standard for all server builds. Dedicated physical server use requires CIO approval and remained under 5 percent. OIT conducted a successful Disaster Recovery Exercise in February 2017, as required by FISMA.

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

**Data Source:** OIT Network Operations Center (NOC) – Automated Network Monitoring Tools

**PERFORMANCE GOAL 4.2.2**  
**Equip the SEC with an enhanced technology infrastructure to support enterprise infrastructure**

**Description:** The SEC aims to promote collaboration and information sharing across the enterprise. To improve efficiency and knowledge management, the SEC will consolidate and centralize its collaborative technologies to a commonly used enterprise set by 2020. This metric will measure the percentage of the SEC's offices and divisions that utilize centralized enterprise collaboration solutions.

| Fiscal Year                    | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|--------------------------------|---------|---------|---------|---------|---------|--------------|----------------|
| Number of enterprise solutions | 30%     | 35%     | 40%     | 45%     | 45%     | 45%          | 45%            |

**Target:** Met

**Analysis:** Enterprise solutions are leveraged across SEC offices and divisions, but higher percentages for this metric will require identification of overlapping capabilities within the office and divisions. Once identified, consolidation of the requirements to drive enterprise solutions will be key.

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

**Data Source:** Approved Software Applications List

**PERFORMANCE GOAL 4.2.3**  
**Expand the SEC’s video teleconferencing (VTC) capabilities to support an increasing geographically dispersed workforce**

**Description:** The SEC seeks to develop a state of the art video teleconference solution that allows users to conduct a video teleconference meeting between HQ, regional offices, and multiple endpoints simultaneously; collaborate and share presentation materials; and use VoIP technology to host video teleconferences from their offices/workspaces with other SEC users or conference rooms. This metric will measure the average “uptime,” or availability, of all VTC systems.

| Fiscal Year                         | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|-------------------------------------|---------|---------|---------|---------|---------|--------------|----------------|
| Availability rate for VTC solutions | 80.00%  | 99.99%  | 99.99%  | 99.99%  | 99.99%  | 99.99%       | 99.99%         |

**Target:** Met

**Analysis:** VTC services are leveraged across the SEC. Their high availability is attributed to the SEC’s investment in better technology, documented procedures, and training.

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

**Data Source:** Telecommunications Monitoring System

**PERFORMANCE GOAL 4.2.4**  
**Pursue continuous technology cost reductions and efficiencies**

**Description:** Recent technology enhancements—e.g., data center consolidation, virtualization, and maintenance contract reductions—are producing technical efficiencies and cost savings. This metric will measure the amount of these costs savings.

| Fiscal Year  | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|--|---------|---------|---------|---------|---------|--------------|----------------|
| Percent reduction in operational run cost leveraging technology and process efficiencies | 18.70%  | 1.00%   | 1.00%   | 1.00%   | 1.00%   | 1.00%        | 1.00%          |

**Target:** Met

**Analysis:** OIT has implemented a strategic initiative, the Steady State Cost Reduction Plan, to review all steady state project costs. This plan has both short- and long-term objectives as well as business impact assessments. This effort is SEC-wide, as many of the steady state costs with a focus on leveraging market data to capture significant improvements during contract negotiations.

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

**Data Source:** OIT Network Operations Center

**PERFORMANCE GOAL 4.2.5**  
**Enhance the SEC's Enterprise Data Warehouse infrastructure and performance**

**Description:** The Enterprise Data Warehouse (EDW) infrastructure will enable the provisioning of data to Commission staff for search and analysis through a virtual data warehouse platform. This metric will measure the availability of EDW and data sources.

| Fiscal Year   | FY 2013                       | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|---|-------------------------------|---------|---------|---------|---------|--------------|----------------|
| Availability rate for the EDW infrastructure components in production | Prior-year data not available | 99%     | 99%     | 99%     | 99%     | 99%          | 99%            |

**Target:** Met

**Analysis:** EDW services are leveraged across the SEC. Availability is attributed to the use of redundant clustered servers, improved procedures, and training.

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

**Data Source:** OIT Network Operations Center (NOC) – Automated Network Monitoring Tools

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

**Goal Leader(s):** Chief Financial Officer; Chief Operating Officer

**PERFORMANCE GOAL 4.3.1**  
**Financial audit results**

**Description:** Under the Accountability of Taxpayer Dollars Act of 2002, the agency is required to meet all proprietary and budgetary accounting guidelines for federal agencies and to undergo annual audits. The SEC's audits are conducted by the Government Accountability Office (GAO).

| Fiscal Year            | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|------------------------|---------|---------|---------|---------|---------|--------------|----------------|
| Unqualified opinion    | Yes     | Yes     | Yes     | Yes     | Yes     | Yes          | Yes            |
| Material weakness      | —       | —       | —       | —       | —       | —            | —              |
| Significant deficiency | 1       | 1       | —       | —       | —       | —            | —              |

**Target:** Unqualified opinion – Met; Material weakness – Met; Significant deficiency – Met

**Analysis:** For FY 2018, GAO released an unmodified opinion on the SEC's financial statements and internal controls over financial reporting in which no significant issues were identified. This sustained achievement underscores the SEC's commitment to sound financial management and its high standards of accountability, transparency, and ethics.

**Responsible Division/Office:** Office of Financial Management

**Data Source:** GAO's Independent Auditor's Report in the FY 2018 SEC Agency Financial Report

**PERFORMANCE GOAL 4.3.2**  
**Assurance statement on internal control over operations**

**Description:** In accordance with OMB A-123 and Section 961 of the Dodd-Frank Act, the SEC conducts an annual assessment of the effectiveness of internal controls. The SEC will continue to develop its Operational Risk program and enhance cross-organizational processes to support all division and office management assurance statements. Success is measured by the quality of risk and control assessments and management self-identification and resolution of improvement opportunities.

| Fiscal Year        | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|--------------------|---------|---------|---------|---------|---------|--------------|----------------|
| Unmodified opinion | Yes     | Yes     | Yes     | Yes     | No      | Yes          | No             |
| Material weakness  | —       | —       | —       | —       | 1       | —            | 1              |

**Target:** Unmodified opinion – Not Met; Material weakness – Not met

**Analysis:** For FY 2018, the SEC did not provide an unmodified opinion on its internal control over operations. A material weakness related to cybersecurity risks was identified.

**Plan for Improving Program Performance:** The SEC is proactively working to address and mitigate these deficiencies in FY 2019, which includes taking steps to improve communication and escalation protocols and enhance the information security of the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system.

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

**Data Source:** SEC Financial Audit Report

**PERFORMANCE GOAL 4.3.3**  
**Timely completion of corrective action on Office of Inspector General (OIG) and the General Accountability Office (GAO) audit recommendations<sup>1</sup>**

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

| Fiscal Year   | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 Plan | FY 2018 Actual |
|---|---------|---------|---------|---------|---------|--------------|----------------|
| OIG and GAO recommendations completed in less than one year | 78%     | 76%     | 74%     | 67%     | 86%     | 75%          | 87%            |

**Target:** Exceeded

**Analysis:** In FY 2018, the SEC completed 87 percent of corrective actions on OIG audit recommendations on time.

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

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

<sup>1</sup> FY 2013 – FY 2016 data is for only OIG recommendations completed in less than one year.

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# Appendices

Appendix A: Verification and Validation of Performance Data ..... 143

Appendix B: SEC's Responses to Government Accountability Office Reports..... 144

Appendix C: Discontinued Performance Goals and Indicators.....168

Appendix D: Information Technology Resource Statement.....171

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# APPENDIX A: VERIFICATION AND VALIDATION OF PERFORMANCE DATA

The SEC's programs require accurate data to properly assess program performance and make good 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 performance procedures documentation. Data validation follows the data verification process in an effort to ensure that performance data are 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

This appendix provides the SEC's responses to Government Accountability Office (GAO) reports that included recommendations for the agency head.

The following are examples of letters that were sent to each appropriate committee.

GAO Report: "Financial Technology: Additional Steps by Regulators Could Better Protect Consumers and Aid Regulatory Oversight" (GAO-18-254, dated January 2018)



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

May 25, 2018

The Honorable Jeb Hensarling  
Chairman  
Committee on Financial Services  
U.S. House of Representatives  
2129 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Hensarling:

I am writing to provide an update on actions being taken by the Securities and Exchange Commission ("SEC") to address the recommendation made by the U.S. Government Accountability Office ("GAO") in its January 2018 report entitled "Financial Technology: Additional Steps by Regulators Could Better Protect Consumers and Aid Regulatory Oversight" (GAO-18-254). Specifically, GAO recommends that federal financial regulators, including the SEC, should formally evaluate the feasibility and benefits to their regulatory capacities of adopting certain knowledge-building initiatives related to financial technology ("fintech").

I concur with the recommendation. The SEC is actively participating in knowledge-building initiatives with industry participants and fellow regulators, both domestically and internationally. The agency works with market participants, including fintech firms focused on distributed ledger technology, as they seek to develop innovative, new businesses. For example, a dedicated cross-divisional team of SEC staff works to assist fintech and other market participants in understanding the application of and ways to comply with the federal securities laws. Through this process and other outreach and research efforts, SEC staff has developed a considerable knowledge-base of activities in the fintech area, including industry trends that implicate the federal securities laws. Various SEC divisions and offices have also been actively engaged in educating investors and providing guidance on fintech issues to issuers, trading venues, market intermediaries, and other participants. See attachment for several examples of these publicly available resources. The SEC has also engaged in significant outreach efforts, including through the creation of a designated email address ([fintech@SEC.gov](mailto:fintech@SEC.gov)), to entities involved in fintech activities, including those raising capital using fintech. The SEC has responded to hundreds of inquiries received through email, telephone, and meetings.

The SEC staff continues to work with market participants to evaluate the applicability of the federal securities laws to fintech activities and, when appropriate, provide guidance as to how such activities can be conducted in compliance with such laws. In considering new technological changes in business operations and capital formation methods, staff may evaluate whether the tailoring of such requirements through rulemaking, exemptive relief, or otherwise, if

The Honorable Jeb Hensarling  
Page 2

appropriate and within the SEC's authority and statutory mandate, may be in the public interest, enhance the protection of investors and facilitate the fair and orderly operations of our markets.

The SEC also participates and engages in knowledge-building initiatives on the international front. The SEC is an active member of the Financial Stability Board and International Organization of Securities Commissions ("IOSCO"). Through these international bodies, the SEC staff routinely monitors international developments regarding fintech issues and extensively coordinates with foreign regulators. For example, the SEC staff initiated, and participates in, among others, IOSCO's ICO Consultation Network's monthly meetings, through which members can discuss their experiences and bring their concerns regarding ICOs, including any cross-border issues, to the attention of fellow regulators.

As the foregoing demonstrates, the SEC and its staff are dedicated to continuing their active involvement within the fintech space and plan to continue their participation in various knowledge-building initiatives with industry participants and fellow regulators. With this in mind, I have asked the staff to evaluate the GAO's recommendation further and consider whether there are any additional steps that we should undertake to augment our knowledge in this area.

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 Bryan Wood, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010.

Sincerely,



Jay Clayton  
Chairman

Attachment

**Attachment – Examples of educational and guidance publications on fintech issues**

- *Statement on Potentially Unlawful Promotion of Initial Coin Offerings and Other Investments by Celebrities and Others* (Nov. 1, 2017), available at [www.sec.gov/news/public-statement/statement-potentially-unlawful-promotion-icos](http://www.sec.gov/news/public-statement/statement-potentially-unlawful-promotion-icos)
- *Investor Alert: Public Companies Making ICO-Related Claims* (Aug. 28, 2017), available at [www.sec.gov/oiea/investor-alerts-and-bulletins/ia\\_ico-related-claims](http://www.sec.gov/oiea/investor-alerts-and-bulletins/ia_ico-related-claims)
- *Investor Alert: Bitcoin and Other Virtual Currency-Related Investments* (May 7, 2014), available at [www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-alert-bitcoin-other-virtual-currency](http://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-alert-bitcoin-other-virtual-currency)
- *Investor Alert: Ponzi Schemes Using Virtual Currencies* (July 23, 2013), available at <https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-alert-ponzi-schemes-using-virtual>
- *Investor Bulletin: Robo-Advisers* (Feb. 23, 2017), available at [www.sec.gov/oiea/investor-alerts-bulletins/ib\\_robo-advisers.html](http://www.sec.gov/oiea/investor-alerts-bulletins/ib_robo-advisers.html)
- *Investor Bulletin: Initial Coin Offerings* (July 25, 2017), available at [www.sec.gov/oiea/investor-alerts-and-bulletins/ib\\_coinofferings](http://www.sec.gov/oiea/investor-alerts-and-bulletins/ib_coinofferings)
- Office of Investor Education and Advocacy spotlight on ICOs and digital assets, available at [www.investor.gov/additional-resources/specialized-resources/spotlight-initial-coin-offerings-digital-assets](http://www.investor.gov/additional-resources/specialized-resources/spotlight-initial-coin-offerings-digital-assets)
- *Statement on Potentially Unlawful Online Platforms for Trading Digital Assets* (Mar. 7, 2018), available at [www.sec.gov/news/public-statement/enforcement-tm-statement-potentially-unlawful-online-platforms-trading](http://www.sec.gov/news/public-statement/enforcement-tm-statement-potentially-unlawful-online-platforms-trading)
- *Statement on Cryptocurrencies and Initial Coin Offerings* (Dec. 11, 2017), available at <https://www.sec.gov/news/public-statement/statement-clayton-2017-12-11>
- *Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO* (July 25, 2017), available at <https://www.sec.gov/litigation/investreport/34-81207.pdf>
- See also: <https://www.sec.gov/spotlight/fintech>

GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018)



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

March 29, 2018

The Honorable Trey Gowdy  
Chairman  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
2157 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Gowdy:

I am pleased to respond to the two recommendations made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its January 2018 report entitled "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256). The report examines the extent to which, and how, six financial regulators, including the SEC, performed Regulatory Flexibility Act (RFA) analyses and established policies and procedures for complying with RFA requirements with respect to agency rulemaking.

In its report, GAO recommends that the financial regulators, including the SEC, develop and implement specific policies and procedures for how they will consistently comply with RFA requirements and key aspects of Office of Advocacy and OMB guidance. More particularly, GAO recommends that the policies and procedures include four elements relating to documentation, disclosure of methodology, evaluation of potential economic impacts on small entities, and retrospective rule reviews. I agree that the SEC should have robust policies and procedures for compliance with the RFA requirements, and I have instructed the staff to review our existing policies and procedures and update them as appropriate, taking into consideration GAO's recommendations.

GAO also recommends that the SEC publicly disclose its retrospective reviews under section 610 of the RFA, or summaries of the reviews, with the basis for any conclusions. As I have stated in congressional hearings, speeches, and in other forums, I believe the Commission should review its rules retrospectively. I have asked the staff to evaluate the GAO's recommendation further and consider whether there are any additional steps that we should take in connection with the recommendation.

GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018) *(continued)*

The Honorable Trey Gowdy  
Page 2

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 Bryan Wood, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jay Clayton", with a long horizontal flourish extending to the right.

Jay Clayton  
Chairman

GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018)



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

March 29, 2018

The Honorable Ron Johnson  
Chairman  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
340 Dirksen Senate Office Building  
Washington, DC 2051

Dear Chairman Johnson:

I am pleased to respond to the two recommendations made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its January 2018 report entitled "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256). The report examines the extent to which, and how, six financial regulators, including the SEC, performed Regulatory Flexibility Act (RFA) analyses and established policies and procedures for complying with RFA requirements with respect to agency rulemaking.

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GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018) *(continued)*

The Honorable Ron Johnson  
Page 2

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Jay Clayton  
Chairman

GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018)



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

March 29, 2018

The Honorable Maxine Waters  
Ranking Member  
Committee on Financial Services  
U.S. House of Representatives  
4340 O'Neill Federal Office Building  
Washington, DC 20515

Dear Ranking Member Waters:

I am pleased to respond to the two recommendations made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its January 2018 report entitled "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256). The report examines the extent to which, and how, six financial regulators, including the SEC, performed Regulatory Flexibility Act (RFA) analyses and established policies and procedures for complying with RFA requirements with respect to agency rulemaking.

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GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018) *(continued)*

The Honorable Maxine Waters  
Page 2

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Sincerely,



Jay Clayton  
Chairman

GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018)



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

March 29, 2018

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

Dear Chairman Cochran:

I am pleased to respond to the two recommendations made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its January 2018 report entitled "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256). The report examines the extent to which, and how, six financial regulators, including the SEC, performed Regulatory Flexibility Act (RFA) analyses and established policies and procedures for complying with RFA requirements with respect to agency rulemaking.

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GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018) *(continued)*

The Honorable Thad Cochran  
Page 2

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Sincerely,



Jay Clayton  
Chairman

GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018)



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

March 29, 2018

The Honorable Elijah Cummings  
Ranking Member  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
2157 Rayburn House Office Building  
Washington, DC 20515

Dear Ranking Member Cummings:

I am pleased to respond to the two recommendations made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its January 2018 report entitled "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256). The report examines the extent to which, and how, six financial regulators, including the SEC, performed Regulatory Flexibility Act (RFA) analyses and established policies and procedures for complying with RFA requirements with respect to agency rulemaking.

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GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018) *(continued)*

The Honorable Elijah Cummings  
Page 2

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 Bryan Wood, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010.

Sincerely,

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Jay Clayton  
Chairman

GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018)



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

March 29, 2018

The Honorable Rodney P. Frelinghuysen  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
H-305, The Capitol  
Washington, DC 20515

Dear Chairman Frelinghuysen:

I am pleased to respond to the two recommendations made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its January 2018 report entitled "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256). The report examines the extent to which, and how, six financial regulators, including the SEC, performed Regulatory Flexibility Act (RFA) analyses and established policies and procedures for complying with RFA requirements with respect to agency rulemaking.

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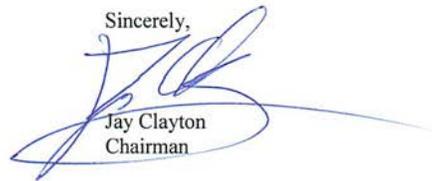
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GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018) *(continued)*

The Honorable Rodney P. Frelinghuysen  
Page 2

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 Bryan Wood, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010.

Sincerely,



Jay Clayton  
Chairman

GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018)



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

March 29, 2018

The Honorable Michael Crapo  
Chairman  
Committee on Banking, Housing, and Urban Affairs  
United States Senate  
534 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Crapo:

I am pleased to respond to the two recommendations made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its January 2018 report entitled "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256). The report examines the extent to which, and how, six financial regulators, including the SEC, performed Regulatory Flexibility Act (RFA) analyses and established policies and procedures for complying with RFA requirements with respect to agency rulemaking.

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GAO also recommends that the SEC publicly disclose its retrospective reviews under section 610 of the RFA, or summaries of the reviews, with the basis for any conclusions. As I have stated in congressional hearings, speeches, and in other forums, I believe the Commission should review its rules retrospectively. I have asked the staff to evaluate the GAO's recommendation further and consider whether there are any additional steps that we should take in connection with the recommendation.

GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018) *(continued)*

The Honorable Michael Crapo  
Page 2

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 Bryan Wood, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jay Clayton", with a long horizontal flourish extending to the right.

Jay Clayton  
Chairman

GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018)



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

March 29, 2018

The Honorable Sherrod Brown  
Ranking Member  
Committee on Banking, Housing, and Urban Affairs  
United States Senate  
534 Dirksen Senate Office Building  
Washington, DC 20510

Dear Ranking Member Brown:

I am pleased to respond to the two recommendations made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its January 2018 report entitled "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256). The report examines the extent to which, and how, six financial regulators, including the SEC, performed Regulatory Flexibility Act (RFA) analyses and established policies and procedures for complying with RFA requirements with respect to agency rulemaking.

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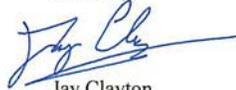
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The Honorable Sherrod Brown  
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Jay Clayton  
Chairman

GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018)



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

March 29, 2018

The Honorable Claire McCaskill  
Ranking Member  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
340 Dirksen Senate Office Building  
Washington, DC 20510

Dear Ranking Member McCaskill:

I am pleased to respond to the two recommendations made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its January 2018 report entitled "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256). The report examines the extent to which, and how, six financial regulators, including the SEC, performed Regulatory Flexibility Act (RFA) analyses and established policies and procedures for complying with RFA requirements with respect to agency rulemaking.

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The Honorable Claire McCaskill  
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Jay Clayton  
Chairman

GAO Report: "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256, dated January 30, 2018)



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

March 29, 2018

The Honorable Jeb Hensarling  
Chairman  
Committee on Financial Services  
U.S. House of Representatives  
2129 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Hensarling:

I am pleased to respond to the two recommendations made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its January 2018 report entitled "Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced" (GAO-18-256). The report examines the extent to which, and how, six financial regulators, including the SEC, performed Regulatory Flexibility Act (RFA) analyses and established policies and procedures for complying with RFA requirements with respect to agency rulemaking.

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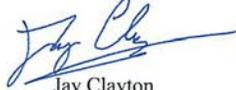
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The Honorable Jeb Hensarling  
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Jay Clayton  
Chairman

# APPENDIX C: DISCONTINUED PERFORMANCE GOALS AND INDICATORS

These performance goals have been removed. These performance goals will no longer be reported on beginning with the FY 2019 Annual Performance Report (APR).

| RESPONSIBLE DIVISION/OFFICE | PERFORMANCE GOAL/ INDICATOR NUMBER | PERFORMANCE GOAL/ INDICATOR TITLE  |
|-----------------------------|------------------------------------|--|
| TM                          | Performance Goal 1.2.1             | Time to complete SEC review of SRO rules that are subject to SEC approval  |
| TM, IM, and CF              | Performance Goal 1.3.1             | Length of time to respond to written requests for no-action letters (NAL), exemptive applications, and written interpretive requests                             |
| TM                          | Performance Goal 1.3.2             | Timeliness of responses to requests for informal guidance received by the Trading and Markets dedicated hotline or email box                                     |
| OIA                         | Performance Goal 1.4.1             | Supervisory cooperation requests from foreign authorities for SEC assistance and SEC requests for assistance on supervisory cooperation from foreign authorities |
| OIA                         | Performance Goal 1.4.2             | Number of non-U.S. regulators trained  |
| OCIE                        | Performance Goal 2.1.1             | Number of industry outreach and education programs targeted to areas identified as raising particular compliance risks   |
| OCIE                        | Performance Goal 2.1.2             | Percentage of firms receiving deficiency letters that take corrective action in response to all exam findings  |
| OCIE                        | Performance Goal 2.2.2             | Percentage of compliance exams that are timely concluded in accordance with the Office of Compliance Inspections and Examinations' (OCIE) statutory deadline     |
| OCIE                        | Performance Goal 2.2.3             | Number of joint exams, information sharing agreements, and formal meetings with other regulators   |
| ENF                         | Performance Goal 2.3.2             | Percentage of first enforcement actions filed within two years of the opening of an investigation  |
| ENF                         | Performance Goal 2.3.3             | Average months between opening a matter under inquiry or an investigation and commencing an enforcement action   |
| ENF                         | Performance Goal 2.3.4             | Percentage of debts where either a payment has been made or a collection activity has been initiated within 180 days of the due date of the debt                 |

*continued on next page*

| RESPONSIBLE DIVISION/OFFICE | PERFORMANCE GOAL/ INDICATOR NUMBER | PERFORMANCE GOAL/ INDICATOR TITLE   |
|-----------------------------|------------------------------------|---|
| CF and IM                   | Performance Goal 3.1.1             | Percentage of public companies and investment companies with disclosures reviewed each year   |
| CF                          | Performance Goal 3.1.2             | Time to issue initial comments on Securities Act filings  |
| IM                          | Performance Goal 3.1.3             | Percentage of investment company disclosure reviews for which initial comments are completed within timeliness goals  |
| OIEA                        | Performance Goal 3.2.1             | Number of page views of online investor education content, and number of in-person events, including those with specifically targeted communities and organizations |
| OIEA                        | Performance Goal 3.2.2             | Timeliness of responses to investor contacts  |
| OIEA                        | Performance Goal 3.2.3             | Customer satisfaction rating of OIEA's online investor education resources  |
| OIEA                        | Performance Goal 3.2.4             | Number of new investor education materials designed specifically to help investors protect themselves from fraud  |
| OHR                         | Performance Goal 4.1.1             | Turnover  |
| OHR                         | Performance Goal 4.1.2             | Expanding staff expertise   |
| OHR                         | Performance Goal 4.1.3             | Number of diversity-related partnerships/alliances  |
| OHR                         | Performance Goal 4.1.5             | Bench strength  |
| OIT                         | Performance Goal 4.2.1             | Ensure SEC's systems and applications are available   |
| OIT                         | Performance Goal 4.2.2             | Equip the SEC with an enhanced technology infrastructure to support enterprise infrastructure   |
| OIT                         | Performance Goal 4.2.3             | Expand the SEC's video teleconferencing (VTC) capabilities to support an increasing geographically dispersed workforce  |
| OIT                         | Performance Goal 4.2.4             | Pursue continuous technology cost reductions and efficiencies   |
| OIT                         | Performance Goal 4.2.5             | Enhance the SEC's enterprise data warehouse infrastructure and performance  |
| OFM                         | Performance Goal 4.3.1             | Financial audit results   |
| OCOO                        | Performance Goal 4.3.2             | Assurance statement on internal control over operations   |
| OIAD                        | Performance Indicator 1.1.1        | Number of investor testing research projects  |
| TM                          | Performance Indicator 1.2.1        | Percentage of SRO rule filings that are submitted for immediate effectiveness   |
| TM                          | Performance Indicator 1.2.2        | Percentage of transaction dollars settled on time each year   |
| OCIE                        | Performance Indicator 1.2.3        | Percentage of market outages at SROs and electronic communication networks (ECN) that are corrected within targeted timeframes                                      |

*continued on next page*

| RESPONSIBLE DIVISION/OFFICE | PERFORMANCE GOAL/ INDICATOR NUMBER | PERFORMANCE GOAL/ INDICATOR TITLE   |
|-----------------------------|------------------------------------|---|
| DERA                        | Performance Indicator 1.3.1        | Number of published economic reports  |
| TM                          | Performance Indicator 1.3.2        | Number of amendments to national securities exchange registrations (Form 1)   |
| TM                          | Performance Indicator 1.3.3        | Number of Alternative Trading System registrations (Form ATS)   |
| TM                          | Performance Indicator 1.3.4        | Number of new investment product submissions  |
| OCIE                        | Performance Indicator 2.2.1        | Percentage of exams that identify deficiencies, the percentage that result in a "significant finding," and the percentage referred to the Division of Enforcement                                   |
| OCIE                        | Performance Indicator 2.2.2        | Number of cause exams that result from tips, complaints, and referrals  |
| OCIE                        | Performance Indicator 2.2.3        | Number of rulemaking initiatives assisted by the National Exam Program  |
| ENF                         | Performance Indicator 2.2.4        | Number of investigations or inquiries originating from a tip or complaint   |
| ENF                         | Performance Indicator 2.2.5        | SEC investigations in which requests for access to information were granted by the SEC to other authorities, such as SROs or other state, federal, and foreign enforcement authorities              |
| OIA                         | Performance Indicator 2.2.6        | Requests from foreign authorities for SEC assistance and SEC requests for assistance from foreign authorities   |
| ENF                         | Performance Indicator 2.3.1        | Percentage of filed enforcement actions reflecting characteristics that present enhanced risk to investors and markets, as measured by the nature of the investigation, conduct, parties and impact |
| ENF                         | Performance Indicator 2.3.2        | Total amount distributed within the fiscal year, and the number of Fair Funds from which those distributions came   |
| ENF                         | Performance Indicator 2.3.3        | Percent of enforcement actions filed that arose out of national priority investigations   |
| ENF                         | Performance Indicator 2.3.4        | Criminal actions related to conduct under investigation by the SEC  |
| ENF                         | Performance Indicator 2.3.5        | Disgorgement and penalties ordered and the amounts collected  |
| OPA                         | Performance Indicator 3.1.1        | Total digital audience including website, social media, and mobile media  |
| OIAD                        | Performance Indicator 3.2.1        | Number of investor testing research projects  |
| OIAD                        | Performance Indicator 3.2.2        | Number of sets of recommendations prepared by the investor advisory committee   |

# APPENDIX D: INFORMATION TECHNOLOGY RESOURCE STATEMENT

In compliance with the Federal Information Technology Acquisition Reform Act of 2014 (P.L. 113-291), we hereby affirm the following:

- The Chief Information Officer (CIO) has collaborated with all divisions and offices and the Chief Financial Officer (CFO) on the information technology (IT) portions of the SEC's budget submission, and that this budget request includes appropriate estimates of all IT resources;
- The CIO reviewed and had significant input in approving the IT investments included in this budget request;
- The CIO, working with the CFO, had a significant role in reviewing planned IT support for major programs and the significant increases and decreases in IT resources reflected in this budget; and
- The CIO certifies the use of incremental development practices for major systems development across the SEC.



Charles Riddle  
Chief Information Officer (Acting)



Caryn E. Kauffman  
Chief Financial Officer

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The SEC's FY 2020 Congressional Budget Justification/Annual Performance Plan and FY 2018 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  
100 F Street NE  
Washington, DC 20549  
[SEC.gov](https://www.sec.gov)