

Policy Management and Administrative Support

Our policy management and administrative support staff provide the Commission and operating divisions with the necessary services to accomplish the agency's mission. The responsibilities and activities include developing and executing management policies, formulating and communicating program policy, overseeing the allocation and expenditure of agency funds, maintaining liaison with the Congress, disseminating information to the press, and facilitating Commission meetings. Administrative support services include information technology, financial, space and facilities, and human resources management.

What We Did

- Held 52 Commission meetings, during which 248 matters were considered.
 - Acted on 1,104 staff recommendations by seriatim vote.
 - Achieved Year 2000 compliance.
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Policy Management

Commission Activities

During the 52 Commission meetings held in 1999, the Commission considered 248 matters, including the proposal and adoption of Commission rules, enforcement actions, and other items that affect the nation's capital markets and the economy. The Commission also acted on 1,104 staff recommendations by seriatim vote.

Significant Regulatory Actions

- Adopted measures intended to assure Year 2000 compliance by broker-dealers, investment advisers, and transfer agents.
- Adopted rules on alternative trading systems, clarifying their ability to register as an exchange or broker-dealer.
- Proposed rules to modernize regulation of securities offerings, tender offers, and mergers.
- Proposed rules addressing political contributions by certain investment advisers (pay-to-play).
- Adopted rules concerning the personal investment activities of investment company personnel.

Management Activities

Our staff continued to promote management controls and financial integrity and to manage the agency's audit follow-up system. In addition, we analyzed the efficiency and effectiveness of operating divisions and support offices and coordinated and implemented the agency's compliance with and response to actions under the Government Performance and Results Act of 1993. Working closely with other senior officials, the office formulated the agency's budget submissions to the Office of Management and Budget and the Congress.

Public Affairs

Our Public Affairs, Policy Evaluation and Research staff:

- informed those interested in or affected by Commission actions of SEC activities;
- published the *SEC News Digest*, which provides information on rule changes, enforcement actions against individuals or corporate entities, administrative actions, decisions on requests for exemptions, upcoming Commission meetings, and other events of interest;
- provided support for the Chairman's investor education initiatives, the SEC's Internet website, and the SEC International Institute for Securities Market Development; and

- responded to over 50,000 requests for specific information on the SEC or its activities and coordinated programs for 598 foreign visitors.

Equal Employment Opportunity

Our Equal Employment Opportunity (EEO) Office staff monitored the SEC's compliance with EEO laws and regulations. We trained supervisors to fulfill their EEO responsibilities and non-supervisory employees to understand their right to a discrimination-free workplace. All employees were informed of their responsibility for complying with SEC's zero-tolerance policy regarding all forms of discriminatory harassment. The staff provided EEO counseling to employees and applicants, mediated EEO disputes, and investigated EEO complaints. The EEO Office sponsored special emphasis employment program activities, organized recruitment events, and supported community outreach efforts.

Freedom of Information Act and Privacy Act

Our Freedom of Information Act (FOIA) and Privacy Act staff responded to requests for access to information under FOIA, the Privacy Act, and the Government in the Sunshine Act, and processed requests under the agency's confidential treatment rules. In 1999, we received 3,020 FOIA requests and appeals, 15 Privacy Act requests and appeals, 6 Government in the Sunshine Act requests, 14 government referrals, and 8,770 requests and appeals for confidential treatment.

Administrative Support

Financial Operations

The SEC deposited \$1.76 billion in fees in the U.S. Treasury in fiscal 1999, of which \$214 million was used to directly fund the agency in 1999. Of the \$1.76 billion in total fees collected, 54% were from securities registrations; 38% were from securities transactions; and 8% were from tender offer, merger, and other filings.

The fee rate for securities registrations was established in the Securities Act at 1/50 of 1 percent. The Commission began to collect additional fee revenue in 1990, when on a yearly basis Congress passed appropriations laws that increased the registration fee rate to partially offset the costs of funding the agency. In October 1996, an agreement to reduce fees was enacted in Title IV of the National Securities Markets Improvement Act of 1996 (NSMIA), and the fee rate for fiscal 1997 was reduced to 1/33 of 1 percent. The rate for fiscal 1999 was 1/36 of 1 percent. When the scheduled NSMIA reductions are fully implemented in 2007, the fee rate on securities registrations will be 1/150 of 1 percent.

The transaction fee rate on exchange-based securities was established in the Exchange Act at 1/300 of 1 percent. To equalize the costs of trading across markets, NSMIA included provisions extending transaction fees to the over-the-counter market at the existing rate of 1/300 of 1 percent. This rate will be reduced to 1/800 of 1 percent in 2007.

Revenue from other filings and reports includes fees for tender offers and merger filings under Section 13 of the 1934 Act.

Year 2000

Achieving Year 2000 compliance of our internal systems remained our highest management priority in 1999. The SEC completed an assessment of over 780 software applications, 4,500 equipment components, and numerous sources of data exchanged with other government agencies and securities industry companies. We renovated, tested, and implemented compliant software. We also worked with external agencies to test the receipt and transmission of compliant data. The SEC achieved Year 2000 compliance by August 31, 1999.

Additionally, the SEC actively worked with the securities industry to collect information and report on the Year 2000 compliance of broker dealers, registered transfer agents, investment advisers, and mutual funds. Data submitted in calendar years 1998 and 1999 was posted to the SEC's website for public access.

The SEC also worked with the securities industry to develop and test contingency plans. During the Year 2000 transition, the SEC monitored and reported on the securities industry from our data collection center.

EDGAR

In 1998, the SEC awarded to TRW a three-year contract for the modernization and ongoing maintenance of the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system. The new system is expected to reduce costs and efforts of preparing and submitting electronic filings, as well as permit more attractive and readable documents. In June 1999, the second major modernization release provided the capability for filers to submit filings in hypertext markup language (HTML) and portable document (PDF) formats. In August, EDGAR filers were provided with opportunities to

perform Year 2000 testing, and in October, filers began receiving messages and filing notices using the new public data network.

www.sec.gov

The agency's website provides the public with electronic access to the EDGAR database and other information of interest to the investing public. The website continues to be a very popular source of information and averaged over 800,000 hits and over 30 gigabytes of data downloaded each day. In addition, the SEC Mutual Fund Cost Calculator, a tool that lets investors compare the cost of mutual funds, was released on the website.

Administrative and Personnel Management

This year, our staff:

- transitioned from our in-house personnel and payroll systems to the Department of the Interior's consolidated personnel / payroll system;
- hired a recruitment coordinator to improve the agency's recruitment efforts; and
- finalized plans for the renovations of the SEC Operations Center and Annex.