
Third Report on the Implementation of SEC Organizational Reform Recommendations

As Required by Section 967 of the
Dodd–Frank Wall Street Reform and Consumer Protection Act



This is a report prepared by the staff of the U.S. Securities and Exchange Commission. The Commission has expressed no view regarding the analysis, findings, or conclusions contained herein.

October 17, 2012

Explanatory Note

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) directed the U.S. Securities and Exchange Commission (SEC) to engage an independent consultant to conduct a broad and independent assessment of the SEC's internal operations, structure, funding, and the agency's relationship with Self-Regulating Organizations (SROs). Issued in March 2011, the consultant's study provided recommendations designed to increase the SEC's efficiency and effectiveness. This document is the third of four agency reports to Congress provided pursuant to the requirements of section 967(c) of the Dodd-Frank Act. Section 967(c) requires periodic reports on the "implementation of the regulatory and administrative recommendations contained in" the consultant's report required by section 967(b) of the Dodd-Frank Act.

The Commission has expressed no view as to whether or how any recommendation contained in that consultant's report should be implemented. Moreover, no Commissioner other than the Chairman has had any substantive involvement in the "Mission Advancement Program" (MAP) or the activities of the SEC staff and contractors outlined in this report. The Commission has not endorsed any assessment, determination, method, analysis, finding, or conclusion contained herein. The Commission was not consulted on the decision to hire the consultant advising as to the MAP project or the cost and scope thereof.

The MAP is the responsibility of the SEC's Chief Operating Officer, who reports directly to the Chairman. The Commission has not made any determination that this report is accurate or complete. The Commission's vote to provide this report to the Congress does not imply any concurrence in or endorsement of any aspect of this report or the activities it describes.

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Introduction

In order to fulfill its mission of protecting investors, maintaining fair, orderly and efficient markets, and facilitating capital formation, the SEC currently oversees 11,144 investment advisers with about \$48 trillion in assets under management, close to 4,500 broker-dealers with in excess of 160,000 branch offices, and 9,700 mutual funds and exchange traded funds. The agency is responsible for the review of more than 9,100 reporting companies, including tens of thousands of disclosure documents filed each year and is tasked with reviewing and monitoring initial public offerings and other public capital markets transactions of corporate issuers, public asset-backed securities offerings, proxy statements, public mergers and acquisitions, and tender offers. The SEC also oversees approximately 450 transfer agents, 16 national securities exchanges, 9 nationally recognized statistical ratings organizations (NRSROs), 8 active clearing agencies, as well as the Public Company Accounting Oversight Board (PCAOB), Financial Industry Regulatory Authority (FINRA), Municipal Securities Rulemaking Board (MSRB), the Securities Investor Protection Corporation (SIPC), and financial markets where more than 5 billion shares of common stock are traded each day. During FY2013, the agency also expects to continue implementation of its oversight responsibilities with respect to municipal advisors and entities registering in connection with the security-based swap regulatory regime.

The agency regularly evaluates the methods it uses to monitor these markets and market participants, implementing changes as necessary that may necessitate the restructuring of its major program offices. In recent years, for example, this evaluation has resulted in significant changes in the organization and focus of the office primarily responsible for the examination of regulated entities and the division primarily responsible for the enforcement of the securities laws.

However, the agency had rarely assessed the strength of its own internal support infrastructure—the critical but less visible processes, procedures, and tools the agency relies upon to ensure basic needs, such as hiring staff that possess the skills the agency requires, are met. In March 2011, the Boston Consulting Group (BCG)¹ issued a report mandated by Section 967 of the Dodd-

¹ The BCG report is available online at <http://www.sec.gov/news/studies/2011/967study.pdf>.

Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) that recommended a number of improvement initiatives, primarily focused on the agency's support infrastructure. The BCG report discussed a variety of challenges facing the agency and suggested approaches to improve support for its mission, ensure the proper mix of skills in its workforce, and improve decision-making.

To assess and make recommendations regarding the approaches outlined by the BCG report, the SEC established the Mission Advancement Program (MAP), which provided a framework for systematically evaluating and implementing change throughout the agency. The BCG approaches were assigned to working groups composed of Division and Office executives and staff. Governed by an Executive Steering Committee (ESC) of senior SEC leaders, the working groups developed recommendations for review, comment, and preliminary approval by the ESC, and final approval by the Chairman prior to full implementation.

The agency's efforts are paying dividends. As of September 2012, recommendations and implementation plans have been completed for 15 of the 20 initiatives examined, and the implementation phase is complete or in process for each. For example, the Continuous Improvement Program (CIP) and the Technology Center of Excellence have been fully operationalized and exemplify the SEC's increasingly collaborative view of continuous improvement and its innovation in technology. For other initiatives, such as the Operational Risk Management (ORM) organizational design and the OHR Workforce Planning study, the staff has completed much of its analysis, with selected recommendations now ready for ESC approval. *Figure 1* provides a summary and status of the MAP initiatives.

Figure 1: Summary & Status of MAP Initiatives

Overall Status	Section	Workstream
Workstream Decision Process Complete and ESC Approved	1	2A: Redesign the Office of Administrative Services (OAS)
	2	2A: Redesign the Office of Financial Management (OFM)
	3	2A: Redesign the Office of Human Resources (OHR)
	4	2A: Stand-up the Office of the Chief Data Officer (OCDO)
	5	2E: Implement a Continuous Improvement Program
	6	3A: Transform OIT and Enhance Technology Capabilities
	7	3C: Create a Technology Center of Excellence
	8	3F: Create a surge capacity plan
	9	3H: Hire Staff for Priority Positions
	10	3G: Enhance Market Risk Management
	11	2B: Conduct a Regional Organizational Assessment
Workstream Decision Process Completed Outside the ESC Governance Process	12	2C: Seek flexibility from Congress on Dodd-Frank-mandated offices
	13	3E: Accelerate roll out of the SEC's EBPM system
	14	5A: Conduct an Outcome-Oriented Performance Measures Feasibility Study
	15	3H: Hire Staff for Priority Positions – Administrative Skills
Analysis, Design and/or Recommendations in Process	16	1A/B: Mission Activity Prioritization
	17	2D: Review Commission / staff interaction processes and Delegations of Authority
	18	3D: Restructure OHR (Workforce Planning)
	19	3G: Operational Risk Management
	20	4ABC: Enhance Self Regulating Organizations (SRO) Oversight

The remaining sections of this report describe the gains in efficiency, effectiveness, cost savings and customer focus over the last six months as a result of the SEC’s efforts implementing the organizational improvements recommended by the BCG report. As outlined in *Figure 1* above, the sections are organized by workstream status.

Workstream Decision Process Complete and ESC Approved

The following workstream recommendations are complete, have been approved by the ESC and Chairman, and are currently in various stages of implementation. The implementation timeline varies based on resources, priorities, complexity, and integration requirements.

1. Workstream 2A: Reorganizing the Office of Administrative Services (OAS)

Prior to the organizational changes described below, OAS was responsible for a wide range of functions, from the relatively straightforward (e.g., mail operations) to the complex (e.g., agency acquisitions). Beginning in May 2011, a working group conducted a comprehensive analysis of OAS. The review focused on the Office's organizational structure, workforce, and key business processes and policies.

The working group's assessment resulted in recommendations for a revised organizational design, updated processes to improve internal controls, and identified cost savings opportunities. The primary recommendation split the OAS organization and created a stand-alone Office of Acquisition (OA) designed to improve senior management oversight and help strengthen the capacity and workforce of the acquisition function. The new Office of Support Operations (OSO) was created to provide enhanced oversight of the remaining OAS functions as well as the Offices of FOIA/Records Management and Security. Following the approval of these recommendations in February 2012, the working group immediately began implementation. By June 2012, the new organizational structures were established.

The working group also focused on improving internal controls associated with its leasing function. In August 2011, the SEC signed a Memorandum of Understanding with the General Services Administration (GSA). Under the agreement, the GSA is responsible for procuring and administering all new leases, while the SEC will administer existing leases and negotiate, procure, and administer any necessary extensions (after formal review and concurrence by GSA). This initiative greatly reduces the operational risk identified with former leasing practices and allows OSO to focus on conducting real property capacity planning in support of the SEC mission, rather than executing complex leasing transactions. The SEC continues to work with GSA on a day-to-day basis to ensure all future real estate transactions are consistent with government-wide leasing practices.

The working group recommendations also identified cost savings opportunities. For example, the OSO is in the process of transitioning the SEC's supply management function to a third party provider. The utilization of a third party provider is expected to have numerous benefits, including better control over the supplies, and cost savings. The transition, expected to occur in October 2012, is estimated to result in approximately \$250K in savings per year once fully operational. The SEC realized further savings as a result of staff reassignments, resignations, and early retirements. OSO has been able to reduce the headcount of the staff performing legacy OAS functions by more than 10 percent as it transitioned to the new organizational structure.

2. Workstream 2A: Reorganizing the Office of Financial Management (OFM)

The BCG report recommended that the SEC conduct an organizational assessment of OFM, which administers the financial management and budget functions of the SEC. The Office assists in formulating budget and authorization requests, monitors and reports on the utilization of agency resources, and develops, oversees, and maintains SEC financial systems.

The organizational assessment found that while OFM has an effective overall organizational design focused on job functions, there were certain areas where changes in the organizational structure would yield benefits. For example, it was determined that the number of management layers and direct reports for each manager varied, and that addressing those inconsistencies could help foster improved operations and communication across OFM. The assessment also concluded that a few key OFM functions, including Disgorgements (which is responsible for returning ill-gotten gains to investors) and Internal Controls, should be elevated organizationally to reflect their importance to the agency and its finances. OFM intends to begin deploying a new organizational structure by December 2012.

In parallel with the restructuring activities, OFM also has engaged in a number of important initiatives to enhance financial controls and improve efficiencies. As a result, in FY2011, the Government Accountability Office (GAO) determined that the SEC had no material weaknesses in internal controls regarding financial reporting. This is a significant achievement for both OFM and the SEC, as it demonstrates tangible progress in reducing operational risk in financial management for the agency.

To further strengthen financial operations, the SEC migrated to a new financial management system that is hosted, operated, and maintained by the Department of Transportation's Federal Shared Service Provider (FSSP) in May 2012. The SEC migrated to the FSSP system to gain a modernized technology infrastructure and associated business function improvements. FSSP provides an automated interface between the procurement system and the financial system to help tighten controls around the recordation of obligations. FSSP also processes SEC financial transactions, allowing OFM to concentrate on monitoring and analyzing the SEC's financial data. In addition, when the new platform reaches its steady state, the FSSP initiative is expected to save an estimated \$600K per year in contractor and maintenance costs.

OFM has implemented significant business process and technology improvements in its filing fees program which is responsible for fees paid for registrations, mergers, and tender offerings of new securities. These changes enhance services to filers, reduce filing fee errors, improve internal controls, and improve the productivity of the filing fee review staff. These enhancements include:

- Automating the process by which the staff reviews filings as they are submitted to the SEC, as well as the reconciliation between the financial system and the filing fee tracking system.
- Improving service to filers by providing new payment options and automated tools for filers to request refunds and access their account balance, which is expected to reduce estimated filer call volume by over 50 percent.
- Enhancing metrics-based management reporting on filing fee operations, including detailed tracking of EDGAR filing review and filer service request processing.
- Charting a course for modernizing the technology that supports the filing fee process, and updating operating procedures to improve accuracy and consistency of the filing fee review process.

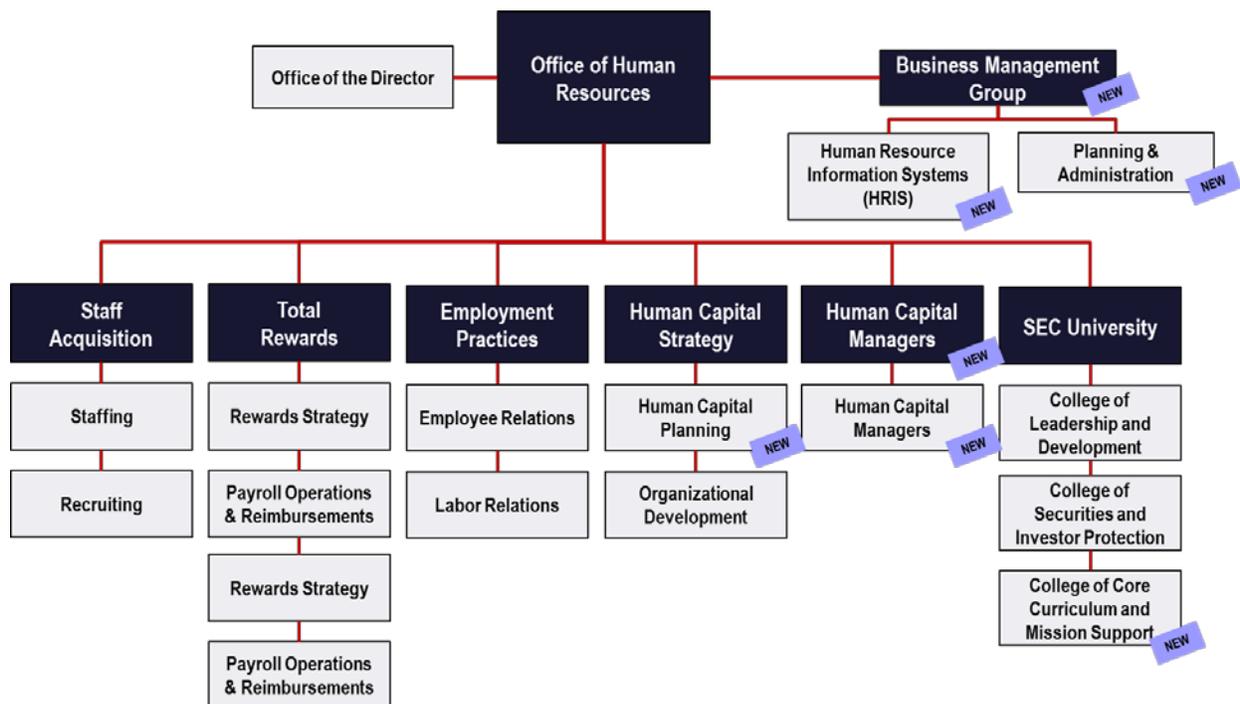
OFM expects these improvements to result in efficiencies totaling approximately \$200K annually—funds that can be used to implement further initiatives focused on improving service and efficiencies in the filing fees area.

Finally, OFM has been working with the Division of Enforcement on initiatives to enhance the processes for collection and distribution of disgorgements and penalties resulting from SEC cases. Two new offices have been created to handle all distribution and collections functions for the Commission as a whole. This structure will allow OFM to focus on its core financial management functions, and will alleviate the burden on enforcement attorneys by shifting the collections and distributions responsibilities to dedicated support staff. The technological tools that support this area have also been improved. These improvements freed up Enforcement staff time to focus on investigations and cases, enhanced the collections function to deter future fraud, returned money to harmed investors more efficiently, and strengthened controls over this significant area of the SEC's finances.

3. Workstream 2A: Reorganizing the Office of Human Resources (OHR)

In response to the BCG report recommendations, a working group conducted an assessment of OHR, including a review of the Office's organizational structure, workforce, internal controls, key processes and policies. Among other things, the working group found that: necessary policies and procedures were not documented, workload was inconsistent for senior-level employees (SK-14 or higher), and service delivery across all services was inconsistent. Based on these findings, under the leadership of a new OHR Director, the working group developed a new organizational design that establishes more consistent lines of authority and increases accountability for providing consistent customer service. The new structure (see *Figure 2*) gives greater prominence to recruiting and hiring functions, and already OHR has seen efficiency gains in the hiring process. In FY 2011, OHR advertised 526 vacancy announcements and processed 32,665 applications. During FY 2012, with the same number of human resources professionals, the office advertised 750 vacancy announcements, 38 percent above FY 2011 totals, and processed 65,535 applications, which is more than double the volume from the previous year. While restructuring is a necessary first step to aligning work and people, OHR will also tackle improvements in other areas (i.e., process, technology, and people) in FY2012 and FY2013.

Figure 2: New OHR Organizational Chart



A critical element of the OHR reorganization was the creation of the Business Management Group (BMG), which is responsible for managing the business operations of OHR. The BMG is composed of the Planning and Administration Branch and the Human Resources Information Systems (HRIS) branch. The Planning and Administration Branch is responsible for managing the day-to-day operations of OHR, including, but not limited to budget formulation and execution, financial management, contracts management, policy oversight and administration, business process improvement and internal controls, internal and external communications, management of OHR websites, audit remediation, project management, strategic planning and reporting, space management, education administration, records management, and OHR administration. The HRIS Branch is responsible for providing technology solutions to expand the technical capabilities of the HR systems and applications, helping OHR to effectively integrate the SEC Offices and Divisions with the HR function. The creation of the BMG is helping to ensure that OHR has the appropriate resources and strategies to successfully meet the agency’s human capital management needs and requirements.

In FY2012, OHR documented its current business processes by analyzing its functions, applications, and currently available technology. This analysis revealed that the Employee-

Labor Relations, Student Loan Benefit, and Transit Benefits processes could be improved. Additionally, OHR assessed the IT applications that support these processes and categorized them by capability and technology. OHR will use the results of this effort to support the development of improved OHR business processes and supporting IT architecture.

Data on OHR employee skills is being used to identify opportunities to “upgrade the talent within the HR function” as recommended in the BCG report. Addressing strategic functions that OHR has not previously performed or had performed on a limited basis (i.e., data analytics, workforce planning and compensation guidance) will enable OHR to help managers understand the dynamics of their current workforce, as well as plan for future workforce needs. OHR has begun developing these strategic functions, primarily by performing the following:

- OHR hired a workforce planning specialist and a succession planning specialist who are working to develop a new workforce planning function. Once the workforce planning function is fully operational, management at all levels will have access to useful models of attrition to help them better recruit and hire.
- OHR developed the agency’s first Human Capital Plan, a key strategic document outlining people-related priorities that link human resource activities to broader mission needs. The Plan identifies five high-level goals and supports each goal with key initiatives. Most initiatives in the plan will be implemented by the end of FY2013. This will help the SEC better acquire, manage, and engage its workforce. Highlights include implementing a new compensation system, revitalizing the agency’s recruiting function, improving selection processes, enhancing leadership development programs, enhancing technical training, addressing employee satisfaction where needed, and continuing to foster a high performance culture.
- OHR launched a study to determine how to revamp the existing compensation system. Implementation of some recommendations from the study have already increased the agency’s ability to attract and retain talent by offering competitive salaries, set consistent pay for new hires, and identified programs to recognize and reward individual performance. The implementation of a new compensation system, along with Evidence-Based Performance Management (EBPM) system, will provide a critical foundation for

implementing pay-for-performance in the future by recognizing and rewarding employees based on their performance.

OHR launched the Human Capital Manager program in early 2012, by hiring dedicated staff to service the following Divisions and Offices: Division of Enforcement (ENF), Office of Compliance Inspections and Examinations (OCIE) and the Division of Trading and Markets (TM). This enhanced customer support has assisted these organizations with their critical hiring needs, helping them to meet mission requirements. Additional tools have been developed to support SEC management, such as an online portal for managers containing HR-related information to help them better manage their human capital.

Further, the Human Capital Management group took the following steps to ensure the program was successfully implemented:

- Aligned roles and responsibilities with other OHR functional groups as part of the OHR reorganization.
- Established a collaborative with other federal agencies that are using or plan to implement a similar HR business partner model, with the goal of sharing best practices and lessons learned.
- Provided the new Human Capital Managers with targeted training and development activities to increase key skills and competencies.

OHR also has developed new policies to ensure clarity and consistency across HR practices. The policies will be used by OHR managers to convert complex hiring authorities and civil service laws into processes and serve as a resource for employees and managers. These processes will reduce inquiries to OHR and enable staff to focus on more pressing issues. OHR continues to expand the training function for the SEC through the SEC University. Highlights of the expanded training include instructor-led training courses on many topics, including: new securities products, risk management, capital market structure, derivatives, liquidity risk management, brokerage operations, exchange traded funds, loan loss reserve, Dodd-Frank, complex fraud, Ponzi schemes, securities litigation, analytical interviewing, and investigative testimony. SEC University has also expanded eLearning opportunities, with courses offered

through several vendors on subjects including securities law, accounting, and financial products, services and operations. SEC University has launched several leadership courses, such as Leadership Fundamentals, Team Leadership, Foundations of Supervisory Leadership, Leadership Essentials, Senior Officer Seminars, and leadership elective courses. Executive Coaching and 360 Feedback programs are also provided to managers for measuring and developing leadership competencies.

Through mid-year of FY2012, SEC University provided 313 learning events and recorded 1,919 e-learning course completions. In support of centralized and expanded training and development OHR has implemented a new Learning Management System (LMS) that tracks all the training records for SEC employees. The LMS also provides a catalogue of courses, course scheduling, course enrollment, automated email reminders to employees for upcoming classes, and a platform for launching e-learning courses.

4. Workstream 2A: Creating the Office of the Chief Data Officer (OCDO)

The BCG report identified a need for the SEC Divisions and Offices to better gather, distribute, and make use of diverse information on markets and institutions. To improve its enterprise data management capability, the SEC created the OCDO. While initially conceived as a stand-alone office under the oversight of the COO, it became evident as the function matured that aligning the work under the Office of Information Technology (OIT) provided a simpler approach to establishing and executing enterprise data governance. The focus of the Office will continue to be the development of integrated data management capabilities, including necessary policies and procedures and a prioritization of recommended initiatives, with the goal of improving data quality, access, and sharing, and containing costs.

Over the last six months, the working group conducted an analysis that identified gaps, business priorities and challenges across five areas: acquiring, managing, storing, using, and disposing of data. Based on the results of the gap analysis, the working group established a process for purchasing external data sets, align purchase requests with business objectives, increase procurement efficiency, and avoid duplicate purchases. Data item descriptions and license agreements are now available on the SEC's intranet to educate staff regarding currently available

resources.² These actions helped to improve the agency staff's ability to access and use data throughout all levels of the organization, reduced intensive labor hours that resulted in time and cost savings, and enhanced mission effectiveness. The SEC also recently hired a Chief Enterprise Architect and is in the process of hiring additional Data Architects, Data Analysts, and Technical Leads, to provide guidance to SEC Divisions and Offices on the agency-wide data management priorities and structuring of individual initiatives; establish organizational metrics for data governance, quality, and use; and make recommendations on major enterprise data initiatives and actions. Collectively, these initiatives will help ensure the success of the data management program, and will benefit the SEC as whole.

In addition, the SEC is in the process of designing an Enterprise Data Warehouse (EDW) to combine various streams of currently siloed data and help the public gain easier access to more usable market data. The majority of the filings the SEC receives are free text files, which are difficult to analyze in aggregate. The EDW will enable investors and other members of the public to more easily search, find, and analyze the public filings submitted to the SEC. The EDW will also allow EDGAR filing data to link with data the SEC receives from other internal and external sources, and thereby construct more complete profiles of the regulated firms. In addition, SEC investigators will be able to leverage the EDW to better analyze EDGAR filing data, in conjunction with other SEC data, to identify outliers for potential investigations.

5. Workstream 2E: Implementing a Continuous Improvement Program (CIP)

The SEC's Continuous Improvement Program (CIP) provides a structure to identify, evaluate and, as appropriate, launch initiatives designed to enhance the agency's efficiency. In FY2012, the CIP tracked and catalogued a total of \$18.2M in realized savings or cost avoidance. Over the last 18 months, the CIP working group has focused on institutionalizing the CIP capability across the agency, working collaboratively with the Divisions and Offices and coordinating with the OIT and its substantial cost savings/avoidance "Spend to Save" initiative.

When the CIP working group was established, the focus was on gaining momentum and capturing some early wins by identifying "quick hit" savings opportunities. It was always

² Further, our public website identifies and publishes high-value data sets. See <http://www.sec.gov/open/datasets.shtml>.

understood that the CIP, however, had to be much more than “quick hits,” that it needed to consist of operating principles and a discipline that promotes a continuous improvement culture. As the CIP program has matured, its focus has become two-fold: (1) working with Divisions and Offices to support the identification of process improvement initiatives, including best practices; and (2) serving as the program that takes an enterprise-wide view in identifying, cataloguing and tracking the savings opportunities across the SEC.

Figure 3 and the discussion that follows highlight a collection of continuous improvement activities that have or will optimize resource allocation, control or reduce costs, and/or increase customer service across the agency.

Figure 3. 2012 CIP Savings Opportunities

Savings Opportunity	Realized FY12 Savings
Software Maintenance and Support Contracts <i>Several software and hardware licensing and maintenance contracts have been renegotiated.</i>	\$2.9M
Infrastructure Support Contract <i>Better monitoring of the performance of IT systems has reduced workload required for IT support contract.</i>	\$2.65M
Reduce Travel Costs Through Increased use of Video Teleconferencing <i>Increasing teleconference /live meeting capabilities to reduce travel costs.</i>	\$2.15M
Remote Connectivity and Network Costs <i>Reduction in costs associated with agency remote connectivity.</i>	\$2.1M
Access Control Savings <i>A new electronic access control and surveillance solution has been deployed as a standardized integrated system supported by an off-site vendor.</i>	\$1.85M
Reduce Security Guard Contract Costs <i>The security guard services at SEC have been re-evaluated at Station Place (Washington, DC) and the Ops Center (Alexandria, VA).</i>	\$1.28M
Retired EDGAR Link and XFLD Tagging <i>Deployed EDGARLink Online and retired client software EDGARLink . The EDGARLink client software was retired along with XFDL tagging.</i>	\$1.18M
Webcasting Vendor Replacement <i>The SEC procured a cloud based solution to deliver videoconferencing and online presentation which improved the performance, quality, reliability and reduced costs.</i>	\$896K

Savings Opportunity	Realized FY12 Savings
IT Operational Metrics <i>Significant improvements in network, system and application availability/reliability achieved through deployment of operational metrics.</i>	\$730K
Server Virtualization <i>Replacement of 500 physical servers with virtual servers.</i>	\$573K
Space Allocation Reduction <i>Lease extension renegotiations for the Chicago, Denver and Los Angeles Regional Offices.</i>	\$561K
Data Storage System Upgrade <i>An investment to upgrade aging data storage systems resulted in savings in maintenance costs.</i>	\$471K
Data Center Power Configuration <i>Power configuration modification in the agency's Alternate Data Center (ADC).</i>	\$380K
Compensation Approach for New Hires <i>OHR has implemented a pay matrix that helps calibrate Management and the applicant's expectations for market based salary rates.</i>	\$365K
Close OPC Health Unit <i>In Nov 2011, in close collaboration with NTEU and others, the OPC Health Unit was closed.</i>	\$124K
OAS Shuttle Reduction <i>Eliminated one shuttle route beginning in March 2012.</i>	\$98K
Reduce BlackBerry Devices <i>Reduce the number of BlackBerry devices throughout the SEC based on job function, grade level, and/or voluntary return of devices.</i>	\$70K
Filing Fees Process Improvements <i>Implemented business process and technology improvements that will enhance services to filers, improve internal controls, and improve productivity of filing fee staff.</i>	\$50K
Eliminate Paper Leave & Earnings Statements <i>OHR and NTEU partnered to discontinue the default preference for paper-based biweekly Leave & Earnings Statements.</i>	\$40K
Reduce Print Subscriptions <i>Reduce the number of print subscriptions that are available online at no cost.</i>	\$22K
Reduce Wireless Cards <i>Reduce the number of unused wireless cards through voluntary return. This initiative was re-evaluated and will no longer be captured as a savings opportunity beginning in FY 2013. These services are predominately for Regional staff and service usage has remained consistent – with improved inventory management, cards are more effectively tracked and reallocated to meet requirements.</i>	-

Savings Opportunity	Realized FY12 Savings
Use of External Suppliers <i>Outsource office supplies purchases to Paperclips; projected savings based on the salaries of three full-time supply technicians when fully implemented. Implementation to begin October 2012.</i>	-
Improve the use of Purchase Cards <i>Increase utilization of government purchase cards (GPC) to make payments (obligations) and to generate more rebates. In early FY2013, targeted training and guidance will be provided for GPC holders to ensure rebates are fully leveraged.</i>	-
Optimize Double-sided Printing <i>Reduce paper costs by setting network printer defaults in HQ, OPC, and Regional Offices to duplex printing. Limited deployment was conducted within OIT. Currently baselining costs and developing a change management plan. Anticipate deploying this initiative in early FY 2013.</i>	-
Optimize Distribution of Bloomberg Terminals <i>Identify Bloomberg terminals that may be not be utilized, are underutilized, or could be shared more effectively.</i>	No recognized cost savings, \$119K in cost avoidance
Reduce CCH Subscription <i>Voluntary reduction of hard copy CCH 5- and 8-volume desk sets. New staff defaults to on-line version of subscription.</i>	No recognized cost savings, \$79K in cost avoidance
Total Realized Savings: \$18.2M	

Many of the initial savings opportunities identified have been monitored over the past several months to ensure that savings and efficiencies are appropriately captured. In isolation, some of these opportunities identified in the early stages will not generate huge cost savings, but they reflect the agency’s commitment to more effectively manage its inventory of equipment and exercise due diligence in making sound business decisions to meet agency requirements. For example, OIT has more closely managed the deployment of blackberry devices. Year-to-date, OIT has turned off a total of 153 underutilized blackberries, which translates into a savings of \$70K. As new staff are hired and aged assets are refreshed, OIT meets new demand by redeploying those devices taken out of circulation before purchasing new devices. OIT has improved controls to ensure that these assets are fully utilized.

As a further example of the expanding momentum for continuous improvement, OIT is aggressively working to streamline key business activities, modernize its technology

infrastructure and operations, and reduce its overall footprint in a manner consistent with the continuous improvement principles. See evidence outlined in Section 6 (*Transforming the Office of Information Technology (OIT) and enhancing the SEC's technology capabilities*), Figure 4. OIT's "Spend to Save" initiative is focused on opportunities such as refreshing old technology and system hardware and modifying power configurations at the SEC's alternate data center. In the aggregate, these initiatives have had a significant impact on the SEC's cost of operations and have enabled the agency to redirect millions of dollars from maintenance of current state operations to funding of technological and other business innovations which improve overall mission accomplishment.

The original CIP program included a "quick hit" projected savings of \$1.8M associated with increased use of video teleconferencing and reduced official travel. While it is difficult to measure the actual savings in this area with precision, we know that investments in video teleconferencing technology have eliminated travel costs in a variety of contexts. For example, the SEC University provides training to thousands of SEC staff using VTC technology. Through September 2012, 1,789 SEC staff participated in training with a variety of subject matter experts and instructors without the cost of travel and per diem. An added benefit of this innovation is the avoidance of lost productivity as staff spend less time traveling. Based on the data available in just this one area, the SEC will have avoided an estimated \$2.15M in travel costs in FY2012.

The SEC Library has instituted a more disciplined approach toward managing the constant demand for information. For example, since October 2011, the reallocation of low use Bloomberg terminals/accounts has resulted in total expenses avoided on purchasing new subscriptions of \$119K. Additional library based savings or costs avoided equal \$79K as a result of greater discipline in managing subscriptions.

The CIP is also currently pursuing a number of longer-term opportunities, ranging from streamlining employee on-boarding processes to improving corporate filing confidentiality request processing. One initiative showing early benefits is the reengineering of the agency's manual employee exit process (i.e., when an employee separates from the SEC). The new process is streamlined and strengthens accountability, while reducing the burden on the exiting employee. As a result of the effort to modernize the exit process, several early benefits are being realized:

- *Indebtedness:* the new process automatically alerts OFM as soon as OHR determines a debt is due associated with pay and leave; recruitment, retention and relocation incentives; training; and/or student loan repayment. This improvement allows OFM to proactively manage and collect debts owed to the government.
- *Records Management:* the new process provided the forum for Records Management and OIT to collaborate on new policies and procedures necessary to ensure electronic records and files under the review of departing employees are appropriately managed.
- *Internal Efficiency:* the transparency of the new process facilitates more effective control of agency operations including: property and inventory management, Contracting Officer Representative (COR) oversight and management of departing contractors, succession and staffing plans impacted by departing employees, and office space management.

The CIP will build on progress that has been made to date by developing a more formal inventory of improvement initiatives across the agency, helping to avoid potential duplication of efforts. The CIP will also assist managers who plan to launch initiatives in developing a clear scope for those initiatives, ensuring that the initiatives have achievable timelines and the resources required for success, resulting in sustainable, long-term savings.

6. Workstream 3A: Transforming the Office of Information Technology (OIT) and enhancing the SEC's technology capabilities

While the BCG report noted the agency's "promising" momentum with regard to technological sophistication, it also recommended that the SEC devote attention to the development of a technology strategy that provides the staff with the technology it requires to perform most effectively and improve the effectiveness of the OIT organization.

In recent years, the SEC has invested in modernizing its IT systems, including a centralized system for tips and complaints, enforcement and examination management systems, risk analysis tools, and financial management systems. To further improve core operations and implement the agency's new responsibilities, the SEC has embarked on a multi-year Technology Transformation Plan called "Working Smarter" which will ensure the SEC's business processes are streamlined, integrated, and implemented with the best technology to reduce costs and

increase efficiencies and effectiveness; deliver better services to both employees and the public; and provide greater accountability, transparency, and security. Leveraging modern, reliable, and innovative technologies and predictive analytics will transform the way the SEC performs its mission.

The Technology Transformation Plan contains vital technology initiatives including:

- Procurement and installation of an Enterprise Data Warehouse (EDW) that will create the infrastructure for the SEC to combine currently siloed data, help the public gain easier access to more usable market data, and provide advanced search and discovery capabilities.
- Standardization of enterprise-wide platforms to ensure data is appropriately linked and integrated across the agency.
- Investment in knowledge management tools to improve the way employees find and use information they need to perform their work.
- Seamless integration of structured and unstructured data sources.
- Modernization of SEC.gov and the EDGAR filer system to increase, enhance, and optimize the quality of data and information received by internal and external users. Structural changes to SEC.gov have already resulted in usage increase from an average of 14 million hits per day to 37 million hits per day.
- Data management, cloud computing, and complex, predictive analytical capabilities to be used by the Divisions and Offices.

A Technology Roadmap and Architecture Plan has been developed to facilitate the acquisition of new technology and deployment of systems, applications, remote access, desktop and mobile computing.

Another area where OIT has demonstrated considerable improvements is in the SEC's IT security program. OIT has worked to standardize information technology controls and apply them more consistently across the agency. In FY2012, the GAO Audit Team cited the significant improvement in the management of the agency's network, systems and IT Security in

support of SEC financial systems and removed the IT systems material weakness finding. In addition, OIT has been working diligently to resolve audit findings and self-identified weaknesses annotated in the plan of action and milestone documentation. In 2012, OIT resolved 60 deficiencies identified by the GAO and OIG, as well as the deficiencies self-identified by OIT. OIT continues to actively work with GAO and OIG to resolve deficiencies by providing evidence of resolution that will move open findings to closure.

Finally, OIT continues to identify and realize savings and efficiencies through its “Spend to Save” initiatives. These initiatives, such as more robust infrastructure support contracts, upgrades to data storage systems, data center power configurations, as well as contracting for webcasting to more cost effectively deliver videoconferencing and online presentations, are yielding FY2012 cost savings of \$12.1M to the agency (see *Figure 4*).

Figure 4. OIT “Spend to Save” Initiative Summary

Realized FY2012 OIT Cost Savings	
Spend to Save Initiative	Total Realized Savings
Data Center Power Configurations (ADC)	\$380K
OPC Power Configurations	\$240K
Data Storage System Upgrade	\$471K
IT Operational Metrics	\$730K
Infrastructure Support Contract	\$2,645K
Software Maintenance and Support Contracts	\$2,900K
Server Virtualization	\$573K
Remote Connectivity and Network Costs	\$2,100K
Retired EDGAR Link and XFLD Tagging	\$1,176K
Webcasting Vendor Replacement	\$896K
Total	\$12,111K

Reallocation of these savings will enable OIT and the SEC to provide more effective IT infrastructure and technologies to the Divisions and Offices.

7. Workstream 3C: Creating a Technology Center of Excellence³

To guide decisions around innovation in technology, the Technology Center of Excellence working group has evolved into a Steering Committee whose role is to support the institutionalization and awareness of the impact of technology on the securities markets (e.g., the effect of high frequency trading on market structure), adoption of new technology at the agency (e.g., market data analytics) and deployment of advanced technology capabilities that increase the SEC's operational efficiency and effectiveness. The Steering Committee is comprised of leaders from various SEC Divisions and Offices, including OIT, as well as prominent technology experts from two leading universities in the United States.

The Technology Center of Excellence has developed a multi-year technology strategy, informed by the needs of the Divisions and Offices. For example, the Technology Center of Excellence was a driving force behind a recommendation that the SEC procure a market data system that collects quote and trade data for use by multiple Divisions and Offices. The Center is also collaborating on a Market Data Analytics review of tools currently being utilized across various SEC Divisions and Regional offices. The review is identifying new tools in the marketplace that could decrease staff time spent conducting investigations and improve oversight capabilities through relational analyses across disparate data sources, both public and private.

Members of the Center of Excellence Steering Committee are regularly briefed on key upcoming IT initiatives. This has improved communication between the Divisions, Offices and OIT. The briefings enable an effective feedback loop to ensure technology initiatives are closely tied to Division and Office needs. The Steering Committee has promoted more frequent communication between the Divisions, Offices and OIT to jointly manage the relationships and interdependencies between key SEC initiatives, including the EDGAR Modernization, Enterprise Data Warehouse, and SEC.gov Modernization.

³ The "Technology Center of Excellence" refers to BCG recommendation 3c, which proposed implementation of a small office, structured as a joint venture between TM, RSFI and OIT, that would catalogue existing and emerging technologies and conduct assessments into the impact of these technologies on market behaviors and structures, with a strong emphasis on identifying any regulatory implications.

8. Workstream 3F: Creating a surge capacity plan

The BCG report discussed the need for the SEC to develop the ability to quickly scale its workforce up and down to ensure it has adequate capacity to flexibly respond to changing mandates or market conditions (e.g., a severe market disruption). This working group developed a Surge Response Plan (SRP) to provide guidance to the SEC in “an event requiring temporary or short-term reprogramming or supplementing resources in order for the SEC to execute its regulatory duties” (i.e., a “surge”). To inform the SRP, the working group performed a comprehensive analysis of both the causes of, and responses to, surges by analyzing events occurring over the past 10 years. Based on the insight gained from that analysis, the group identified both the skills required to respond to common types of surges and the structural impediments to effective responses. The SRP and capacity development recommendations were refined based on feedback from key senior staff from across the SEC and other federal agencies, ensuring that best practices were utilized and known needs were addressed. The activities recommended by the working group will better equip the Divisions and Offices to respond to surges and recruit diverse talent with appropriate skill sets when required to quickly scale up the workforce. In March of 2012, the SRP was transitioned to the SEC OCOO for implementation.

9. Workstream 3H: Hiring staff for priority positions

The BCG report recommended that the SEC hire additional staff with high priority skills, building both capacity and capabilities across the agency. To address the initial finding, the working group completed an analysis of barriers to hiring people from industry⁴. It was found that comparatively low compensation rates and a lengthy and cumbersome hiring process were the key constraints to successfully hiring in some of the key skill areas.

The appeal of providing public service, the benefits of a better work/life balance, and increased job security continue to attract experienced people with high priority skills to the organization. OHR is in the process of implementing a new SEC on-boarding program that addresses the unique needs of new employees (e.g., industry experts) while ensuring a consistent, quality on-boarding experience for all new staff in the headquarters and Regional Offices. OHR has hired a

⁴ For the purposes of the analysis, people from industry are considered those who have experience in non-legal areas of capital markets including portfolio management, risk management, trading, and service providers to the industry.

dedicated Human Capital Manager to implement and administer the on-boarding program, including policies, procedures, and communication media. The agency has already shown improvement in its ability to hire staff with high priority skills, including hiring individuals in CorpFin, OCIE, and ENF with experience in structured finance, financial instrument valuation, quantitative algorithms, automated high-frequency trading, and municipal derivative products.

10. Workstream 3G: Developing a capability to monitor and manage market risk

The BCG Report generally states that the SEC should increase its “risk-IQ” by increasing personnel and technological resources dedicated to risk analyses within the Division of Risk, Strategy, and Financial Innovation, and by embedding additional resources and capabilities within other Divisions and Offices. Activities now complete, or underway, in various Divisions and Offices from across the agency are consistent with this recommendation.

Activities within the Division of Risk, Strategy, and Financial Innovation (RSFI)

- RSFI established the Office of Quantitative Research (OQR), whose responsibility is to develop custom analytics intended to inform monitoring programs across the SEC.
 - OQR staff developed a model used by the Division of Enforcement’s Asset Management Unit. For that project, OQR, together with OCIE, developed an analytical model that uses performance data to identify hedge fund advisers worthy of further review by either OCIE or the Asset Management Unit. In addition, OQR staff provides ongoing analytical support to and performs *ad hoc* research at the request of OCIE and ENF. This hedge fund initiative has been demonstrably successful, resulting in, for example, 4 recent cases (*Michael Balboa*, *ThinkStrategy*, *Patrick Rooney* and *LeadDog*)⁵. The analytical tools have provided useful insights to OCIE staff during the examinations process.
 - OQR staff is developing an Accounting Quality Model (AQM) that can assist staff tasked with reviewing financial information in detecting anomalies. The AQM team will use both commercially available data as well as structured data provided in

⁵ See <http://www.sec.gov/news/press/2011/2011-252.htm>.

EDGAR filings to create a deep and rich database across a range of variables including operating results, capital formation, performance relative to peers and significant events. The model considers both correlations and anomalies within the data based on a series of “rules” and develops a risk profile associated with each filer. Examiners and reviewers can use the risk profile to prioritize staffing and conduct in depth assessments of financial disclosure. For example, the Division of Enforcement expects to use the model to support a risk based approach in allocation of investigative resources.

RSFI has augmented the Office of Risk Assessment staff with industry professionals who reach out to market participants and work across the SEC to integrate industry perspectives and intelligence into projects and initiatives.

Activities within other Divisions and Offices

- ENF created specialized units such as the Market Abuse Unit and the Asset Management Unit, and has hired numerous specialists with industry and other specialized experience to staff them. Among other initiatives, the Market Abuse staff has created a system to better analyze data from the Electronic Blue Sheets system to the fullest extent possible. The staff is also working on a tool that combines bluesheet data with other data sources (such as data on auditor engagements, company boards, and law firm and investment bank involvement in merger negotiations) and automates analyses that identify these patterns and relationships. Finally, the Market Abuse Unit is staffing an Analysis & Detection Center with industry specialists experienced in analyzing large sets of market and trade data. Five specialists have already been hired and two more are expected to be hired by fall 2012.
- OCIE has established specialized teams dedicated to reviewing data that it receives from various registrants. In particular, the Quantitative Analytics Unit and the Office of Risk Analysis and Surveillance are staffed to analyze the data that OCIE currently receives from various registrants, and we anticipate that those Offices, as well as other OCIE teams, will analyze the data from the consolidated audit trail.
- The Division of Trading and Markets (TM) has increased the number of quantitative risk-professionals who support monitoring risks at regulated entities. For example, the Office of

Quantitative Risk Analysis is staffed by Ph.D. economists and other analytical professionals with expert knowledge of the models and methodologies used to measure risk at the largest broker-dealers. Additional quantitative staff has been added to TM's Office of Clearance and Settlement to augment the quantitative analysis of risk practices and models used by clearing agencies. The Division's newly established Office of Analytics and Research is hiring market experts dedicated to the ongoing analysis and monitoring of the equity and equity options markets. In support of this new program, the SEC completed the acquisition of a highly-advanced market data analysis system in June of 2012, which quantitative risk and research staff from across the entire agency will use in the analysis of trades and quotes disseminated by public equity and equity option exchanges.

11. Workstream 2B: Conducting a Regional Organizational Assessment (ROA)

In response to a BCG recommendation stating that the SEC should make fundamental decisions about its design, operations and regional model, a ROA working group was established. The ROA working group consisted of four subcommittees focusing on: (1) further enhancing the Enforcement program, (2) increasing the efficiency and effectiveness of OCIE's Exam Program, (3) developing a location strategy for the SEC, and (4) improving regional operational support functions.

Enforcement Subcommittee

To continue building on progress to date, an Enforcement Subcommittee was established to identify additional opportunities to further enhance the effectiveness and efficiency of Enforcement functions. In November 2011, the subcommittee completed an analysis of six focus areas: 1) resource allocation; 2) staffing, structure and reporting lines; 3) reducing administrative burdens and identifying opportunities to streamline processes; 4) addressing technology challenges and improving the use of technology; 5) identifying opportunities to improve collaboration and communications with other Divisions and Offices within the Commission; and 6) recognizing and incentivizing excellence in performance by Enforcement personnel. The analysis included identification of current challenges, preliminary recommendations to improve the program's processes and operations, and potential risks and issues for consideration. For example, the analysis showed that while distribution of monies to

harmed investors is an important function of the Division, this function was not an effective use of investigative staff resources. Accordingly, during the 3rd quarter of FY2012, the Office of Distributions brought administrative proceedings and new district court distributions into a centralized model reducing risk to the agency by implementing a consistent and well documented process for handling new distribution plans. The centralization project also is significantly reducing demands currently placed on investigative attorneys after a judgment has been entered and when those resources could be addressing incoming leads and investigations.

Based on the subcommittee's recommendations, the Enforcement program in August 2012 established an internal Advisory Committee focused on the continuous improvement of the Enforcement program. Members of the Advisory Committee will serve as co-chairs of four subcommittees focused on evaluating and improving specific aspects of Division operations: priorities, structure, technology and human capital. The Advisory Committee, together with senior leadership across the Division, will be responsible for studying and making recommendations for improvements to the Enforcement program and for implementing approved recommendations.

National Exam Program (NEP) Subcommittee

The NEP subcommittee was established to increase the effectiveness and efficiency of the Exam Program and to define a clear reporting structure for its national program. The subcommittee chose three primary focus areas: 1) resource allocation, 2) risk assessment process, and 3) clarification of roles and responsibilities between the Home Office and the Regions. In support of each focus areas, the subcommittee has completed an analysis, including identification of current challenges and risks, and a set of options to improve NEP processes, operations, and reporting structures.

NEP Focus Area 1- Resource Allocation

- During FY2012, the NEP implemented a process to allocate new hiring authority and vacancies to the programs and offices with the greatest needs, from a risk-based perspective. For example, in FY2012, this process resulted in allocations of additional staff to the examinations of clearing agencies, exchanges/self-regulatory organizations (SROs), and investment advisers, as well as the exam areas of broker/dealer large firm

monitoring, and quantitative analysis—all of which were identified as having particularly acute resource needs. In the area of training, the NEP initiated work with SEC University to revamp the NEP training program, both in terms of technical content and delivery mechanisms.

NEP Focus Area 2 - Risk Assessment Process

- To address the risk assessment process, the NEP developed a shared, national risk framework that establishes a common terminology and process for identifying and communicating risk and identifying which registrants should be examined. The NEP also worked to enhance communication related to risk themes, exam outcomes and emerging risks and trends across the NEP.

NEP Focus Area 3 - Clarification of Roles and Responsibilities

The NEP implemented several organizational and process changes to clarify roles and responsibilities for its major programs. The NEP Leadership Team will continue to review and clarify as necessary the roles of the Home and Regional Office through its governance process.

Location Subcommittee

The Location Subcommittee evaluated the appropriateness of retaining the SEC's current regional structure. The subcommittee undertook an analysis with the following goals for the SEC's location strategy: 1) optimize the agency's efficiency, productivity, and mission of investor protection; 2) support the agency's emphasis on specialization, staffing flexibility, and consistent nationwide programs; and 3) advance a location approach that takes into account the costs and benefits of each Regional Office and the regional structure as a whole.

The subcommittee undertook a qualitative and quantitative assessment of alternative location approaches. The subcommittee's considerations included locating more staff in Regional Offices and potentially opening offices in new locations ("decentralization"), consolidating staff in fewer Regional Offices or in the Headquarters Office ("consolidation"), and strategically growing

Offices and programs based on evolving needs and priorities (“strategic growth”)⁶, and identified the potential benefits and disadvantages of each alternative. The subcommittee also analyzed more than 50 data elements, including statistics and trends on exams, referrals, investigations, and cases; workforce data; real estate data; and, registrant, regulator and investor data. A preliminary cost/benefit analysis of the key alternatives was undertaken, using these data elements and criteria related to how the alternatives support program missions and strategies, operations, financial benefits, the public and employees. The analysis did not reveal significant benefits to be achieved by changing the location strategy at this time. In the absence of a clear direction given the data, the subcommittee recommended the agency continue its current targeted strategic growth path, recognizing the need to reassess the strategy periodically as the dynamics of the SEC mission, resources and workforce change over time.

Regional Operations Subcommittee

The Regional Operations subcommittee evaluated the SEC’s regional operating model to improve how the SEC manages and supports operational functions (i.e., human capital, financial management, information technology, facilities, and security) in its Regional Offices. Its assessment considered the optimal alignment of responsibilities among Regional Offices, the Enforcement and Exam national programs, and support functions, as well as the clarification of the roles and responsibilities of the Assistant Regional Director of Operations (ARDO) position.

To support its analysis, the subcommittee completed a study of the standard business practices of seven other federal government departments/agencies: the Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), Federal Bureau of Investigations (FBI), National Credit Union Association (NCUA), Environmental Protection Agency (EPA), Commodity Futures Trading Commission (CFTC), and the Executive Office of the United States Attorney (EOUSA). In January 2012, the subcommittee finalized its Current State Report, which included an assessment of current regional operations across the SEC’s Regional Offices and the effectiveness of 10 operational functions, including more than 200

⁶ One example of the agency’s implementation of its strategic growth methodology is the manner in which the Examinations and Enforcement programs are executing new external hire authority. Historically, new hires were spread across the offices in a pro rata manner. Under the strategic growth approach, the programs are able to allocate the positions by identified need.

discrete activities. The report identified existing reporting relationships for each function, issues and/or gaps in roles and responsibilities, opportunities for improvements, and pending organizational changes that could impact regional operations.

The subcommittee worked with OCOO, ENF and OCIE senior leadership to clarify roles and responsibilities between Regional Offices, Home Office, and the OCOO. As a result, the subcommittee developed a responsibilities matrix that defined specific roles and responsibilities for 10 operational support functions. Once finalized, a transition and implementation plan will be developed and executed under the leadership of the ENF and OCIE Managing Executives, and in coordination with the OCOO.

Workstream Decision Process Completed Outside the ESC Governance Process

The following workstream decisions were approved outside of the ESC process. Some of these initiatives were already in progress at the time of the BCG study. For example, the SEC had designed and begun the implementation and roll-out of the Evidence-Based Performance Management (EBPM) system prior to the BCG study. For the Outcome Oriented Performance Measures workstream, the SEC had already begun working with the Divisions and Offices to develop those measures. Finally, the administrative skills component of the hire staff for priority positions workstream received approval through the Human Capital Advisory Committee (HCAC).

12. Workstream 2C: Seeking flexibility from Congress on Dodd-Frank-mandated Offices

The Dodd-Frank Act required the SEC to create four new Offices that report directly to the Chairman: the Office of Credit Ratings, the Office of the Investor Advocate, the Office of Minority and Women Inclusion, and the Office of Municipal Securities. As described in the BCG study, the creation of these Offices and their direct reporting line to the Office of the Chairman was primarily intended to increase the visibility of the functions that they contain, enhancing the degree of focus and resources accorded to them. The BCG study recommended the SEC seek the flexibility from Congress to design its organization structure in a manner consistent with the activities required to be performed by the Dodd-Frank-mandated Offices, while avoiding unnecessary duplication.

Although the BCG recommendation was communicated to Congress, Congress has not indicated an intention to change the statute to enable the recommended structural flexibility. To date, the SEC has established the Offices of Minority and Women Inclusion, Credit Ratings, and Municipal Securities, with newly hired directors on-board in all three Offices. The process for hiring the Investor Advocate is also well underway.

13. Workstream 3E: Accelerating the roll-out of the SEC's Evidence-Based Performance Management (EBPM) system

The SEC implemented an EBPM system for all non-supervisory staff in fall 2011. The system seeks to improve the agency's previous performance management process by moving from a pass/fail rating scale to a five-point rating scale that allows for a stronger differentiation among levels of performance. OHR has delivered mandatory, multiple-hour training sessions to SEC managers, supervisors, and senior officers, as well as voluntary, two-hour training sessions to all employees. OHR has also made available on the agency's intranet a variety of online resources, such as training modules, sample Performance Work Plans, and frequently asked questions. The EBPM process also has been automated, which improved its operation, management, report generation, and security. The system is linked directly to OHR's Learning Management System to enable OHR to identify common areas of employee development, and to create and deploy the appropriate training.

The system will become fully operational for non-bargaining unit staff in October 2012 in time to improve the close out of the FY2012 ratings and the initiation of the FY2013 cycle. The implementation of EBPM, along with pending new compensation structure changes, will provide a critical foundation for implementing pay-for-performance in the future by recognizing and rewarding employees based on their performance.

In the spring 2012, OHR conducted another third-party evaluation of the system—per an agreement with the NTEU—and refined the EBPM based on the report's recommendations and lessons learned from the 2011 performance assessment cycle. Key recommendations were to: 1) review and refine performance objectives, 2) provide additional training on system components and process, 3) provide additional training for managers to improve their ability to provide useful feedback throughout the cycle, 4) encourage collaboration between employees and their

managers to enhance communication, and 5) enhance the efficiency of the rating close-out period. The agency is in the process of adopting all these recommendations.

14. Workstream 5A: Conducting an outcome-oriented performance measures feasibility study

In order to assess the feasibility of developing outcome-oriented performance metrics to measure SEC progress in achieving the agency's mission, and to update the existing SEC Strategic Plan, a Strategic Plan Addendum working group was established. Group members, including Division Directors, Office Heads, Managing Executives, and other representatives from the major Divisions and Offices, were tasked with documenting the agency's strategic priorities and program initiatives.

The effort culminated with the publication of performance measures and indicators for the Division of Enforcement. In addition, the SEC updated performance measures and indicators across the agency for internal management reporting and tracking. These updated performance measures and indicators more accurately reflect progress in meeting program objectives, are more easily reportable, and help identify ways to improve the efficiency and effectiveness of SEC programs. Through the Strategic Plan Addendum review process, the SEC also improved the way agency performance data is monitored, captured, and reported. By February 2014, as it prepares to update the strategic plan as required by the GPRA Modernization Act, the SEC will have undergone a comprehensive assessment of its performance measures.

15. Workstream 3H: Hire staff for priority skill positions – administrative skills

As part of the Hire Staff for Priority Skills Positions workstream, the working group conducted a critical review to identify ways to improve the administrative support services of the SEC. The working group undertook an extensive analysis of the necessary skill areas and existing expectations for administrative staff. Using this analysis, the SEC established an Administrative Staff Executive Committee that is working with selected Divisions and Offices to develop and implement specific action plans tailored to the needs of each group. Composed of leadership from both the support and mission facing Offices and Divisions, this committee will promote accountability and efficiency across the SEC focused on addressing administrative skill deficiencies and implementing programs to improve these critical skill areas.

Analysis, Design and/or Recommendations in Process

The following workstreams are at various stages of their analysis and/or recommendations.

16. Workstream 1A/B: Reprioritizing mission activities

The BCG report recommended that the SEC undertake an agency-wide process to evaluate and reprioritize its mission critical activities and realign resources accordingly. This working group has been identifying activities that can be scaled back, stopped or delegated, as well as high-priority activities that should be scaled up. As part of this workstream, all Divisions and Offices inventoried and reviewed their activities. The workstream then selected certain activities to incorporate into this assessment process. The working group has identified a set of 8 activities (outlined in *Figure 5*) where reprioritization is likely to have the greatest impact and therefore warrant further study to determine the appropriate scope for potential changes. As a next step, the working group anticipates conducting impact assessments to evaluate the levels of risk or opportunity the potential changes represent, together with anticipated resource requirements or savings, and projected impact for internal and external stakeholders.

Figure 5: Potential Reprioritizing Mission Activities List

Division/ Office Lead	Activity	Activity Description
Corporation Finance (CorpFin)	Screening and review of repeat issuer Securities Act registration statements and of Rule 424(b) filings	CorpFin would reassess the focus of its reviews of repeat issuer filings by studying the idea of (1) scaling back the screening and review of repeat issuer registration statements and (2) developing a program to screen and review Rule 424(b) filings for repeat issuer offerings.
	Review of annual reports and other Exchange Act filings	CorpFin would evaluate seeking a change in the Sarbanes-Oxley Act (SOX) mandate for the review of annual reports of all issuers once every three years, and would study the possibility of smaller companies being reviewed less frequently than once every three years and more of the largest companies being subject to continuous review.

Division/ Office Lead	Activity	Activity Description
ENF	Process involving seeking approval of Enforcement Recommendations	ENF would work with other divisions and offices to assess the action memo process. The assessment would entail analyzing the current process to understand and quantify the resources presently expended to draft, edit, and finalize an action memo, and to consider alternative approaches to ensure appropriate and timely input by divisions and offices in the investigative process. The ultimate objective of the assessment would be to reduce the amount of agency-wide resources expended on an action memo while maintaining, or even improving, the impact of the crucial role that other divisions and offices play in the Enforcement process.
	Microcap/Penny Stock/Market Manipulation investigations and Delinquent Filings	ENF would continue efforts to study the current approach to Microcap/Penny Stock/Market Manipulation investigations, and the statutory and regulatory framework, to determine how best to implement improvements and consider what additional frameworks might improve our ability to combat fraud in this market in the most resource-efficient way. Additionally, ENF would evaluate potential frameworks for increasing the number of deregistration actions, including possible legislative solutions.
Investment Management (IM)	Review and process “routine” exemptive applications under the Investment Company Act	IM would study the extent to which adoption of exemptive rules codifying routine exemptive applications would allow for decreasing the staff resources spent on standard application reviews.
OCIE	Section 31 exams	A joint OCIE, OFM, RSFI, and OCA working group is assessing whether to recommend that the Commission undertake a rulemaking requiring each SRO to: (1) establish and maintain a Section 31 compliance plan; (2) establish controls and procedures for ensuring accurate and complete reporting of covered sales volume(s) & payment of Section 31 fees; and (3) perform annual internal audits of related controls and procedures.

Division/ Office Lead	Activity	Activity Description
RSFI	Review, develop and implement general models and identify metrics used for risk assessment	The impact assessment will study whether and how RSFI could further expand risk assessment programs and applications. It should address RSFI's capacity for building and supporting tools used across by staff in other SEC offices and divisions.
Trading and Markets (TM)	Administer the market supervision program to (i) perform oversight of markets for listed equity securities and standardized options, (ii) implement rules and policies related to market structure, (iii) analyze and coordinate responses to market events, and (iv) administer new market data analysis program and prepare related studies	TM would evaluate the resources required to better oversee the equity and options markets and address significant market structure issues and developments.

A number of these recommendations would likely require action by the full Commission to be implemented. In addition to these assessments, Divisions and Offices have already undertaken initiatives in many other areas during the course of this review to improve the effectiveness and timeliness of their activities and to make more effective use of SEC resources.

17. Workstream 2D: Reviewing the Commission/staff interaction process and delegation of authority

BCG recommended that the SEC review decision-making processes used by the Commission and agency staff to provide clarity on delegated authority, increase transparency for the Commission in areas where authority is delegated, and increase efficiency in Commission/staff interactions in areas where authority is retained by the Commission.

In response, a working group met with Commissioners' Offices and senior staff from the Divisions and Offices to discuss alternative ways to address the three components of the recommendation. Based on these discussions, a review of existing delegations of authority, and an analysis of the current processes developed in light of these delegations, the working group did the following:

- To enhance clarity on delegated authority, the working group developed a proposed process for periodic review of existing delegations to determine whether they should be eliminated or modified, or if new delegations should be granted.
- To increase transparency for the Commission in areas where authority is delegated, the working group developed a process by which each person with delegated authority would notify Commissioner Counsels in advance of potentially significant exercises of delegated authority. An analogous process is already in place in the Division of Trading and Markets for SRO rule filings that involve potentially novel, high-profile, or controversial issues. In addition, where not already being done, each person with delegated authority would be responsible for maintaining a log of each exercise of delegated authority.
- To provide context, the working group prepared a comprehensive list of current delegations of authority.

The working group has continued to socialize the draft recommendations for periodic review of existing delegations and advance notice of significant exercises of delegated authority with Commissioners and staff. However, due to limited bandwidth and the time required to address other SEC priorities, the working group put on hold further efforts to implement the draft recommendations. As priorities shift, the SEC could reevaluate the timing and focus on this matter.

18. Workstream 3D: Restructure OHR (Workforce Planning)

In order to provide the agency with a better understanding of the gap between division or office workload and the workforce available to fulfill it, OHR has undertaken in-depth analysis of the SEC's workforce. Components of this analysis, discussed below, will assist in the development of a new workforce planning function to mitigate workforce risks and enhance the SEC's day to day management of human capital, improve its understanding and mitigation of human capital risks, making the agency more responsive to a changing environment and more productive in protecting investors.

In 2011, OHR prepared a workforce profile of the SEC's personnel and organizational structure that provided a snapshot of the current workforce composition (i.e., number and type of mission critical occupations, education, tenure, supervisory status), and historical and current workforce trends (e.g., attrition and separation rates, retirement eligibility, and on-boarding and new hire levels) to better understand future workload risks. The analysis identified a number of workforce-related risks, including high attrition and loss of institutional knowledge due to retirement. It included profiles at the individual Office level, providing data that enables detailed analysis. With this data, managers have been given a clear picture of their current workforce, and can compare it to expected future needs, enabling them to adapt to changing trends in a timely manner. The SEC used the workforce profile to inform its 2012 position allocations and recruitment efforts at the Division and Office level and to enable more effective coordination with OHR, develop the FY2012 Human Capital Strategic Plan, and respond to workforce inquiries. In addition, the workforce profile will serve as a key element in formalizing a process for workforce decision-making. Formalization of the process will take place in 2013, when the new Workforce Planning function becomes operational.

OHR also assessed total workload of support offices and an assessment of the remaining offices will begin in 2013. Using findings from this assessment, the Divisions and Offices will be better positioned to anticipate and plan for changes to the work, match resources to meet workforce needs, and justify additions or reallocation of resources.

19. Workstream 3G: Enhancing the SEC's Operational Risk Management capabilities

The Operational Risk Management (ORM) Program Office's mission is to enhance the agency's ability to proactively identify, correct, and mitigate operational risk. Since its inception in the spring of 2011, the Office has worked to cultivate an environment which minimizes operational risk, while providing a process to mitigate and effectively manage identified risks and ensure that corrective actions are established and executed.

A new ORM manager was hired in August 2012 and is anticipated that additional ORM staff will be brought on board during FY2013. Despite the absence of a Director during much of the past year, the activities of the ORM Program Office continued to evolve. Key accomplishments of the ORM Program Office include the following:

- In FY 2011, risk assessments were completed for core processes in several SEC Divisions and Offices including: OFM, OHR, OAS, RSFI, and OCIE. In addition, in FY 2011, the SEC deployed a Governance Risk and Compliance (GRC) tool to capture, monitor, and report risk information gathered from the self-assessments. This first generation GRC tool cataloged information about risks (e.g., a risk description, impact, likelihood, and overall risk rating), controls (e.g., the control objective, description, frequency, method, type, and owner), deficiencies, and corrective action plans. In total, the GRC captured over 400 operational risks and 600 related controls during FY 2011. Building on experience, every SEC Division and Office participated in the risk assessment process in FY2012. Based on feedback gathered after the FY 2011 risk assessment process, several improvements and refinements were made to the GRC tool in FY 2012. These enhancements not only made the GRC a more user-friendly resource and they improved the quality of risk and control data across the agency.
- Divisions and Offices have dedicated points of contact for operational risk management activities. These individuals (i.e., Managing Executives, Business Managers, and others) meet to discuss risks and internal controls in the context of the SEC's management assurance process. These meetings are conducted in conjunction with centrally-managed risk management and management assurance trainings, as well as technical assistance activities, in order to establish a consistent SEC-wide approach to assessing and managing operational risk.

The SEC also assesses its risk management program through the annual entity-level control assessment, which evaluates the effectiveness of the controls that operate across the organization, including those related to risk management. This assessment, which is supported by OCOO staff and contractors, evaluates each SEC Division and Office to validate that the necessary assurances are in place to achieve organizational missions, goals, and objectives effectively. With a new manager on board, the ORM program will continue to build strong operational risk capabilities across the SEC.

**20. Workstream 4ABC: Strengthen Oversight of Self-Regulatory Organizations (SROs);
Centralize and Coordinate Self-Regulatory Organization Interactions**

Given that the SEC's relationship with SROs has both supervisory and co-regulatory aspects, a cornerstone recommendation of the BCG study was that the SEC strengthen its relationship, coordination and collaboration with SROs. BCG recommended that the SEC (1) strengthen oversight, and (2) centralize and coordinate an approach to SRO interactions.

Strengthening SRO Oversight

As previously reported, in 2011 OCIE conducted in-depth risk assessments of each national securities exchange and FINRA to establish a baseline for strengthening OCIE's exam plan and its risk-targeted exams. These assessments create a current "snapshot" of each exchange, including a high-level understanding of the exchange's business lines, regulatory programs, and compliance controls and risk profiles. OCIE staff used the results of the assessments to determine where it should focus its scarce SRO resources in 2012 and to inform oversight initiatives. Based on the results of the 2011 assessments, OCIE is now in the process of conducting a number of risk-based exams of various SROs.

An SRO working group comprised of OCIE and TM staff is conducting a systematic evaluation of the current SRO regulatory structure and oversight. The working group formed two task forces, both of which have taken into consideration the SRO assessment results from 2011:

- **Task Force 1:** Reviews and analyzes the disclosures that SROs make, both to the public and the SEC, regarding regulatory operations.
- **Task Force 2:** Reviews and analyzes the feasibility of using more defined metrics and standards to assist the SEC's oversight of SROs.

Enhancing Oversight of FINRA

OCIE staff is finalizing a review of FINRA, focused on the substantive issues relating to national securities associations set forth in Dodd-Frank Section 964, including: governance, funding, exams and examiners, executive compensation, arbitration services, advertising review programs, cooperation with and assistance to the states, policies regarding the employment of former employees by registered entities, the effectiveness of rules, the transparency of

governance and activities, and other issues that may have an impact on the effectiveness of FINRA performing its mission and dealing fairly with investors and members. OCIE staff has completed an interim report and briefed the Commission on its review of FINRA. OCIE is completing the final report, which will include a risk-based framework for identifying potential areas for examination at FINRA in the future.

Increasing Communication and Outreach

The working group developed an SRO Communications Plan in response to concerns expressed to BCG by the SROs regarding communication with SEC staff. Building on the SRO Communications Plan, which included targeted and tactical communications such as the SRO Outreach Conference (January 2012), and periodic meetings with each SRO and internal SEC staff regarding SROs, the SEC continues to enhance its engagement with the SROs. The SRO Communications Plan also creates a designated point of contact (POC) in both OCIE and TM for each SRO. The POCs serve as a resource to help facilitate communications, including meetings, between the SRO and the SEC staff. Regular meetings between SEC and SRO staff aid OCIE and TM in identifying risks at the various SROs and developing a better understanding of business decisions made by the SROs. OCIE and TM staff have begun planning for the 2013 SRO Outreach Conference, and will collaborate with the SROs to inform the agenda and format of the conference.

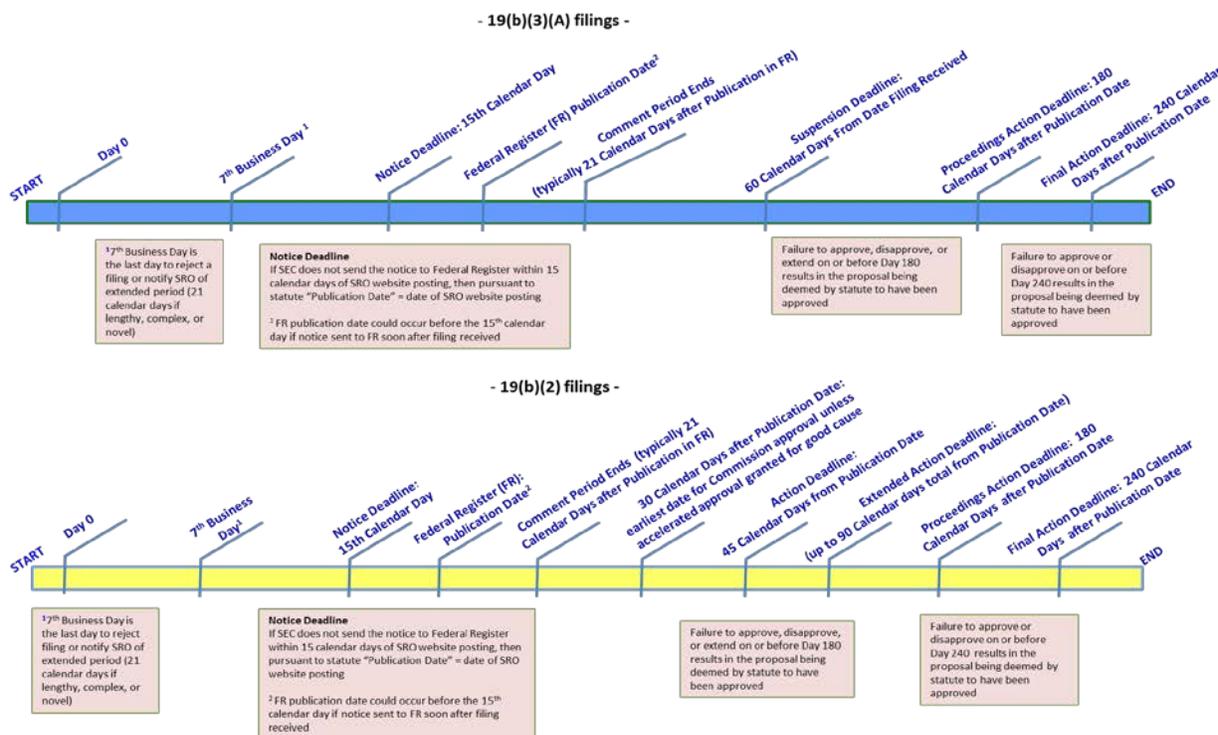
Strengthening and Clarifying Processes for Self-Regulatory Organization Rule Proposals

Under Section 19 of the Securities Exchange Act of 1934 (“Exchange Act”), SROs are required to file their proposed rule changes with the Commission. TM reviews proposed rule changes submitted by SROs for compliance with the Exchange Act. Once a proposed rule change is filed, the Commission is required to publish notice of the proposal for public comment. A proposed rule change may not take effect unless it is approved by the Commission or is otherwise permitted to become effective. The rule filing requirement provides an opportunity for Commission review, informed by public input, of SROs’ proposed rule changes.

In 2008, the agency strengthened and clarified the SRO rule filing process to increase the number of proposals that are filed for immediate effectiveness and the speed by which the SEC publishes notice of an SRO’s proposals. The percentage of proposed rule changes filed for immediate

effectiveness under Section 19(b)(3)(A) increased from approximately 56 percent in FY2008 to approximately 77 percent in FY2011. Recently, Congress amended Section 19 of the Dodd-Frank Act to establish new deadlines by which the agency must publish and act upon proposed rule changes submitted by SROs. A representation of the statutory deadlines that are applicable to the SRO proposed rule changes submitted in the statute are outlined in *Figure 6*.

Figure 6: SRO Proposed Rule Changes under Section 19 of the Securities Exchange Act



The BCG report contained a number of recommendations to further strengthen and clarify the SRO rule filing process. In response to the BCG report, TM staff has examined the SRO rule filing process and identified four areas of focus: 1) the provision of additional guidance to SROs on the rule filing process, 2) enhancement of the SEC’s process of reviewing SRO proposed rule changes, 3) assessment and enhancement of the skills and tools available to TM staff who review SRO proposed rule changes, and 4) assessment of whether further statutory changes to the rule filing process contained in Section 19 may be appropriate.

SRO Rule Filing Guidance

In response to the BCG report, TM focused on three specific recommendations: 1) clarify and publish clearer standards for when and under what circumstances an SRO must file a rule change, 2) instill greater transparency by communicating to the SROs the status of specific steps in the review of a given rule and publishing a more detailed process map, and 3) create and publish templates that can be used by SROs for common rule filings.

At the inaugural SRO Outreach Conference in January 2012, TM staff focused on directly addressing each of the three recommendations. Specifically, TM staff presented and distributed rule filing guidance and materials that were directly responsive to BCG's recommendations. The materials included detailed process maps outlining the lifecycle of a rule filing and the specific staff responsibilities in review of rule filing, a written summary of the standards for when an SRO must file a rule change, and an explanation of the various provisions contained in the Form 19b-4 template for rule filings. After the Outreach Conference, TM staff made the materials electronically available to all SROs via the secure web-based electronic form filing system. This system is used by SROs to submit the rule filings to SEC staff, and will ensure the information shared at the conference remains continually available and easily accessible to SRO staff. With the completion of the 2012 SRO Outreach Conference and its effort to make rule filing materials accessible to the SROs, this recommendation has been addressed.

Rule Review Process Enhancement

The second initiative focused on assessing the internal processes followed by the SEC in its review of SRO proposed rule changes. Given the limited resource capacity in light of competing project and mission requirements, the staff has not been able to undertake a comprehensive analysis of potential improvements to the internal SRO rule review process. Nevertheless, TM has continued to consider ways to enhance the agency's process. For example, TM has analyzed and is planning enhancements to the electronic form filing system for SRO rule changes, including ways to capture and reflect in the system more information on filings. TM staff is considering how to conduct the post-Dodd-Frank SRO rule change review process in a manner that allows it to progress efficiently, while providing opportunities for input from relevant parties. The circulation to Commissioners' Offices and key senior staff of a written Dashboard

of Noteworthy SRO Rule changes has assisted the staff in informing and engaging the Commission on important proposals early in the review process.

Staff Skills and Tools

TM staff, in partnership with SEC University, is currently conducting a training needs assessment to inform the development of a training program to enhance skill diversity and the tools available to TM staff. The assessment includes both focus groups and a survey that is intended to provide all staff members the opportunity to give feedback regarding the Division's training needs and input into the ultimate scope and design of the Division's training initiative. After the training needs of the Division have been assessed and a training program has been developed, the Division will consider the development of appropriate metrics to assess staff performance.

Statutory Authority

Finally, the BCG report recommended that the SEC determine if recommendations should be made for Congress to amend the Exchange Act so that some rules may be self-certified by the SROs, or to allow the SEC to discontinue its review of certain types of filings. The Dodd-Frank Act substantially revised the Exchange Act provisions applicable to SRO proposed rule changes. In response, the SEC has revised the way it reviews and processes proposed rule changes submitted by SROs. In July 2012, following the two-year anniversary of the Dodd-Frank statutory changes to the SRO rule filing process, TM staff began a project to study and the new Exchange Act provisions and explore possible further enhancements for the process. The project team will assess whether any aspects of the process might benefit from further statutory changes.

Conclusion

The BCG report recommendations provided the SEC with an opportunity to assess and implement improvements to the agency's core internal infrastructure: redesigning organizations, enhancing risk management capabilities and internal controls, strengthening the agency's understanding of its workforce strengths, improving processes to improve customer service, managing resources, and building valuable capabilities. Over the past 18-months, the SEC has made significant strides in responding to all of the recommendations. All major Divisions and

Offices have undertaken process improvement initiatives to improve the effectiveness and timeliness of their activities and to make more effective use of resources; RSFI is collaborating with OCIE, ENF, TM on new market risk management tools and capabilities to embed a stronger “risk IQ” within the SEC; ENF, OCIE and OCOO are working to clarify roles and responsibilities between Regional Offices, Home Office and the OCOO, to better align and more effectively utilize resources. The SEC has also benefited from the early impact of initiatives such as the CIP; the OIT re-design, implementation, and “Spend to Save” initiative, and the sweeping organizational and process changes occurring in OHR, OAS, and OFM.

Going forward, the SEC is in the process of transitioning from MAP as a stand-alone program to applying the principles of continuous improvement, collaboration and coordination in executing its mission across all of its Divisions and Offices. In the initial analysis and recommendations phase of MAP, additional subject matter and functional expertise was required from outside consultants, and significant demands were put on staff time. Since then, in order to balance the MAP activities with additional work dictated by the Dodd-Frank Act, and the agency’s many other ongoing obligations, the SEC has prioritized its efforts toward implementing those initiatives yielding the greatest potential for more immediate operational impact activities. Further, the activities are now being executed primarily by SEC staff, with program management support as required, resulting in a reduction in related agency expenditures by more than 90%.

The SEC recognizes that successful implementation of many of the recommendations require a multi-year and sustained effort. As it continues to implement the recommendations, the SEC remains committed to an open and transparent process.

Appendix A: Acronym List

Term	Acronym
Assistant Regional Director of Operations	ARDO
Boston Consulting Group	BCG
Business Management Group	BMG
Capital Planning and Investment Control Process	CPIC
CBOE Holdings Inc.	CBOE
Commerce Clearing House	CCH
Commodities Futures Trading Commission	CFTC
Continuing Legal Education units	CLEs
Continuing Professional Education units	CPEs
Continuous Improvement Program	CIP
Contracting Officer Representative	COR
Corporation Finance	CorpFin
Federal Shared Service Provider	FSSP
Division of Enforcement	ENF
Division of Investment Management	IM
Division of Risk, Strategy & Financial Innovation	RSFI
Division of Trading and Markets	TM
Enterprise Data Warehouse	EDW
Environmental Protection Agency	EPA
Equal Employment Opportunity	EEO
Evidence-Based Performance Management	EBPM
Exam Feedback System	EFS
Executive Office of the United States Attorney	EOUSA
Executive Steering Committee	ESC
Expected Service Hiring Authority	ESHA
Federal Bureau of Investigations	FBI
Federal Deposit Insurance Corporation	FDIC
Financial Industry Regulatory Authority	FINRA
General Accounting Office	GAO
General Services Administration	GSA
Governance Risk and Compliance	GRC
Government Accountability Office	GAO
Government Purchase Cards	GPC
Human Resources Information Systems	HRIS
Inter-market Surveillance Group	ISG
Jumpstart Our Business Startups Act	JOBS Act

Term	Acronym
Learning Management System	LMS
Mission Advancement Program	MAP
Municipal Securities Rulemaking Board	MSRB
National Credit Union Association	NCUA
National Exam Program	NEP
National Treasury Employees Union	NTEU
Nationally Recognized Statistical Ratings Organization	NRSRO
NYSE Euronext	NYX
Office of Acquisition	OA
Office of Administrative Services	OAS
Office of Analytics and Research	OAR
Office of Compliance Inspections and Examinations	OCIE
Office of Financial Management	OFM
Office of Human Resources	OHR
Office of Information Technology	OIT
Office of Inspector General	OIG
Office of International Affairs	OIA
Office of Quantitative Research	OQR
Office of Risk Analysis and Surveillance	RAS
Office of Support Operations	OSO
Office of the Chief Accountant	OCA
Office of the Chief Data Officer	OCDO
Office of the Chief Operating Officer	OCOO
Office of the Comptroller of the Currency	OCC
Office of the General Counsel	OGC
Operational Risk Management	ORM
Over-The-Counter	OTC
Plan of Action and Milestone	POA&M
Point of Contact	POC
Public Building Service	PBS
Public Company Accounting Oversight Board	PCAOB
Regional Organizational Assessment	ROA
Request for Proposal	RFP
Sarbanes-Oxley Act	SOX
Securities Investor Protection Corporation	SIPC
Self-Regulatory Organization	SRO
Senior Technology Officer	STO
Specialized Working Group	SWG

Term	Acronym
Surge Response Plan	SRP
Tips, Complaints and Referrals	TCRs
Securities and Exchange Commission	SEC
Workforce Planning	WFP