



FY 2017 BUDGET REQUEST BY PROGRAM

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Division of Enforcement

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	498	529	547
Regions	833	847	888
Total Full-Time Equivalents	1,331	1,376	1,435
Cost:			
Salaries and Benefits	\$ 310,073	\$ 345,343	\$ 371,509
Non-Personnel Expenses	174,941	167,705	171,780
Total Costs	\$ 485,014	\$ 513,048	\$ 543,289

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
14	1,364	0	57

The SEC relies upon a vigorous enforcement program in order to protect investors and instill confidence in the integrity of the markets. The Division of Enforcement (“Enforcement” or the “Division”) supports this mandate by investigating potential violations of the securities laws and, when appropriate, filing civil charges against wrongdoers in Federal district court or in administrative proceedings. Among other things, the Division can obtain monetary penalties that punish wrongdoers and deter others from committing similar violations; disgorgement of ill-gotten gains that, along with monetary penalties, may be returned to harmed investors; injunctions that prevent wrongdoers from committing additional violations of the securities laws; and bars that prevent wrongdoers from working in the industry where they could otherwise victimize again.

In FY 2015, the Division of Enforcement achieved significant results. The Division’s accomplishments include groundbreaking actions spanning the spectrum of the securities laws and reaching a wide range of registrants and other market participants. In FY 2015 the SEC brought a record 507 standalone actions for violations of the Federal securities laws, as well as 300 delinquent filing and follow-on proceedings, and obtained orders for a record \$4.2 billion in

monetary sanctions. However, the SEC’s FY 2015 numbers only tell a part of the story. The SEC’s actions in FY 2015 included a number of first-of-their-kind cases, included the first action involving a private equity adviser for misallocating broken deal expenses, an underwriter for pricing-related fraud in the primary market for municipal securities, and a “Big Three” credit rating agency for misrepresenting a rating methodology.

Notwithstanding these results, the Division faces continued challenges. Accordingly, the Division is requesting 52 additional positions in FY 2017. As described in more detail below, the Division needs resources in each of three mission-critical functions. First, the Division needs sophisticated technology tools to collect and analyze market data, as well as staff to analyze that data; assess and triage tips, complaints, and referrals; pursue whistleblower submissions; and conduct preliminary inquiries of potential securities law violations. Second, the Division needs to continue devoting investigative resources to high-priority areas such as accounting and reporting fraud, market structure, and other areas. Third, to maximize the deterrent impact of enforcement actions, the Division needs additional staff to litigate the growing number of contested cases.

Challenges Facing the Enforcement Program

The Division of Enforcement faces a number of key challenges to its ability to effectively and efficiently prosecute violations of the securities laws. Some of these are discussed below.

Fragmented and complex equity markets pose unique challenges to Enforcement. In recent years, the securities markets have grown increasingly complex and opaque, with a proliferation of sophisticated tools and trading methods such as high frequency trading, complex algorithmic trading, and off-exchange trading venues. Unlawful trading strategies are becoming increasingly complex and more difficult to identify. The Division needs advanced analytical tools, as well as staff to analyze data from these tools, to ensure it keeps pace with this constantly evolving environment.

Data Analysis. Analysis of large datasets – including filings and disclosures, trading data in equities, options, municipal bonds, and other securities – is critical to effectively identifying and investigating potential misconduct. The Division expects that its improved information processing and analysis is likely to yield additional case leads through FY 2017. The Division needs commensurate staffing to review, analyze, and pursue these leads.

The Division is filing more cases and conducting more trials. The Division's caseload is growing rapidly. FY 2015 saw the most-ever standalone enforcement actions filed (507) and a substantial increase in the number of trials as compared to historical averages. As its litigation caseload increases, the Division is incurring greater expenses for experts, consultants, e-discovery, data loading, and contractor support. The Division expects the current trends in litigation activity and costs to continue, and needs sufficient resources to ensure it can continue to effectively prosecute violations of Federal securities laws, with the credible capacity to continue taking complex cases to trial if required to hold violators accountable.

Advanced technological capabilities are essential for effective investigations. Each month, the Division receives seven terabytes of electronic data in its investigations, and hosts nearly 525 TB of data related to investigations and litigation. The sheer volume of digital evidence requires ever-greater storage and processing powers – as well as additional investigators to review that mass of information. Also, in today's society, there is an ever-expanding array of technological

options to conceal misconduct and encrypt the evidence of wrongdoing. As a result, the Division will need additional resources to effectively penetrate this changing landscape.

The Division prosecutes resource-intensive and highly technical areas of misconduct. Certain high-priority areas of misconduct, such as financial reporting matters, can be highly technical and resource-intensive. Having adequate resources is vital to uncovering the misconduct in a timely manner. The number of financial reporting and issuer disclosure cases brought in FY 2015 rose by 40 percent from the previous fiscal year as the SEC increased its focus on this area. Absent additional funds, the resources to conduct these types of investigations will have to be drawn from other priority areas.

The Division takes in thousands of tips per year, generating a fresh stream of case leads that deserve investigation. In FY 2015, the Division received approximately 4,000 tips, complaints, and referrals from whistleblowers. Whistleblowers can often provide high-quality information that allows the Division to more quickly and efficiently detect and investigate alleged violations of the law. Individuals who voluntarily provide the SEC with original information that leads to a successful enforcement action resulting in monetary sanctions greater than \$1 million may be eligible to receive an award equal to 10-30 percent of the monies collected. In FY 2015, the Office of the Whistleblower received more tips than ever before, handled and assessed the merit of more whistleblower award claims than ever before, and recommended the award of \$37 million to whistleblowers. The Division anticipates that these significant payments will further incentivize whistleblowers to come forward and submit high quality tips. In turn, the Division expects to initiate more investigations and enforcement actions against violators.

The Division's policy of requiring admissions of wrongdoing in certain cases may require additional resources. In FY 2013, the SEC changed its long-standing settlement policy, and now requires admissions of misconduct in a discrete category of cases where heightened accountability and acceptance of responsibility by a defendant are appropriate and in the public interest. By the end of FY 2015, the SEC had obtained admissions in over 30 actions, and this trend is expected to continue through FY 2017. Where admissions or other acknowledgements of wrongdoing are critical, the SEC will insist on them and, should defendants refuse, will litigate those cases.

The Division is committed to charging wrongdoing across the spectrum of securities laws violations. The Division is tasked with enforcing a wide variety of statutes and rules, some applicable only to certain types of firms such as broker-dealers, and some, such as antifraud provisions, that apply broadly to all market participants. The Division requires additional resources in order to properly address this wide range of violations and violators.

Proactive Enforcement Efforts

The Division continues to implement a range of initiatives designed to help it identify hidden or emerging threats to the markets, act quickly to halt misconduct and minimize investor harm, and maximize deterrence. These initiatives include:

- **Addressing Violations Through Resource-Saving Sweeps and Streamlined Investigations:** The Division is committed to pursuing violations of varying type and severity. For example, in early FY 2016, the SEC filed its third round of actions under its Rule 105 initiative. Rule 105 is an anti-manipulation rule intended to prevent stock price manipulation by prohibiting firms and individuals from participating in public stock offerings after selling short those same stocks. The third round of actions involved only six violators, as opposed to 24 in the first round and 20 in the second, suggesting that the initiative is having a strong deterrent effect on would-be violators.
- **Leveraging Data Tools and Analysis to Detect and Investigate Violations:** The Division has filed a number of cases filed during the past fiscal year where data tools and analysis played a significant role in their origin or investigation, a trend that Enforcement sees continuing into the following fiscal year and beyond. For example, during FY 2015, the SEC announced fraud charges against an investment advisory firm and its owner for fraudulently “cherry-picking” winning options trades, with help from DERA staff who conducted a statistical analysis to determine whether the trades at issue could have resulted from a coincidental or lucky combination of trades. To continue to bring cases like these that rely on data tools and analysis, the Division needs commensurate technology and staff.

- **Continued Focus on Market Structure, Exchanges, and Broker-Dealers:** As sophisticated trading technologies and trading venues have proliferated, Enforcement is focused on keeping pace with an ever-evolving marketplace. As an example, during FY 2015, the Commission filed significant cases against market participants – such as exchanges, ATSS, and broker-dealers – for failures in controls, failures to safeguard customer information, net capital violations, and manipulative trading, including the hacking and Avon manipulation cases.
- **Advanced Relational Trading Enforcement Metrics Investigation System (ARTEMIS):** This initiative focuses on the analysis of suspicious trading patterns and relationships among multiple traders. ARTEMIS combines about 10 billion equity and options trade records from SEC and FINRA and uses advanced analytics, created by Division staff, to rank trades based on different metrics. ARTEMIS is helpful in not only identifying new suspicious trades, but also finding previously undetected traders who might be involved in an existing investigation.

FY 2017 Request

The Division must be adequately staffed to address increasingly complex financial products and transactions, handle the increasing size and complexity of the securities markets, identify emerging threats and take prompt action to halt violations, and recover funds for the benefit of harmed investors. For FY 2017, the Division is requesting 52 additional positions. The Division will use the additional requested positions to support its three core functions – intelligence analysis, investigation, and litigation – in the following ways:

Processing and prioritizing intelligence is key to Enforcement’s efforts: A strong intelligence analysis capacity is at the core of an effective enforcement program. The Division receives and analyzes approximately 15,000 tips, complaints, and referrals a year, and expects this volume to expand in the coming years. Additionally, the SEC will shortly begin receiving security-based swaps (SBS) data, as mandated by the Dodd-Frank Act. As a result, the Division needs to continue to bolster its capabilities to efficiently analyze the information so that the most promising leads can be handed off to investigative staff.

The Division also requires additional staff to conduct early-stage investigations known as “matters under inquiry” that often arise from these tips, complaints, and referrals. Accordingly, the Division is requesting 10 new positions in FY 2017 to continue to develop its data analytics function, its tips review function, and the staff to whom the most promising tips, complaints, and referrals are sent for further investigation.

Enforcement must act swiftly and decisively in investigating misconduct: The Enforcement program requires increased staffing to promptly detect complex frauds and other difficult-to-detect misconduct, whether it occurs at hedge funds, broker-dealers, or “boiler rooms”; respond to misconduct in the changing equity markets related to algorithmic trading and “dark pools”; and address large-scale insider trading and stock manipulation. Since 2012, the Division’s caseload of ongoing investigations has risen 14 percent, from 1,475 to a current level of 1,677. The number of investigations opened has also risen considerably, up to 980 investigations in FY 2015, only slightly less than the previous fiscal year, which represented the highest number of new investigations in the last five fiscal years. We expect this historically high level of new matters to continue in FY 2016 and FY 2017.

Enforcement is seeking 30 new positions in FY 2017 to reinforce its investigative function. These new positions will help the Division continue progress on existing investigations and handle its increasing caseload, while quickly investigating and bringing emergency actions in cases where investors’ money may dissipate if immediate action is not taken. These new staff would be applied to the areas posing the highest risk to investors and the marketplace.

The Division’s ability to litigate its increased caseload is mission critical: The Division handles an expansive and sophisticated docket of litigation and trials, often against well-funded defendants. Ensuring that appropriate resources are devoted to these cases after they are filed is

critical to the SEC’s investor-protection efforts. Furthermore, an increasing percentage of enforcement actions have been filed as contested matters, as opposed to being fully settled at the outset. Enforcement requests 12 new positions in FY 2017 to reinforce its litigation operations nationwide. This increased allocation will enable the SEC to litigate any case where it believes admissions of wrongdoing are appropriate under its new policy, if necessary.

The Division must continue to invest in technology: The Enforcement program must continue to invest in new technologies that make our investigative and litigation staff more efficient and effective – while being mindful of overall costs and the need to keep pace with the market:

- **Enterprise Data Analytics Platform:** The Division plans to develop a centralized, dynamic, and cross-organization workspace for data analytics.
- **eDiscovery:** The Division’s investigations deal with expanding amounts of data and new techniques, and we must continue to modernize our eDiscovery technologies and toolsets so we can better collect, search, categorize, and review relevant materials.
- **Forensics Lab:** Robust enforcement requires advanced data forensics resources, so it is critical that the Division continue to build out its forensics lab.
- **Knowledge Management:** The Division will continue to enhance its new intranet knowledge management portal that provides staff with an easy to navigate, fully searchable repository of content and standard templates.

Many of these technologies will have benefits for divisions and offices across the SEC. Investments made into eDiscovery, knowledge management, document management, and analytical tools and analysis platforms are readily shared agency-wide. The Division also will continue working closely with other Federal regulators and law enforcement to share investigative techniques, technologies, and capabilities when appropriate.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate ²	FY 2017 Request ²
Intelligence Analysis			
Investor Tips and Complaints	15,319	15,525	15,525
Matters Under Inquiry (MUIs) Opened	1,153	1,175	1,210
Full-Time Equivalents	293	300	310
Investigations			
Opened	980	1,000	1,030
Ongoing at End of Year ¹	1,677	1,710	1,760
Full-Time Equivalents	732	757	789
Proceedings			
Administrative:			
Opened	645	655	665
Pending at End of Year	797	815	840
Civil Litigation:			
Opened	162	165	170
Pending at End of Year	1,743	1,780	1,835
Full-Time Equivalents	306	319	336
Total Full-Time Equivalents	1,331	1,376	1,435

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

² These estimates may be impacted by a number of factors beyond the Division's control, including, but not limited to, increases in the complexity of proceedings; higher than anticipated attrition rates; and the timing and amounts of the resources made available. Further, given the time required to bring on-board new staff after hiring levels are approved, the full effect of FY 2016 and/or FY 2017 positions will not be realized until later years.

Office of Compliance Inspections and Examinations

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	206	233	257
Regions	719	822	895
Total Full-Time Equivalents	925	1,055	1,152
Cost:			
Salaries and Benefits	\$ 213,304	\$ 242,693	\$ 266,087
Non-Personnel Expenses	71,897	72,600	75,606
Total Costs	\$ 285,201	\$ 315,293	\$ 341,693

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
12	1,093	12	35

The Office of Compliance Inspections and Examinations (OCIE) administers the SEC’s National Examination Program (NEP). OCIE’s mission is to protect investors, ensure market integrity and support responsible capital formation through risk-focused strategies that: (1) improve compliance; (2) prevent fraud; (3) monitor risk; and (4) inform regulatory policy.

The additional resources being requested are essential for OCIE to meet its objectives and fulfill the agency’s mission. In particular, resources are needed to: (1) lessen the impact of the disparity between the number of exam staff and the growing number, size, and complexity of registered firms, particularly in the investment management industry; (2) examine new categories of regulated entities now registered, or to be registered, as a result of the Dodd-Frank and JOBS Acts; (3) enhance quantitative and data analytic efforts; and (4) develop mechanisms to more effectively risk target, monitor, and examine market participants.

OCIE requests an additional 127 positions to accomplish these goals. Overall, OCIE’s risk-based program is designed to focus resources on those firms and practices that pose the greatest potential risk of violations that can harm investors and the markets, and those entities that introduce significant

financial risks to the market. The following summarizes key observations, issues, and challenges impacting the examination program, all of which have influenced the FY 2017 OCIE staffing request.

The breadth and complexity of the SEC-regulated securities market is vast and growing:

Overall, the size of the SEC regulated community continues to dwarf the size of the current examination program. OCIE anticipates that at the beginning of FY 2017 it will oversee over 26,000 market participants, including approximately 12,500 investment advisers with nearly \$70 trillion in assets under management, approximately 850 investment company complexes managing nearly 11,000 mutual funds and Exchange Traded Funds (ETFs), over 4,000 broker-dealers with more than 163,000 branch offices, more than 800 municipal advisors, 18 national securities exchanges, and over 400 transfer agents. OCIE will also oversee at least eight entities that provide clearing agency functions, four of which have been deemed systemically important, as well as the PCAOB, MSRB, SIPC, and FINRA. Additionally, several new registrant categories, including security-based swap execution facilities, security-based swap data repositories, security-based swap dealers, and funding portals will

likely be subject to OCIE examinations and will require additional resources

Exam coverage of the securities market remains limited: The staff examined approximately 10 percent of registered investment advisers in FY 2015 but roughly 40 percent of all registered investment advisers have *never been examined*. Significant additional resources are critical to the examination program in order to improve the examination coverage of these advisers. With respect to broker-dealers, the program is supplemented by self-regulated organizations (SRO) oversight. Although together the SEC and SROs examined at least a portion of the activities of approximately 50 percent of broker-dealers during FY 2015, regulators are examining well below one percent of the approximately 163,000 branch offices each year.

Increases in the regulatory population and complex new products and lines of business complicate oversight: The largest increase in registered entities has occurred among investment advisers. A decade ago, there were approximately 9,000 investment advisers managing \$28 trillion in assets. OCIE projects these figures will grow to 12,500 advisers managing over \$70 trillion in assets in FY 2017. But the increase in the number of advisers and the amount of assets are not the only factors necessitating more resources. NEP staff also faces the challenges of increased use of new and complex products by both investment advisers and broker-dealers, the increasing use of technology in areas such as high-frequency and algorithmic trading, and the growth of complex “families” of financial services companies with both broker-dealer and investment adviser affiliates.

Legislative changes are having a significant impact on the examination program: Additional staffing is needed to address responsibilities added by various legislative changes. For example, the registration of municipal advisors has added responsibility for hundreds of additional registrants with increasingly complex business lines. Other provisions in the Dodd-Frank and JOBS Acts, such as those directing the Commission to create a regulatory regime for the security-based swap market and those addressing new fundraising mechanisms, such as general solicitation and crowdfunding, will require additional staff resources in FY 2017 in order for OCIE to effectively carry out its expanded responsibilities.

Independent reviews have highlighted insufficient examination resources and recommended additional funding: In the last several years, a number of studies and reports have identified

inadequate resources as being a significant impediment to examination program effectiveness. For example, a 2015 IMF review noted that the SEC’s “resources to conduct examinations [of investment advisers] are limited.” Likewise, the SEC’s Office of the Inspector General stated in 2009 that “OCIE’s staff resources have not kept pace with the growth in the number of registered investment advisers,” and “we strongly encourage OCIE and the Commission to make available the necessary resources to ensure that OCIE is better able to select investment advisers and investment companies for examination and better equipped to conduct comprehensive examinations of these entities.” In addition, the SEC’s Office of the Investor Advocate in June 2014 stated in a report to Congress that the “SEC needs additional resources to bolster its examination program.”

In light of the limited resources currently available to the examination program and the existing challenges, the Office is requesting 127 additional positions, which it intends to use to address the issues identified above, including increasing examination coverage of investment advisers, addressing new responsibilities under the Dodd-Frank and JOBS Acts, and other program improvements.

FY 2017 Request

The 127 requested positions for the National Examinations Program would be used for the following key areas of focus:

Investment Adviser/Investment Company Examination Program

The SEC plans to dedicate 102 positions to improving coverage and implementing enhancements to the examinations program pertaining to investment advisers and investment companies. As stated above, the number of registered investment advisers and their assets under management has grown steadily over the last decade, while staff resources have not kept pace with the growing responsibilities. We expect the industry growth to continue through FY 2016 and FY 2017, so that by FY 2017, OCIE estimates that there will be nearly 20-25 investment advisers per examiner. With the additional resources requested, the staff will continue efforts to improve overall coverage of investment advisers, including an emphasis on the nearly 40 percent of advisers that have never been examined.

Without these additional resources, it is likely that the coverage level of investment advisers cannot rise much above a range of 10 percent annually.

These requested positions also will be used to help improve coverage of investment fund complexes, which will be critically important given their increasing complexity. These resources will aid the NEP in addressing factors such as offerings of “alternative” investment strategies; significant growth in certain types of funds, including ETFs; and the relative riskiness of certain funds, including fixed income funds that may be impacted by rising interest rates. OCIE is undertaking an exercise to review the allocation of resources across its program areas with a goal of reallocating staff to examinations of investment advisors. This review is currently in the formative stages and will include an assessment of the potential impact of proposed reallocation.

Broker-Dealer Examination Program

The broker-dealer examination program continues to have significant and expanding responsibilities and 10 additional positions are being requested in order to hire expertise necessary to supplement existing staff and address new areas of responsibility. For example, resources in this program will be used for examinations of recently registered municipal advisors. By FY 2017, the SEC estimates that more than 800 entities will be registered as municipal advisors. OCIE will utilize a portion of the additional resources requested to examine and monitor these new registrants for compliance with recently and soon-to-be adopted rules.

The requested positions will also be used to cover several new categories of security-based swap market participants that will be required to register with the Commission, including security-based swap dealers and major security-based swap participants. In order to effectively implement the related Dodd-Frank Act provisions, OCIE is requesting additional positions in FY 2017 in order to conduct inspections of these newly registered market participants, provide information to relevant Commission personnel, and coordinate efforts with other regulators.

OCIE also expects to enhance exam procedures and techniques in FY 2017 in response to recent regulatory requirements. For example, as regulations related to crowdfunding offerings become effective, the program will need to devote additional resources and expertise to this

area in order to evaluate compliance and the resulting impact to capital formation and investor protection. Further, the Volcker rule will present resource issues for broker-dealer oversight given the complexity and wide-ranging impact on broker-dealer operations and the efforts to coordinate with other financial regulators.

Finally, while the number of registered broker-dealers has decreased somewhat, in part due to consolidation in the industry, the number of broker-dealer branch offices has increased to more than 163,000. The SEC and SROs do not have sufficient resources to examine an adequate portion of these offices. Branch office activities are significant since they are a main point of contact with retail customers and present risks such as remote supervision. In light of these risks, OCIE intends to continue to dedicate resources to this area.

Clearance and Settlement Examination Program

Overall, five additional positions are being requested to enhance and expand the oversight of clearing agencies, security-based swap data repositories, and transfer agents. In recent years, both the scope and number of clearing agencies required to be examined by the SEC have grown. Examinations of these entities are complex and time consuming and require particular expertise.

The SEC is required to conduct examinations, on at least an annual basis, of securities clearing agencies that are designated as “systemically important” and for which it is the supervisory agency. These examinations are conducted in consultation with the Board of Governors of the Federal Reserve System. In addition, as security-based swap data repositories become registrants, additional staff will be needed to perform periodic examinations of those entities. These requested positions will help OCIE build a dedicated team of derivatives and clearing specialists that will be able to conduct cross-sector examinations of clearing agencies, collaborate and respond to requests for assistance from the Division of Trading and Markets and other regulators, and enhance the NEP’s clearing and credit default swap/derivatives expertise.

The additional positions also will help OCIE conduct risk-based, cause, and special examinations of transfer agents, including joint examinations with Federal banking regulators. The staff will review the services offered by transfer agents

that are beyond their traditional transfer agent functions (such as stock plan administration), and review transfer agents' safeguarding of customer information and custody of shareholder funds.

Market Oversight Examination Program

Self-regulatory organizations (SROs) are critical to the SEC's oversight of the markets. In FY 2017, OCIE will conduct risk-based inspections of national securities exchanges, enhanced reviews of FINRA, and risk focused exams of FINRA District Offices. Further, security-based swap execution facilities (SEFs) are expected to be subject to examination in FY 2017, requiring additional examination staff. To fulfill these needs, OCIE would devote three additional positions to this area.

Additional Significant Examination Program Efforts

OCIE also requires additional staffing to continue other significant program-wide efforts, including its Technology Controls Program (TCP), outreach initiatives and specialized working groups as described further below.

Technology Controls Program (TCP): Technology has increased the complexity, interconnectedness, and speed of transactions, and continues to challenge market participants and regulators. In FY 2017, OCIE's TCP will conduct risk targeted exams of Regulation Systems Compliance and Integrity Entities (SCI entities), to evaluate whether they have written policies and procedures reasonably designed to ensure the capacity, integrity, resiliency, availability, and security of their SCI systems. OCIE also will seek to enhance cyber-security examinations by working with the Department of Treasury, National Security Agency, and the Department of Homeland Security. To adequately fulfill the above obligations, TCP would need to hire a significant number of information technology security professionals with specialized experiences and skills. Three additional positions are requested to further enhance the work of the TCP.

Office of Managing Executive (OME) and Office of Chief Counsel: OME supports the NEP through risk analysis and surveillance, registration, training, human capital, and information technology initiatives. Significantly, the Office of Risk Analysis and Surveillance within OME will continue to improve the risk targeting of firms and activities by helping to monitor and assess risks of all registered entities. Meanwhile,

OCIE's Office of Chief Counsel will continue to provide legal and other interpretative advice to the program while also overseeing the examination program's internal compliance program. Four additional positions are requested in FY 2017 to support the functions of these groups.

Other Significant Initiatives: In FY 2017, OCIE will continue to improve its surveillance and risk assessment functions. This includes performing thousands of preliminary risk reviews that help to focus the program's limited resources on firms and industry practices posing the greatest risk to investors and the markets. OCIE anticipates that improvements in risk assessment and surveillance activities, combined with other initiatives aimed at incentivizing whistleblowers and improving the agency's tracking and monitoring of tips, complaints, and referrals, will necessitate more time spent on conducting examinations of the identified higher risk entities.

OCIE also will continue its monitoring program focused on large and complex firms that may pose significant risk to the various markets and to their customers, due to their size, complexity, and connectivity with other large firms and financial institutions. This program is designed to ensure we have an accurate and timely understanding of the key risks and controls of these firms, and to help facilitate effective, targeted examinations.

OCIE is also continuing the deployment of specialized teams focusing on particular market issues that directly affect investors and the functioning of the markets. OCIE will work to broaden the expertise and knowledge of these teams, enabling them to better identify, monitor, and assess the impact of certain risks on the industry.

In FY 2017, OCIE will continue efforts aimed at encouraging stronger industry compliance programs. These efforts include conducting OCIE's Compliance Outreach programs, which provide information and resources for compliance personnel of registered entities, issuing public reports and Risk Alerts, and speaking at conferences concerning areas of regulatory interest.

Developing Technology and Data Analytics

As technology continues to evolve and alter the way entities conduct business, it is imperative that the examination program make appropriate investments to keep pace and to more effectively conduct its activities. Continued investment

in a multi-year technology and analytics plan is critically important to the success of OCIE's programs. Several of the key initiatives in this area for FY 2017 and beyond are discussed below.

Data and Quantitative Analytics: The examination program will continue to focus resources on developing tools that will help analyze large amounts of data and generate alerts and exception reports focused on high risk activities and registered entities that require additional follow-up by the staff. These tools also will improve risk assessment and surveillance efforts by providing the staff with a greater ability to monitor for trends and emerging fraud risks, ultimately enabling the staff to allocate SEC resources more effectively.

Continued Development of Comprehensive Examination Platform:

In FY 2017, OCIE will continue to improve and enhance a comprehensive program tracking and examination management system. The system provides examiners with a complete repository of exam related information that allows the staff to conduct exams more effectively and analyze trends across the program.

Improvements to IT Infrastructure:

In FY 2017, the examination program will continue to focus on identifying and acquiring additional tools and technologies that can be utilized in risk assessment efforts, examinations, and other related initiatives. The examination program will work with the Office of Information Technology to develop and maintain an appropriate technological infrastructure for this data, so that it can be easily accessed, analyzed, and disseminated.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate ¹	FY 2017 Request ¹
Investment Adviser Examinations	1,221	1,365	1,550
Investment Company Examinations (includes administrators)	137	135	125
Broker-Dealer Examinations	484	535	548
Transfer Agent Examinations	53	55	55
Municipal Advisor Examinations	50	62	62
Market Oversight Inspections	21	45	45
Technology Controls Program Inspections	20	100	115
Clearing Agency Examinations	6	9	7
Total Full-Time Equivalents	925	1,055	1,152

¹ These estimates may be impacted by a number of factors beyond the Office's control, including, but not limited to, increases in the complexity of firm's being examined; higher than anticipated attrition rates; and the timing and amounts of the resources made available. Further, given the time required to bring on-board new staff after hiring levels are approved, the full effect of FY 2016 and/or FY 2017 positions will not be realized until later years.

Division of Corporation Finance

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	463	485	498
Cost:			
Salaries and Benefits	\$ 105,636	\$ 116,099	\$ 122,325
Non-Personnel Expenses	31,169	30,689	31,091
Total Costs	\$ 136,805	\$ 146,788	\$ 153,416

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
85	5	373	35

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

Filing Review Activities

In FY 2017, CF will continue its regular and systematic review of reporting companies, reviewing company reports representing a substantial portion of total market capitalization. As in past years, CF anticipates exceeding the minimum review requirement of the Sarbanes-Oxley Act of 2002. CF selectively reviews filings, including registration statements, other transactional filings, and

ongoing reports made under the Securities Act of 1933 and Securities Exchange Act of 1934 to monitor and enhance compliance with disclosure and accounting requirements. These filings include those of new issuers and companies already reporting under the Exchange Act. In conducting disclosure reviews, CF concentrates its review resources on critical disclosures that appear to conflict with Commission rules or applicable accounting standards or that appear to be materially deficient in explanation or clarity.

Rulemaking and Interpretive Advice

CF recommends new rules, or amendments to existing rules, to the Commission to improve investor protection and facilitate capital formation, at times in response to statutory mandates. CF also provides interpretive guidance to companies, investors, and their advisors through issuance of staff legal and accounting bulletins, updates to the Division’s financial reporting manual, no-action and interpretive letters, compliance and disclosure interpretations on the Commission’s website, and responses to telephone and email inquiries. During FY 2017, CF will continue to assist the Commission, as needed, with implementing any remaining rules mandated by the Dodd-Frank Act and JOBS Act. CF will also assist the Commission in finalizing the study of the Commission’s

disclosure rules required by the Fixing America's Surface Transportation (FAST) Act, enacted in December 2015, and in developing recommendations arising out of that study for new or revised rules. In FY 2017, CF will also provide assistance and interpretive guidance to small businesses and other market participants related to the Commission's 2015 rules that allow for expanded access to capital through crowdfunding and under Regulation A.

FY 2017 Request

The Division requests four additional positions in FY 2017 to meet its goals and to enhance its role in promoting full, fair, and timely disclosure of information for investors. The new positions will enable CF to strengthen its core disclosure review program and meet any increased

workload in capital raising or transactional filings resulting from changing market conditions, additional emerging growth companies confidentially submitting registration statements for non-public review, and additional small business Regulation A filings resulting from the Commission's 2015 rules changes. The new positions will also enable CF to fully support the Commission's rulemaking priorities, including improving the effectiveness of reporting company disclosure and implementing recommendations resulting from the Regulation S-K study required by the FAST Act of 2015. Finally, the new positions will enable CF to respond to anticipated increases in requests for assistance and interpretive guidance from small businesses, investors, and their representatives related to the rules adopted by the Commission in 2015 to allow for expanded access to capital through crowdfunding and under Regulation A.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Review			
Reporting Company Reviews	4,480	4,480	4,480
Number of New Issuer Reviews			
IPO 1933 Act	595	595	595
New 1934 Act	125	125	125
New Issuer Reviews ¹	720	720	720
Total Reviews	5,200	5,200	5,200
Rulemaking and Interpretive			
General Advice and Coordination			
No-Action Letters/Interpretive Requests	125	125	125
No-Action Letters (Shareholder Proposals)	325	320	320
Total Full-Time Equivalents	463	485	498

¹ Because of uncertain market and economic conditions, the Division does not project any growth in the level of transactional filings for future periods. Transactional filings above the projected levels could result in an increase in review time and a reduced number of reviews of reporting companies for the year.

Division of Trading and Markets

(DOLLARS IN THOUSANDS)	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	243	264	276
Cost:			
Salaries and Benefits	\$ 57,024	\$ 63,874	\$ 68,343
Non-Personnel Expenses	18,103	16,546	16,966
Total Costs	\$ 75,127	\$ 80,420	\$ 85,309

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
132	69	75	0

The mission of the Division of Trading and Markets (TM, or the Division) is to establish and maintain standards for fair, orderly, and efficient markets, while fostering investor protection and confidence in the markets. To meet the mission requirements, TM has five functions, each focused on a specific part of the markets. These include Broker-Dealer Finance/Broker-Dealer Risk (OBDF/OBDR), Chief Counsel (OCC), Clearance and Settlement (OCS), Derivatives Policy and Trading Practices (ODPTP), and Market Supervision (OMS). In addition, the Division has two groups serving in supporting functions: the Office of Analytics and Research (OAR) and the Office of the Managing Executive (OME).

Overall, TM supervises the major market participants in the U.S. securities markets, including 18 securities exchanges (equities and options), 84 alternative trading systems (ATs), over 4,000 broker-dealers, six active clearing agencies, over 400 transfer agents, FINRA, and securities information processors. The Division also works closely with the Office of Municipal Securities to supervise the Municipal Securities Rulemaking Board (MSRB) and municipal advisors.

The scope of the Division’s supervisory responsibilities is expected to continue to increase. Since FY 2006, the number of exchanges registered with the Commission

has doubled to 18. In FY 2016 and FY 2017, the Division expects to review and process registration applications by up to four more entities seeking exchange registration. The Division also anticipates that up to three new clearing agencies will register with the Commission, as well as a significant number of new registrants under the Dodd-Frank Act and the JOBS Act once registration requirements established by those laws are implemented.

The Division is responsible for more than 30 separate rulemaking initiatives under the Dodd-Frank Act. Many of these rulemakings are the first step in new ongoing supervisory and regulatory functions for the Division that will extend into FY 2017. These initiatives and functions include:

- Registration and regulation of security-based swap data repositories (SDRs), SBSDs, MSBSPs, and swap execution facilities;
- Regulatory reporting and public dissemination of security-based swap data;
- Mandatory clearing of security-based swaps;
- Application of security-based swap rules to cross-border activities and persons engaged in those activities;

- Expanded regulation and supervision of clearing agencies; and
- Ongoing implementation of final rules restricting certain proprietary trading activities of broker-dealers under the Volcker Rule, including interagency coordination of interpretations, examinations, and enforcement of the rules.

The JOBS Act also provided for “crowdfunding” brokers and funding portals, creating a need for implementation and oversight in conjunction with new rules.

As part of its ongoing duties to regulate the anti-money laundering (AML) and counter-terrorist financing (CTF) obligations of broker-dealers, TM serves on a Treasury-led task force evaluating the government’s AML-CTF regime. TM also continues to represent the SEC in the U.S. delegation to the Financial Action Task Force (FATF), an intergovernmental organization that develops and promotes policies to combat money laundering and terrorist financing. The Division provides technical assistance to the Department of the Treasury, which heads the U.S. delegation to FATF on issues pertaining to the securities industry, including the upcoming evaluation by FATF of U.S.’ AML-CTF efforts.

In FY 2017, TM also will face growing demands in its supervision of critical securities market infrastructure, with respect to both the implementation of new Dodd-Frank Act-related responsibilities and the expansion of its existing oversight program. The Division will expand its oversight of existing clearing agencies, particularly those that are designated as systemically important by the Financial Stability Oversight Committee (FSOC), and will continue to review their rule filings on an ongoing basis. As with exchanges, many clearing agency rule changes filed with the SEC must be handled on a significantly expedited basis under the Dodd-Frank Act. Additionally, TM will need to focus on significant industry initiatives to reform clearing agency practices with respect to disclosure of risk management information, tri-party securities lending activities, and the duration of the standard securities settlement cycle, among other matters.

The need for better trading and market information for the SEC and SROs to effectively conduct surveillance and assess market activity across a wide range of trading venues remains a priority for TM. In FY 2012, the Commission

adopted a rule directing SROs to implement a consolidated audit trail that would capture order and other trade information across all markets. TM expects to continue to monitor the SROs’ progress in developing the consolidated audit trail and to review and analyze the national market system plan submitted by the SROs. This effort is going to result in technology development and implementation, as well as processes in support of analysis on the consolidated audit trail data. This data is expected to become available starting in FY 2017.

OAR, working with the Division of Economic and Risk Analysis (DERA), will continue to publish both one-time and recurring reports concerning liquidity, volatility and other market characteristics, both to expand the amount of publicly available information on these topics and to establish a more sound empirical basis for future market structure initiatives. Such tools will enable TM and other SEC staff to perform regular analyses related to general market depth, order flow, and liquidity, helping to further inform the SEC’s rulemaking and market oversight.

TM will continue to monitor trading in the U.S. exchange and OTC securities markets, as well as continue its analysis of the economic research on market structure issues. TM will consider initiatives to protect investors and improve the quality of markets – particularly in light of the increasing technological sophistication of the markets and the potential for excessive market volatility, among other developments. The Division will consider initiatives with respect to the OTC equity markets, including a focus on fair competition among these markets.

TM will continue to pursue initiatives to improve the market structure for trading fixed income securities, including municipal and corporate bonds. Current and ongoing initiatives include the adoption of riskless principal markup disclosure rules by FINRA and the MSRB and development of Commission rule proposals designed to improve pre-trade price transparency in these markets.

The SEC’s oversight of security-based swap clearing agencies requires (1) ongoing reviews of the rulebooks and proposed rule changes of these clearing agencies; (2) reviews of their requests for exemptive orders and other relief to better harmonize the practices of the CFTC and the SEC; and (3) reviews of new clearing business initiatives as the use of security-based swaps expands. TM expects

greater workload associated with SEC rules related to security-based swaps clearing, as many of the standards and the associated registrations are new.

TM will continue rulemaking efforts regarding its supervision of broker-dealers, including by conducting ongoing monitoring of broker-dealers that use value-at-risk (VaR) models to calculate net capital and assessing risks arising from broker-dealer affiliates through the Section 17(h) program. The Division also is reviewing proposals to enhance the capital and liquidity arrangements by these firms. The Division also expects to advance the last set of amendments to the rules regarding the removal of statutory references to credit ratings, as mandated by the Dodd-Frank Act.

The staff, in conjunction with the Office of Compliance Inspections and Examinations (OCIE), expects to register security based – swap dealers (SBSDs), major security-based swap participants (MSBSPs), and municipal advisors – in addition to already regulated broker-dealers on a rolling basis, monitor market developments and promulgate new rules where needed, and respond to interpretive requests. The demand on agency resources of this registration process will be especially high to the extent that firms are permitted to use VaR models to calculate regulatory capital and customer margin requirements. Currently, the Division oversees six firms subject to the Alternative Net Capital rules, and expects to add two firms to this group in FY 2016, that will require monitoring in FY 2017 and beyond.

Other areas of focus in rulemaking and otherwise include:

- Expanded regulation and supervision of transfer agents;
- Facilitation of the Equity Market Structure Advisory Committee;
- Implementation of ATS transparency;
- Market structure-related rule proposals;
- Establishing a uniform fiduciary standard of conduct for all broker-dealers and investment advisers when providing personalized investment advice; and
- Crowdfunding, including registration of crowdfunding portals, market assessment and the three-year look-back study.

TM further expects that additional responsibilities will arise based on the significant implementation efforts that will

be required for the rulemaking already underway. Once implemented, each new programmatic responsibility will require incorporation into the interpretation and guidance function in order to provide response to inquiries from registered entities.

FY 2017 Request

The Division will face significant new challenges in FY 2017 regarding regulation and supervision of the U.S. securities markets. In FY 2017, the Division plans to use the seven additional positions requested to undertake new market-related responsibilities resulting from ongoing or recently completed rulemaking, as well as continuing challenges in the area of market supervision. These positions would be employed in the following areas:

Office of Clearance and Settlement: The Division would add three positions to the Office of Clearance and Settlement. One Attorney Advisor would help support international initiatives to comprehensively address risks posed by central counterparties, clearing agencies, and other financial market infrastructure. The Office also would bring on board a Financial Engineer to leverage their technical expertise in support of domestic rulemaking and international initiatives. This individual also would coordinate with peers in other stakeholder groups to ensure forward progress against goals. Finally, the Division would hire an additional Attorney Advisor to work with risk staff and other stakeholders to ensure appropriate supervision and monitoring of the 2-3 new clearing agencies and swap data repositories that are expected to register in the next year.

Office of Market Supervision: The Division requests adding a supervisory staff member to lead the effort to act upon the large number of rule filings that are submitted by national securities exchanges and FINRA and that must be acted on within strict statutory deadlines.

Office of Broker-Dealer Finance/Broker-Dealer Risk: TM would add one position to lead a new Analytics and Reporting function dedicated to monitoring internal controls and risk management practices of broker-dealers, including compliance with the new business conduct rules. Also, TM seeks to hire a staff member to improve reporting about broker-dealer finances, perform cross-firm liquidity analysis, and analyze fully the risks of the derivatives positions in the firms.

Office of Derivatives Policy and Trading Practices: TM requests a new Attorney Advisor to assist in implementing procedures for foreign regulators or market participants to apply for substituted compliance, including performing interpretive

work on behalf of the Division, which would permit market participants to comply with U.S. requirements by complying with foreign requirements.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Securities Firm Supervision			
SRO Proposed Rule Changes Reviewed ¹	80	83	77
SEC Rulemaking, Exemptive Orders, and Interpretive and Other Actions	4	5	5
Interpretive, Exemptive, and No-Action Request Letters Closed ²	34	30	30
Reviews of Potential Enforcement Actions	1,320	1,300	1,300
Registered Representative Reentry Applications Filed	23	20	20
Provision of Interpretation and Guidance and Responding to General Questions	7,300	7,300	7,300
TCRs	667	700	700
Risk Assessment of Broker-Dealers Filing Form 17-H			
Firms Assessed	50	75	100
Filings Reviewed	265	300	325
Risk Supervision of Alternative Net Capital Broker-Dealers			
Firms Assessed	6	8	8
Filings Reviewed	72	96	96
Risk Supervision of OTC Derivatives Dealers and Security-Based Swap Dealers			
Firms Assessed	4	12	12
Filings Reviewed	48	144	144
Applications Reviewed	0	8	0
Broker-Dealers			
Registrants	4,191	4,075	4,000
Registration Applications Filed	147	140	130
Registration Amendments Filed	11,703	11,000	10,500
Registrations Withdrawn or Cancelled	355	340	330
Financial Reports Filed	6,731	6,500	6,300
Security-Based Swap Dealers ³			
Registrants	0	3	28
Registration Applications Filed	0	3	25
Major Security-Based Swap Participants ³			
Registrants	0	0	2
Registration Applications Filed	0	0	2
Funding Portals	0	50	100
Full-Time Equivalents	122	132	138

(continued on next page)

¹ These data include filings, pre-filings, and amendments reviewed.

² These data include requests for which a formal response was not issued, such as items that were withdrawn, but omit routine correspondence (such as routine broker-dealer financial responsibility correspondence and foreign control location letters filed under Rule 15c3-3 of the Securities Exchange Act).

³ These data are included because of the expanded responsibilities assigned to the Commission under the Dodd-Frank Act. The requirement for security-based swap dealers and major security-based swap participants to register with the Commission is subject to the completion of Commission rulemaking.

WORKLOAD DATA (continued)

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Securities Market & Infrastructure Supervision			
SRO Proposed Rule Changes and Advance Notices Reviewed ¹	2,587	2,674	2,497
NMS & SRO Plan Amendments Filed	17	20	20
SEC Rulemaking, Exemptive Orders, and Interpretive and Other Actions	10	10	10
Interpretive, Exemptive, and No-Action Request Letters Closed ²	9	10	10
Securities Exchanges			
Registrants	18	20	21
Registration Applications Filed	3	1	1
Registration Amendments Filed	161	180	189
Registrations Withdrawn or Cancelled	0	0	0
Alternative Trading Systems			
Registrants	84	86	86
Initial Operations Reports Filed	8	10	10
Initial Operations Report Amendments Filed	151	160	160
Cessations	10	8	8
Quarterly Reports	335	344	344
Security-Based Swap Execution Facilities ³			
Registrants	0	0	20
Registration Applications Filed	0	0	20
Proposed Rule Changes Filed	0	0	0
Clearing Agencies (Active)			
Registrants	7	7	9
Registration Applications Filed	3	3	3
Security-Based Swap Data Repositories			
Registrants	0	2	2
Registration Applications Filed	0	2	2
Transfer Agents ⁴			
Registrants	324	290	280
Registration Applications Filed	7	7	7
Registration Amendments Filed	202	201	190
Registrations Withdrawn or Cancelled	14	35	10
Annual Reports Filed	248	240	210
Large Traders			
Registrants	5,561	6,161	6,761
Registration Applications Filed	1,343	600	600
Registration Amendments Filed	2,588	2,500	2,500
Terminated or Inactive	189	400	300
Annual Reports Filed	2,879	6,161	6,761
Full-Time Equivalents	121	132	138
Total Full-Time Equivalents	243	264	276

¹ These data include filings, pre-filings, and amendments reviewed.

² These data include requests for which a formal response was not issued, such as items that were withdrawn, but omit routine correspondence (such as routine broker-dealer financial responsibility correspondence and foreign control location letters filed under Rule 15c3-3 of the Securities Exchange Act).

³ These data are included because of the expanded responsibilities assigned to the Commission under the Dodd-Frank Act. The requirement for security-based swap dealers and major security-based swap participants to register with the Commission is subject to the completion of Commission rulemaking.

⁴ These data include only SEC-registered transfer agents and omit the approximately 100 transfer agents registered with a bank regulatory agency, which the Commission also oversees.

Division of Investment Management

(DOLLARS IN THOUSANDS)	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	173	183	191
Cost:			
Salaries and Benefits	\$ 41,896	\$ 46,438	\$ 49,558
Non-Personnel Expenses	12,624	10,845	11,147
Total Costs	\$ 54,520	\$ 57,283	\$ 60,705

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
75	53	59	4

The Division of Investment Management (IM) administers the Investment Company Act of 1940 and Investment Advisers Act of 1940 and develops regulatory policy for open-end management investment companies (commonly known as mutual funds), other investment companies, and for investment advisers.

Mutual funds are the largest segment of the investment company industry, accounting for 87 percent of investment company assets. Mutual funds' assets under management have grown from \$94.5 billion at the end of 1979 to \$15.3 trillion at September 30, 2015, a more than 100 fold increase. Over the same period, the number of mutual fund portfolios has increased from 526 to 8,066.

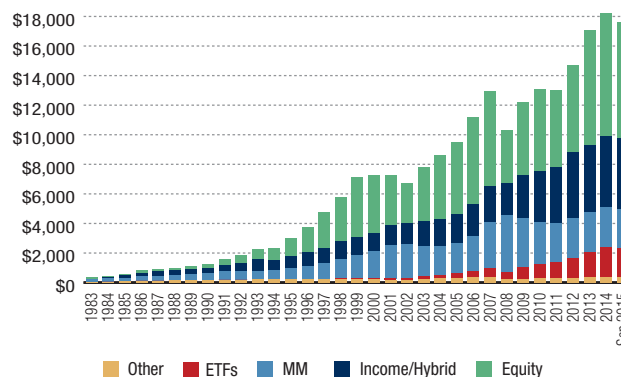
New types of funds are growing in market share. Exchange-traded funds (ETFs) – open-end funds and unit investment trusts whose shares list and trade on a national securities exchange – have grown rapidly in recent years and now account for approximately \$2 trillion in assets, or approximately 11 percent of the long-term U.S. open-end investment company industry, primarily in passive, index-based strategies. In June 2015, ETF trading was approximately 28 percent of total daily exchange value. Private funds have also grown significantly in number and size. In addition, many mutual funds are now engaging in

alternative investment strategies, and some are making extensive use of derivatives.

In the wake of the 2008 financial crisis, there has been a significant flow of cash into bond funds accompanied by a lesser but significant flow of cash out of equity funds. From January 2009 to September 2015, approximately \$1 trillion flowed into bond mutual funds while approximately \$133 billion flowed out of equity funds.

GROWTH IN ASSETS OF THE INVESTMENT COMPANY INDUSTRY DECEMBER 1983 — SEPTEMBER 2015

(DOLLARS IN BILLIONS)



Note: "Other" Investment Companies include: Unit Investment Trusts and Closed-End funds.

As of October 1, 2015, there were 11,986 SEC-registered investment advisers reporting approximately \$66.8 trillion in regulatory assets under management, which was an eight percent increase from the beginning of FY 2015. Approximately 60 percent of these advisers provide investment advice to individuals. Approximately 37 percent provide investment advice to private funds such as hedge funds, private equity funds, and venture capital funds with gross assets of about \$10.4 trillion. In addition to registered investment advisers, the SEC also receives reports from approximately 3,047 exempt reporting advisers – advisers that are exempt from registration with the SEC because they are venture capital fund advisers or mid-sized private fund advisers – that report managing approximately \$2.3 trillion in private funds.

Improved Reporting of Information about Fund Operations and Portfolio Holdings

The financial crisis highlighted the importance of the careful management of risk by funds and their advisers, including portfolio composition risks and operational risks in particular. In FY 2017, IM expects to continue to focus considerable attention on a set of initiatives to enhance investment management industry resilience to portfolio composition risk and operational risk. The initiatives are designed to:

- **Improve the data and other information used by the Commission** to understand the risks of the asset management industry and develop appropriate regulatory responses. The Commission has benefited from monthly portfolio and other information reported by money market funds, which has been used to inform policy, rulemaking, examination, and enforcement use. In FY 2015, the Commission proposed rules that are designed to modernize and consolidate certain reporting forms and require more frequent and enhanced reporting of portfolio holdings. The rules would require all mutual funds (other than money market funds), ETFs and closed-end funds to file monthly portfolio holdings information and selected volatility metrics with the Commission in a tagged format and to file a new form with census-type data. The staff expects to analyze comments and develop recommendations for the Commission to adopt and implement the rules in FY 2016 and FY 2017.

- **Ensure that registered funds enhance their fund-level controls** so they are able to identify and address risks related to their liquidity and use of derivatives.

In FY 2015, the Commission proposed reforms to promote effective liquidity risk management throughout the open-end fund industry. The proposed reforms would require mutual funds and exchange-traded funds to implement liquidity risk management programs and enhance disclosure regarding fund liquidity and redemption practices. The proposal also would provide a framework under which mutual funds could elect to use “swing pricing.” The staff anticipates reviewing comments received and developing recommendations for the Commission to adopt and implement the rules in FY 2016 and FY 2017.

In FY 2016, the Commission proposed a new rule that would address the use of derivatives by registered investment companies under Section 18 of the Investment Company Act. The rule is designed to enhance management and oversight of mutual fund, ETF, and closed-end fund exposure to derivatives, taking into account comments on the Commission’s 2011 Concept Release on the Use of Derivatives by Registered Investment Companies. Our staff anticipates reviewing comments received and developing recommendations for the Commission to adopt and implement the rules in FY 2016 and FY 2017.

- **Ensure that firms have a plan for transitioning their clients’ assets** when circumstances warrant. Staff is developing a recommendation to the Commission to propose requiring investment advisers to create and maintain transition plans reasonably designed to address risks related to the transition of significant numbers of clients.
- **Implement the new requirements for annual stress testing by large investment advisers and large funds**, as required by the Dodd-Frank Act. Periodic stress testing could help these firms and the Commission better understand the potential impact of stress events on the asset management industry, particularly in assessing liquidity and redemption risk. The staff is developing a recommendation that the Commission propose rules providing methodologies and reporting requirements.

Other Rulemaking Initiatives

In FY 2017, IM anticipates that additional staff time will be devoted to pursuing other rulemaking initiatives, including work towards establishing a uniform fiduciary standard of conduct for all broker-dealers and investment advisers when providing personalized investment advice about securities to retail customers, and requiring third party compliance reviews for registered investment advisers.

Exchange Traded Funds

ETFs have unique attributes that present different regulatory concerns than conventional investment companies. ETFs are rapidly growing, increasingly complex financial products whose activities raise disclosure, conflict of interest, and market structure, and other issues. In FY 2017, IM plans to continue to focus considerable attention on product innovation and potential market stresses in this area, including evaluating additional applications for exchange-traded funds that may involve novel and complex structures, trading mechanisms, and index replication methodologies.

Risk and Examinations Office

The Risk and Examinations Office (REO) manages, monitors, and analyzes industry data; engages in dialogues with senior management and boards of significant asset management firms; provides ongoing financial analysis of the asset management industry, including the risk-taking activities of investment advisers and investment companies; gathers and analyzes through its examination function operational information directly from participants in the asset management industry; and maintains industry knowledge and technical expertise for the Division. In FY 2017, REO plans to devote additional resources to expand and improve IM's monitoring and oversight of the industry, hire additional staff with industry, quantitative and computerized data analysis expertise, and implement new data analytics based on modernized data reporting.

FY 2017 Request

The SEC requests a total of seven new positions for the Division of Investment Management to implement these important policy objectives. Of these seven positions, IM requests three personnel to conduct ongoing analysis of data, including new data that would be submitted to the SEC under the initiatives described above. The new positions would be used to develop holdings, performance, and risk analytics for portfolio and other data filed by more than 15,000 investment company portfolios on new Forms N-PORT (monthly) and N-CEN (annually), if adopted. The new staff would also manage N-PORT and N-CEN data; produce and evaluate analytical reports; resolve complex data quality and data management issues; and work with filers and filing agents to resolve process, definitional, and computational issues associated with individual filings' portfolio holdings or risk metrics.

IM also requests three additional positions to monitor implementation of new liquidity, derivatives, stress testing and transition planning requirements described above, provide interpretive advice, and respond to exemptive applications requests.

Finally, IM requests one new quantitative research analyst position to support its Disclosure Review and Accounting Office (DRAO). The new position would enhance IM's risk monitoring program by (1) applying sophisticated quantitative analysis techniques to the review of disclosure filings of investment companies whose investment objectives seek to provide specified return, risk, or market volatility results through use of complex option, futures, or swaps strategies; and (2) providing subject matter expertise to DRAO in connection with the process of identifying selected comments that may be appropriate for a variety of seemingly different options, futures or swaps strategies that share similar risk/return profiles.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Industry Statistics¹			
Investment Companies:			
Number	4,100	4,034	3,900
Portfolios and Insurance Contracts	18,835	18,919	19,300
Complexes	838	854	865
Assets (\$ trillions)	17.8	17.6	18.3
Investment Advisers:			
Number	11,474	11,986	12,500
Advisers Reporting on Form PF	2,581	2,700	2,800
Assets under Management (\$ trillions)	62.0	66.9	72.0
Disclosure			
Investment Company Filings:			
New Portfolios and Insurance Contracts Filed on Registration Statements	3,031	2,950	3,000
New Portfolio Disclosures and Insurance Contracts Reviewed	1,956	1,910	1,940
Existing Portfolios and Insurance Contracts Filed on Post-Effective Amendments ^{2,3}	31,768	31,450	31,900
Existing Portfolio Disclosures and Insurance Contracts Reviewed ³	4,734	4,735	4,795
Portfolios and Insurance Contracts Filed on Proxy Statements	1,197	1,325	1,350
Portfolios and Insurance Contracts Filed on Proxy Statements Reviewed	1,197	1,325	1,350
Annual and Periodic Reports Filed	13,821	14,300	14,500
Annual and Periodic Reports Partially Reviewed	4,750	4,761	4,833
Total Filings	49,817	50,025	50,750
Total Filings Reviewed	12,637	12,731	12,918
Percent Reviewed	25%	25%	25%
Full-Time Equivalents	62	67	70
Interpretive Guidance			
Formal and Informal Requests for Guidance	1,273	1,258	1,258
Enforcement-Related Matters Reviewed	521	700	750
Exemptive Relief Requests Concluded	321	325	325
Full-Time Equivalents	58	62	64
Rulemaking			
Full-Time Equivalents	31	34	34
Risk and Examinations			
Full-Time Equivalents	22	20	23
Total Full-Time Equivalents	173	183	191

¹ Industry statistics are reported as of the beginning of the fiscal year while workload indicators are reported as of the end of the fiscal year.

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

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

Division of Economic and Risk Analysis

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	133	154	163
Cost:			
Salaries and Benefits	\$ 30,890	\$ 37,904	\$ 40,863
Non-Personnel Expenses	21,389	30,444	31,186
Total Costs	\$ 52,279	\$ 68,348	\$ 72,049

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
68	57	23	15

The Division of Economic and Risk Analysis (DERA) integrates sophisticated analysis of economic, financial, and legal disciplines with data analytics and quantitative methodologies in support of the SEC’s mission. The Division’s expertise supports a spectrum of SEC activities including: policymaking, rulemaking, enforcement, examination, and data processing and risk analytics.

As part of the policy decision-making process, DERA uses rigorous data analytics to produce high-quality analyses that address the economic issues associated with the regulation of the financial markets and enforcement of Federal securities laws. These analyses typically involve qualitatively analyzing the potential economic impacts of a particular regulatory action, collecting and quantitatively analyzing market data, evaluating pertinent academic literature, and/or conducting follow-up monitoring or review of market impacts. DERA economists conduct studies mandated by Congress and the Commission that support the Commission in crafting policies and regulations. Economists also often develop and execute independent analysis of salient economic issues and identify and summarize current academic literature, which is frequently used to suggest or support Commission actions.

In addition to its role in the rulemaking process, DERA also performs the following functions:

- Working with Office of Compliance Inspections and Examinations (OCIE) on developing new models, methods, and tools in support of a risk-based inspections program designed to help allocate resources effectively in review and examination of regulated entities;
- Providing analyses in support of the enforcement program, including to detect market abuse and other violations, calculate ill-gotten gains, and determine penalties and disgorgement;
- Conducting in-depth and data-driven studies on investors, other market participants, and financial markets to inform the Commission on a variety of topics, such as descriptive studies of current market conditions, analyses of the potential effects of policy choices, and reviews of the effects of recently implemented rules;
- Developing a framework for the analysis of public and private financial data to proactively track market trends, new products and new product reviews, and innovative financial practices;

- Identifying, evaluating, and recommending ways staff can use data, including interactive data, as well as providing expertise in analytical and quantitative research and support;
- Building relationships with a broad range of external financial experts, whether in academia, the private sector, or other agencies, in order to remain current on new market developments and the latest in financial research; and
- Sharing knowledge through the development and publication of research which focuses on matters of significance to the SEC.

DERA assists in the Commission's efforts to identify, analyze, and respond to risks and trends, including those associated with new financial products and strategies. Because of the range and nature of its activities, DERA serves the critical function of promoting cross-agency collaboration that takes advantage of the agency's broad range of expertise. DERA continues to amplify its expertise by bringing on board a small cadre of academics under Intergovernmental Personnel Agreements (IPAs) and experts under the Special Government Employees authority. These individuals work closely with DERA's Financial Economists and actively contribute to the Division's mission functions and activities.

FY 2017 Request

The FY 2017 request focuses on expanding DERA's core expertise and capacity in the following crucial areas:

Economic Analysis and Research: The majority of DERA's staff provide economic analyses and conduct robust research in support of Commission rulemaking and policy development.

Many of these staff also conduct research to enhance the Division's awareness and understanding of significant financial market issues and potential solutions to identified market failures and risks. There is a continued demand for this expertise analyses across the SEC. In FY 2017, one new Financial Economist position is requested to focus on Commission considerations of Exchange Traded Funds and Products. The incumbent will have strong programming and empirical analysis skills and expertise in financial economics sufficient to work on highly complex cases involving policy issues.

Data Analytics, Technical Support, and Risk Assessment:

DERA provides data analytics, technical support, and risk assessment to help focus the agency's resources on matters presenting the greatest perceived risks in litigation, examinations, and registrant reviews. DERA will continue working with staff throughout the SEC to develop analytical approaches and tools to help inform policy, monitoring, and surveillance activities. These efforts include continued responsibility for management of the SEC's Tips, Complaints and Referral (TCR) system. For FY 2017, a total of four new positions are requested to further enhance DERA efforts in this area. Specifically, the Division is requesting two Financial Economists, one Research Associate, and one IT Specialist.

Program Support: The Office of Chief Counsel (OCC) delivers extensive legal advice and support for DERA's mission essential functions and activities. Also, the OCC provides guidance and counsel to the Chief Economist and staff regarding legal issues implicated by the Division's broad mandate. The FY 2017 request includes one new attorney adviser to support DERA's work across the SEC.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Reviews of Commission Rules ¹	71	78	82
Reviews of SRO Rules	52	54	56
Regulatory Flexibility Analyses ²	47	50	53
Advice on Regulatory, Enforcement, and Risk Assessment Issues	3,555	3,660	3,845
Interactive Data Compliance Monitoring ³	9,475	9,250	9,030
Interactive Data Programs Supported ⁴	10	13	13
Total Full-Time Equivalents	133	154	163

¹ Inflationary factors are five percent and 10 percent for FY 2016 and FY 2017 respectively.

² Includes: (i) all initial and final Regulatory Flexibility Analyses or certifications included in a proposing or adopting release, as required by the Regulatory Flexibility Act; and (ii) all rule reviews conducted consistent with the Regulatory Flexibility Act's requirement to review rules within 10 years of publication.

³ A program where filings containing interactive data are subjected to a risk-based analytical review process to assess compliance with Commission rules. The workload data represents the population of filers subject to these procedures.

⁴ The number of programs or data sets subject to current, pending or contemplated Commission requirements to be provided in interactive data format. DERA staff supports these programs in a number of ways including: taxonomy development and maintenance, technology infrastructure development, rule writing support, implementation guidance, and technical support.

Office of the General Counsel

(DOLLARS IN THOUSANDS)	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	135	145	150
Cost:			
Salaries and Benefits	\$ 33,391	\$ 37,312	\$ 39,540
Non-Personnel Expenses	10,345	9,623	9,772
Total Costs	\$ 43,736	\$ 46,935	\$ 49,312

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
27	88	5	30

The General Counsel serves as the chief legal officer of the Commission and heads the Office of the General Counsel (OGC). OGC provides independent legal analysis and advice to the Chair, Commissioners, and operating divisions on all aspects of the Commission's activities. OGC also defends the Commission in Federal district courts, represents the Commission in appellate matters and *amicus curiae* filings, and oversees the SEC's bankruptcy program.

In FY 2017, OGC anticipates continued work on initiatives to reform the existing regulatory structure for the securities markets and the financial services industry. OGC also expects to continue to provide technical assistance to Congress and other financial regulatory agencies on numerous legislative initiatives and other matters, as well as continue to respond to Congressional inquiries.

FY 2017 Request

OGC is seeking two positions for FY 2017, of which one is for OGC's Legal Policy Group and the other for the Office's General Litigation Group. These two positions would assist in the following areas:

Legislative Activity and Technical Assistance: In FY 2017, efforts to strengthen the framework for financial regulation likely will involve continued legislative activity, for which OGC

will be tasked to provide ongoing technical assistance to Congress and other financial regulatory agencies. OGC also expects to prepare and review written testimony for congressional hearings, and prepare and review responses to Congressional correspondence. The high level of Congressional interest in the SEC's mission, organization, and activities has resulted in the need to provide large volumes of documents in response to specific Congressional inquiries. In FY 2017, Congressional and public interest in the Commission is expected to remain high.

Rulemaking Activities: OGC expects to advise the divisions and offices on a continued high number of rulemaking initiatives to implement the Dodd-Frank Act, as well as other rulemaking initiatives such as rules designed to: improve transparency and investor protection; facilitate capital raising in small offerings; improve practices in the asset-backed securities markets; and address market structure developments.

Investigations Support: In FY 2017, OGC anticipates increased workload related to a larger number of enforcement actions and the high volume of enforcement cases against attorneys practicing before the Commission who may have engaged in unethical or improper conduct. This workload also will be affected by the increase in whistleblower complaints received from outside sources. OGC also anticipates that the volume of labor and employee relations matters requiring

OGC assistance will rise with the size of the SEC’s workforce, and OGC expects to receive an increase in the number of

Freedom of Information Act (FOIA) requests and appeals in FY 2017.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Appellate Cases:			
Open Matters	161	159	167
Adjudicatory Matters:			
Pending Beginning of Year	44	57	62
Received	52	55	55
Completed	46	50	50
Pending End of Year	57	62	67
Legislation:			
Testimony	6	20	20
Correspondence with Congress and Others	116	180	180
Legislative Analysis and Technical Assistance	412	380	380
Other ¹	122	110	110
Advisory Services:			
SEC Statutes			
Analysis of Enforcement Memoranda	2,090	2,050	2,200
Review of Rulemaking and Other Projects	538	600	630
Review of Articles and Speeches	349	280	300
Non-SEC Statutes			
FOIA – Internal Appeals	492	500	505
Personnel Matters	204	275	300
Procurement Matters	700	730	740
Labor Matters	25	25	25
Attorney Misconduct Investigations	341	370	370
Other (Subpoenas)	57	60	60
Corporate Reorganization:			
Petitions Involving Public Investor Interest	60	62	63
Chapter 11 Cases: Appearances			
Filed	42	43	44
Closed	10	10	10
Chapter 11 Cases: Monitored			
Filed	18	19	19
Closed	12	12	12
Disclosure Statement Reviews	50	60	65
Disclosure Statements Commented On	28	35	40
Total Full-Time Equivalents	135	145	150

¹ "Other" consists of a variety of projects, including attending congressional hearings and monitoring legislation.

Other Program Offices

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters			
Office of Chief Accountant	45	48	50
Office of Investor Education and Advocacy	39	41	44
Office of International Affairs	49	53	55
Office of Administrative Law Judges	14	13	13
Office of the Investor Advocate	5	8	9
Office of Credit Ratings	37	45	48
Office of Municipal Securities	6	7	8
Total Full-Time Equivalents	195	215	227
Cost:			
Salaries and Benefits	\$ 46,384	\$ 53,894	\$ 58,178
Non-Personnel Expenses	16,437	17,755	18,250
Total Costs	\$ 62,821	\$ 71,649	\$ 76,428

This section of the SEC’s request includes chapters that describe the responsibilities and activities of the agency’s smaller program offices, including:

Office of Chief Accountant: Establishes accounting and auditing policy and works to improve the professional performance of public company auditors to ensure that financial statements used for investment decisions are presented fairly and have credibility.

Office of Investor Education and Advocacy: Serves investors who complain to the SEC about investment fraud or the mishandling of their investments by securities professionals, ensures the views of retail investors inform the Commission’s regulatory policies and disclosure programs, and works to improve investors’ financial literacy.

Office of International Affairs: Advances international regulatory and enforcement cooperation, promotes converged high regulatory standards worldwide, and facilitates technical assistance programs in foreign countries.

Office of Administrative Law Judges: Adjudicates allegations of securities law violations.

Office of the Investor Advocate: Provides assistance to investors in resolving significant problems they may have with the SEC or with self-regulatory organizations (SROs), and identifying areas in which investors would benefit from changes to Federal laws or to SEC regulations or SRO rules.

Office of Credit Ratings: Administers the rules of the Commission with respect to the practices of nationally recognized statistical rating organizations (NRSROs) in determining ratings; protects the users of credit ratings; promotes accuracy in credit ratings issued by NRSROs; and ensures that such ratings are not unduly influenced by conflicts of interest.

Office of Municipal Securities: Administers the rules of the Commission with respect to the practices of municipal securities brokers and dealers, municipal advisors, and investors in, and issuers of, municipal securities. The office also coordinates with the Municipal Securities Rulemaking Board (MSRB) on rulemaking and enforcement actions.

Office of the Chief Accountant

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	45	48	50

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
18	16	16	0

The Office of the Chief Accountant (OCA) is responsible for establishing and interpreting accounting policy to enhance the transparency and relevancy of financial reporting for investors. OCA works to improve the professional performance of public company auditors to ensure that financial statements used for investment decisions are presented fairly and have credibility. OCA leads the SEC's efforts to oversee accounting standard-setting by the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB), and auditor oversight and standard-setting by the Public Company Accounting Oversight Board (PCAOB).

In FY 2015, OCA engaged in further outreach and analysis regarding possible paths forward for incorporating IFRS into the U.S. financial reporting system for U.S. issuers. Furthermore, OCA focused on implementation of the new converged accounting standard on revenue recognition.

In addition, in FY 2015, OCA coordinated with the PCAOB as the Commission considered revisions to audit committee disclosures and the PCAOB moved forward with its project to improve transparency through disclosure of the engagement partner and other participants in the audit.

OCA also continued to support the Commission in reviewing PCAOB inspection findings and processing requests for review, evaluating new PCAOB auditing standards and interpretations and overseeing other PCAOB matters. In addition to these areas of focus, in 2015, OCA, with the assistance from staff from the Office of Compliance Inspections and Examinations, planned and began

preparing for an inspection of a PCAOB program area, to be conducted in FY 2016.

In FY 2016, OCA plans to conduct the inspection of a PCAOB program area described above. OCA also plans to continue to oversee the PCAOB's efforts to improve audit quality by revising its standard-setting process, with a focus on improving its timeliness in this regard. Given the growth of the PCAOB in recent years and the expansion of its authority, OCA will need to increase its PCAOB oversight efforts. Such efforts may include this type of review of PCAOB program areas as appropriate. In addition, OCA will continue to monitor FASB/IASB standard setting and transition activities for new standards for revenue recognition, leasing, consolidation, financial instruments, and credit losses.

FY 2017 Request

OCA requests at two additional positions in FY 2017 to support planned initiatives, goals and objectives. OCA's primary initiatives, goals and objectives include the oversight of the FASB/IASB standard setting and transition activities for new, comprehensive standards on revenue recognition, leasing, financial instruments and credit losses. Additionally for oversight of the PCAOB, support for other division and office rule-making through consultation on significant accounting and auditing matters, provide accounting and auditing training and advice to CF in the context of their filing review program and to ENF in the context of enforcement of the federal securities laws, and executing OCA-led rulemaking and policy initiatives.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Rulemaking Initiatives	40	40	44
U.S. Standard-Setting Projects/Issues Monitored	82	82	82
International:			
Consultations with Foreign Regulators on Accounting Interpretations/Compliance	44	58	58
IASB Standards/Interpretations Monitored	139	139	139
International Auditing and Independence Standards Monitored	12	14	15
SEC and IOSCO Rulemaking/Policy/Other Statements Issued	1	3	1
Registrant Contacts:			
Written Correspondence/Resolution of Accounting Issues	140	140	140
Consultation on Potential Enforcement Investigations	305	330	350
102 (e) Reinstatement Applications Processed	21	21	21
Member appointments to PCAOB, Financial Accounting Foundation, and FASB	6	6	6
Quality Reviews of Accounting Firms Conducted by PCAOB Subject to SEC Oversight	293	287	300
Rules Adopted by PCAOB and Approved by SEC	2	2	5
Auditing Standards/Interpretations Issued by PCAOB and Approved by SEC	6	13	15
Independence Inquiries	412	475	500
Inspection of PCAOB programs	0	1	1
Public Awareness, Outreach and Market Research Initiatives	45	46	48
Total Full-Time Equivalents	45	48	50

Office of Investor Education and Advocacy

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	39	41	44

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
0	0	44	0

The Office of Investor Education and Advocacy (OIEA) seek to provide individual investors with the information they need to make sound investment decisions. OIEA administers two primary programs to promote this mission: assisting individual investors with complaints and inquiries about the securities markets and market participants, and conducting educational outreach to individual investors. OIEA also helps to inform Commission policy by advising the Commission and Commission staff on various issues from the perspective of the individual investor, including with respect to rulemakings, Investor Advisory Committee recommendations, and through IOSCO’s Committee on Retail Investors.

Each year, OIEA has contact with millions of individuals through its investor assistance and education programs. OIEA assists investors who contact the SEC with questions or to complain about the perceived mishandling of their investments by investment professionals and others. Through its investor education program, OIEA produces and distributes educational materials, leads educational seminars and investor-oriented events, and partners with other Federal agencies, state regulators, consumer groups, and self-regulatory organizations on financial literacy initiatives. OIEA plays an important role in the Commission’s key initiatives aimed at protecting investors, including helping senior citizens and military families guard against securities fraud.

Research indicates that many individuals are not taking key steps to protect their money from investment fraud, including researching the background of an investment professional before investing. In FY 2016, OIEA plans to launch a public service campaign pilot focused on helping individuals protect themselves from investment fraud, including raising awareness about Investor.gov. The Office expects that this campaign will drive increased traffic to Investor.gov which will in turn significantly increase the number of investor inquiries and questions received by the Office going forward, including in FY 2017.

FY 2017 Request

The Office is seeking two new positions to expand its investor assistance efforts. The Office estimates it will respond to an increased level of investor assistance requests compared to previous years. These positions are needed to address this increasing workload, maintain response times for investor contacts and improve quality assurance.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Investor Assistance			
Total Investor Assistance Matters Closed ¹	19,509	22,000	25,000
Percentage of Investor Assistance Matters Closed Within:			
Seven Days	65%	62%	62%
30 Days	93%	90%	90%
Full-Time Equivalents	29	30	33
Investor Education²			
Page Views on OIEA Web Pages	23,600,000	30,000,000	37,500,000
In-Person Investor Events	71	75	80
Direct Mailing Campaign	6,700,000	10,000,000	10,000,000
Number of investor alerts and bulletins issued	31	32	34
Full-Time Equivalents	10	11	11
Total Full-Time Equivalents	39	41	44

¹ Includes files relating to complaints, questions, and other contacts received from investors.

² OIEA's workload items have been streamlined to highlight the office's key investor education activities. Publications distributed, number of joint alerts and bulletins issued, and Divisions' initiatives supported have been deleted. The number of investor alerts and bulletins also has been moved to the investor education activity, thereby eliminating the need for a separate listing of OIEA's legal and policy activities.

Office of International Affairs

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	49	53	55

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
15	20	6	14

The Office of International Affairs (OIA) advances the SEC’s mission by promoting international enforcement and supervisory cooperation, developing and implementing strategies to further SEC policy interests in the regulation and oversight of cross-border securities activities, managing and executing the SEC’s participation in international regulatory bodies, engaging in regulatory dialogues with our international counterparts, and providing technical assistance to strengthen partnerships with foreign authorities.

OIA has four primary functional areas:

- Enforcement Cooperation
- Regulatory Policy and Relationships with Foreign Counterparts
- Supervisory Cooperation
- Technical Assistance.

Enforcement Cooperation

Investigative and Litigation Support: OIA staff assists the SEC’s Division of Enforcement with hundreds of requests for international assistance each year, particularly in the area of coordination of parallel proceedings with foreign securities and law enforcement authorities. This assistance is provided through all stages from investigation, through litigation, to the conclusion of the matter. OIA assists Enforcement with efforts to freeze and repatriate assets held in foreign nations and provides guidance to foreign counterparts in their efforts to secure the proceeds of fraud present within the U.S.

International Enforcement Policy: OIA actively participates in multilateral efforts to enhance international enforcement cooperation, representing the SEC on multiple International Organization of Securities Commissions (IOSCO) committees and steering groups. OIA coordinates with foreign counterparts to develop policies relating to enforcement matters, and to promote international cooperation among securities regulators in their respective investigations and cases.

Regulatory Policy and Relationships with Foreign Counterparts

OIA supports the SEC’s prominent role in international bodies of securities regulators such as IOSCO and the Financial Stability Board (FSB). Through these entities, the SEC addresses international regulatory issues by developing international guidance, recommendations and standards, and assessing the implementation of foreign financial market reforms and their ramifications for U.S. investors. The SEC is involved in multiple IOSCO policy committees, working groups and task forces, and influences IOSCO’s contributions to the FSB. For example, the SEC is working with IOSCO to develop a toolbox of approaches for regulating market conduct.

OIA will also continue to work with the Office of the Chief Accountant in managing the SEC’s representation in the International Financial Reporting Standards Foundation Monitoring Board, as well as monitoring the Public Company Accounting Oversight Board’s inspection of registered foreign audit firms.

In FY 2017, OIA anticipates that the pace of regulatory action in other jurisdictions will increase, particularly in the European Union. OIA will inform and advise the Commission and staff about these developments with the goal of promoting opportunities for converged approaches to high quality regulatory standards.

OIA also coordinates and participates in bilateral dialogues with foreign counterparts on securities markets issues. OIA also participates in dialogues led by the Treasury Department, including the U.S.-EU Financial Markets Regulatory Dialogue, NAFTA Financial Services Committee, U.S.-EU Financial Services Committee, US-China Strategic and Economic Dialogue, and U.S.-India Financial Regulatory Dialogue.

Supervisory Cooperation

The OIA supervisory cooperation group focuses on four areas: (1) assisting other SEC divisions and offices in the supervision of cross-border regulated entities by facilitating cooperation with foreign counterparts, including conducting on-site examinations abroad and addressing cross-border registration issues; (2) responding to requests from foreign counterparts in supervisory matters; (3) developing and implementing supervisory memorandum of understandings (MOUs) aimed at facilitating cooperation in the oversight of cross-border regulated entities; and (4) providing subject matter expertise on multilateral projects involving supervisory cooperation issues.

Supervisory cooperation activities are expected to increase in the future as the Offices of Compliance Inspections and Examinations (OCIE) and Credit Ratings (OCR) continue to expand their examination programs, generating additional

demand for international cooperation. Moreover, the demand for supervisory MOUs with foreign regulators will grow as regulators look to share information and exchange views in cross-border supervisory matters.

Technical Assistance

OIA provides technical assistance to foreign securities regulators through a number of activities, such as conducting the annual Institute for International Enforcement and the International Institute for Market Development; holding training programs for foreign regulatory and law enforcement counterparts; providing assessments or “peer reviews” of other entity’s regulatory oversight regimes; and handling special projects including foreign visits to the SEC and arranging for foreign authorities to accompany SEC staff on examinations.

FY 2017 Request

OIA is requesting one new position for the international enforcement cooperation and assistance section, to enable the enforcement cooperation team to more effectively respond to Division of Enforcement and foreign requests for assistance in the area of investigation and litigation support.

OIA is also seeking a new position in the regulatory policy area, due to the increasing number of projects undertaken by the international organizations in which the Commission participates, a heightened level of bilateral engagement with foreign authorities, and an increased intensity of multilateral assessment processes which will begin as more international standards are developed by standard-setting bodies.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
SEC Enforcement Division Requests to SEC OIA for International Assistance ¹	929	897	946
Responses to Foreign Requests for SEC Enforcement Assistance ²	531	570	570
Number of International Regulatory and Law Enforcement Officials Trained ³	1,666	1,700	1,800
SEC Requests for Supervisory Cooperation Assistance ⁴	135	139	143
Responses to Foreign Requests for SEC Supervisory Cooperation Assistance ⁵	113	116	120
International Regulatory Initiatives ⁶ (including regulatory initiatives)	132	140	150
Total Full-Time Equivalents	49	53	55

¹ OIA's FY 2017 projection uses a linear trend line analysis of the results for the last five years.

² As with the Division of Enforcement's Requests to OIA, OIA's FY 2017 projection for Responses to Foreign Requests uses a linear trend line analysis of the results for the last five years.

³ The FY 2016 and FY 2017 figures are contingent on the availability of sufficient domestic and foreign resources.

⁴ OIA projects a three percent increase in the number of requests for supervisory cooperation assistance from SEC staff, including the Office of Compliance Inspections and Examinations, the Office of Credit Ratings, and the Division of Trading and Markets.

⁵ OIA projects a three percent increase in the number of foreign requests for the SEC assistance in supervisory matters.

⁶ The Regulatory Policy Unit revised its workload tracking system in FY 2015 to improve reporting consistency. For this purpose, the Regulatory Policy Unit tracks bilateral and multilateral engagements for the Chair, Commissioners, and OIA senior staff that the Regulatory Policy Unit coordinates and supports. The Regulatory Policy Unit also supports staffs throughout the agency on internal projects with international aspects and international projects that are not quantified in this tracking mechanism.

Office of Administrative Law Judges

(DOLLARS IN THOUSANDS)	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	14	13	13

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
0	13	0	0

The Office of Administrative Law Judges (OALJ) supports the mission of the SEC by conducting administrative hearings and issuing initial decisions from Commission Orders Instituting Proceedings.

Administrative Law Judges serve as independent adjudicators. Under the Administrative Procedure Act and the Commission’s Rules of Practice, administrative law judges conduct public hearings at locations throughout the United States in a manner similar to non-jury trials in the Federal district courts. Among other actions, they issue subpoenas, hold prehearing conferences, and rule on motions and the admissibility of evidence.

FY 2017 Request

In FY 2017, OALJ anticipates the Commission will institute and order public hearings in 230 proceedings, although the exact number and specific nature of these cases is unknown. This estimate reflects the increasingly heavy and complex caseload the Office has experienced in recent years. OALJ requests one attorney to help in addressing this caseload.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Proceedings Inventory:			
Pending Disposition Beginning of Year	96	90	80
Ordered for Hearing	226	230	230
Disposed	232	240	240
Canceled Before Hearing	56	60	60
Canceled After Hearing	0	0	0
Initial Decision Issued	176	180	180
Pending Disposition End of Year	90	80	70
Total Full-Time Equivalents	14	13	13

Office of the Investor Advocate

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	5	8	9

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
6	0	3	0

The Office of the Investor Advocate (OIAD) is required by Section 915 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and was established during FY 2014. The Office is responsible for, among other things, identifying areas in which investors would benefit from changes to Federal laws, SEC regulations, or the rules of self-regulatory organizations (SROs), and for providing assistance to investors in resolving significant problems they may have with the SEC or SROs.

Investor Advocacy: Consistent with the requirements of Section 915 of the Dodd-Frank Act, the Office is responsible for identifying problems that investors have with financial service providers and investment products; analyzing the potential impact on investors of proposed regulations and rules; identifying areas in which investors would benefit from changes in SEC regulations or SRO rules; and proposing changes in regulations, legislation, or administration of programs that may mitigate problems identified. The additional position requested in FY 2016 will provide counsel to the Investor Advocate on matters arising out of the Division of Corporation Finance.

Reports to Congress: The Office is responsible for submitting two reports to Congress per year. A Report on Objectives is due not later than June 30 of each year, and its purpose is to set forth the objectives of the Investor Advocate for the following fiscal year. A Report on Activities is due no later than December 31 of each year, and it describes the activities of the Investor Advocate during the immediately preceding fiscal year. Among other things, the Report on

Activities must summarize the most serious problems encountered by investors during the reporting period, identify any Commission or SRO action that was taken to address those problems, and recommend, as appropriate, any administrative and legislative actions to resolve problems encountered by investors.

Ombudsman: The Investor Advocate is required by Section 919D of the Dodd-Frank Act to appoint an Ombudsman who will act as a liaison between the SEC and any retail investor in resolving problems that retail investors may have with the SEC or SROs. The Ombudsman must also review policies and procedures and make recommendations to encourage the investing public and other interested persons to submit questions to the Investor Advocate regarding compliance with the securities law. The Ombudsman is also required to establish safeguards to maintain the confidentiality of communications between these persons and the Ombudsman. The Ombudsman must evaluate the effectiveness of this program and submit semiannual reports to the Investor Advocate for inclusion in the reports to Congress.

Investor Advisory Committee: The Investor Advocate serves as a member of the Investor Advisory Committee, which is authorized by Section 911 of the Dodd-Frank Act, as codified under Section 39 of the Exchange Act. This committee advises and consults with the SEC on regulatory priorities and protection of investors. The Office of the Investor Advocate provides support and assistance to this advisory committee to assist it with fulfilling its statutory mission.

FY 2017 Request

OIAD requests one additional attorney in FY 2017 to counsel the Investor Advocate on matters arising out of the Division of Investment Management, as well as to provide operational support to the Investor Advisory Committee (IAC). With this additional staff member, the Office will have

an attorney assigned to review and evaluate rulemakings in each of the major SEC rulemaking divisions. These attorneys function as OIAD’s subject-matter experts on issues related to their assigned divisions. In addition, they provide valuable assistance to the IAC on any issues related to their areas of expertise.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Investor Advocacy:			
SEC Rulemakings Reviewed	7	12	30
SRO Rulemakings Reviewed	12	83	100
Policy Recommendations ¹ to SEC, SROs, or Congress	5	6	8
Outreach Events/Speeches	16	18	12
Ombudsman:			
Investor Inquiries ²	499	625	800
Matters Opened	499	625	800
Matters Closed	394	575	750
Outreach Events/Speeches	8	12	16
Investor Advisory Committee Support:			
In-Person Committee Meetings	4	4	4
Subcommittee Meetings/Briefings	30	36	30
Total Full-Time Equivalents	5	8	9

¹ This includes only formal written recommendations of the Investor Advocate, not informal policy recommendations or advocacy. Pursuant to Exchange Act Sec. 4(g)(7), the Commission is required to respond to formal recommendations within 90 days.

² This includes all complaints, questions, and other contacts from investors. [“Investor Inquiries” and “Matters Opened” are the same number for our purposes – we do not distinguish between the two. Every “Investor Inquiry” generates a “Matter Opened.” The 499 “Investor Inquiries” and “Matters Opened” for FY 2015 represent the number of initial matters (initial complaints, questions, and other contacts) from investors. Follow-on matters (repeated calls/emails, duplicate requests, additional questions on the same matter, etc.) are not included in the 499]

Office of Credit Ratings

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	37	45	48

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
11	34	2	1

The Office of Credit Ratings (“OCR” or the “Office”) is charged with administering Commission rules with respect to the practices of nationally recognized statistical rating organizations (NRSROs). These rules are aimed towards promoting accuracy in credit ratings issued by NRSROs, ensuring that credit ratings are not unduly influenced by conflicts of interest, and helping to ensure that firms provide greater disclosure to investors. In support of this mission, OCR conducts policy oversight of NRSROs and conducts examinations.

OCR is responsible for presenting recommendations to the Commission on policy and rulemaking with respect to NRSROs, consulting with other SEC divisions and offices as appropriate. OCR also works to: (1) implement rules pertaining to NRSROs; (2) develop recommendations on requests for Commission exemptive relief from the rules; (3) prepare responses to requests for staff “no-action” relief from the rules; and (4) formulate staff guidance and other interpretive positions.

Examination of NRSROs for compliance with the Federal securities laws and Commission rules accounts for the majority of OCR’s workload. The Dodd-Frank Act requires that OCR conduct an examination of each NRSRO at least annually, in eight review areas prescribed by the Act.

OCR also conducts special targeted examinations based on particular issues and to follow-up on tips, complaints, and NRSRO self-reported incidents. OCR employs a risk-based approach to exam planning, identifying different risks for different NRSROs so that resources are

prioritized and appropriately focused on areas of higher risk. The examinations of the larger or more complex NRSROs are staffed with a quantitative analyst to provide analytical support directly alongside the examination teams. The Office also participates in discussions with international regulators of the globally-active credit rating agencies to determine potential areas of focus for domestic NRSRO examinations.

OCR’s annual examinations in FY 2016 will include a comprehensive review of NRSROs’ compliance with the comprehensive new rules and rule amendments. OCR expects that the FY 2017 examinations will include a significant amount of testing and follow-up to ensure that the NRSROs are complying with the new rules. OCR will further review registrants’ technological initiatives, cybersecurity governance, and risk assessment processes relating to access rights, data loss prevention, vendor management, training, and incident response. In addition, OCR will further evaluate credit models quantitatively and qualitatively and will initiate specialized examinations to conduct sweeps and targeted examinations as appropriate.

When necessary, OCR’s examinations will result in a referral to the Division of Enforcement. Since June 2012 when OCR was formed, there have been three settled enforcement matters against NRSROs.

Separate from the examination function, the NRSRO monitoring and constituent monitoring functions within OCR are responsible for gathering, analyzing, and assessing data and identifying trends across the industry. This information

may be useful for examination scoping, determining and communicating best practices for NRSROs, and guiding the direction for future policy activities or rulemakings related to NRSROs. As part of the monitoring activities, OCR meets with NRSRO boards of directors (including a separate discussion with the independent directors) to engage them in broader policy discussions. OCR also holds meetings with investors, issuers, arrangers, industry trade groups and other market participants.

The OCR monitoring function is also responsible for:

- reviewing applications for registration as an NRSRO and applications to register for an additional asset class or classes, and then developing recommendations for the Commission;
- reviewing the annual and periodic updates submitted by existing registrants on Form NRSRO;

- reviewing the NRSRO Employment Transition Reports for former employees of NRSROs; and
- receiving tips from NRSROs that are reported pursuant to Section 15E(u) of the Securities Exchange Act.

FY 2017 Request

For FY 2017, the SEC is requesting two additional Securities Compliance Examiners positions for OCR. These new positions will establish a dedicated team to focus on specialized, targeted examination work and to be responsive to market events that require immediate attention. OCR's risk assessments identify different risks for different NRSROs, and many of the identified issues require follow-up through targeted examination work on an expedited basis. This specialized examination team will bolster OCR's examination function and allow OCR's other examiners to focus on the statutorily-mandated, annual examinations of each NRSRO.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Annual Examinations and Other Examination Compliance Activities	20	30	23
Studies, Reports and Related Matters	7	8	8
Regulatory and Legislative Initiatives	1	12	12
Orders and No-Action Letters	3	10	10
Monitoring Meetings	46	46	50
Form NRSRO – Initial Applications and Annual Certifications	47	47	47
Enforcement/TCR	40	44	48
International Activities	38	43	45
Business Processes	30	35	37
Total Full-Time Equivalent	37	45	48

Office of Municipal Securities

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	6	7	8

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
4	2	2	0

The Office of Municipal Securities (OMS) was created in FY 2012 as an independent office that reports directly to the SEC Chair, as required by Sec. 979 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). OMS is responsible for overseeing the \$3.7 trillion municipal securities market and administering the Commission's rules pertaining to municipal securities brokers and dealers, municipal advisors, investors in municipal securities, and municipal issuers. OMS also coordinates with the Municipal Securities Rulemaking Board (MSRB) on rulemaking and enforcement actions.

OMS coordinates the SEC's municipal securities activities, administers SEC rules relating to the municipal securities market, oversees MSRB rulemaking, informs the Commission on current market issues, advises the Commission on policy matters relating to the municipal securities market, and provides technical assistance in the development and implementation of major SEC initiatives in the municipal securities market. OMS assists other SEC offices and divisions, including the Office of Compliance Inspections and Examinations (OCIE) and the Division of Enforcement (ENF), on a wide array of municipal securities matters. OMS monitors current developments and emerging risks in the municipal securities market and communicates its observations and conclusions to other SEC offices and divisions and other regulators for possible regulatory responses. OMS's workload is anticipated to grow due to the expanding responsibilities of OMS and the offices OMS directly supports, such as OCIE and ENF.

OMS has significant responsibilities derived from the implementation of Sec. 975 of the Dodd-Frank Act, which amended the Exchange Act to require the registration of municipal advisors with the SEC and provided for their regulation by the MSRB. OMS continues to implement the final rules adopted in FY 2013 for municipal advisor registration by monitoring and improving the SEC's registration system for municipal advisors, participating in the review of municipal advisor registrations, reviewing and processing MSRB rule filings related to municipal advisor regulation, advising OCIE regarding inspections and examinations of municipal advisors, coordinating with the MSRB and FINRA to assure fair and uniform application of new rules applicable to municipal advisors, and providing interpretive guidance to those market participants who may be required to register as municipal advisors.

In addition, OMS acts as the Commission's liaison to the MSRB, FINRA, the Internal Revenue Service's (IRS) Office of Tax-Exempt Bonds, and a variety of investor and industry groups and regulators on municipal securities issues. OMS interacts closely with the MSRB and is responsible for reviewing and processing all MSRB rule filings. OMS communicates with the MSRB Chairman, Board and staff concerning MSRB activities, market developments, and potential improvements of MSRB systems that either collect information for regulators or provide information to the public. OMS will continue to lead semiannual meetings with the MSRB and FINRA regarding the municipal securities market, as required by the Dodd-Frank Act; meet with MSRB and

FINRA staff regularly; meet with IRS staff pursuant to the SEC’s memorandum of understanding with the IRS; and coordinate with other regulators as needed. OMS also will continue to work closely with the municipal securities industry to educate state and local governmental officials and conduit borrowers about the Commission’s rules and to foster a thorough understanding of the Commission’s policies among all market participants.

FY 2017 Request

OMS is requesting one new attorney position to support the office’s responsibilities mandated by Sec. 979 of the Dodd-Frank Act. Specifically, the additional staff position will support OMS’s considerable responsibilities to implement the new regulatory regime for municipal advisors as described above.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
SRO Proposed Rule Changes Reviewed ¹	16	16	18
SEC Rulemaking and Interpretive Actions	0	2	3
Interpretive, Exemptive, and No-Action Request Letters Closed	0	1	1
Reviews of Potential Enforcement Actions	15	17	20
Congressional, Governmental, Industry, and Public Correspondence and Inquiries ²	800	800	900
Public Awareness and Market Outreach	28	30	35
Municipal Advisors ³			
Registrants	666	750	800
Registration Applications Filed	421	134	100
Registration Amendments Filed	539	1,000	1,120
Registrations Withdrawn or Canceled	35	50	50
Total Full-Time Equivalents	6	7	8

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

² This data combines correspondence and telephone/Internet inquiries.

³ This data reflects the expanded responsibilities assigned to the Commission for oversight of municipal advisors (firms and sole proprietors) by the Dodd-Frank Act. In addition, approximately 4,000 natural persons engaged in municipal advisory activities were registered on Form MA-1 in FY 2015.

Agency Direction and Administrative Support

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters			
Agency Direction			
Office of Executive Staff	43	40	41
Office of Public Affairs	10	12	14
Office of the Secretary	20	23	24
Subtotal	73	75	79
Administrative Support			
Office of the Chief Operating Officer	25	16	18
Office of Financial Management	97	101	102
Office of Information Technology	165	174	181
Office of Human Resources	117	121	131
Office of Acquisitions	58	58	58
Office of Support Operations	99	102	105
Office of Strategic Initiatives	0	15	15
Office of the Ethics Counsel	15	16	16
Office of Minority and Women Inclusion	8	8	9
Office of Equal Employment Opportunity	11	11	11
Subtotal	595	622	646
Total Full-Time Equivalents	668	697	725
Cost:			
Salaries and Benefits	\$ 146,729	\$ 173,738	\$ 184,600
Non-Personnel Expenses	125,380	121,566	123,835
Total Costs	\$ 272,109	\$ 295,304	\$ 308,435

This section of the FY 2017 request details the SEC's agency-wide executive activities, operations and administrative functions and covers the following areas:

- Agency Direction:** Includes the Chair and Commissioners' offices, Office of the Legislative and Intergovernmental Affairs (OLIA), Office of Public Affairs (OPA), and Office of the Secretary.
- Office of the Chief Operating Officer:** Provides executive leadership in directing the management and coordination of the SEC's core mission support activities.
- Office of the Ethics Council:** Administers the Commission's Ethics Program and interprets the SEC's Supplemental Ethics Rules as well as Federal Government-wide ethics laws, rules and regulations.
- Office of Minority and Women Inclusion:** Develops standards for all agency matters relating to diversity in management, employment, and business activities.
- Office of Equal Employment Opportunity:** Ensures that employees and applicants for employment have equal opportunity in employment.

Agency Direction

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters			
Office of Executive Staff	43	40	41
Office of Public Affairs	10	12	14
Office of the Secretary	20	23	24
Total Full-Time Equivalents	73	75	79

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
17	9	43	10

Agency Direction is comprised of the Commissioners and their staff, as well as the Office of Legislative and Intergovernmental Affairs (OLIA), the Office of Public Affairs (OPA), and the Office of the Secretary (OS). The Chair's Office oversees all aspects of agency operations, as well as the review and approval of enforcement cases and formal orders of investigation and the development, consideration, and execution of the agency's substantive policy and rulemaking agenda. Matters such as the proposal or adoption of new rules and the consideration of enforcement cases are performed by the Chair and the Chair's staff as well as the agency's four other Commissioners and their staffs.

OLIA serves as the liaison between the SEC and Congress and is responsible for responding to requests from Congress for information related to agency programs and legislation affecting the SEC or its mission. OLIA also coordinates the testimony of SEC officials when the agency is asked to testify at Congressional hearings. OPA coordinates and facilitates the agency's external and internal communications with the media, the general public, and SEC staff. OS reviews all documents issued by the Commission, schedules and coordinates Commission meetings, prepares and maintains records of Commission actions, and advises the Commission and staff about practice and procedure.

Office of Legislative and Intergovernmental Affairs

OLIA is the SEC's point of contact for matters relating to Congress. Among other things, OLIA:

- coordinates testimony and witness preparation for SEC officials appearing at Congressional hearings;
- responds to requests by Members of Congress and their staff for meetings, briefings, and technical assistance on legislation and other matters affecting the SEC or its mission;
- responds to requests from Members of Congress and their staff for information concerning the operations and activities of the Commission; and
- assists in responding to Congressional correspondence.

In FY 2017, OLIA expects to coordinate the provision of technical assistance on legislation impacting the SEC or its mission or in response to Congressional requests for assistance, as well as to assist SEC witnesses in testifying before Congressional committees. OLIA also expects to provide information to Congress in response to oversight requests.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Commission Meetings	92	93	98
Calendar Items	616	630	650
Seriatim Actions	479	490	500
Congressional Testimonies	6	9	9
Chair's and Congressional Correspondence	1,493	1,690	1,690
Total Full-Time Equivalents	43	40	41

Office of Public Affairs

The Office of Public Affairs (OPA), under the direction of the Chair, is responsible for coordinating the SEC's external and internal communications with the media, the public, and SEC staff. OPA distributes news and information that informs the public and staff about the agency's efforts to protect investors; promote fair, efficient and orderly markets; and facilitate capital formation.

OPA manages development of and creates written and graphic content for all of the agency's digital platforms, including SEC.gov – which received more than 6.3 billion page views in FY 2015. In FY 2016 OPA will continue to expand our digital efforts to meet increasing demand. Significant undertakings will include the launch of a new internal communications platform, a new EDGAR search interface, and a new, mobile-friendly public website for researching investment professionals. The Office will also continue to respond to media inquiries, write and edit news releases and other materials, and facilitate media interactions with

agency officials to promote understanding of the agency's work in an increasingly dynamic marketplace.

FY 2017 Request

In FY 2017, OPA will work to continue to provide effective, transparent and timely communication with investors, market participants and other stakeholders. Especially as Americans are increasingly using mobile devices to access news, information, and services, the Office intends to place a continuing high priority on leveraging the Internet and other digital communication platforms and tools to communicate the SEC's achievements and priorities. Leveraging technology will also help increase staff efficiency, productivity, and effectiveness by facilitating the access, sharing, and analysis of information. Accordingly, OPA requests one additional position in FY 2017 to help provide strategic direction to our digital communication efforts, including continuous evaluation of our performance in a hyper-changing digital landscape to maximize our opportunities while minimizing duplication or redundancy.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
News Releases and Statements	295	200	200
Email and Mobile Bulletins	7,674	8,000	8,200
Social Media Posts ¹	6,227	6,500	6,800
Total Full-Time Equivalents	10	12	14

¹ Includes social media posts from various SEC Offices and Divisions that include SEC Twitter accounts, SEC Facebook accounts, and Flickr, YouTube, Pinterest, and LinkedIn SEC accounts. See www.sec.gov/news/socialmedia.shtml

Office of the Secretary

The Office of the Secretary (OS) reviews all documents issued by the Commission, schedules and coordinates Commission meetings, prepares and maintains records of Commission actions, and advises the Commission and staff about practice and procedure. OS directly supports the Commission staff, maintains the SEC's website and Intranet, and receives and tracks filings in administrative proceedings.

OS is comprised of two branches:

- (1) **Legal and Operations:** This branch handles all of the processes by which the Commission considers matters under its purview. Legal and Operations staff review all SEC documents submitted to and approved by the Commission and ensure their appropriate online and/or print publication. The branch receives and tracks documents filed in administrative proceedings, requests for confidential treatment, and comment letters on rule proposals, and monitors compliance with the Government in the Sunshine Act. In addition, members of this Branch provide advice to the Commission and the staff on questions of practice and procedure.
- (2) **Web Operations:** This Branch manages the public website's design and information architecture; publishes the content to the public website; processes all comment letters submitted by the public to the agency; serves as "webmaster" in communicating with the public about SEC.gov; and develops, implements, and manages tools, such as RSS feeds, to improve the dissemination of information on SEC.gov. The staff of the Branch of Web Operations works with the Office of Public Affairs to manage the Web content management system and to improve the user experience on the agency's website.

In FY 2016, OS expects to implement the first phase of a system to allow the intake of electronic filings from parties to administrative proceedings, to serve parties with Commission and ALJ orders, and to internally distribute filings electronically. The system, when fully complete, will provide a searchable public docket. Also in FY 2016, OS expects to release an initial update modernizing the internal system that manages information about Commission meetings, tracks Commission votes on action memoranda, monitors and processes seriatims, and tracks advice memoranda. In FY 2017, after implementation of these new systems, OS expects to consolidate and replace several antiquated internal systems, including the replacement of the current legacy administrative proceedings tracking system.

OS has consistently increased workload due to work produced by other offices and divisions. For example, in FY 2015, the Legal and Operations Branch experienced an 11 percent increase in releases processed and a 45 percent increase in administrative proceeding documents processed over FY 2014. Similarly, in FY 2015, the Web Operations Branch published approximately seven percent more documents to the public website than in the previous fiscal year. Furthermore, the agency's rulemaking agenda and enhanced enforcement program will have a significant impact on OS in FY 2016 and FY 2017, as all enforcement actions, examination reports, and rulemakings flow through OS.

FY 2017 Request

OS requests one additional position in FY 2017 to meet the additional workload placed on OS from the increased activities of other divisions and offices in both FY 2016 and FY 2017. This additional staff member will be necessary to process the releases, notices, orders and other documents produced.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Releases Processed	5,217	5,700	6,300
Public Comment Letters Processed	231,717	250,000	275,000
SEC Web Pages Viewed (in millions) ¹	N/A	N/A	N/A
Searches on SEC Website (in millions)	9,355	10,300	11,500
Documents Posted on Website	5,755	5,900	6,100
Administrative Proceedings Items Processed	6,815	7,500	8,250
Service of Process – Administrative Proceedings	12,161	13,400	14,700
Total Full-Time Equivalent	20	23	24

Note: The SEC Library organization was moved from the Office of the Secretary to the Office of the Chief Operating Officer in FY 2015 in a Congressionally-approved reprogramming action.

¹ This metric is no longer reported by the Office of the Secretary. The Office of Public Affairs reports page views of SEC.gov.

Office of the Chief Operating Officer

(DOLLARS IN THOUSANDS)	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters			
Office of the Chief Operating Officer	25	16	18
Office of Financial Management	97	101	102
Office of Information Technology	165	174	181
Office of Human Resources	117	121	131
Office of Acquisitions	58	58	58
Office of Support Operations	99	102	105
Office of Strategic Initiatives	0	15	15
Total FTE	561	587	610

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
4	0	11	595

The Office of the Chief Operating Officer (OCOO) develops, coordinates and provides strategic leadership and operational oversight of the SEC’s core mission support activities and compliance with the GPRA Modernization Act of 2010 and other requirements imposed by Congress and the Executive Branch.

In FY 2015, the Office of the Chief Operating Officer (OCOO), and the offices that comprise it, embraced a **new vision:**

To be an exemplary service and support organization with a proven reputation as a valued partner that enables the SEC to perform its critical work on behalf of investors.

The vision is supported by four “pillars,” or guideposts marking the route to becoming an exemplary service and support organization:

- Create an Energizing Work Environment
- Increase Public Trust Through the Highest Standards of Integrity and Accountability

- Deliver Extraordinary Solutions and Services for our Customers
- Be Excellent in All We Do.

Accordingly, the OCOO’s mission is accomplished by the coordinated activities of its six mission support offices:

- **Office of Financial Management (OFM):** Responsible for directing the SEC’s financial management, formulation and execution of its budget, monitoring resource utilization, developing and maintaining financial systems, and managing financial statements and reporting.
- **The Office of Information Technology (OIT):** Responsible for developing and executing the agency’s enterprise IT strategy and programs, including application development, infrastructure operations and engineering, user support, program management, capital planning, information security, and enterprise architecture.

- **The Office of Human Resources (OHR):** Responsible for the SEC’s strategic management of its human capital, including the capacity to recruit, train, develop, reward and retain a talented, multifaceted workforce. OHR collaborates closely with the National Treasury Employees Union on labor relations issues.
- **The Office of Acquisitions (OA):** Responsible for executing and overseeing the SEC’s acquisition strategy, including contract administration and management, compliance with procurement policies, and acquisition workforce certification, training and support.
- **The Office of Support Operations (OSO):** Responsible for managing the agency’s Freedom of Information and Privacy Act (FOIA) requests and official records. OSO also conducts activities that support the physical safety and security of the SEC’s Federal and contractor staff, and strategic management of the agency’s facilities, space, office supplies, transportation, mail distribution and in-house print operations and publications.
- **The Office of Strategic Initiatives (OSI):** Responsible for providing specific senior level focus on identified functions and programs requiring modernization or transformation and which have strategic value to the carrying out of the SEC’s mission. OSI is also responsible for the governance, oversight and management of the ongoing investments in information sources, both physical and electronic, as well as data used by the agency in support of its analytics.

Additionally, the OCOO has a small, core staff that performs specialized activities and functions to further enable the six mission support offices to successfully carry out the SEC’s mission.

In FY 2017, OCOO remains on track to meet the following strategic objectives defined in the SEC’s Strategic Plan:

- Promote a results oriented work environment that attracts, engages, and retains a technically proficient and diverse workforce, including leaders who provide motivation and strategic direction.
- Encourage a collaborative environment across divisions and offices and leverages technology and data to fulfill its mission more effectively and efficiently.

- Maximize the use of agency resources by continually improving agency operations and bolstering internal controls.

In order to accomplish its mission, the OCOO is focused on delivering direct and robust support in five specific areas:

- **Operational risk and internal control:** OCOO will continue to improve the management of operational risk by applying a rigorous and consistent process for all divisions and offices to identify, assess, manage and report operational risks and institute effective internal controls. The OCOO will continue to support all divisions and offices through direct technical assistance as well as oversee business process re-engineering initiatives throughout the agency.
- **Audit Coordination and Follow-up:** OCOO will continue to manage communications between the SEC and audit organizations and support the timely completion of corrective action on audit recommendations.
- **Internal communications:** OCOO will continue to lead internal communication efforts that promote high rates of employee awareness and participation in agency-wide initiatives and programs.
- **Small Office Managing Executive support:** OCOO will continue to support small offices throughout the Agency by providing administrative and management support, enabling those offices to focus on their specific missions.
- **Project and program management:** OCOO will continue to enhance project management standards and best practices throughout the agency by providing leadership, tools, and guidance to project managers.

FY 2017 Request

In FY 2017, OCOO will need to maintain the same staffing levels in four of the five focus areas articulated above and will seek to increase the Small Office Managing Executive support area by one position. This additional position will support the increase from five to six offices benefiting from Small Office Managing Executive Support and will also support a number of planned Small Office technology initiatives.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Percentage of Management Assurance Statements providing an Unqualified Opinion	100%	100%	100%
Number of operational controls managed through the Operational Risk Management Program	550	560	570
Number of audits facilitated	36	30	30
Number of projects and operational activities supported	118	110	110
Number of SharePoint sites/pages created and/or administered	16	20	23
Number of SEC Today articles, reminders, and daily emails distributed	2,867	2,740	2,800
Number of digital signage slides and announcements	600	625	650
Total Full-Time Equivalents	25¹	16	18

¹ The Office of Strategic Initiatives (OSI) was formalized within the Office of the Chief Operating Officer in FY 2016, therefore lowering OCOO's FTE between FY 2015 and FY 2016.

Office of Financial Management

The Office of Financial Management (OFM) is responsible for the SEC's financial and budgetary operations. OFM maintains the agency's financial systems and prepares financial statements and reports; manages the formulation and execution of the SEC's annual Budget; coordinates the agency's performance and cost reporting; and oversees internal controls over financial reporting.

In FY 2015, OFM reevaluated its business processes and bolstered controls related to the timely recording of court judgments impacting the financial statements. OFM is also in the early stages of implementing a disgorgement and penalty sub-ledger system which will allow for significantly more automation and reporting in the area of disgorgement and penalties. SEC also participated in the Federal government-wide deployment of a new travel system.

During FY 2016 and FY 2017, OFM will concentrate on further improving other systems that support the SEC's financial processes and controls. OFM will continue efforts to modernize the systems supporting filing fees and property and equipment. In addition, OFM will work to replace the system supporting the SEC's budget execution and formulation functions. Finally, the SEC is in the early stages of building a financial data mart, which when completed will integrate data from various systems for more comprehensive financial and management reporting.

FY 2017 Request

OFM expects to complete the build-out of the Internal Controls Branch in FY 2017 and has therefore requested one additional position. Management's self-assessment of internal controls was previously a fully outsourced function. Given the emphasis on management self-assessing its own controls, OFM has been gradually transitioning to an in-house assessment function, and this additional staff member will allow the Office to finish that transition.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Accounting and Finance			
Quarterly/Annual Financial Statements Issued ¹	36	36	36
Financial Transactions Analyzed ²	6,376,672	7,140,000	7,990,000
Analysis and Reconciliation Reports Prepared ³	6,417	6,500	6,600
Full-Time Equivalents	85	88	89
Planning and Budget⁴			
Number of External Budget Meetings Attended	32	24	24
Number of Conference Requests Approved	103	93	93
Percent of Reserve Fund Letters Delivered to Congress on Time	100%	100%	100%
Full-Time Equivalents	12	13	13
Total Full-Time Equivalents	97	101	102

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

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

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

⁴ The workload items for Planning and Budget have been added, beginning in FY 2015.

Office of Information Technology

Information Technology (IT) plays a critical role in the mission of the SEC and its ability to share information and data both internally and externally. The increasing size and complexity of U.S. markets require that the SEC continue leveraging technology to streamline operations and increase the effectiveness of the agency’s programs, building on the progress made over the past several years in modernizing technology systems. In FY 2017, the Office of Information Technology (OIT) will continue its leadership role in the SEC’s application development, infrastructure operations and engineering, user support, IT program management, capital planning, security, and enterprise architecture.

OIT leads the agency’s efforts to develop systems that will allow a wide variety of data and other information from a variety of sources, including corporate disclosures, equity exchange feeds, investigations and examinations, tips, complaints, and referrals, and commercial vendors, to be gathered, shared, analyzed, and joined with other information about the same entity or individual. Data management and analysis is critical in identifying and assessing potential risk

to investors and the U.S. financial markets. The continued growth in the size and technological complexity of the U.S. markets requires that the SEC leverage technology to facilitate its critically important quantitative and data analytic efforts.

Information technology is an increasingly vital function to the SEC in modernizing filing practices, disseminating the vast quantity of regulatory filings, managing the large number of internal business processes and work products, and protecting the Commission’s information assets. Since FY 2013, online searches for Electronic Data Gathering Analysis Retrieval (EDGAR) filings have more than tripled from 3 million to 9.4 million at the end of FY 2015. OIT requires additional resources to keep pace with the increasing demand and to better execute technology initiatives in support of the SEC mission.

In FY 2017, OIT will pursue IT investments that focus on improving the agency’s ability to analyze data to uncover potential violations of the securities laws; improving agency business processes, including in Enforcement and Examinations; improving the usability of agency information for the public; and further strengthening our information

security program to counter advanced persistent threats and enhance monitoring of SEC systems. Specific projects include efforts to:

- Enhance data analytics and reporting – to provide a Web-based solution that will enable SEC registrant disclosures to be analyzed much more quickly and comprehensively;
- Improve the eXtensible Business Reporting Language (XBRL) Distribution System for EDGAR users, to help facilitate the submission and use of this key data;
- Enhance the SEC’s quantitative research infrastructure by offering a scalable, multi-tier solution to identify and analyze key risks in the securities markets;
- Address new reporting requirements included in Commission-approved rulemaking;
- Bolster the document management system by adding an automated records management system to facilitate compliance with Federal records management statutes;
- Leverage the data produced by business intelligence tools that enhance the agency’s ability to track key performance indicators;
- Implement enhanced data analytical systems for investment adviser data;
- Strengthen cybersecurity and continuous monitoring; and
- Continue the agency’s focus on cloud technology

Reserve Fund

In FY 2017, the SEC intends to continue using its Reserve Fund to fund large, multi-year, mission-critical technology projects. The SEC plans to use the Fund for the following programs:

- Data Analytics;
- EDGAR Enhancements;
- EDGAR Redesign;
- Enforcement, Litigation, and E-Discovery;
- Examination Management;
- SEC.gov modernization;

- TCR enhancements; and
- Business process improvements.

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

The multi-year effort of overhauling EDGAR will create a new, modernized system that will, among other things, meet requirements for real-time system updates, reduce filer burden by providing simplified search and filing options based on filer experience (i.e., professional or novice), improve data capture by moving to structured formats for various SEC forms that will reduce the burden of producing and consuming the data, and limit the long-term costs of operating and maintaining the system.

In FY 2017, OIT will help the Division of Enforcement develop systems supporting its efforts in early detection of violations of securities laws, investigations, and litigation. Investments planned for FY 2017 for the Enforcement program include:

- expanding an enterprise document management system for users in Enforcement and throughout the agency, and possible integration with other legacy systems;
- enhancing a large file transfer capability to permit the electronic transmittal of data directly from entities to replace the current mode of submitting data devices;
- modernizing the current tools used to collect Blue Sheets trade data from market participants;
- expanding the Division of Enforcement’s e-discovery approach, to include an early assessment of documents and the consolidation of e-discovery into a single solution; and
- expanding the enterprise data analytics platform to better detect large scale trading abuse.

For FY 2017, OIT will assist the Office of Compliance Inspections and Examinations in the modernization of its primary business systems, such as enhancing the examination management platform, implementing advanced analytics tools and operations such as the High-Frequency Analytics Lab (HAL), supporting the Technology Controls Program’s (TCP) testing center and registrant auditing system, and deploying

a Registrant Tracking Solution. These tools will provide OCIE staff with a greater ability to detect trends and emerging fraud risks, with the goal of enabling the SEC to allocate and direct examination resources more effectively.

FY 2017 funding will also support enhancements to the system that manages Tips, Complaints and Referrals (TCRs), aimed towards providing a more capable and user-friendly system with increased flexibility, configurability, and adaptability. The enhancements will provide flexible and comprehensive intake, triage, resolution tracking, searching, and reporting functionalities with full auditing capabilities.

OIT will build on the enterprise-wide platform to rapidly automate business process workflows to streamline communication, reinforce accountability, and adapt to changing business needs and legislative requirements while minimizing costs due to manual errors and inefficiency.

FY 2017 Request

The eight OIT positions requested will provide technology support in the following areas: cloud and outsourcing management (2), business and technical

analysis (1), information security/monitoring (1), infrastructure management (1), platform management (2), and program and project management (1). Specifically, the cloud and outsourcing management positions will serve as experts in engineering and managing data management initiatives related to data quality, and data integration focusing on enterprise architecture, transitioning to cloud computing and data management. The business and technical analysis position will perform duties related to managing and providing oversight of contracts and conducting contract initiation activities, evaluating proposals and leading technical evaluation panels. The information security/monitoring position will perform continuous monitoring across the Commission and assist system owners in remediation activities and maintain metrics to demonstrate overall risk profile compared to set thresholds. The infrastructure management and support position will perform duties related to receiving, processing, and disposal of IT property and equipment, to include administration of the IT property management database. The platform management positions will focus on developing technologies that are scalable, secure and fit with the overall enterprise standards. The program and project management position will function as the Portfolio Manager for Enforcement.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
EDGAR Filings, Disclosure and Review			
Online Searches for EDGAR Filings (in millions) ¹	9,354	9,240	14,000
Number of Electronic Filings Received (in millions) ²	1.8	2.0	2.2
Internal Process Improvements and Employee Productivity			
User Requests for Helpdesk Assistance	119,084	140,000	145,000
Amount of Network-Based Storage (Terabytes) ³	17,360	19,200	21,500
Network Users	6,589	6,750	6,750
Information Security and Disaster Recovery			
Percentage of Major Systems Certified and Accredited	100%	100%	100%
Filer Technical Support			
Technical Support Internet and E-mail Inquiries	241	400	440
Technical Support Telephone Inquiries	17,325	19,000	20,000
Total Full-Time Equivalents	165	174	181

¹ In FY 2017, N-Port is expected to generate a significantly increased number of filings.

² This workload metric includes both the live and test files received. The peak record received is 21,000 filings for one day and 3,400 for one hour.

³ It is currently unknown how much of a storage impact changing to a Virtual Desktop environment will have. Estimates on specific growth are currently not available and may be adjusted once there is a better understanding of the virtual platform requirements.

Office of Human Resources

The Office of Human Resources (OHR) provides operational and consulting services in the areas of recruitment, staffing, organizational development, leadership and employee development, compensation and benefits administration, position management and classification, workforce planning, and labor relations.

In FY 2015, OHR achieved significant success in meeting goals established in its recruitment and hiring action plan. OHR implemented a series of enhancements that streamlined the hiring process and significantly reduced the hiring timeline and increased the Office's marketing and outreach activities via social media outlets.

Also in FY 2015, OHR automated previously labor-intensive, manual processes to improve efficiencies for multiple OHR programs. In addition to the deployment of these automation tools, OHR also developed and began deployment of a comprehensive, single-source repository for all personnel data. OHR will continue to develop and implement organizational changes to reengineer, streamline, and automate its internal processes.

To further enhance the SEC's recruitment goals, the OHR will finalize the SEC Workforce Plan in FY 2016. The Workforce Plan will enhance the SEC's ability to maximize current use of talent by identifying, reducing and eliminating competency gaps or deficiencies to ensure the agency has the right talent in the right place at the right time. Also, the OHR staff will continue to conduct human capital reviews with the SEC divisions and offices. These reviews provide an overview of the status of various aspects of human capital activities, including long and short-term trends; use of various OHR programs and services; and areas where organizations may want or need additional assistance from OHR. Additionally, OHR will continue to implement agency-wide action plans for improving employee engagement and satisfaction as measured by the Federal Employee Viewpoint Survey (EVS).

SEC University (SECU) continued to build upon its suite of e-learning, training, and educational resources covering securities market structure and trading issues, legal and accounting skills, investor protection, regulatory oversight, management strategies, and other areas needed for effective operations.

FY 2017 Request

To ensure fulfillment of strategic objectives, OHR is requesting an increase of 11 positions in FY 2017. The eleven positions will support the recruitment, development and retention of a competent, high-performing and diversified SEC workforce in the following areas: (2) recruitment and staffing, (2) benefits administration, (2) leadership and professional development, (2) organizational development, (2) labor relations and performance management and (1) payroll and business program management.

The recruitment and staffing positions will support the SEC hiring process in attracting highly-talented and technically proficient workforce as the agency continues to grow in size. The SEC provides a cadre of benefits programs to enhance the workforce and increase retention, the benefits positions will perform duties related to the administration, management, and oversight of various benefit programs.

The positions in organizational development and leadership development will continue to support the agency in developing a dynamic and innovative workforce and promoting leadership and knowledge management. The focus in these areas will concentrate on current and future employee skill and competency needs to ensure the agency has access to the knowledge and skills necessary to respond to market changes and agency requirements.

The labor relations and performance management positions will assist with managing union employee matters and the implementation of an agency-wide performance management system. The payroll and business program management position will provide support to the payroll program including time and attendance along with performing duties related to managing the business operations of OHR.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Personnel Actions Processed ^{1,2}	27,906	29,300	30,800
Recruitment Actions ³	739	780	820
Training Sessions Held ⁴	1,070	1,050	1,050
Number of Training Session Attendees	31,369	31,000	31,000
Studies, Reviews, and Policies Issued ⁵	445	570	620
Total Full-Time Equivalents	117	121	131

¹ FY 2015 data reports personnel actions completed.

² FY 2016 projections are based solely on FY 2015 personnel actions completed and five percent growth in personnel actions each fiscal year, with rounding. FY 2017 projections reflect anticipated five percent growth, with rounding.

³ FY 2015 numbers are a count of vacancy announcements plus excepted appointments made without a posting. For FY 2015 this includes 585 postings (includes 49 students postings) and 154 excepted appointments without postings. FY 2016 projections reflect recruitment actions required for new FTE and replacement of attrition.

⁴ FY 2015 data is the total number of actual instructor-led training sessions held by SEC. In prior years, self-directed on-line learning and individual external training were included in the calculation methodology of this workload item.

⁵ Data for studies, reviews and policies issued includes human resource policies issued, and reports and studies completed by the Human Capital Strategy Groups. Projections assume a 10 percent growth in workload. This workload item no longer includes employee relations cases or the Employee and Labor Relations Group. Data pertaining to employee relations cases are captured under the Office of the General Counsel.

Office of Acquisitions

The Office of Acquisitions (OA) is responsible for procuring all goods and services, except real property and employee training, for the SEC. OA provides oversight of the Government Purchase Card program and certification programs for Contracting Officer’s Representatives and Program Managers. OA is responsible for maintaining the on-site contractors’ database, closing out contracts, and the implementation and enforcement of specific Congressional legislation, Executive mandates, and other directives relating to procurement.

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

In FY 2016, OA plans to further strengthen internal controls over the contractual aspects of financial reporting by implementing an Electronic Contract File Project which, when fully

implemented, will result in greater ability to analyze contract information, facilitate telework, and reduce space footprint for paper files. The project will improve operations by enabling simultaneous access to documents by multiple users, reduce paper usage, improve records management efficiency and ensure all pertinent records are included in the official contract file. OA’s SharePoint site is also undergoing a redesign to improve usability. In FY 2017, OA plans on continuing the Contracting Officers’ Representative (COR) Improvement Initiative which is to create a more comprehensive COR Program that will provide efficient and functional control, transparency, and management of the COR program across the SEC. OA also will continue to enhance training and monitoring for the Program/Project Management programs.

OA’s workload continues to increase as the Office expands its contract administration functions and as the volume and complexity of contract awards increases. In FY 2017, OA will continue to seek savings in operations by:

- reducing the proportion of cost reimbursement, time and materials, and labor-hour contracts by converting to firm fixed price contracts, where appropriate;
- improving acquisition planning for recurring contracts to manage costs through review and adjustment of labor categories, where appropriate;

- seeking further discounts from GSA schedule vendors for awards made under the Multiple Award Schedule program;
- improving Strategic Sourcing through education and planning; increasing use of Enterprise Agreements and/or Longer Term Vehicles; and improving communication of existing vehicles to customers;
- pursuing improvements in acquisition planning early in the project life cycle;
- improving service contract assessments to achieve maximum value and efficiency, as well as proper balance between Federal and contracted positions;
- reducing expired contract liability and returning funds to SEC for re-allocation; and
- strengthening contract administration efforts such as invoice and quality reviews.

OA plans to continue to improve its oversight and reporting functions, including those related to the Acquisition Requisition Management System (ARMS) and the Small Business Program. OA will also continue to monitor and track Management Assurance controls and will manage the SEC's Contract Review Board, which reviews large dollar procurement actions to make sure the most effective contracting approach is taken. Based on current initiatives, it is likely that OA's workload will continue to increase, especially as we work to improve contract administration; however, OA will continue to drive internal operational efficiency and does not anticipate the need for additional staff.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Procurement Actions (Contracts and Purchase Orders)	2,844	2,930	3,020
Total Value of Contracts with Business Funded by SEC	\$ 424,670,158	\$ 436,960,000	\$ 450,070,000
Additional Value of Interagency Agreements Obligated (In Dollars)	\$ 35,661,045	\$ 36,730,000	\$ 37,830,000
GPC Cardholders Audited	113	110	110
Closeout Actions Processed	467	460	470
Dollars Recovered for Reuse (Closeouts & ULO De-obligations in Dollars)	\$ 25,547,346	\$ 24,870,000	\$ 25,620,000
CORs Managed	407	410	410
Small Business Actions Processed	1,810	2,340	2,340
Dollars Spent with Small Business	\$ 247,303,429	\$ 316,250,000	\$ 316,250,000
Percent Small Business Dollars (23% Federal-wide Minimum Goal)	59.40%	55%	55%
Multi-Agency Collaborative Actions	692	710	730
Multi-Agency Contract Value Awarded (In Dollars)	\$ 170,824,490	\$ 175,950,000	\$ 181,230,000
Total Full-Time Equivalents	58	58	58

Office of Support Operations

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

Office of FOIA Services (OFS): OFS is responsible for responding to requests for non-public records and public records not available on the SEC website under the Freedom of Information and Privacy Acts. OFS expects the large volume of FOIA requests to continue, as public and Congressional interest in the agency's mission and activities remains high. Over the past two years, SEC's FOIA requests have increased 17.5 percent on average. OFS estimates it will receive and process about 18,000 FOIA requests in FY 2017.

Office of Records Management Services (ORMS): ORMS maintains SEC records schedules and develops policies and procedures under the Federal Records Act and other records requirements. ORMS also coordinates the retrieval of non-active records from storage facilities and handles requests for certified copies of agency records. ORMS will implement electronic management of both permanent and temporary email records in FY 2017 in compliance with the Presidential Memorandum on Managing Government Records (M-12-18). Finally, ORMS is leading the agency's effort to modernize records management practices by automating processes that impact how electronic information is maintained, managed, and safeguarded.

Office of Security Services (OSS): The OSS is responsible for physical and personnel security, emergency management, safety, Continuity of Operations (COOP), HSPD-12, and National Security programs for the SEC. OSS also initiates and adjudicates background investigations for new personnel, as well as staff that need a higher security clearance. In recent years, OSS has established a risk

assessment and management program, which includes security assessments at both headquarters and the regional offices. The Emergency Management, Safety and COOP Branch manages a wide variety of programs, including the ongoing training requirements for SEC staff.

Office of Building Operations (OBO): OBO is responsible for publishing, printing and mail operations, facilities management, and construction and leasing services. In FY 2017, OBO will continue overseeing all activities required at each SEC location to provide agreed-upon tenant improvements. OBO will continue ensuring that costs and schedules are on target and buildings provide functional, usable space which meets applicable building codes and agency functional requirements.

Since 2011, the President has made it a priority for Federal tenants to optimize their real estate assets. Consistent with this objective, OBO will continue working with the General Services Administration in devising new approaches to increase space utilization across the SEC's real property portfolio.

FY 2017 Request

OSO is requesting three new positions in FY 2017. The first position will support the Physical Security Operations Branch to ensure the safety and security of SEC personnel and assets at the eleven Regional Offices, two data centers, and SEC Headquarters Office. Specifically, this position will be responsible for continuing the risk assessment and management program, remediating identified vulnerabilities, and enhancing regional office security systems.

OSO requests a second staff member for the Personnel Security Operations Branch (PERSEC) to assist with processing and adjudicating background investigations for SEC staff and supporting compliance with new requirements from the Office of Personnel Management and Office of the Director of National Intelligence. Finally, OSO requests an additional Security Specialist to help the SEC meet relevant continuity requirements.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Records Management – Official Certs	3,768	4,520	5,650
Records Management – Document Requests	1,391	1,100	1,300
FOIA Requests Carried Forward From Prior FYs	1,298	1,800	2,300
New FOIA/PA Requests Received	16,898	17,400	17,900
FOIA/PA Requests Completed	16,207	16,700	17,200
Security Services – Interim Suitability Determinations Made	2,815	3,000	3,300
Security Services – HSPD-12 Credentials Issued	3,281	3,550	3,800
Security Services – HSPD-12 Credential Certificates Updated	1,337	1,400	1,400
Print Production (Millions of Pages)	3.5	5	4
Total Full-Time Equivalents	99	102	105

Office of Strategic Initiatives

The mission of the Office of Strategic Initiatives (OSI) is to provide specific senior level focus on identified functions and programs requiring modernization or transformation and that have strategic value to the SEC’s mission. OSI is also responsible for the governance, oversight and management of the SEC’s ongoing investments in information sources, both physical and electronic, as well as data used by the agency in support of its analytics.

OSI is comprised of two Branches, the Information Services Branch (which includes the library) and the Information Portal Branch (which includes the SEC intranet, the Insider). The Information Services Branch is responsible for managing 151 data and information contracts in support of the SEC’s divisions/offices. Because of this function, OSI chairs the Data Working Group and the Information Services Working Group, each of which provides programmatic oversight of the agency’s associated ongoing investments in these areas. The Information Portal Branch is responsible

for establishing a new information portal for SEC staff, which will help facilitate knowledge management within the agency.

The Office is also responsible for specific strategic programs assigned to it by the COO, such as the EDGAR Redesign (ERD) program. ERD is a multi-year program which will define and deliver a modern electronic delivery solution and replace the existing EDGAR system. OSI also chairs the cross-agency ERD Governance Board, which provides agency input and oversight to this key strategic initiative.

FY 2017 Request

OSI requests one additional position for creating effective content to support the information services function as well as manage the evolving information content for the virtual library. The Information Services Branch will need a content management person well versed in creating and identifying content written and multi-media content appropriate for its information and knowledge management functions.

WORKLOAD DATA

Activity	FY 2015 Actual ¹	FY 2016 Estimate	FY 2017 Request
Public Reference – Visitors	—	1,000	1,000
Library Password Management – Active Passwords	—	28,000	34,000
Library Acquisitions – Contracts Managed	—	166	190
Library Reference – In-Depth Research Requests	—	250	275
Library Reference – Quick Reference Requests	—	1,880	2,340
Information Portal Branch			
Number of Insider Hits	—	110M	114M
Requests for Content Changes	—	2,500	3,000
Creating New Content	—	3,000	3,500
EDGAR Redesign			
Governance Board Meetings	—	12	12
Advisory Committee Meetings	—	24	24
Corp Fin '33 & '34 Act Meetings	—	30	45
Investment Management Meetings	—	12	24
ERD Technical & Functional Requirements Sessions	—	240	320
Total Full-Time Equivalents	—	15	15

¹ The Office of Strategic Initiatives (OSI) was established in FY 2016.

Office of the Ethics Counsel

(DOLLARS IN THOUSANDS)	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	15	16	16

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
0	0	0	16

The Office of Ethics Counsel (OEC) is responsible for administering the Commission’s Ethics Program and for interpreting the SEC’s Supplemental Ethics Rules as well as Federal Government-wide ethics laws, rules and regulations. OEC provides independent legal analysis and advice to the Chair, Commissioners, and divisions and offices on ethics issues. In addition, the OEC Compliance team manages personal trading requests for staff Commission-wide in compliance with the SEC Supplemental Ethics Rules and provides training and counseling on personal trading questions. OEC is also the SEC’s liaison with the United States Office of Government Ethics.

OEC expects its workload and responsibilities to increase as the overall workforce of the SEC increases and as the number of enforcement matters increases.

FY 2017 Request

The Office is requesting a new position for an experienced ethics attorney in FY 2017 to support its mandated ethics and compliance functions, including administering the Personal Trading and Compliance System; managing the financial disclosure program; and providing advice, counseling and training to the increasing numbers of SEC staff.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Ethics Counseling Inquiries ¹	6,946	7,640	8,400
Review of Public Financial Disclosure Forms ²	318	350	380
Commission Memoranda Review ³	1,200	1,320	1,450
Review of Confidential Financial Disclosure Forms ⁴	3,476	3,820	4,210
Clearance of 8b Requests ⁵	200	220	240
Pre-clearance of Requests for Trading ⁶	28,088	30,900	34,000
Employees Trained in Ethics ⁷	4,522	4,970	5,470
Review of SEC Forms 682 Financial Disclosure Forms ⁸	474	520	570
Total Full-Time Equivalents	15	16	16

¹ Assisting current and former employees with questions regarding ethics law, rule and regulation.

² Review of the OGE 278 forms of senior officials, including 278-T forms.

³ Reviewing all internal Commission Action memoranda to assist with conflict review.

⁴ Review of OGE 450 forms of SEC staff.

⁵ Analysis and processing of requests by former SEC employees to represent a party before the SEC.

⁶ Analysis, under supplemental regulations, of requests by SEC staff to purchase or sell securities.

⁷ Employees who received face to face or computer based training from OEC staff.

⁸ Review of the SEC Form 682 for onboarding employees.

Office of Minority and Women Inclusion

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	8	8	9

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
0	0	0	9

The Office of Minority and Women Inclusion (OMWI) is responsible for all matters related to diversity in management, employment and business activities at the SEC as required by Section 342 of the Dodd-Frank Act. The responsibilities of the Office include developing standards for equal employment opportunity and the diversity of SEC’s workforce (including senior management), facilitating increased participation of minority-owned and women-owned businesses in SEC’s programs and contracts, and assessing the diversity policies and practices of entities regulated by the SEC.

Diversity in SEC’s Workforce: Workforce diversity and inclusion continue to be an integral part of OMWI’s operations. Developing and implementing strategies to ensure that the SEC attracts a diverse, qualified talent pool at all levels of the organization, including the senior level, will be a priority. A key component of OMWI’s outreach and recruitment strategy will be to engage SEC staff, including the SEC Employee Resource Groups, Diversity Councils (one in headquarters and four in regional offices), managers and supervisors and regional offices.

In FY 2017, OMWI will explore strategies to address any residual triggers and barriers to equal employment opportunity that exist in the SEC’s workforce. To enhance multicultural competencies over time, training also will be a key component of OMWI’s diversity and inclusion strategy. OMWI will administer both instructor-led and on-line diversity and inclusion workshops to train our workforce on emerging issues relating to diversity. Finally, OMWI will continue to expand its partnerships and alliances, sponsorships, recruitments efforts, and outreach consistent with the requirements of Section 342.

Diversity of SEC’s Contracting and Business Activities: In FY 2017, OMWI will continue to promote the fair inclusion of minority-owned and women-owned businesses in the Agency’s business activities. Outreach, advocacy and education are the core components of the SEC’s supplier diversity program. OMWI will attend business opportunity events to attract diverse suppliers, provide technical assistance to minority-owned and women-owned businesses on navigating the SEC contracting process, and offer internal training on the supplier diversity program to SEC staff involved in contracting activities. Additionally, OMWI, in collaboration with the Office of Acquisitions (OA), plans to host vendor events to promote a wider pool of potential suppliers and to educate potential businesses of future contract opportunities.

In FY 2015, OMWI finalized the “good faith effort” (GFE) contract standard that requires contractors to demonstrate the fair inclusion of minorities and women in their workforce, as required by Section 342(c)(1) of the Dodd-Frank Act. By FY 2017, OMWI will have formalized the policies and procedures for monitoring contractor compliance with the GFE contract requirement, and will be conducting reviews to evaluate the fair inclusion of women and minorities within the workforce of existing contractors (and, as applicable, of subcontractors).

Diversity Policies and Practices of SEC Regulated Entities: In FY 2015, the SEC, along with the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Consumer Financial Protection Bureau (the Agencies) issued an

interagency policy statement establishing joint standards for assessing the diversity policies and practices of the entities they regulate (Joint Standards).

The Joint Standards provide a framework for regulated entities to create and strengthen their diversity policies and practices. The Joint Standards contemplate that regulated entities will conduct voluntary self-assessments of their diversity policies and practices at least annually, and submit information pertaining to their diversity assessments to their primary federal financial regulator.

In FY 2017, OMWI expects to continue: (1) developing a self-assessment tool for the SEC's regulated entities that could be used as an instrument for providing information pertaining to diversity assessments to OMWI; (2) meeting with industry trade organizations and advocacy organizations to solicit their views on the form and content of a self-assessment tool and information collection instrument; (3) participating in educational events hosted by industry trade organizations to publicize the Joint Standards and encourage the submission of self-assessments of diversity information to OMWI; and (4) monitoring progress and trends in the financial services industry regarding diversity and inclusion in employment and contracting, and identifying and highlighting successful policies and practices.

Annual Report to Congress: OMWI is responsible for preparing an annual report to Congress describing the Office's activities with respect to diversity in the Agency's workforce and business activities. This includes successes and challenges in operating

minority and women outreach programs, hiring qualified minorities and women employees, and contracting with minority-owned and women-owned businesses. The report also includes quantitative information related to the SEC's contracting activities (e.g., total amounts paid to contractors during the past year, and percentage of that amount paid to contractors that are minority-owned or women-owned). Because data analytics continues to be an important aspect of the SEC's diversity goals and objectives, OMWI developed additional metrics that enhance the SEC's ability to monitor and track equal employment access, diversity and inclusion.

FY 2017 Request

Data analytics continues to be an important aspect of the Agency's diversity goals and objectives. In FY 2017, OMWI requests one additional Data Analyst position, based on a projected increase in workload as all of the mandatory requirements of DFA Section 342 are implemented. These include contractors' compliance with the good faith clause and regulated entities' compliance with the Interagency Policy Statement. Implementation will require OMWI to conduct detailed analyses and reporting of data provided by external entities. The additional position also will augment the current data analytics that OMWI performs for all divisions and offices by expanding OMWI's capabilities to produce predictive analyses that will inform strategic initiatives. Finally, the position also will support continuous monitoring and performance evaluation for all of the Agency's diversity and inclusion initiative.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Reporting Requirements and Data Analyses ¹	94	70	110
Diversity and Inclusion Programs ²	76	90	100
Diversity and Inclusion Training ³	13	15	15
Roundtable or Public Meetings ⁴	2	2	4
Vendor Outreach ⁵	65	60	60
Targeted Advertisement Sources ⁶	203	145	145
Diversity Standards and Policies ⁷	4	8	1
Good Faith Effort Contract Reviews ⁸	N/A	35%	70%
Total Full-Time Equivalents	8	8	9

¹ These figures encompass customized analysis and/or assessments related to workforce and supplier diversity, in addition to OMWI's Annual Report to Congress, the Annual Federal Equal Opportunity Recruitment Plan (FEORP) and the Annual Equal Employment Opportunity Status Report (MD-715).

² OMWI's Diversity and Inclusion programs involve external stakeholders and include participation in conferences, meetings, career fairs or other events to develop diverse pipelines for employment and business opportunities at the SEC. These programs also include all Special Emphasis Observances, which are authorized by Public Laws and Presidential Proclamations.

³ OMWI continues to develop a variety of instructor-led and online training opportunities to enhance cultural awareness and inclusiveness for all levels of the SEC's workforce.

⁴ OMWI plans to host roundtable discussions in order to provide information and technical assistance to industry representatives on the Interagency Policy establishing standards for Assessing the Diversity Policies and Practices of Regulated Entities. In addition, OMWI, in collaboration with the U.S. Small Business Administration and SEC divisions and offices, will host public meetings pursuant to Title VII of the JOBS Act.

⁵ The SEC facilitates one-on-one meetings with vendors via OMWI-hosted Vendor Outreach Days. These forums allow interested businesses, including minority-owned and women-owned, 8(a) certified, small, small disadvantaged, women-owned small, service-disabled veteran-owned and HUBZone certified businesses to exchange information on their capabilities and services/goods and to receive technical assistance.

⁶ Targeted advertisement sources utilized to attract diverse talent to apply for current vacancies that are open to the public.

⁷ Workload in the area of developing and integrating statutorily mandated diversity standards and policies necessary for sustainable supplier and workforce diversity practices.

⁸ The workload item addresses the percentage of eligible contractors reviewed for compliance with the contract requirement that they make a good faith effort to include minorities and women in their workforce. This workload item has been added beginning in FY 2016.

Office of Equal Employment Opportunity

<i>(DOLLARS IN THOUSANDS)</i>	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
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Full-Time Equivalents:

Headquarters	11	11	11
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FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
0	0	0	11

The Office of Equal Employment Opportunity (OEEO) empowers employees to perform the SEC’s mission by fostering equality of opportunity in all aspects of employment from hiring to separation. SEC employees come from diverse backgrounds and, as Federal employees, are entitled to a workplace where employment decisions are made without regard to race, color, sex, age, religion, national origin, disability, or genetic information. OEEO is organized in four primary functions: Compliance, Reporting, Barrier Analysis, and Mission Support.

The Compliance function focuses on the processing and resolution of individual complaints of discrimination where the alleged discrimination has already occurred, as well as the prevention of illegal harassment. The Compliance function also provides content for EEO-related training.

The Reporting function focuses on producing annual and quarterly reports regarding the SEC’s equal employment opportunity (EEO) program to internal and external stakeholders, including Congress and the Equal Employment Opportunity Commission (EEOC), which provides oversight of EEO programs across the Federal government.

The Barrier Analysis function focuses on identifying any systemic discrimination that may be occurring in the workplace. This function analyzes quantitative and qualitative data to determine whether a SEC policy, practice, procedure, or condition limits employment opportunities for members of particular demographic groups and makes recommendations to eliminate any identified barriers. The

SEC has committed to conducting eight barrier analyses from 2015 to 2017. In support of this function as well as OEEO’s other functions, in FY 2015 OEEO added the capability to analyze and report on large sets of employment data, e.g., applicant flow data. Data analytics has increasingly become important for OEEO to accomplish its mission.

The Mission Support function operates as the “business office” of OEEO to ensure OEEO can complete its mission. Mission support functions include acquisitions, staff administration, budgeting, all internal reporting, and program management. OEEO’s goal is to ensure that SEC employees have a fair and equitable working environment that will support them in their efforts to protect investors and maintain the integrity of the securities markets.

FY 2017 Request

OEEO is requesting a new position to be filled by a data analyst. Data analytics have become increasingly important to OEEO in conducting barrier analyses, preparing internal and external reports, improving operational efficiencies, and enhancing internal controls. As discussed in OIG Audit Report No. 528, statutory and regulatory requirements mandate that the SEC conduct barrier analyses and submit workforce data tables to the EEOC annually. The new data analyst will analyze data to support the agency’s ongoing barrier analysis program, as well as its reporting and compliance functions.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Compliance ¹	314	315	315
Reporting	10	10	10
Barrier Analysis ²	804	800	800
Mission Support ³	598	600	600
Employee Resource Groups ⁴	46	N/A	N/A
Total Full-Time Equivalents	11	11	11

¹ This calculation includes – Informal complaints, formal complaints, harassment inquires, acknowledgement letters, final agency decisions, final orders, EEOC uploads – hearings and appeals, mediations, facilitated discussions, new and review of compliance policy and procedures, and other substantive inquiries and referrals from the IG, and questions about EEO matters that are raised and not pursuant to 29 CFR 1614.

² This calculation includes – Documentation reviewed and analyzed by OEEO for purposes of the Barrier Analyses listed (Resumes, OHR case files, internal and external policies and procedures, EEOC Letters, SOP's, Best Practices, Executive Orders, Pay Matrix documentation, etc.). This number also includes implementation of Barrier Analysis recommendations, monitoring progress, meetings, SOP/Policy Development, data pulls, charts, reports, and data analysis required for Barrier Analysis.

³ This calculation includes – MD-715 Report analytics, No Fear Act analytics, all other non-Barrier Analysis related data analytics, substantive meetings internally with the HCAC, OMWI, OGC and OHR, external meetings; contract related activity – invoice activity, performance meetings, service contract checklists, contract closeout activity, replacement of contractor personnel and other COR and contract administrative duties; budget – calls, reports and justifications; and the review of policies/procedures that do not fall into any other major function of OEEO.

⁴ This function was moved to OMWI and will be reported by OMWI starting FY 2016.

Office of the Inspector General

(DOLLARS IN THOUSANDS)	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Full-Time Equivalents:			
Headquarters	35	47	53
Cost:			
Salaries and Benefits	\$ 7,664	\$ 10,724	\$ 12,279
Non-Personnel Expenses	3,307	4,038	4,222
Total Costs	\$ 10,971	\$ 14,762	\$ 16,501

FY 2017 FTE BY SEC STRATEGIC GOAL

Goal 1	Goal 2	Goal 3	Goal 4
Establish an Effective Regulatory Environment	Foster and Enforce Compliance with Federal Securities Laws	Facilitate Access To Information Investors Need	Align and Manage Resources
0	0	0	53

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

In Fiscal Year (FY) 2017, the OIG will continue to focus on improving agency programs and operations through audits, evaluations, and reviews. The Office also will enhance staff and agency integrity by investigating allegations of misconduct involving the SEC's programs and operations. The OIG's workload remains high and the Office expects both its investigative and audit teams to maintain active workloads through FY 2017.

The Dodd-Frank Act imposed significant new responsibilities on the SEC as a whole and, as a result, on the OIG. In particular, Section 966 of the Dodd-Frank Act required the OIG to establish an OIG SEC Employee Suggestion Program (ESP). Under that program, SEC employees may

submit to the OIG suggestions for improving the SEC's work efficiency, effectiveness, and productivity, as well as the SEC's use of its resources. SEC employees may also submit through the ESP allegations of waste, abuse, misconduct, or mismanagement within the SEC. During FY 2017, the OIG will continue to monitor, track, and analyze information received through the ESP, and produce the required annual report to Congress on the ESP. In addition, the OIG will operate a program for recognizing employees who make suggestions, through the ESP, that result in increased work efficiency, effectiveness, or productivity of the SEC, or reduce waste, abuse, misconduct, or mismanagement, as provided for by the Dodd-Frank Act.

There also has been an increase in the coordination of OIG activities to strengthen the oversight of the Federal financial regulatory structure. For example, the SEC Inspector General (IG) currently serves on the Council of Inspectors General on Financial Oversight (CIGFO), which was established by Section 989E of the Dodd-Frank Act. The OIG's participation on CIGFO requires additional resources to provide effective oversight. In particular, the OIG will be required in FY 2017 to prepare a section of CIGFO's annual report to Congress. That section of the report will highlight the concerns and recommendations in the OIG's ongoing and completed work, focusing on issues that might apply to the broader financial

sector. CIGFO may also task the SEC OIG to conduct other audit or review activities on CIGFO's behalf.

The increase in agency staff requested in FY 2017 will result in the need for more OIG oversight. To continue effective oversight, the OIG will need additional personnel to accommodate this increased workload. In FY 2017, the OIG plans to add four positions, consisting of one Attorney, one Auditor, one Special Agent and one Investigative Analyst/Criminal Research Specialist.

Specifically, as the OIG grows and expands its functions, the OIG will need to build an Office of Chief Counsel, which will include attorneys who provide legal advice and support to all OIG components, including the Office of Audits, the Office of Investigations, and the Office of Management Support. It is essential that sufficient legal staff is available to review all OIG products for legal soundness and accuracy consistent with the requirements of the IG Act (as amended). Also, the OIG will add an investigative analyst or criminal research specialist to assist the OIG's criminal investigators in gathering data from multiple sources to ensure investigations are thorough and complete. The Auditor and Special Agent are requested to accomplish the core mission of the OIG.

Regulatory Requirement

The Inspector General Reform Act of 2008 (Pub. L. 110-409), amended the Inspector General Act of 1978 (5 U.S.C. app. 3). Section 6(f)(1) of the Act requires that each IG submit a budget estimate and request each fiscal year to the head of the agency to which the IG reports, specifying the following:

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

As required by the Act, the SEC OIG submits the following information for the OIG's budget estimate and request for FY 2017.

- The aggregate budget request for the operations of the OIG is \$14,700,700.
- The OIG budget request incorporates a sufficient aggregate amount of funds for the operations of the OIG. The OIG training needs have traditionally been partially funded out of the agency's training budget. We estimate FY 2017 OIG specialized training costs of \$197,500. The IG certifies that the aggregate amount of the request satisfies all training requirements for the OIG for FY 2017 and also any assessment required to support CIGIE.
- The estimated amount of the SEC OIG's contribution to CIGIE is 0.30 percent of the budget request, 2017 or \$43,970.

WORKLOAD DATA

Activity	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request
Audits/Evaluations ¹			
Pending Beginning of Year	6	4	6
Opened	11	14	13
Completed	13	12	13
Pending End of Year	4	6	6
Total Full-Time Equivalents	35	47	53

¹ The total FTE above represents the entire OIG Organization. However, the workload data above only includes the Office of Audits. The Investigative workload of the Office of the Inspector General (OIG) is not included in the workload table because it would be inappropriate to speculate on the number of investigations the OIG would need to conduct during a given time period.